

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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3

SENATE BILL 105  
Appropriations/Base Budget Committee Substitute Adopted 6/22/21  
Third Edition Engrossed 6/25/21

Short Title: 2021 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 18, 2021

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

4 The General Assembly of North Carolina enacts:

5  
6 **PART I. TITLE AND INTRODUCTION**

7  
8 **TITLE OF ACT**

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

11  
12 **INTRODUCTION**

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

19  
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21  
22 **GENERAL FUND APPROPRIATIONS**

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

26  
27 **Current Operations – General Fund** **FY 2021-2022** **FY 2022-2023**

28  
29 **EDUCATION**

30 Community College System

31 Requirements 1,752,675,110 1,665,153,906

32 Less: Receipts 487,975,710 343,473,408

33 **Net Appropriation 1,264,699,400 1,321,680,498**

34  
35 Public Instruction



1	Requirements	13,222,664,239	12,674,916,813
2	Less: Receipts	2,835,768,414	2,197,523,403
3	<b>Net Appropriation</b>	<b>10,386,895,825</b>	<b>10,477,393,410</b>
4			
5	University of North Carolina		
6	NC School of Science and Mathematics		
7	Requirements	32,650,455	35,486,077
8	Less: Receipts	2,283,359	2,283,359
9	<b>Net Appropriation</b>	<b>30,367,096</b>	<b>33,202,718</b>
10			
11	NC State University – Academic Affairs		
12	Requirements	876,437,918	874,349,068
13	Less: Receipts	436,172,095	436,172,095
14	<b>Net Appropriation</b>	<b>440,265,823</b>	<b>438,176,973</b>
15			
16	NC State University – Ag. Research		
17	Requirements	73,189,643	73,189,643
18	Less: Receipts	17,662,615	17,662,615
19	<b>Net Appropriation</b>	<b>55,527,028</b>	<b>55,527,028</b>
20			
21	NC State University – Coop. Extension		
22	Requirements	60,119,549	59,619,549
23	Less: Receipts	18,644,142	18,144,142
24	<b>Net Appropriation</b>	<b>41,475,407</b>	<b>41,475,407</b>
25			
26	North Carolina Central University		
27	Requirements	139,502,618	139,373,991
28	Less: Receipts	51,836,529	51,836,529
29	<b>Net Appropriation</b>	<b>87,666,089</b>	<b>87,537,462</b>
30			
31	UNC at Asheville		
32	Requirements	62,523,226	62,523,226
33	Less: Receipts	21,876,242	21,876,242
34	<b>Net Appropriation</b>	<b>40,646,984</b>	<b>40,646,984</b>
35			
36	UNC at Chapel Hill – Academic Affairs		
37	Requirements	695,014,858	649,264,858
38	Less: Receipts	396,041,754	366,041,754
39	<b>Net Appropriation</b>	<b>298,973,104</b>	<b>283,223,104</b>
40			
41	UNC at Chapel Hill – Area Health Ed.		
42	Requirements	54,748,874	54,748,874
43	Less: Receipts	0	0
44	<b>Net Appropriation</b>	<b>54,748,874</b>	<b>54,748,874</b>
45			
46	UNC at Chapel Hill – Health Affairs		
47	Requirements	338,957,192	338,957,192
48	Less: Receipts	131,819,411	131,819,411
49	<b>Net Appropriation</b>	<b>207,137,781</b>	<b>207,137,781</b>
50			
51	UNC at Charlotte		

1	Requirements	425,327,003	425,327,003
2	Less: Receipts	165,165,330	165,165,330
3	<b>Net Appropriation</b>	<b>260,161,673</b>	<b>260,161,673</b>
4			
5	UNC at Greensboro		
6	Requirements	289,992,935	289,992,935
7	Less: Receipts	108,204,808	108,204,808
8	<b>Net Appropriation</b>	<b>181,788,127</b>	<b>181,788,127</b>
9			
10	UNC at Pembroke		
11	Requirements	94,110,944	94,109,865
12	Less: Receipts	15,789,132	15,789,132
13	<b>Net Appropriation</b>	<b>78,321,812</b>	<b>78,320,733</b>
14			
15	UNC at Wilmington		
16	Requirements	249,933,584	249,933,584
17	Less: Receipts	102,044,807	102,044,807
18	<b>Net Appropriation</b>	<b>147,888,777</b>	<b>147,888,777</b>
19			
20	UNC Board of Governors		
21	Requirements	44,570,092	44,570,092
22	Less: Receipts	46,899	46,899
23	<b>Net Appropriation</b>	<b>44,523,193</b>	<b>44,523,193</b>
24			
25	UNC BOG – Aid to Private Institutions		
26	Requirements	286,249,756	242,449,756
27	Less: Receipts	0	0
28	<b>Net Appropriation</b>	<b>286,249,756</b>	<b>242,449,756</b>
29			
30	UNC BOG – Institutional Programs		
31	Requirements	321,441,081	304,680,460
32	Less: Receipts	94,277,624	0
33	<b>Net Appropriation</b>	<b>227,163,457</b>	<b>304,680,460</b>
34			
35	UNC BOG – Related Educational Programs		
36	Requirements	200,532,646	219,182,646
37	Less: Receipts	79,531,975	100,266,975
38	<b>Net Appropriation</b>	<b>121,000,671</b>	<b>118,915,671</b>
39			
40	UNC School of the Arts		
41	Requirements	50,366,379	50,366,379
42	Less: Receipts	16,472,124	16,472,124
43	<b>Net Appropriation</b>	<b>33,894,255</b>	<b>33,894,255</b>
44			
45	Western Carolina University		
46	Requirements	161,859,440	161,897,131
47	Less: Receipts	28,112,897	28,112,897
48	<b>Net Appropriation</b>	<b>133,746,543</b>	<b>133,784,234</b>
49			
50	Winston-Salem State University		
51	Requirements	87,439,197	87,439,197

1	Less: Receipts	22,435,103	22,435,103
2	<b>Net Appropriation</b>	<b>65,004,094</b>	<b>65,004,094</b>
3			
4	Appalachian State University		
5	Requirements	267,783,708	267,783,708
6	Less: Receipts	117,742,367	117,742,367
7	<b>Net Appropriation</b>	<b>150,041,341</b>	<b>150,041,341</b>
8			
9	East Carolina Univ. – Academic Affairs		
10	Requirements	407,120,602	407,123,708
11	Less: Receipts	170,099,826	170,099,826
12	<b>Net Appropriation</b>	<b>237,020,776</b>	<b>237,023,882</b>
13			
14	East Carolina Univ. – Health Affairs		
15	Requirements	94,319,394	95,619,394
16	Less: Receipts	13,133,406	13,133,406
17	<b>Net Appropriation</b>	<b>81,185,988</b>	<b>82,485,988</b>
18			
19	Elizabeth City State University		
20	Requirements	39,493,791	39,493,791
21	Less: Receipts	3,660,169	3,660,169
22	<b>Net Appropriation</b>	<b>35,833,622</b>	<b>35,833,622</b>
23			
24	Fayetteville State University		
25	Requirements	79,732,941	79,732,941
26	Less: Receipts	24,568,975	24,568,975
27	<b>Net Appropriation</b>	<b>55,163,966</b>	<b>55,163,966</b>
28			
29	NC A&T University		
30	Requirements	189,514,245	193,529,849
31	Less: Receipts	87,664,443	87,664,443
32	<b>Net Appropriation</b>	<b>101,849,802</b>	<b>105,865,406</b>
33			
34	<b>HEALTH AND HUMAN SERVICES</b>		
35	DHHS – Aging and Adult Services		
36	Requirements	176,004,362	125,065,002
37	Less: Receipts	129,632,983	78,622,497
38	<b>Net Appropriation</b>	<b>46,371,379</b>	<b>46,442,505</b>
39			
40	DHHS – Central Management and Support		
41	Requirements	404,878,385	388,548,000
42	Less: Receipts	176,239,262	163,800,352
43	<b>Net Appropriation</b>	<b>228,639,123</b>	<b>224,747,648</b>
44			
45	DHHS – Child Development and Early Education		
46	Requirements	1,342,207,232	820,983,166
47	Less: Receipts	1,096,279,853	573,197,542
48	<b>Net Appropriation</b>	<b>245,927,379</b>	<b>247,785,624</b>
49			
50	DHHS – Health Benefits		
51	Requirements	19,472,355,790	18,412,063,134

1	Less: Receipts	15,527,346,363	13,894,357,160
2	<b>Net Appropriation</b>	<b>3,945,009,427</b>	<b>4,517,705,974</b>
3			
4	DHHS – Health Service Regulation		
5	Requirements	77,914,113	77,596,827
6	Less: Receipts	56,415,057	55,551,537
7	<b>Net Appropriation</b>	<b>21,499,056</b>	<b>22,045,290</b>
8			
9	DHHS – Mental Health/Developmental Disabilities/Substance Abuse Services		
10	Requirements	1,850,095,277	1,699,656,232
11	Less: Receipts	990,516,021	842,429,502
12	<b>Net Appropriation</b>	<b>859,579,256</b>	<b>857,226,730</b>
13			
14	DHHS – Public Health		
15	Requirements	1,320,982,861	977,139,928
16	Less: Receipts	1,159,344,227	814,143,907
17	<b>Net Appropriation</b>	<b>161,638,634</b>	<b>162,996,021</b>
18			
19	DHHS – Services for the Blind/Deaf/Hard of Hearing		
20	Requirements	43,429,604	43,022,597
21	Less: Receipts	34,533,038	34,028,630
22	<b>Net Appropriation</b>	<b>8,896,566</b>	<b>8,993,967</b>
23			
24	DHHS – Social Services – General		
25	Requirements	2,131,737,602	1,988,664,102
26	Less: Receipts	1,926,776,600	1,775,545,134
27	<b>Net Appropriation</b>	<b>204,961,002</b>	<b>213,118,968</b>
28			
29	DHHS – Vocational Rehabilitation Services		
30	Requirements	158,364,084	157,307,857
31	Less: Receipts	117,168,882	115,681,595
32	<b>Net Appropriation</b>	<b>41,195,202</b>	<b>41,626,262</b>
33			
34	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
35	Department of Agriculture and Consumer Services		
36	Requirements	376,362,896	229,079,753
37	Less: Receipts	187,832,863	62,702,696
38	<b>Net Appropriation</b>	<b>188,530,033</b>	<b>166,377,057</b>
39			
40	Department of Commerce		
41	Requirements	588,266,982	265,717,536
42	Less: Receipts	318,489,635	57,067,040
43	<b>Net Appropriation</b>	<b>269,777,347</b>	<b>208,650,496</b>
44			
45	Department of Environmental Quality		
46	Requirements	1,505,274,478	276,102,783
47	Less: Receipts	1,400,568,278	168,148,856
48	<b>Net Appropriation</b>	<b>104,706,200</b>	<b>107,953,927</b>
49			
50	Department of Labor		
51	Requirements	45,951,371	40,841,896

1	Less: Receipts	20,748,429	20,180,125
2	<b>Net Appropriation</b>	<b>25,202,942</b>	<b>20,661,771</b>
3			
4	Department of Natural and Cultural Resources		
5	Requirements	414,139,261	325,096,432
6	Less: Receipts	96,002,892	42,969,903
7	<b>Net Appropriation</b>	<b>318,136,369</b>	<b>282,126,529</b>
8			
9	Wildlife Resources Commission		
10	Requirements	95,727,579	94,008,169
11	Less: Receipts	82,560,825	81,574,562
12	<b>Net Appropriation</b>	<b>13,166,754</b>	<b>12,433,607</b>
13			
14	<b>JUSTICE AND PUBLIC SAFETY</b>		
15	Department of Public Safety		
16	Requirements	2,771,789,451	2,734,299,472
17	Less: Receipts	346,896,994	264,187,857
18	<b>Net Appropriation</b>	<b>2,424,892,457</b>	<b>2,470,111,615</b>
19			
20	Department of Justice		
21	Requirements	103,509,732	100,813,964
22	Less: Receipts	44,222,163	42,994,597
23	<b>Net Appropriation</b>	<b>59,287,569</b>	<b>57,819,367</b>
24			
25	Administrative Office of the Courts		
26	Requirements	674,957,826	674,019,531
27	Less: Receipts	22,468,647	1,221,050
28	<b>Net Appropriation</b>	<b>652,489,179</b>	<b>672,798,481</b>
29			
30	Indigent Defense Services		
31	Requirements	143,342,235	143,889,615
32	Less: Receipts	13,180,019	12,311,025
33	<b>Net Appropriation</b>	<b>130,162,216</b>	<b>131,578,590</b>
34			
35	<b>GENERAL GOVERNMENT</b>		
36	Department of Administration		
37	Requirements	119,365,563	77,160,189
38	Less: Receipts	64,719,857	18,165,199
39	<b>Net Appropriation</b>	<b>54,645,706</b>	<b>58,994,990</b>
40			
41	Office of Administrative Hearings		
42	Requirements	8,113,062	8,168,368
43	Less: Receipts	1,347,120	1,260,671
44	<b>Net Appropriation</b>	<b>6,765,942</b>	<b>6,907,697</b>
45			
46	Office of the State Auditor		
47	Requirements	23,134,320	22,019,383
48	Less: Receipts	7,956,759	6,514,703
49	<b>Net Appropriation</b>	<b>15,177,561</b>	<b>15,504,680</b>
50			
51	Office of State Budget and Management		

1	Requirements	44,124,973	9,515,581
2	Less: Receipts	34,897,037	131,780
3	<b>Net Appropriation</b>	<b>9,227,936</b>	<b>9,383,801</b>
4			
5	OSBM – Special Appropriations		
6	Requirements	2,100,000	3,110,000
7	Less: Receipts	0	0
8	<b>Net Appropriation</b>	<b>2,100,000</b>	<b>3,110,000</b>
9			
10	Office of State Controller		
11	Requirements	28,046,066	28,175,636
12	Less: Receipts	1,095,838	816,202
13	<b>Net Appropriation</b>	<b>26,950,228</b>	<b>27,359,434</b>
14			
15	State Board of Elections		
16	Requirements	15,046,161	9,035,476
17	Less: Receipts	201,227	102,000
18	<b>Net Appropriation</b>	<b>14,844,934</b>	<b>8,933,476</b>
19			
20	NC General Assembly		
21	Requirements	102,384,505	79,777,097
22	Less: Receipts	23,789,804	561,000
23	<b>Net Appropriation</b>	<b>78,594,701</b>	<b>79,216,097</b>
24			
25	Office of the Governor		
26	Requirements	6,782,288	6,818,011
27	Less: Receipts	976,940	898,760
28	<b>Net Appropriation</b>	<b>5,805,348</b>	<b>5,919,251</b>
29			
30	NC Housing Finance Agency		
31	Requirements	54,160,000	14,160,000
32	Less: Receipts	40,000,000	0
33	<b>Net Appropriation</b>	<b>14,160,000</b>	<b>14,160,000</b>
34			
35	Office of State Human Resources		
36	Requirements	9,463,614	9,499,605
37	Less: Receipts	228,305	100,888
38	<b>Net Appropriation</b>	<b>9,235,309</b>	<b>9,398,717</b>
39			
40	NC Industrial Commission		
41	Requirements	22,452,849	22,352,468
42	Less: Receipts	11,190,049	10,969,042
43	<b>Net Appropriation</b>	<b>11,262,800</b>	<b>11,383,426</b>
44			
45	Department of Insurance		
46	Requirements	60,160,179	54,428,387
47	Less: Receipts	14,266,711	8,358,700
48	<b>Net Appropriation</b>	<b>45,893,468</b>	<b>46,069,687</b>
49			
50	Office of the Lieutenant Governor		
51	Requirements	1,137,298	1,146,654

1	Less: Receipts	10,525	0
2	<b>Net Appropriation</b>	<b>1,126,773</b>	<b>1,146,654</b>
3			
4	Department of Military and Veterans Affairs		
5	Requirements	11,420,463	11,902,371
6	Less: Receipts	318,198	157,328
7	<b>Net Appropriation</b>	<b>11,102,265</b>	<b>11,745,043</b>
8			
9	Department of Revenue		
10	Requirements	1,676,764,907	172,962,352
11	Less: Receipts	1,564,375,433	62,078,627
12	<b>Net Appropriation</b>	<b>112,389,474</b>	<b>110,883,725</b>
13			
14	Department of the Secretary of State		
15	Requirements	17,093,035	16,597,038
16	Less: Receipts	652,146	362,356
17	<b>Net Appropriation</b>	<b>16,440,889</b>	<b>16,234,682</b>
18			
19	Department of State Treasurer		
20	Requirements	66,726,264	66,114,670
21	Less: Receipts	61,734,386	61,093,544
22	<b>Net Appropriation</b>	<b>4,991,878</b>	<b>5,021,126</b>
23			
24	DST – Other Retirement Plans/Benefits		
25	Requirements	32,670,423	33,020,423
26	Less: Receipts	0	0
27	<b>Net Appropriation</b>	<b>32,670,423</b>	<b>33,020,423</b>
28			
29	<b>INFORMATION TECHNOLOGY</b>		
30	Department of Information Technology		
31	Requirements	786,606,588	67,358,440
32	Less: Receipts	699,994,990	411,223
33	<b>Net Appropriation</b>	<b>86,611,598</b>	<b>66,947,217</b>
34			
35	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
36	State Treasurer – Debt Service – Federal		
37	Requirements	0	0
38	Less: Receipts	0	0
39	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
40			
41	State Treasurer – General Debt Service		
42	Requirements	673,624,208	649,265,711
43	Less: Receipts	673,624,208	649,265,711
44	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
45			
46	Statewide Enterprise Resource Planning		
47	Requirements	25,000,000	25,000,000
48	Less: Receipts	25,000,000	25,000,000
49	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
50			
51	Statewide Reserves		



1	Requirements	151,000,000	614,646,670
2	Less: Receipts	101,000,000	300,000,000
3	<b>Net Appropriation</b>	<b>50,000,000</b>	<b>314,646,670</b>
4			
5	State Capital & Infrastructure General Fund Appropriations		
6	Requirements	0	0
7	Less: Receipts	0	0
8	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
9			
10	<b>CAPITAL</b>		
11	State Fiscal Recovery Fund – Capital		
12	Requirements	65,000,000	0
13	Less: Receipts	65,000,000	0
14	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
15			
16	<b>Total Requirements</b>	<b>58,297,939,307</b>	<b>51,456,966,162</b>
17	<b>Less: Total Receipts</b>	<b>32,588,632,720</b>	<b>24,809,203,520</b>
18	<b>Total Net Appropriation</b>	<b>25,709,306,587</b>	<b>26,647,762,642</b>
19	<b>SECTION 2.1.(b)</b> For purposes of this act and the Committee Report described in		
20	Section 43.2 of this act, the requirements set forth in this section represent the total amount of		
21	funds, including agency receipts, appropriated to an agency, department, or institution.		
22			
23	<b>GENERAL FUND AVAILABILITY</b>		
24	<b>SECTION 2.2.(a)</b> The General Fund availability derived from State tax revenue,		
25	nontax revenue, and other adjustments used in developing the budget for each year of the		
26	2021-2023 fiscal biennium is as follows:		
27			
28		<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
29	Unappropriated Balance	457,272,694	3,673,249,086
30	Anticipated Reversions	400,000,000	200,000,000
31	Projected Over Collections	6,043,000,000	-
32	Anticipated Transfer to the Savings Reserve	(850,185,555)	-
33	S.L. 2021-16, COVID-19 Related Tax Changes/UI Tech Correct(5,000,000)		-
34	S.L. 2021-19, UNC Building Reserve	(2,359,159)	-
35	<b>Total, Prior Year-End Fund Balance</b>	<b>6,042,727,980</b>	<b>3,873,249,086</b>
36			
37	Statutory Earmark, State Capital and Infrastructure Fund	(350,000,000)	(350,000,000)
38	<b>Beginning Unreserved Fund Balance</b>	<b>5,692,727,980</b>	<b>3,523,249,086</b>
39			
40	<b>Tax Revenues</b>		
41	Personal Income	15,388,100,000	15,998,900,000
42	Sales and Use	9,681,100,000	9,830,000,000
43	Corporate Income	1,300,500,000	1,343,600,000
44	Franchise	840,000,000	861,300,000
45	Insurance	808,900,000	961,800,000
46	Alcoholic Beverage	453,300,000	461,700,000
47	Tobacco Products	258,300,000	256,900,000
48	Other Tax Revenues	155,800,000	152,700,000
49	<b>Subtotal, Tax Revenues</b>	<b>28,886,000,000</b>	<b>29,866,900,000</b>
50			
51	<b>Non-Tax Revenues</b>		

**General Assembly Of North Carolina**

**Session 2021**

1	Judicial Fees	216,600,000	224,200,000
2	Investment Income	29,600,000	36,100,000
3	Disproportionate Share	115,400,000	122,500,000
4	Master Settlement Agreement	139,400,000	134,100,000
5	Insurance	100,500,000	103,400,000
6	Other Non-tax Revenues	217,900,000	220,000,000
7	<b>Subtotal, Non-tax Revenues</b>	<b>819,400,000</b>	<b>840,300,000</b>
8			
9	<b>Total, Net Revenues</b>	<b>29,705,400,000</b>	<b>30,707,200,000</b>
10			
11	<b>Adjustments to Tax Revenues: 2021 Session</b>		
12	Personal Income Tax Changes	(619,200,000)	(1,737,700,000)
13	Franchise Tax Changes	-	(173,300,000)
14	Credit Short-term Car Rental/P2P Proceeds to Highway Fund	(70,200,000)	(75,100,000)
15	Extend Time to Complete Eligible Mill Rehabilitation Projects	5,800,000	-
16	Miscellaneous Tax Changes	3,400,000	11,200,000
17	<b>Subtotal, Adjustments to Tax Revenues</b>	<b>(680,200,000)</b>	<b>(1,974,900,000)</b>
18			
19	<b>Statutory Reservations of Tax Revenues</b>		
20	State Capital and Infrastructure Fund (SCIF)	(950,000,000)	(983,250,000)
21	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
22	<b>Subtotal, Statutory Reservations of Tax Revenues</b>	<b>(965,000,000)</b>	<b>(998,250,000)</b>
23			
24	<b>Other Adjustments to Availability</b>		
25	Additional Transfer to Savings Reserve	(1,500,000,000)	(1,545,545,453)
26	Additional Transfer to SCIF	(986,000,000)	(701,750,000)
27	Medicaid Transformation Reserve	(215,820,000)	(246,000,000)
28	Medicaid Contingency Fund	(500,000,000)	-
29	Information Technology Reserve	(109,661,155)	(163,657,394)
30	State Emergency Response and Disaster Relief Reserve	(1,100,000,000)	-
31	Adjustment to transfer from State Treasurer	131,927	161,175
32	Adjustment to transfer from Insurance Regulatory Fee	9,671,337	9,968,182
33	Disproportionate Share Transfer	31,305,584	31,305,584
34	<b>Subtotal, Other Adjustments</b>	<b>(4,370,372,307)</b>	<b>(2,615,517,906)</b>
35			
36	<b>Total, Adjustments and Reservations</b>	<b>(6,015,572,307)</b>	<b>(5,588,667,906)</b>
37			
38	<b>Revised Total General Fund Availability</b>	<b>29,382,555,673</b>	<b>28,641,781,180</b>
39			
40	Less General Fund Net Appropriations	(25,709,306,587)	(26,647,762,642)
41			
42	<b>Unappropriated Balance Remaining</b>	<b>3,673,249,086</b>	<b>1,994,018,538</b>
43			

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

1           **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, the State  
 2 Controller shall transfer to the Savings Reserve the sum of one billion five hundred million  
 3 dollars (\$1,500,000,000) in the 2021-2022 fiscal year and the sum of one billion five hundred  
 4 forty-five million five hundred forty-five thousand four hundred fifty-three dollars  
 5 (\$1,545,545,453) in the 2022-2023 fiscal year. This transfer is not an "appropriation made by  
 6 law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

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

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

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

27           **SECTION 2.2.(h)** There is established in the General Fund an Information  
 28 Technology Reserve that shall make funds available for information technology project  
 29 expenditures only upon an act of appropriation by the General Assembly. The State Controller  
 30 shall reserve to the Information Technology Reserve from funds available in the General Fund  
 31 the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five  
 32 dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one  
 33 hundred sixty-three million six hundred fifty-seven thousand three hundred ninety-four dollars  
 34 (\$163,657,394) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall  
 35 transfer funds available in the Information Technology Reserve to State agencies and  
 36 departments for information technology projects in accordance with the following schedule, and  
 37 the funds transferred are appropriated for the fiscal year in which they are transferred:  
 38

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

49  
 50           **SECTION 2.2.(i)** The State Controller shall reserve the sum of one billion one  
 51 hundred million dollars (\$1,100,000,000) in nonrecurring funds for the 2021-2022 fiscal year

1 from funds available in the General Fund to the State Emergency Response and Disaster Relief  
 2 Reserve established under G.S. 166A-19.42. Funds reserved in the State Emergency Response  
 3 and Disaster Relief Reserve pursuant to this subsection do not constitute an "appropriation made  
 4 by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

- 9 (1) Thirty-eight million dollars (\$38,000,000) to the Department of Agriculture  
 10 and Consumer Services, Division of Soil and Water Conservation (Budget  
 11 Code: 23702), to be used for stream debris removal.
- 12 (2) Twenty million dollars (\$20,000,000) to the Department of Public Safety,  
 13 Division of Emergency Management (Budget Code: 24552), to be used for  
 14 any Federal Emergency Management Agency (FEMA) State match  
 15 requirement.
- 16 (3) Thirty million dollars (\$30,000,000) to the Department of Public Safety,  
 17 Division of Emergency Management (Budget Code: 24552), to be used, with  
 18 the approval of the Director of the Budget, to respond to any emergency, as  
 19 defined in G.S. 166A-19.3, beginning on or after the effective date of this  
 20 section.

21  
 22 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

23  
 24 **CURRENT OPERATIONS/HIGHWAY FUND**

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

29 <b>Highway Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
30 Administration	100,148,404	100,148,990
31		
32 Division of Highways		
33 Administration	45,738,718	45,600,056
34 Construction	77,543,078	77,543,078
35 Maintenance	1,719,896,016	1,715,838,610
36 Governor's Highway Safety Program	305,546	305,546
37 OSHA	358,030	358,030
38		
39 Aid to Municipalities		
40 Powell Bill	147,500,000	147,500,000
41 Other Municipal Assistance	4,319,350	
42		
43 Intermodal Divisions		
44 Ferry	49,475,639	49,475,639
45 Public Transportation, Bicycle and Pedestrian	94,421,832	68,394,735
46 Aviation	129,903,287	131,503,287
47 Rail	42,863,338	42,613,338
48		
49 Division of Motor Vehicles	152,450,570	152,428,637
50		
51 Compensation, Benefits,		

1	Reserves, Transfers, and Other	54,414,848	66,802,832
2			
3	Capital Improvements	7,461,344	5,387,222
4			
5	<b>Total</b>	<b>\$2,626,800,000</b>	<b>\$2,603,900,000</b>

**HIGHWAY FUND AVAILABILITY**

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

11	Highway Fund Availability	FY 2021-2022	FY 2022-2023
12	Projected Over Collections	201,700,000	
13	Partial Accounting of HTF		
14	Cash Advance Repayments	(140,700,000)	
15	Transfer of Funds to Emergency		
16	Reserve (G.S. 136-44.2E(b) and (d))	(61,000,000)	
17			
18	Beginning Balance	0	0
19	Motor Fuels Tax	1,672,500,000	1,641,700,000
20	Licenses and Fees	872,600,000	875,600,000
21	Highway Short-Term Lease	10,000,000	10,000,000
22	Investment Income	1,500,000	1,500,000
23			
24	Adjustments to Availability		
25	Additional Highway Short-Term Lease	70,200,000	75,100,000
26			
27	<b>Total Highway Fund Availability</b>	<b>\$2,626,800,000</b>	<b>\$2,603,900,000</b>

**HIGHWAY TRUST FUND APPROPRIATIONS**

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

35	Current Operations – Highway Trust Fund	FY 2021-2022	FY 2022-2023
36			
37	Program Administration	39,433,938	39,433,938
38	Bonds	93,042,400	93,047,650
39	Turnpike Authority	49,000,000	49,000,000
40	State Ports Authority	45,000,000	45,000,000
41	FHWA State Match	5,104,440	5,104,440
42	Strategic Prioritization Funding Plan for		
43	Transportation Investments	1,320,019,222	1,496,313,972
44	Transfer to Visitor Center	400,000	400,000
45			
46	<b>Total</b>	<b>\$1,552,000,000</b>	<b>\$1,728,300,000</b>

**HIGHWAY TRUST FUND AVAILABILITY**

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

	FY 2021-2022	FY 2022-2023
1 <b>Highway Trust Fund Availability</b>		
2 Projected Over Collections	325,400,000	
3 STI Projects	(325,400,000)	
4 Partial Accounting of Cash		
5 Advance Repayments	140,700,000	
6 STI Projects	(140,700,000)	
7		
8 Beginning Balance	0	0
9 Highway Use Tax	958,300,000	997,900,000
10 Motor Fuels Tax	418,000,000	546,300,000
11 Fees	173,700,000	182,100,000
12 Investment Income	2,000,000	2,000,000
13		
14 <b>Total Highway Trust Fund Availability</b>	<b>\$1,552,000,000</b>	<b>\$1,728,300,000</b>

## 16 PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

### 18 OTHER APPROPRIATIONS

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

- 21 (1) All budget codes listed in the Governor's Recommended Base Budget for the  
22 2021-2023 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are  
23 appropriated up to the amounts specified, as adjusted by the General  
24 Assembly in this act and as delineated in the Committee Report described in  
25 Section 43.2 of this act, or in another act of the General Assembly.
- 26 (2) Agency receipts up to the amounts needed to implement the legislatively  
27 mandated salary increases and employee benefit increases provided in this act  
28 for each year of the 2021-2023 fiscal biennium.

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

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

### 37 OTHER RECEIPTS FROM PENDING AWARD GRANTS

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

46 State agencies may spend up to the greater of one percent (1%) or ten million dollars  
47 (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to  
48 an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget.  
49 State agencies shall report to the Joint Legislative Commission on Governmental Operations, the  
50 chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House

1 Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such  
 2 funds, including specifying the total amount of grants awarded to respond to the emergency.

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

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

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

16  
 17 **EDUCATION LOTTERY FUNDS**

18 **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 19 2021-2023 fiscal biennium are as follows:

	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
22 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
23 Prekindergarten Program	78,252,110	78,252,110
24 Public School Building Capital Fund	100,000,000	100,000,000
25 Needs-Based Public School Capital Fund	157,552,612	176,752,612
26 Scholarships for Needy Students	30,450,000	0
27 UNC Need-Based Financial Aid	10,744,733	0
28 Scholarship Reserve Fund for Public Colleges 29 and Universities	0	41,194,733
30 LEA Transportation	21,386,090	21,386,090
31 <b>TOTAL ALLOCATION</b>	<b>\$784,300,000</b>	<b>\$803,500,000</b>

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

33 **"§ 18C-162. Allocation of revenues.**

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

- 37 (1) At least fifty percent (50%) of the total annual revenues, as described in this  
 38 Chapter, shall be returned to the public in the form of prizes.
- 39 (2) At least thirty-five percent (35%) of the total annual revenues, as described in  
 40 this Chapter, shall be transferred as provided in G.S. 18C-164.
- 41 (3) No more than eight percent (8%) of the total annual revenues, as described in  
 42 this Chapter, shall be allocated for payment of expenses of the Lottery.  
 43 Advertising expenses shall not exceed one and one-half percent (~~4%~~)(1.5%)  
 44 of the total annual revenues.
- 45 (4) No more than seven percent (7%) of the face value of tickets or shares, as  
 46 described in this Chapter, shall be allocated for compensation paid to lottery  
 47 game retailers.

48 ...."

49  
 50 **NEEDS-BASED CHANGES**

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

3 "Article 38B.

4 "Needs-Based Public School Capital Fund.

5 **"§ 115C-546.10. Fund created; purpose; prioritization.**

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

- 12 (1) Counties designated as development tier one areas.
- 13 (2) Counties with greater need and less ability to generate sales tax and property  
 14 tax revenue.
- 15 (3) Counties with a high debt-to-tax revenue ratio.
- 16 (4) The extent to which a project will address critical deficiencies in adequately  
 17 servicing the current and future student population.
- 18 (5) Projects that will consolidate two or more schools into one new facility.

19 **"§ 115C-546.11. Matching requirement; use of funds; maximum awards.**

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

<u>Adjusted Market Value of Taxable Property</u>		<u>Percentage</u>
<u>Over</u>	<u>Up to</u>	
<u>\$0</u>	<u>\$2 billion</u>	<u>0%</u>
<u>\$2 billion</u>	<u>\$20 billion</u>	<u>25%</u>
<u>\$20 billion</u>	<u>\$30 billion</u>	<u>50%</u>
<u>\$30 billion</u>	<u>\$40 billion</u>	<u>75%</u>

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

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

- 48 (1) An amount equal to the lesser of two hundred dollars (\$200.00) per square  
 49 foot or the following:
  - 50 a. Twenty-five million dollars (\$25,000,000) for an elementary school.



- 1                    b.     Thirty million dollars (\$30,000,000) for a middle school or a  
2                    combination of an elementary and middle school.  
3                    c.     Forty million dollars (\$40,000,000) for a high school.  
4                    (2)   An amount equal to the lesser of one hundred fifty dollars (\$150.00) per  
5                    square foot or ten million dollars (\$10,000,000) for a facility that is not an  
6                    administrative facility or an elementary, middle, or high school.  
7                    (3)   If two or more schools will be consolidated into one new facility, an amount  
8                    equal to the lesser of two hundred fifty dollars (\$250.00) per square foot or  
9                    the following:  
10                  a.     Thirty million dollars (\$30,000,000) for an elementary school.  
11                  b.     Forty million dollars (\$40,000,000) for a middle school or a  
12                  combination of an elementary and middle school.  
13                  c.     Fifty million dollars (\$50,000,000) for a high school.  
14                  (d)   The Department of Public Instruction shall review projected enrollment to evaluate  
15                  the reasonableness of a project's size and scope.

16                  **"§ 115C-546.12. Grant agreement; requirements.**

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

- 20                  (1)   A requirement that the grantee seek planning assistance and plan review from  
21                  the School Planning Section of the Department of Public Instruction.  
22                  (2)   A progress payment provision governing disbursements to the county for the  
23                  duration of the school construction project based upon the construction  
24                  progress and documentation satisfactory to the Department that the matching  
25                  requirement in G.S. 115C-546.11 has been met.  
26                  (3)   A provision requiring periodic reports to the Department of Public Instruction  
27                  on the use of disbursed grant funds and the progress of the school construction  
28                  project.  
29                  (4)   A requirement that matching funds paid by the county pursuant to  
30                  G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

31                  **"§ 115C-546.13. Lease exception; requirements.**

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

- 34                  (1)   Ownership of the subject property on which the leased school is constructed  
35                  shall be retained by the county.  
36                  (2)   The lease agreement shall include a repairs and maintenance provision that  
37                  requires the landlord to bear the entire expense of all repairs, maintenance,  
38                  alterations, or improvements to the basic structure, fixtures, appurtenances,  
39                  and grounds of the subject property for the term of the lease.  
40                  (3)   The lease agreement shall be for a term of at least 15 years and no more than  
41                  25 years.  
42                  (4)   In lieu of the progress payment requirement provided in G.S. 115C-546.11(b),  
43                  a county that has entered into a lease agreement shall provide a copy of the  
44                  lease agreement to the Department of Public Instruction and shall be  
45                  periodically reimbursed upon submission of documentation satisfactory to the  
46                  Department that the matching requirement of this section has been met.

47                  (b)   For the purposes of this section, the term "lease agreement" shall include any ancillary  
48                  agreements or predevelopment agreements entered into in anticipation of or in accordance with  
49                  a lease. A lease agreement entered into pursuant to this subsection shall be subject to the  
50                  requirements of Article 8 of Chapter 159 of the General Statutes. In determining whether the  
51                  lease agreement is necessary or expedient pursuant to G.S. 159-151(a)(1) and

G.S. 159-151(b)(1), the Local Government Commission may consider any other relevant construction and financing methods available to the county.

**"§ 115C-546.14. Reporting.**

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

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

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

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

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

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

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

**INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

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

**CIVIL PENALTY AND FORFEITURE FUND**

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

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

**CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS**

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

"**SECTION 4.4.(a)** Notwithstanding any provision of law to the contrary, as unspent funds are returned to the Coronavirus Relief Fund established under S.L. 2020-4, the Office of State

Budget and Management, in consultation with the Director of the Budget, shall reallocate ~~up to~~ the sum of the nonrecurring funds as follows to ensure maximum use of the funds:

- (1) The first ten million dollars (\$10,000,000) in nonrecurring funds to the Department of Public Safety, Division of Emergency Management, to be used for unmet needs related to the Federal Emergency Management Agency Public Assistance program in response to the COVID-19 public health emergency.
- (2) The next one hundred fourteen million dollars (\$114,000,000) to the State Treasurer to be used for COVID-19 related expenses incurred by the North Carolina State Health Plan for Teachers and State Employees between the dates of March 1, 2020, and March 2, 2021.
- (3) Any funds remaining after the reallocations under subdivisions (1) and (2) of this subsection to the Department of Agriculture and Consumer Services to distribute equally among each of the food banks in this State to reimburse for COVID-19 related expenses incurred between the dates of March 1, 2020, and December 31, 2021.
- (4) Any funds remaining after the reallocations under subdivisions (1) through (3) of this subsection to the Department of Public Safety to be used to offset General Fund expenditures that are eligible to be funded under the applicable federal law or guidance."

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

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

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

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

<u>Program</u>	<u>Amount</u>
Higher Education Emergency Relief Fund	\$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400

1	Child Care Entitlement to States	16,096,000
2	Community-Based Child Abuse Prevention	7,695,000
3	Child Abuse State Grants	3,067,000
4	Supportive Services	13,984,000
5	Congregate and Home Delivered Meals	23,045,000
6	Preventive Services	1,363,000
7	Family Caregiver	4,463,000
8	Title VII Long-Term Care Ombudsman	310,000
9	SNAP State Administrative Expense Grants	35,443,000
10	FTA Urbanized Area Formula	4,696,400
11	HOME Investment Partnerships Program	137,414,000
12	Emergency Management Performance Grants	2,660,000
13	National Endowment for the Arts: State Arts Agencies	912,000
14	Emergency Rental Assistance	556,611,000
15	Homeowner Assistance Fund	273,337,000
16	Elementary and Secondary School Emergency Relief Fund	
17		<u>3,260,772,535</u> 3,599,191,706
18	Expand Genomic Sequencing	6,662,900
19	Epidemiology and Lab Capacity for School Testing	315,895,900
20	Community Health Centers Expanded Access to COVID-19	
21	Vaccines, Build Vaccine Confidence	4,057,900
22	WIC Cash Value Vouchers Increase	19,930,600
23	Institute for Museum and Library Services	4,309,000
24	Homeless Children and Youth	23,576,625
25	Maternal, Infant, and Early Childhood Home Visiting Program	625,310
26	<u>Commodity Supplemental Foods Program</u>	<u>119,000</u>
27	<u>Low Income Home Energy Assistance Program</u>	<u>86,970,460</u>
28	<u>State Small Business Credit Initiative</u>	<u>120,461,927</u>
29	<u>Immunization and Vaccines for Children</u>	<u>102,468,748</u>
30	<u>Low Income Household Water Assistance Program</u>	<u>17,105,002</u>
31	<u>Child Care and Development Block Grant</u>	<u>502,777,789</u>
32	<u>Pandemic Emergency Assistance</u>	<u>16,782,875</u>
33	<u>Mental Health Block Grant</u>	<u>41,535,246</u>
34	<u>Substance Abuse Block Grant</u>	<u>36,420,651</u>
35	<u>FTA Nonurbanized Area</u>	<u>13,833,386</u>
36	<u>FTA Rural Transit Assistance Program</u>	<u>209,718</u>
37	<u>FTA Intercity Bus Formula</u>	<u>4,183,036</u>
38	<u>Enhanced Mobility of Seniors and Persons with Disabilities—State</u>	<u>781,873</u>
39	<u>Crisis Response Workforce</u>	<u>62,340,758</u>
40	<u>Disease Intervention Workforce</u>	<u>27,361,745</u>
41	<u>Public Health Laboratory Preparedness</u>	<u>142,473</u>
42	<u>Family Violence Prevention and Services</u>	<u>3,691,782</u>
43	<b>Total Estimated Funding</b>	<b>\$6,400,545,070</b> \$7,786,190,283

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

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

**"SECTION 1.2.** In addition to any report required under this act or any other law, each State agency or department that receives federal grant funds under Section 3.2 of this act shall submit

1 a quarterly report to the Joint Legislative Commission on Governmental Operations to the Senate  
2 Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal  
3 Research Division beginning on July 15, 2021, detailing the use of funds. The report required  
4 from each State agency or department that receives federal grant funds under Section 3.2 of this  
5 act shall include the amount of funds granted, the source of the funds, how the funds were used  
6 during the quarter, and the amount of funds that remained unspent at the end of the quarterly  
7 reporting period. The quarterly report required under this section shall end upon submission of  
8 the final report from each State agency or department, which shall be no later than 90 days from  
9 the date the grant period ends for the relevant funds. a copy of any report required to be submitted  
10 to the federal government with respect to the funds within five days of the date the federal report  
11 is due."

12 **SECTION 4.8.(c)** Nothing in this act or the Committee Report described in Section  
13 43.2 of this act shall be construed as appropriating the funds set forth in Section 3.2 of S.L.  
14 2021-25, as amended by this section, in excess of the amounts provided in the notification of  
15 award from the federal government or any entity acting on behalf of the federal government to  
16 administer the federal funds.

## 18 GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING

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

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

- 24 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of  
25 2021, as defined in S.L. 2021-25.
- 26 (2) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
- 27 (3) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.  
28 2021-25.

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

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

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

50 **SECTION 4.9.(e)** Disbursement. – OSBM shall allocate State Fiscal Recovery Fund  
51 funds to State agencies and departments upon justification from the agency or department and

1 only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall  
2 be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash  
3 flow or the nature of the program being funded requires otherwise.

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

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

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

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

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

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

## 30 31 **TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE TO STATE** 32 **FISCAL RECOVERY FUND**

33 **SECTION 4.10.** The State Controller shall transfer the sum of four billion eight  
34 hundred fifty-eight million one hundred forty-four thousand four hundred forty dollars  
35 (\$4,858,144,440) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the  
36 State Fiscal Recovery Fund. Subject to the condition set forth in Section 4.11 of this act, the State  
37 Controller shall transfer the sum of three hundred million dollars (\$300,000,000) for the  
38 2022-2023 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund.

## 39 40 **STATE FISCAL RECOVERY FUND/CONDITIONAL FUNDING TO DOT**

41 **SECTION 4.11.** Notwithstanding any provision of this act, or the Committee Report  
42 described in Section 43.2 of this act, to the contrary, the Office of State Budget and Management  
43 shall not transfer the sum of three hundred million dollars (\$300,000,000) in nonrecurring funds  
44 for the 2022-2023 fiscal year appropriated from the State Fiscal Recovery Fund to the  
45 Department of Transportation if the United States Congress enacts legislation during the  
46 2021-2022 State fiscal year appropriating funds, in addition to any federal funds appropriated in  
47 this act, for infrastructure that provides a minimum of three hundred million dollars  
48 (\$300,000,000) to the State for costs related to improving or repairing transportation  
49 infrastructure.

1 **TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO**  
2 **CORONAVIRUS CAPITAL PROJECTS FUND**

3 **SECTION 4.12.** The State Controller shall transfer the sum of two hundred  
4 seventy-seven million sixty thousand eight hundred fifty-five dollars (\$277,060,855) for the  
5 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3  
6 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L.  
7 2021-25.

8  
9 **PART V. GENERAL PROVISIONS**

10  
11 **ESTABLISHING OR INCREASING FEES**

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

15 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
16 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
17 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
18 150B of the General Statutes.

19  
20 **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

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

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

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

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

2  
3           **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

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

7  
8           **STATUTORY CONTINUING RESOLUTION/REVISE REPORTING REQUIREMENT**

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

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

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



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

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

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

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

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

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

...

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

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

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

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

...

- c. The Recommended Base Budget shall include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including tuition collected by university or community college institutions, shall be adjusted to reflect actual collections from the previous fiscal year, unless the Director recommends a change that will result in collections in the budget year that differ from prior year

1 actuals, or the Director otherwise determines there is a more  
 2 reasonable basis upon which to accurately project receipts. If receipts  
 3 are projected to decrease, the corresponding expenditure shall be  
 4 decreased in a like amount. Revenue and expenditure detail provided  
 5 in the Budget Support Document shall be no less detailed than the  
 6 two-digit level in the North Carolina Accounting System Uniform  
 7 Chart of Accounts as prescribed by the State Controller.

8 ...

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

19 ...."

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

22  
 23 **SAVINGS RESERVE CLARIFICATION**

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

25 "**§ 143C-4-2. Savings Reserve.**

26 ...

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

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

41 ...."

42  
 43 **STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS**  
 44 **TRANSFERRED TO FUND**

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

46 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

47 ...

48 (b) Creation and Source of Funds. – ~~There is established in the General Fund the The~~  
 49 ~~State Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be~~  
 50 ~~maintained Fund (the Fund) is established as a special fund and in the General Fund to be~~  
 51 administered by the Office of State Budget and Management to carry out the provisions of this

1 section. With the exception of debt service obligations, appropriations from the Fund may be  
 2 administered by other State agencies as deemed necessary by the Office of State Budget and  
 3 Management. Interest ~~accruing from the~~ and investment earnings received on monies in the Fund  
 4 shall be credited to the Fund. The Fund shall consist of the following ~~sources~~ of  
 5 ~~funding~~ additional sources:

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

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

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

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

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

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

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

32 ...."

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

### 34 **UNC CONSTITUENT INSTITUTIONS/PROHIBIT CHARGING INDIRECT** 35 **FACILITIES AND ADMINISTRATIVE COSTS**

36 **SECTION 5.8.** Constituent institutions of The University of North Carolina shall  
 37 not charge State agencies for indirect facilities and administrative costs. For purposes of this  
 38 section, the term "State agency" is as defined in G.S. 143C-1-1.  
 39

### 40 **PART VI. COMMUNITY COLLEGE SYSTEM**

#### 41 **CC ECONOMIC IMPACTS/STUDY/GRANT FOR TARGETED PROGRAMS**

42 **SECTION 6.1.(a)** Economic Impact Study. – Of the funds appropriated by this act  
 43 for the 2021-2022 fiscal year to the Community Colleges System Office to be allocated to the  
 44 Center for Applied Research (CFAR) at Central Piedmont Community College, CFAR shall  
 45 partner with the System Office, the North Carolina Association of Community College  
 46 Presidents, and the Belk Center for Community College Leadership and Research at North  
 47 Carolina State University (Belk Center) to provide for studies of the overall regional economic  
 48 impacts of community colleges in the State. Upon the matching funds being made available in  
 49 accordance with subsection (c) of this section, CFAR shall use the sum of seven hundred fifty  
 50  
 51

1 thousand dollars (\$750,000) in nonrecurring funds for the 2021-2022 fiscal year to contract with  
2 Economic Modeling Specialists International (EMSI), an affiliate of the Strata Education  
3 Network, to conduct the studies required by this section.

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

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

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

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

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

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

- 43 (1) Establishing best practices for providing vocational training for individuals  
44 with IDD.
- 45 (2) Providing financial and benefits counseling.
- 46 (3) Developing strategies on integrating assistive technology.
- 47 (4) Maximizing access, with supports, to credential and degree programs,  
48 including micro-credentials that are established by the State Board.
- 49 (5) Identifying methods to increase orientation and integration of individuals with  
50 IDD into the college community to the greatest extent possible.

- 1 (6) Determining a needs assessment, marketing, and evaluation to serve a broad  
2 array of individuals with developmental and other similar disabilities or  
3 learning challenges to assure adequate demand for new or existing programs.

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

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

## 17 18 **CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS**

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

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

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

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

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

47 "**§ 115C-238.55. Evaluation of cooperative innovative high schools.**

48 The State Board of Education and the governing Boards shall evaluate the success of students  
49 in cooperative innovative high schools approved under this Part. Success shall be measured by  
50 high school retention rates, high school completion rates, high school dropout rates, certification  
51 and associate degree completion, admission to four-year institutions, postgraduation employment

1 in career or study-related fields, and employer satisfaction of employees who participated in and  
 2 graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint  
 3 Legislative Education Oversight Committee and the Fiscal Research Division of the General  
 4 Assembly on the evaluation of these schools. The report shall be combined with the evaluation  
 5 of and analysis of cost of students participating in the Career and College Promise Program  
 6 required by G.S. 115D-5(x), and the Community Colleges System Office shall be responsible for  
 7 submitting the combined ~~report to the Committee report.~~"

8 **SECTION 6.3.(c)** This section applies beginning with the 2021-2022 academic year.  
 9

## 10 **CC CHILDCARE GRANT PROGRAM/REPORT**

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

### 13 **"§ 115D-40.5. Annual report on NC Community College Childcare Grant Program.**

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

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

## 26 **CAREER ACADEMIES FOR AT-RISK STUDENTS**

27 **SECTION 6.5.(a)** Program Established. – There is established a two-year pilot  
 28 program between Cape Fear Community College (CFCC), New Hanover County Schools, and  
 29 Pender County Schools to meet the needs of underserved students in seventh through ninth grade  
 30 through an opportunity for extended time on CFCC's campus in various career and technical  
 31 education programs. The goals of the program shall include (i) exposing students from  
 32 underperforming schools and underserved populations to career training opportunities available  
 33 at CFCC, (ii) guiding students toward successful career outcomes, (iii) providing support services  
 34 to students, including academic tutoring, academic counseling, personal mentoring, and financial  
 35 support through financial aid and scholarships, and (iv) increasing graduation and postsecondary  
 36 outcomes for these students.  
 37

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

49 CFCC shall also hire career liaisons in time-limited positions for placement in certain  
 50 middle schools in New Hanover County Schools and Pender County Schools to support at-risk  
 51 students. The goal of adding career liaisons to the schools shall be to provide students with

1 exposure to career and technical education opportunities that otherwise would not be available  
2 to them.

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

## 10 11 **NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT** 12 **GRANTS**

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

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

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

32 **SECTION 6.6.(d)** Report. – The State Board shall submit an initial report by April  
33 1, 2022, and a final report by April 1, 2023, to the Joint Legislative Education Oversight  
34 Committee. The report shall contain, for each academic year and by programs of study, the  
35 amount of grant funds disbursed and the number of eligible students receiving funds.

## 36 37 **HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS**

38 **SECTION 6.7.(a)** Establishment of the Fund. – Of the funds appropriated to the  
39 Community Colleges System Office by this act for the 2022-2023 fiscal year, the System Office  
40 shall establish the Fund for High-Cost Workforce Programs (Fund). Any unexpended funds  
41 remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall  
42 remain available for the purposes set forth in this section. The Fund shall be used to assist  
43 community colleges in starting new programs in high-demand career fields that require  
44 significant start-up funds. Only Tier 1A and Tier 1B programs offered at community colleges  
45 shall be eligible for the award of funds. The System Office shall establish an application process  
46 for community colleges to apply for awards from the Fund no later than the beginning of the  
47 2022-2023 fiscal year. To be eligible to receive funds, colleges shall submit to the System Office  
48 a completed application, which shall include at least the following information:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 36 37 **RISE UP TRAINING AND CREDENTIALING PROGRAM/CIHS**

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



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

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

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

## 15 16 **WORK-BASED LEARNING/CENTRAL PIEDMONT CC**

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

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

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

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

## 42 43 **EXPANSION OF ADULT LEARNER PILOT PROGRAMS**

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

- 50           (1)     Students who are age 25 years or older.

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

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

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

## 16 17 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT/MATCHING** 18 **GRANT AND OUTREACH**

19 **SECTION 6.11.** Of the funds appropriated in this act to the Community Colleges  
20 System Office from the State Fiscal Recovery Fund for the Longleaf Commitment Community  
21 College Grant Program (Program), the System Office shall use at least five million dollars  
22 (\$5,000,000) for a matching grant program to provide funds to participating community colleges  
23 to expand community colleges' outreach and student advising capacity as part of the Program.  
24 Up to one million dollars (\$1,000,000) of the funds appropriated for the Program may be used  
25 for a systemwide marketing campaign. The State Education Assistance Authority shall  
26 administer the award of grants under the Program to eligible students graduating from high school  
27 at the end of the 2021-2022 school year to cover tuition and fees at a community college for up  
28 to two years in accordance with Section 8A.5 of this act.

## 29 30 **PART VII. PUBLIC INSTRUCTION**

### 31 32 **FUNDS FOR CHILDREN WITH DISABILITIES**

33 **SECTION 7.1.** The State Board of Education shall allocate additional funds for  
34 children with disabilities on the basis of four thousand five hundred forty-nine dollars and  
35 eighty-eight cents (\$4,549.88) per child for fiscal years 2021-2022 and 2022-2023. Each local  
36 school administrative unit shall receive funds for the lesser of (i) all children who are identified  
37 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its  
38 2021-2022 allocated average daily membership in the local school administrative unit. The dollar  
39 amounts allocated under this section for children with disabilities shall also be adjusted in  
40 accordance with legislative salary increments, retirement rate adjustments, and health benefit  
41 adjustments for personnel who serve children with disabilities.

### 42 43 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

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

1 with legislative salary increments, retirement rate adjustments, and health benefit adjustments  
2 for personnel who serve academically or intellectually gifted children.  
3

#### 4 **SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES**

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

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

- 16 (1) Anticipated county property tax revenue availability. – The county-adjusted  
17 property tax base multiplied by the effective State average tax rate.
- 18 (2) Anticipated State average revenue availability per student. – The sum of all  
19 anticipated total county revenue availability divided by the average daily  
20 membership for the State.
- 21 (3) Anticipated total county revenue availability. – The sum of the following:
  - 22 a. Anticipated county property tax revenue availability.
  - 23 b. Local sales and use taxes received by the county that are levied under  
24 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
25 Chapter 105 of the General Statutes.
  - 26 c. Fines and forfeitures deposited in the county school fund for the most  
27 recent year for which data are available.
- 28 (4) Anticipated total county revenue availability per student. – The anticipated  
29 total county revenue availability for the county divided by the average daily  
30 membership of the county.
- 31 (5) Average daily membership. – Average daily membership as defined in the  
32 North Carolina Public Schools Allotment Policy Manual adopted by the State  
33 Board of Education. If a county contains only part of a local school  
34 administrative unit, the average daily membership of that county includes all  
35 students who reside within the county and attend that local school  
36 administrative unit.
- 37 (6) County-adjusted property tax base. – Computed as follows:
  - 38 a. Subtract the present-use value of agricultural land, horticultural land,  
39 and forestland in the county, as defined in G.S. 105-277.2, from the  
40 total assessed real property valuation of the county.
  - 41 b. Adjust the resulting amount by multiplying by a weighted average of  
42 the three most recent annual sales assessment ratio studies.
  - 43 c. Add to the resulting amount the following:
    - 44 1. Present-use value of agricultural land, horticultural land, and  
45 forestland, as defined in G.S. 105-277.2.
    - 46 2. Value of property of public service companies, determined in  
47 accordance with Article 23 of Chapter 105 of the General  
48 Statutes.
    - 49 3. Personal property value for the county.

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

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

5           **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this  
6 section, the amount received per average daily membership for a county shall be the difference  
7 between the State average current expense appropriations per student and the current expense  
8 appropriations per student that the county could provide given the county's wealth and an average  
9 effort to fund public schools. To derive the current expense appropriations per student that the  
10 county could be able to provide given the county's wealth and an average effort to fund public  
11 schools, multiply the county's wealth as a percentage of State average wealth by the State average  
12 current expense appropriations per student. The funds for the local school administrative units  
13 located in whole or in part in the county shall be allocated to each local school administrative  
14 unit located in whole or in part in the county based on the average daily membership of the  
15 county's students in the school units. If the funds appropriated for supplemental funding are not  
16 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata  
17 share of the funds appropriated for supplemental funding.

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

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

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

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

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

3 **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –  
 4 Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties  
 5 containing a base of the Armed Forces of the United States that have an average daily  
 6 membership of more than 17,000 students shall receive whichever is the higher amount in each  
 7 fiscal year as follows: either the amount of supplemental funding the county received as a  
 8 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county  
 9 is eligible to receive as a low-wealth county pursuant to the formula for distribution of  
 10 supplemental funding under the other provisions of this section.

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

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

18 **SECTION 7.3.(k)** Department of Revenue Reports. – The Department of Revenue  
 19 shall provide to the Department of Public Instruction a preliminary report for the current fiscal  
 20 year of the assessed value of the property tax base for each county prior to March 1 of each year  
 21 and a final report prior to May 1 of each year. The reports shall include for each county the annual  
 22 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real  
 23 property represented by the present-use value of agricultural land, horticultural land, and  
 24 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined  
 25 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.  
 26

27 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

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

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

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

46 Allotments for eligible local school administrative units under this subsection shall  
 47 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
 48 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for  
 49 funding if either the highest of the first two months' total projected average daily membership for  
 50 the current year or the higher of the first two months' total prior year average daily membership

1 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
2 section.

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

9 Allotments for eligible local school administrative units under this subsection shall  
10 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
11 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for  
12 funding if either the highest of the first two months' total projected average daily membership for  
13 the current year or the higher of the first two months' total prior year average daily membership  
14 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
15 section.

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

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

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

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

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

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

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

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

- 46 (1) Provide instructional positions or instructional support positions.
  - 47 (2) Provide professional development.
  - 48 (3) Provide intensive in-school or after-school remediation, or both.
  - 49 (4) Purchase diagnostic software and progress-monitoring tools.
- 50

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

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

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

- 14 (1) For counties with wealth greater than ninety percent (90%) of the statewide  
15 average, a ratio of 1:19.9.  
16 (2) For counties with wealth not less than eighty percent (80%) and not greater  
17 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.  
18 (3) For counties with wealth less than eighty percent (80%) of the statewide  
19 average, a ratio of 1:19.1.  
20 (4) For local school administrative units that received DSSF funds in fiscal year  
21 2005-2006, a ratio of 1:16. These local school administrative units shall  
22 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

### 30 SCHOOL PSYCHOLOGISTS ALLOTMENT

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

33 **"§ 115C-316.5. School psychologists allotment.**

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

- 38 (1) School psychologist positions are allocated on the basis of average daily  
39 membership.  
40 (2) Each local school administrative unit receives sufficient funding for at least  
41 one school psychologist position in accordance with G.S. 115C-47(65)."

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

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

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



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

4           **SECTION 7.6.(d)** This section applies beginning with the 2021-2022 school year.  
5

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

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

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

21           **SECTION 7.7.(b)** For purposes of this section, the term "school health support  
22 personnel" refers to school psychologists, school counselors, school nurses, and school social  
23 workers.  
24

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

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

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

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

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

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

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

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

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

## 18 COMPUTER SCIENCE REPORT

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

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

## 31 INSTRUCTIONAL SUPPORT PERSONNEL REPORT

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

- 41 (1) For each position category:
  - 42 a. Number of persons employed in that position category.
  - 43 b. Total State and non-State funds and total full-time equivalent positions  
44 allocated for that position category.
  - 45 c. Average salary for that position category.
  - 46 d. The percentage of total funds and total full-time equivalent positions  
47 that are made up of each of the following:
    - 48 1. State funds, disaggregated by each State-funded allotment and  
49 identified by program report code.
    - 50 2. Federal funds, disaggregated and identified by program report  
51 code.



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

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

16  
17 **PERMIT USE OF SPECIAL STATE RESERVE FUND FOR**  
18 **TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR**  
19 **HOMELESS AND FOSTER CHILDREN**

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

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

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

- 45           (1) In determining extraordinary transportation cost, the Department shall  
46 consider total prior-year transportation expenditures for homeless and foster  
47 children, including expenditures from local funds and all other funding  
48 sources, as a proportion of total expenditures.  
49           (2) Priority shall be given to applicants in proportion to the extent that their  
50 applications and prior-year expenditures demonstrate use of available federal  
51 funds to cover the cost of transporting homeless and foster children.

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

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

5 **SECTION 7.12.(c)** The Department of Public Instruction shall submit a report by  
6 March 15, 2022, to the Joint Legislative Education Oversight Committee and the Fiscal Research  
7 Division on the use of funds appropriated to the Transportation Reserve Fund for Homeless and  
8 Foster Children pursuant to this act using data collected from the 2021-2022 school year. The  
9 report shall include at least the following:

- 10 (1) A list of local school administrative units receiving funds from this act.  
11 (2) The amount of funds applied for by each local school administrative unit.  
12 (3) The amount of funds received by each local school administrative unit.  
13 (4) How the funds were spent by each local school administrative unit, including  
14 the number of students transported and the locations between which the  
15 students were transported.  
16 (5) Any other information the Department of Public Instruction deems relevant to  
17 this section.  
18

### 19 **ELIMINATE INNOVATION ZONE GRANTS**

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

22 "Article 7A.

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

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

25 **SECTION 7.13.(c)** Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of  
26 S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.  
27

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

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

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

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

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

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

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

4           **SECTION 7.14.(f)** Transition From the Innovative School District Model. – Article  
5 7A of Chapter 115C of the General Statutes is repealed.

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

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

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

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

12           1. The State Board of Education, including schools operated  
13 under ~~Article 7A and~~ Article 9C of this Chapter.

14           2. The University of North Carolina under Article 29A of Chapter  
15 116 of the General Statutes."

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

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

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

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

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

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

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

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

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

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

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

46           **SECTION 7.14.(p)** Subsections (f) through (n) of this section become effective June  
47 30, 2023. The remainder of this section is effective the date this act becomes law.

48  
49 **EXCELLENT PUBLIC SCHOOLS ACT OF 2021 IMPLEMENTATION**  
50 **GUIDE/REPORT**

1           **SECTION 7.15.(a)** The Superintendent of Public Instruction shall establish a  
2 working group to develop an implementation guide for the Excellent Public Schools Act of 2021,  
3 established pursuant to S.L. 2021-8. The Superintendent shall collaborate with various education  
4 stakeholders through the working group to adopt an implementation guide to assist local school  
5 administrative units, educators, and administrators to establish the essential elements for literacy  
6 based on the Science of Reading, effectively implement the Excellent Public Schools Act of  
7 2021, and create the framework necessary to ensure that students are successful and proficient  
8 readers throughout the State. The implementation guide shall include at least the following  
9 information:

- 10           (1) Roles and responsibilities of State agencies, local school administrative units,  
11 public schools, and educators.
- 12           (2) Implementation strategies of the components of literacy supports and  
13 interventions.
- 14           (3) Professional development and training available for educators.
- 15           (4) Initiatives related to implementation of the Excellent Public Schools Act of  
16 2021 at the State and local level.

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

## 23 24 **MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS**

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

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

## 36 37 **FULL-TIME EQUIVALENCY OF PUBLIC SCHOOL STUDENTS**

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

### 40 **"§ 115C-419. Full-time equivalent student calculation; report.**

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

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

1           **SECTION 7.17.(b)** By October 15, 2021, the State Board of Education shall report  
2 on the formula required to be established pursuant to G.S. 115C-419, as enacted by this section,  
3 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The  
4 initial report required by G.S. 115C-419 shall be submitted by October 15, 2022, for data  
5 collected from the 2021-2022 school year.  
6

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

8           **SECTION 7.18.** Within available funds, the Department of Public Instruction shall  
9 partner with the NROC Project, formerly known as the National Repository of Online Courses,  
10 to utilize its adaptive mathematics and English learning platform to facilitate the implementation  
11 of the Career and College Ready Graduate Program in collaboration with the North Carolina  
12 Community College System.  
13

#### 14 **SCHOOL SAFETY GRANTS PROGRAM**

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

- 17           (1) Community partner. – A public or private entity, including, but not limited to,  
18 a nonprofit corporation or a local management entity/managed care  
19 organization (LME/MCO), that partners with a public school unit to provide  
20 services or pay for the provision of services for the unit.
- 21           (2) Public school unit. – As defined in G.S. 115C-5(7a).
- 22           (3) School health support personnel. – School psychologists, school counselors,  
23 school nurses, and school social workers.

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

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

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

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

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



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

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

- 29 (1) Counseling on Access to Lethal Means (CALM) training for school health  
30 support personnel, local first responders, and teachers on the topics of suicide  
31 prevention and reducing access by students to lethal means.
- 32 (2) Training for school health support personnel on comprehensive and  
33 evidence-based clinical treatments for students and their parents or guardians,  
34 including any of the following:
  - 35 a. Parent-child interaction therapy.
  - 36 b. Trauma-focused cognitive behavioral therapy.
  - 37 c. Behavioral therapy.
  - 38 d. Dialectical behavior therapy.
  - 39 e. Child-parent psychotherapy.
- 40 (3) Training for students and school employees on community resilience models  
41 to improve understanding and responses to trauma and significant stress.
- 42 (4) Training for school health support personnel on Modular Approach to  
43 Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
44 problems (MATCH-ADTC), including any of the following components:
  - 45 a. Trauma-focused cognitive behavioral therapy.
  - 46 b. Parent and student coping skills.
  - 47 c. Problem solving.
  - 48 d. Safety planning.
- 49 (5) Any other training, including the training on the facilitation of peer-to-peer  
50 mentoring, that is likely to increase school safety. Of the funds appropriated  
51 to the Department of Public Instruction by this act for the grants provided in

1 this section, the Superintendent shall use no more than three hundred fifty  
2 thousand dollars (\$350,000) in each year of the 2021-2023 fiscal biennium for  
3 the services identified in this subdivision.

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

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

13 **SECTION 7.19.(i)** Administrative Costs. – Of the funds appropriated to the  
14 Department of Public Instruction by this act for the grants provided in this section, the  
15 Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars  
16 (\$100,000) in each fiscal year of the 2021-2023 fiscal biennium for administrative costs  
17 associated with the Program.

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

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

## 30 **TEACHNC RECRUITMENT INITIATIVE**

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

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

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

47 The report submitted by March 15, 2022, shall also include any recommendations by  
48 the Department on potential cost-sharing arrangements or public-private partnerships with  
49 outside entities for ongoing sustainability or continued growth of the recruitment initiative.  
50  
51

**EXTEND STUDENT MEAL DEBT REPORT**

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

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

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

**FEMININE HYGIENE PRODUCTS GRANT PROGRAM**

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

**AVERAGE DAILY MEMBERSHIP/HOLD HARMLESS**

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

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

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

**CHILDREN WITH DISABILITIES RESERVE**

1           **SECTION 7.24.** Of the funds appropriated by this act to the Department of Public  
2 Instruction for the 2021-2022 fiscal year, the Department shall establish the Children with  
3 Disabilities Reserve. Funds from the Reserve shall be allocated to public school units that enroll  
4 more children with disabilities during the first two months of school than the Department  
5 anticipated prior to the beginning of the 2021-2022 school year in a manner consistent with  
6 funding for children with disabilities. Public school units shall not receive funds, including from  
7 the Reserve, for children with disabilities in excess of twelve and seventy-five hundredths percent  
8 (12.75%) of the 2021-2022 average daily membership of the unit.

9  
10 **SPECIAL EDUCATION DUE PROCESS HEARINGS/PERMIT IMMEDIATE**  
11 **JUDICIAL REVIEW OF ALJ DECISION**

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

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

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

16 **"§ 115C-109.6. Impartial due process hearings.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 **SECTION 7.25.(d)** This section is effective when this act becomes law.  
37

## 38 **STATE PUBLIC SCHOOL FUND MAY BE USED FOR ARPA MAINTENANCE OF** 39 **EQUITY**

40 **SECTION 7.26.** Notwithstanding any other provision of law, for the 2021-2023  
41 fiscal biennium, in order to meet the minimum maintenance of equity requirements of section  
42 2004(b) of ARPA, the Department of Public Instruction may allocate additional funds from the  
43 State Public School Fund, as necessary, to public school units receiving funds from the  
44 Elementary and Secondary School Emergency Relief Fund under ARPA.  
45

## 46 **ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF** 47 **RESERVE FUNDS**

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

49 ~~"SECTION 3.5. SECTION 3.5.(a) Use of Funds. –~~ The Elementary and Secondary School  
50 Emergency Relief Fund funds appropriated in Section 3.2 of this act shall only be used by the  
51 Department of Public Instruction to (i) allocate federal grant funds to public school units pursuant

1 to subsection (d) of section 2001 of the American Rescue Plan Act and (ii) reserve ~~twenty-one~~  
2 ~~million five hundred thousand dollars (\$21,500,000)~~ three hundred fifty-nine million nine  
3 hundred nineteen thousand one hundred seventy-one dollars (\$359,919,171) of the funds  
4 pursuant to subsection (f) of section 2001 of the American Rescue Plan Act to be used according  
5 to the following:

- 6 (1) \$20,000,000 shall be used by the Department to allocate funds to each public  
7 school unit in the State, except for schools operated by the State Board of  
8 Education, to ensure that each public school unit receives a total amount from  
9 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund  
10 of at least four hundred dollars (\$400.00) per pupil in federal grant funds  
11 according to the following:
- 12 a. If a public school unit did not receive funds pursuant to subsection (d)  
13 of section 2001, the public school unit shall receive an amount equal  
14 to four hundred dollars (\$400.00) per pupil.
- 15 b. If a public school unit received funds pursuant to subsection (d) of  
16 section 2001, the per pupil amount allocated under this subdivision  
17 shall be reduced so that (i) the total amount in federal grant funds from  
18 the ESSER III Fund is equal to four hundred dollars (\$400.00) per  
19 pupil or (ii) the public school unit receives no additional funding  
20 because the total amount from the ESSER III Fund would exceed four  
21 hundred dollars (\$400.00) per pupil.
- 22 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School  
23 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina  
24 School for the Deaf for school facility repairs and improvements to enable  
25 operation of the schools to reduce risk of virus transmission and exposure to  
26 environmental health hazards and to support student health needs. The funds  
27 may be used for inspection, testing, maintenance, repair, replacement, and  
28 upgrade projects to improve the indoor air quality in school facilities,  
29 including mechanical and nonmechanical heating, ventilation, and air  
30 conditioning systems, filtering, purification and other air cleaning, fans,  
31 control systems, and window and door repair and replacement.
- 32 (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
33 school units as grants to support COVID-19 related needs, including for  
34 in-person instruction supplemental programs to address learning loss and  
35 provide enrichment activities, such as for after-school and before-school  
36 programs, during the instructional year. The allocation of grants shall be  
37 prioritized to public school units based on need as demonstrated by the  
38 expenditure of existing federal funding received for COVID-19 related  
39 impacts.
- 40 (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
41 school units as grants to support COVID-19 related needs, including for  
42 in-person instruction summer programs to address learning loss and provide  
43 enrichment activities. The allocation of grants shall be prioritized to public  
44 school units based on need as demonstrated by the expenditure of existing  
45 federal funding received for COVID-19 related impacts.
- 46 (5) \$10,000,000 to support a common learning management system to be utilized  
47 for in-person and remote instruction for kindergarten through fifth grade for a  
48 period of up to three years. Funds may also be used for the kindergarten  
49 readiness programs based on the Science of Reading.

- 1           (6)   \$37,500,000 for teacher and principal professional development for  
2           implementing the Science of Reading and the requirements of the Excellent  
3           Public Schools Act of 2021.
- 4           (7)   \$1,000,000 to contract with one or more external research partners pursuant  
5           to subdivision (4) of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of  
6           S.L. 2021-3, to assess the impact of COVID-19 on public school units and the  
7           responses of the State to the challenges presented by COVID-19.
- 8           (8)   \$10,000,000 to provide support for in-person, evidence-based tutoring  
9           initiatives, including mathematics-focused programs, in response to  
10          COVID-19.
- 11          (9)   \$500,000 to support expansion of the North Carolina Preschool Pyramid  
12          Model (NCPDM) across and within local school administrative unit preschool  
13          programs and to support the implementation of NCPDM in kindergarten in a  
14          developmentally appropriate and vertically aligned manner. Funds shall be  
15          used to provide training, consultation, and ongoing support for local school  
16          administrative units to implement the NCPDM framework to prekindergarten  
17          and kindergarten classrooms, with priority given to low-performing schools  
18          and local school administrative units affected by COVID-19 that receive  
19          low-wealth supplemental funding.
- 20          (10)  \$15,000,000 to establish a grant program to provide contracted school health  
21          support services to public school units with a demonstrated need. Public  
22          school units receiving the funds shall contract with school health support  
23          personnel to provide additional physical and mental health support services  
24          for students in response to COVID-19. No later than February 15, 2022, the  
25          Department shall report to the Joint Legislative Education Oversight  
26          Committee on the public school units that received the services, the specific  
27          services provided, the type of school health support personnel that provided  
28          the services, and the amount of funding provided for each service in each  
29          public school unit. For purposes of this subdivision, the term "school health  
30          support personnel" shall refer to school counselors, school nurses, school  
31          psychologists, and school social workers.
- 32          (11)  \$2,000,000, in response to the COVID-19 pandemic, for eight new  
33          time-limited, full-time equivalent positions at the Department and associated  
34          operating costs to work with the Center for Safer Schools, public school units,  
35          and law enforcement to identify and locate missing public school students.  
36          One position shall be based in each of the eight education districts adopted by  
37          the State Board of Education and shall report to the regional director assigned  
38          to that district.
- 39          (12)  \$2,000,000 to contract with a third-party entity for a period of up to two years  
40          for a new software platform, in response to the COVID-19 pandemic, to  
41          develop and implement a system of tracking expenditures of State and federal  
42          funds provided for subscription services and technology.
- 43          (13)  \$9,000,000 to contract with a third-party entity for a period of up to three years  
44          for a new software platform, in response to the COVID-19 pandemic, to  
45          evaluate and improve student learning and performance and to provide  
46          students with an individualized roadmap for improving learning and  
47          performance.
- 48          (14)  \$200,000 to establish one new time-limited, full-time equivalent position at  
49          the Department to manage the two software platforms for public schools  
50          funded pursuant to subdivisions (12) and (13) of this subsection.

- 1           (15) \$15,000,000 to provide grants to local school administrative units for schools  
 2 identified as low-performing, with priority for grants provided to local school  
 3 administrative units that have a majority of schools located in the unit  
 4 identified as low-performing. Funds shall be used to provide flexible  
 5 improvement and intervention options that are approved by the Department to  
 6 address negative impacts of COVID-19.
- 7           (16) \$8,000,000 to be allocated to Mount Airy City Schools to partner with a  
 8 nonprofit organization to create the North Carolina High-Tech Learning  
 9 Accelerator, an initiative to provide a network of place-based learning hubs  
 10 for students with rigorous and experiential pathways for jobs in the technology  
 11 industry. The initiative shall offer summer immersion and out-of-school  
 12 options, in addition to other student supports in a core program aimed at  
 13 enhancing curriculum opportunities for work-based learning.
- 14           (17) Up to \$17,995,959 for the Department to use for administrative costs.
- 15           (18) Any contract that is executed to meet the purposes set forth in this subsection  
 16 using the funds provided from the reserve pursuant to subsection (f) of section  
 17 2001 of the American Rescue Plan Act (ARPA) shall be limited to a contract  
 18 term consistent with the deadline for the expenditure of those funds under the  
 19 federal law and guidelines.
- 20           (19) In no event shall the Department expend or encumber funds from the reserve  
 21 of funds pursuant to subsection (f) of section 2001 of the ARPA for the  
 22 purposes set forth under subdivisions (1) through (17) of this subsection or for  
 23 any other purpose in a total amount that exceeds two hundred twenty-one  
 24 million six hundred ninety-five thousand nine hundred fifty-nine dollars  
 25 (\$221,695,959) prior to June 1, 2022.
- 26           (20) If, on August 15, 2022, there are any funds that are unencumbered from the  
 27 reserve of funds pursuant to subsection (f) of section 2001 of the ARPA, those  
 28 funds shall be reallocated to be used for expenditures on or after that date to  
 29 meet additional needs of the elementary and secondary schools of the State  
 30 within federal law and guidelines, as determined by the State Board of  
 31 Education.

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

47  
 48 **TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION**  
 49 **PLAN**

50           **SECTION 7.28.** Of the funds appropriated to the Department of Public Instruction  
 51 by this act for the school business system modernization plan for the 2021-2023 fiscal biennium,



1 the Department shall transfer one million four hundred thousand dollars (\$1,400,000) for the  
 2 2021-2022 fiscal year and one million four hundred thousand dollars (\$1,400,000) for the 2022-  
 3 2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing  
 4 public-private partnerships to incorporate annual school report card data for the State into the  
 5 School Finance Division section of the Department of Public Instruction's website. Grade level  
 6 and subject level Education Value-Added Assessment System (EVAAS) growth data for local  
 7 school administrative units and public schools may be made available to the public on the  
 8 website, to the extent required by State and federal law.

9 By October 1, 2021, GDAC shall execute any contractual agreements and interagency  
 10 data sharing agreements necessary to accomplish the reporting system established pursuant to  
 11 Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department of  
 12 Public Instruction and GDAC shall continue partnering to continue development, deployment,  
 13 and ongoing provision of data integration service that consolidates data from financial, human  
 14 resources, licensure, student information, and EVAAS. Implementation shall also include  
 15 development and deployment of a modern analytical platform and reporting environment.  
 16 Additionally, student population data for future assessments, including State assessments,  
 17 Advanced Placement exams, and college readiness assessments shall be made available to local  
 18 school administrative units and public schools through the Department's EVAAS section of the  
 19 website and shall be made available in hard copy to parents and legal guardians upon request.  
 20

21 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

22  
 23 **TEACHER SALARY SCHEDULE**

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

27 **2021-2022 Teacher Monthly Salary Schedule**

28 <b>Years of Experience</b>	<b>"A" Teachers</b>
29 0	\$3,509
30 1	\$3,609
31 2	\$3,709
32 3	\$3,810
33 4	\$3,910
34 5	\$4,010
35 6	\$4,110
36 7	\$4,211
37 8	\$4,311
38 9	\$4,411
39 10	\$4,511
40 11	\$4,612
41 12	\$4,712
42 13	\$4,812
43 14	\$4,912
44 15-24	\$5,013
45 25+	\$5,213.

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

- 47 -
- 48 (1) Licensed teachers who have NBPTS certification shall receive a salary  
 49 supplement each month of twelve percent (12%) of their monthly salary on  
 50 the "A" salary schedule.

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

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

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

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

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

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

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

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

**2022-2023 Teacher Monthly Salary Schedule**

<b>Years of Experience</b>	<b>"A" Teachers</b>
0	\$3,518

1	1	\$3,618
2	2	\$3,718
3	3	\$3,820
4	4	\$3,920
5	5	\$4,020
6	6	\$4,120
7	7	\$4,222
8	8	\$4,322
9	9	\$4,422
10	10	\$4,522
11	11	\$4,624
12	12	\$4,724
13	13	\$4,824
14	14	\$4,924
15	15-24	\$5,026
16	25+	\$5,226.

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

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

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

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.
- (3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy TCP-A-006, as it was in effect on June 30, 2013."

**SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

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

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

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

- (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.
- (2) A score of the following or higher on an edTPA assessment or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance:
  - a. A score of 42 for the World Languages and Classical Languages edTPA assessment.
  - b. A score of 57 for the Elementary Education edTPA assessment.
  - c. A score of 48 for all other edTPA assessments.

(b) Notwithstanding any other provision of law, to the extent funds are made available for this purpose, a highly qualified graduate who is employed by a local board of education shall

1 receive a salary supplement each month at the highest level for which the graduate qualifies as  
2 follows:

- 3 (1) A graduate who accepts initial employment at a school identified as  
4 low-performing by the State Board of Education pursuant to  
5 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first  
6 three years of employment as a teacher, without a break in service, equivalent  
7 to the difference between the State-funded salary of the graduate and the  
8 State-funded salary of a similarly situated teacher with three years of  
9 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)  
10 remains teaching at the same school or (ii) accepts subsequent employment at  
11 another low-performing school or local school administrative unit identified  
12 as low-performing.
- 13 (2) A graduate licensed and employed to teach in the areas of special education,  
14 science, technology, engineering, or mathematics shall receive a salary  
15 supplement during the graduate's first two years of employment as a teacher,  
16 without a break in service, equivalent to the difference between the  
17 State-funded salary of the graduate and the State-funded salary of a similarly  
18 situated teacher with two years of experience on the "A" Teachers Salary  
19 Schedule, as long as the graduate continues teaching in one of those areas.
- 20 (3) All other graduates shall receive a salary supplement during the graduate's  
21 first year of employment as a teacher, without a break in service, equivalent  
22 to the difference between the State-funded salary of the graduate and the  
23 State-funded salary of a similarly situated teacher with one year of experience  
24 on the "A" Teachers Salary Schedule."

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

## 27 **BONUSES FOR TEACHERS**

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

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

- 33 (1) Teacher. – Teachers and instructional support personnel.  
34 (2) Qualifying public school unit. – Any of the following:  
35 a. A local school administrative unit.  
36 b. A charter school.  
37 c. A regional school.  
38 d. An innovative school.  
39 e. A laboratory school under Article 29A of Chapter 116 of the General  
40 Statutes.  
41

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

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

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

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

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

- 7           (1) The Third Grade Read to Achieve Teacher Bonus Program provided in  
8 Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97  
9 and Section 8.10 of S.L. 2018-5.
- 10          (2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in  
11 Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.
- 12          (3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section  
13 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

14           **SECTION 7A.3.(h)** For the 2022-2023 fiscal year and subsequent fiscal years, it is  
15 the intent of the General Assembly to reauthorize bonuses for teachers based on the criteria used  
16 in the programs identified in subdivisions (1) through (3) of subsection (g) of this section.  
17

## 18 **ADVANCED COURSE AND CTE TEACHER BONUSES**

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

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

- 28          (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
29 courses, International Baccalaureate Diploma Programme courses, or the  
30 Cambridge Advanced International Certificate of Education (AICE) program  
31 who meets the following criteria:
  - 32           a. Is employed by, or retired having last held a position at, one or more  
33 of the following:
    - 34           1. A qualifying public school unit.
    - 35           2. The North Carolina Virtual Public School program.
  - 36           b. Taught one or more students who received a score listed in subsection  
37 (c) of this section.
- 38          (2) Eligible career and technical education (CTE) teacher. – A teacher who meets  
39 the following criteria:
  - 40           a. Is employed by, or retired having last held a position at, a qualifying  
41 public school unit.
  - 42           b. Taught one or more students who attained approved industry  
43 certifications or credentials consistent with G.S. 115C-156.2.
- 44          (3) Qualifying public school unit. – Any of the following:
  - 45           a. A local school administrative unit.
  - 46           b. A charter school.
  - 47           c. A regional school.
  - 48           d. A school providing elementary or secondary instruction operated by  
49 the State Board of Education under Article 7A of Chapter 115C of the  
50 General Statutes.

1 e. A school providing elementary or secondary instruction operated by  
2 The University of North Carolina under Article 29A of Chapter 116 of  
3 the General Statutes.

4 (4) Qualifying teacher. – An eligible advanced course teacher or eligible career  
5 and technical education teacher who meets one of the following criteria:

6 a. Remains employed teaching in the same qualifying public school unit,  
7 or, if an eligible advanced course teacher is only employed by the  
8 North Carolina Virtual Public School program, remains employed  
9 teaching in that program, at least from the school year the data is  
10 collected until January 1 of the corresponding school year that the  
11 bonus is paid.

12 b. Retired, between the last day of the school year in which the data is  
13 collected and January 1 of the corresponding school year in which the  
14 bonus is paid, after attaining one of the following:

- 15 1. The age of at least 65 with five years of creditable service.
- 16 2. The age of at least 60 with 25 years of creditable service.
- 17 3. Thirty years of creditable service.

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

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

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

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

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

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

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

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

9           **SECTION 7A.4.(h)** Study and Report. – The State Board of Education shall study  
10 the effect of the program on teacher performance and retention. The State Board shall report the  
11 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the  
12 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight  
13 Committee, and the Fiscal Research Division by March 15 of each year bonuses are awarded.  
14 The report shall include, at a minimum, the following information:

- 15           (1) Number of students enrolled and taking examinations in each of the following  
16 categories of courses:
  - 17           a. Advanced Placement.
  - 18           b. International Baccalaureate Diploma Programme.
  - 19           c. Cambridge AICE program.
  - 20           d. Courses needed for the attainment of an industry certification or  
21 credential.
- 22           (2) Number of students receiving outcomes on examinations resulting in the  
23 award of a bonus for a teacher in each category of courses identified in  
24 sub-subdivision a. of subdivision (1) of this subsection.
- 25           (3) Number of teachers receiving a bonus in each category of courses identified  
26 in sub-subdivision a. of subdivision (1) of this subsection.
- 27           (4) The amounts awarded to teachers for each category of courses identified in  
28 sub-subdivision a. of subdivision (1) of this subsection.
- 29           (5) The type of industry certifications and credentials earned by the students, the  
30 value ranking for each certification and credential, the number of bonuses  
31 earned for each certification or credential, and the total bonus amount awarded  
32 for each certification or credential.

#### 33 34 **SMALL COUNTY SIGNING BONUS FOR TEACHERS**

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

- 37           (1) Eligible employee. – A person who meets all of the following criteria:
  - 38           a. Accepts employment as a teacher with an eligible employer for the  
39 2021-2022 school year.
  - 40           b. Was not employed by the eligible employer identified in  
41 sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
  - 42           c. Is employed by the eligible employer identified in sub-subdivision a.  
43 of this subdivision as of October 1, 2021.
- 44           (2) Eligible employer. – The governing board of a local school administrative unit  
45 that receives small county school system supplemental funding in the  
46 2021-2022 fiscal year.
- 47           (3) Local funds. – Matching funds provided by an eligible employer to enable an  
48 eligible employee to qualify for the signing bonus program established by this  
49 section.
- 50           (4) Teacher. – Teachers and instructional support personnel.

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

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

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

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

17           **SECTION 7A.5.(f)** Future Signing Bonuses. – It is the intent of the General  
 18 Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal  
 19 year.  
 20

21 **PRINCIPAL SALARY SCHEDULE**

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

24                           **2021-2022 Principal Annual Salary Schedule**

25 <b>Avg. Daily Membership</b>	25 <b>Base</b>	25 <b>Met Growth</b>	25 <b>Exceeded Growth</b>
26           0-200	26           \$69,147	26           \$76,062	26           \$82,976
27           201-400	27           \$72,604	27           \$79,864	27           \$87,125
28           401-700	28           \$76,062	28           \$83,668	28           \$91,274
29           701-1,000	29           \$79,519	29           \$87,471	29           \$95,423
30           1,001-1,600	30           \$82,976	30           \$91,274	30           \$99,571
31           1,601+	31           \$86,434	31           \$95,077	31           \$103,721.

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

- 38           (1) A principal shall be paid according to the Exceeded Growth column of the  
 39 schedule if the school growth scores show the school or schools exceeded  
 40 expected growth in at least two of the prior three school years.
- 41           (2) A principal shall be paid according to the Met Growth column of the schedule  
 42 if any of the following apply:
  - 43           a. The school growth scores show the school or schools met expected  
 44 growth in at least two of the prior three school years.
  - 45           b. The school growth scores show the school or schools met expected  
 46 growth in at least one of the prior three school years and exceeded  
 47 expected growth in one of the prior three school years.
  - 48           c. The principal supervised a school in at least two of the prior three  
 49 school years that was not eligible to receive a school growth score.
- 50           (3) A principal shall be paid according to the Base column if either of the  
 51 following applies:



- a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.
- b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

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

- (1) Between July 1, 2021, and December 31, 2021, the average daily membership for the school from the 2019-2020 school year. If the school did not have an average daily membership in the 2019-2020 school year, the projected average daily membership for the school for the 2021-2022 school year.
- (2) Between January 1, 2022, and June 30, 2022, the average daily membership for the school for the 2021-2022 school year.

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

- (1) Between July 1, 2021, and December 31, 2021, school growth scores from the three most recent available school years, up to the 2018-2019 school year, shall be used.
- (2) Between January 1, 2022, and June 30, 2022, school growth scores from the three most recent available school years, up to the 2020-2021 school year, shall be used.

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

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

- (1) The applicable amount on the salary schedule for the applicable year.
- (2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
  - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
- (3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

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

**2022-2023 Principal Annual Salary Schedule**

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

**BONUSES FOR PRINCIPALS**

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

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

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

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

**ASSISTANT PRINCIPAL SALARIES**

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

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

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

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

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

- (1) The applicable amount on the salary schedule for the applicable year.
- (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
  - a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.
- (3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

**CENTRAL OFFICE SALARIES**

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

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

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

	<b>2021-2022 Fiscal Year</b>
	<b>Maximum</b>
School Administrator I	\$6,730
School Administrator II	\$7,131
School Administrator III	\$7,558
School Administrator IV	\$7,853
School Administrator V	\$8,166
School Administrator VI	\$8,651
School Administrator VII	\$8,995.

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

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

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

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

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

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

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

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

	<b>2022-2023 Fiscal Year</b>
	<b>Maximum</b>
School Administrator I	\$6,831
School Administrator II	\$7,238
School Administrator III	\$7,671
School Administrator IV	\$7,971
School Administrator V	\$8,288
School Administrator VI	\$8,781
School Administrator VII	\$9,130.

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

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

27  
 28 **NONCERTIFIED PERSONNEL SALARIES**

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

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

- 36           (1) For permanent, full-time employees on a 12-month contract, by the greater of  
 37 the following:
  - 38           a. One and one-half percent (1.5%).
  - 39           b. An amount necessary to increase the minimum hourly compensation  
 40 rate of the employee to thirteen dollars (\$13.00) per hour pursuant to  
 41 subsection (a) of this section.
- 42           (2) For the following employees, by an equitable amount based on the amounts  
 43 specified in subdivision (1) of this subsection:
  - 44           a. Permanent, full-time employees on a contract for fewer than 12  
 45 months.
  - 46           b. Permanent, part-time employees.
  - 47           c. Temporary and permanent hourly employees.

48           **SECTION 7A.10.(c)** It is the intent of the General Assembly to increase the annual  
 49 salary for noncertified public school employees whose salaries are supported from State funds in  
 50 the 2022-2023 fiscal year, beginning July 1, 2022, by one and one-half percent (1.5%).  
 51

**PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM****UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

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

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

**IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE**

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

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

...

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

...

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

...."

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

**PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

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

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

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

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

10           (2) Eligible child or eligible children. – Any person (i) who is attending or has  
11 been accepted to enroll in an eligible postsecondary institution, (ii) who is a  
12 legal resident of North Carolina when scholarship documentation is  
13 completed, provided that if a child is claimed as a dependent by the child's  
14 parent, residency may be established based on a parent meeting  
15 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has  
16 complied with the requirements of the Selective Service System, if applicable,  
17 and (iv) whose parent is a veteran or a currently serving member of the Armed  
18 Forces that meets the following:

19           a. Meets one of the following residency conditions:

- 20           1. Is a resident of North Carolina at the time of scholarship  
21 documentation completion.
- 22           2. Was a resident of North Carolina at the time of entrance into  
23 service in the Armed Forces.
- 24           3. Was permanently stationed in North Carolina at the time of his  
25 or her death.
- 26           4. Is an active duty service member permanently stationed in  
27 North Carolina at the time of documentation completion.

28           b. Meets one of the following service conditions:

- 29           1. Was a member of the Armed Forces who was killed in action  
30 or in the line of duty, or died of wounds or other causes not due  
31 to the service member's willful misconduct during a period of  
32 war or national emergency.
- 33           2. Was a member of the Armed Forces who died of  
34 service-connected injuries, wounds, illness, or other causes  
35 incurred or aggravated while a member of the Armed Forces  
36 during a period of war or national emergency. Standard  
37 documentation of the parent's death, wounds, injury, or illness  
38 must be supplied by a scholarship recipient at the time of  
39 scholarship request.
- 40           3. Is a veteran of the Armed Forces who incurred traumatic  
41 injuries or wounds or sustained a major illness while a member  
42 of the Armed Forces during a period of war or national  
43 emergency and is receiving compensation for a wartime  
44 service-connected disability of at least fifty percent (50%) as  
45 rated by the U.S. Department of Veterans Affairs.
- 46           4. Is a current member of the Armed Forces who incurred  
47 traumatic injuries or wounds or sustained a major illness while  
48 a member of the Armed Forces during a period of war or  
49 national emergency. The parent's traumatic wounds, injury, or  
50 major illness must be documented by the U.S. Department of  
51 Defense.

- 1 (3) Eligible postsecondary institution. – A school that is any of the following:  
2 a. A constituent institution of The University of North Carolina.  
3 b. A community college under the jurisdiction of the State Board of  
4 Community Colleges.  
5 c. A private educational institution as defined in G.S. 143B-1224.  
6 d. An accredited, private vocational institution.
- 7 (4) Eligible spouse. – Any person (i) who is attending or has been accepted to  
8 enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
9 North Carolina when scholarship documentation is completed, (iii) who has  
10 complied with the requirements of the Selective Service System, if applicable,  
11 and (iv) whose spouse was a member of the Armed Forces who was killed in  
12 action or in the line of duty, or died of wounds or other causes not due to the  
13 service member's willful misconduct during a period of war or national  
14 emergency.
- 15 (5) Veteran. – An individual who has served and is no longer serving in the Armed  
16 Forces of the United States. For the purposes of this section, the veteran must  
17 have separated from the Armed Forces under honorable conditions or whose  
18 death or disability of at least fifty percent (50%) or more was incurred as a  
19 direct result of service in the line of duty.

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

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

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

43 **SECTION 8.3.(e)** Reporting. – The Patriot Foundation shall submit a report by April  
44 1 of each year in which the Patriot Foundation spends State funds made available for the Program  
45 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
46 activities related to the Program and the use of the State funds.

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

51

**REPORT ON SCIENCE OF READING EPP COURSEWORK IMPLEMENTATION**

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

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

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

**FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS**

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

**NEW EDUCATION FACILITY/UNCW/PLANNING FUNDS**

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

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

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



1           **SECTION 8.6.(c)** The allocation of funds by the Board of Governors to  
2 UNC-Wilmington pursuant to this section shall not be deemed to constitute a financial obligation  
3 of the State to provide any additional State funds in subsequent fiscal years for the purpose of  
4 planning or constructing a new facility for Isaac Bear Early College High School.  
5

## 6 **ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS**

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

8 **"§ 116-143.6. Full scholarship students attending constituent institutions.**

9           (a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent  
10 institution of The University of North Carolina elects to do so, it may by resolution adopted  
11 consider as residents of North Carolina all persons who receive full ~~scholarships, unless the~~  
12 ~~scholarship is for athletics, scholarships~~ to the institution from entities recognized by the  
13 institution and attend the institution as undergraduate students. The aforesaid persons shall be  
14 considered residents of North Carolina for all purposes by The University of North Carolina.

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

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

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

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

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

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

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

28           **SECTION 8.7.(b)** This section applies beginning with the 2022-2023 academic year.  
29

## 30 **CODIFY NC COLLABORATORY**

31           **SECTION 8.8.(a)** Section 11.8 of S.L. 2016-94, as amended by Section 8(c) of S.L.  
32 2020-74, reads as rewritten:

33           **"SECTION 11.8.** ~~The Beginning with the 2021-2022 fiscal year, the one million dollars~~  
34 ~~(\$1,000,000) in recurring funds appropriated in this act to the Board of Governors of The~~  
35 ~~University of North Carolina for the 2016-2017 fiscal year to establish and operate a North~~  
36 ~~Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be used~~  
37 used, in addition to any other funds appropriated for this purpose, to establish a Collaboratory  
38 that facilitates the dissemination of the policy and research expertise of The University of North  
39 Carolina and other institutions of higher learning within North Carolina for practical use by State  
40 and local government, although, wherever possible, funding preference may be given to  
41 campuses within The University of North Carolina System. Any funds appropriated by the  
42 General Assembly for use by the Collaboratory may not be used for indirect overhead costs. The  
43 Collaboratory, at a minimum, shall conduct research on natural resources management,  
44 including, but not limited to, research related to the environmental and economic components of  
45 the management of the natural resources within the State of North Carolina and of new  
46 technologies for habitat, environmental, and water quality improvement. The Collaboratory shall  
47 develop and disseminate relevant best practices to interested parties, may lead or participate in  
48 projects across the State related to natural resource management, and may make  
49 recommendations to the General Assembly from time to time and operate the North Carolina  
50 Collaboratory pursuant to Article 31A of Chapter 116 of the General Statutes."



1 **"§ 116-256. Annual report.**

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

6  
7 **COLLABORATORY/RESEARCH GRANTS HMSI**

8 **SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established  
9 pursuant to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant  
10 program for the following constituent institutions of The University of North Carolina identified  
11 as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University,  
12 Fayetteville State University, North Carolina Agricultural and Technical State University, North  
13 Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem  
14 State University. The Collaboratory shall establish an application process and criteria for research  
15 grants that include a focus on areas within the Collaboratory's mission of facilitating research  
16 related to the environmental and economic components of the management of the natural  
17 resources within the State and of new technologies for habitat, environmental, and water quality  
18 improvements and other areas of public health.

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

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

29  
30 **COLLABORATORY/2021 WATER SAFETY ACT/FIREFIGHTING FOAM**  
31 **REGISTRY**

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

- 39 (1) Conduct both targeted and nontargeted analysis for per- and poly-fluoroalkyl  
40 substances (PFAS), including the chemical known as "GenX," through a  
41 continuation of the North Carolina PFAS Testing Network (Network).
- 42 (2) With respect to PFAS, including GenX, conduct (i) statewide water sampling,  
43 testing, and monitoring, (ii) statewide air sampling, testing, and monitoring,  
44 (iii) toxicology work in cellular and mammalian models, as well as monitoring  
45 levels and health effects of the citizens of North Carolina, and (iv) data  
46 management, analysis, and dissemination.
- 47 (3) Develop and deploy technologies to mitigate exposure to PFAS, including  
48 GenX, and health impacts from such exposure.
- 49 (4) Evaluate and pursue other research opportunities with respect to PFAS,  
50 including GenX, using relevant faculty expertise, technology, and  
51 instrumentation.

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

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

9 **SECTION 8.10.(c)** Of the funds appropriated by this act to the Board of Governors  
10 of The University of North Carolina to be allocated to the University of North Carolina at Chapel  
11 Hill for the Collaboratory, the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds  
12 for the 2021-2022 fiscal year shall be used by the Collaboratory to manage and implement the  
13 requirements of subsections (a) through (e) of this section, which shall include distribution to the  
14 Collaboratory (i) to cover costs incurred as a result of these activities, (ii) for acquisition or  
15 modification of essential scientific instrumentation and maintenance, and (iii) for payments of  
16 costs for sample collection and analysis, training or hiring of research staff and other personnel,  
17 method development activities, and data management, including dissemination of relevant data  
18 to stakeholders. Participating institutions receiving any funds under this subsection may not use  
19 any of the funds for overhead or other indirect costs. Funds allocated under this subsection shall  
20 not revert but shall remain available for nonrecurring expenditures. The provisions of Article 3  
21 of Chapter 143 of the General Statutes, G.S. 116-31.10, G.S. 143-129, and other relevant policies  
22 and guidelines related to those provisions shall not apply to the purchase of apparatus, supplies,  
23 material, personnel, contract, or equipment with any of the funds allocated under this section.

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

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

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

50 **SECTION 8.10.(g)** The University of North Carolina at Chapel Hill shall apportion  
51 all gross revenue associated with any intellectual property, including licensing fees and patenting

1 revenue, related to ionic fluorogel water filtration or other chemical or physical technologies  
2 developed utilizing research funds that are provided by the Collaboratory, which were allocated  
3 pursuant to this section, under the following formula:

- 4 (1) Ten percent (10%) to the General Fund.
- 5 (2) Forty percent (40%) to the inventor or inventors of such technologies.
- 6 (3) Fifty percent (50%) to the University of North Carolina at Chapel Hill to be  
7 divided as follows: (i) two-fifths into a general patent/licensure fund to be  
8 used at the constituent institution's discretion, (ii) two-fifths to the home  
9 academic department or department of the inventor or inventors of such  
10 technologies, and (iii) one-fifth to the Collaboratory to fund ongoing  
11 PFAS-related research and technology development.

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

14 "Article 82B.

15 "Management of Aqueous Film-Forming Foams.

16 **"§ 58-82B-1. Findings.**

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

24 **"§ 58-82B-5. Reporting requirement.**

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

- 29 (1) Provide an inventory of all AFFF at each department.
- 30 (2) Identify all AFFF no longer utilized at each department that should be  
31 properly disposed of.
- 32 (3) Report annually in summary form and within 15 days individually every  
33 incident where AFFF were deployed. Both the annual summary report and the  
34 individual incident reports shall utilize the online portal created as directed by  
35 G.S. 58-82B-10.

36 **"§ 58-82B-10. Duties of Office of the State Fire Marshal.**

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

- 38 (1) Educate and inform every fire department it regulates of the reporting  
39 requirements imposed by this Article.
- 40 (2) Assist the North Carolina Collaboratory, established under G.S. 116-255, in  
41 the development of an online reporting portal for fire departments operated,  
42 regulated, or managed by one or more units of State and local government,  
43 including those located at or serving public airports, with the requirements of  
44 this Article.
- 45 (3) Adopt rules to implement the requirements of this Article. OSFM may adopt  
46 temporary rules and shall adopt permanent rules no later than July 1, 2022.

47 **"§ 58-82B-15. Report.**

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

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

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

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

## 40           **COLLABORATORY/STUDY OF THE COASTAL AND MARINE FISHERIES OF THE** 41           **STATE**

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

- 48           (1) Bay Scallop.
- 49           (2) Blue Crab.
- 50           (3) Eastern Oyster.
- 51           (4) Estuarine Striped Bass.

- 1 (5) Hard Clam.
- 2 (6) Kingfishes.
- 3 (7) Red Drum.
- 4 (8) River Herring.
- 5 (9) Sheepshead.
- 6 (10) Shrimp.
- 7 (11) Southern Flounder.
- 8 (12) Spotted Seatrout.
- 9 (13) Striped Mullet.

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

## 17 18 **COLLABORATORY/COVID-19 RESEARCH INITIATIVES**

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

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

## 36 37 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

### 38 39 **TUITION GRANTS FOR NCSSM GRADUATES**

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

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

43 "§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

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

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

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

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

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

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

38 **"§ 116-209.91. North Carolina Tuition Grant Fund Reserve.**

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

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



- 1 (1) For the 2023-2024 fiscal year, the sum of one million seven hundred  
2 ninety-one thousand one hundred twenty-three dollars (\$1,791,123) in  
3 recurring funds.
- 4 (2) For the 2024-2025 fiscal year, the sum of five hundred forty-eight thousand  
5 three hundred three dollars (\$548,303) in recurring funds.
- 6 (3) For the 2025-2026 fiscal year, the sum of five hundred forty-eight thousand  
7 three hundred three dollars (\$548,303) in recurring funds.
- 8 (4) For the 2026-2027 fiscal year, the sum of five hundred forty-eight thousand  
9 three hundred three dollars (\$548,303) in recurring funds.

10  
11 **PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID**  
12 **CONSOLIDATION**

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

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

16 **"§ 116-209.80. Definitions.**

17 The following definitions apply to this Part:

- 18 (1) Eligible postsecondary institution. – A school that is:
  - 19 a. A constituent institution of The University of North Carolina as  
20 defined in G.S. 116-2(4).
  - 21 b. A community college as defined in G.S. 115D-2(2).
- 22 (2) Matriculated status. – Being recognized as a student in a defined program of  
23 study leading to a degree, diploma, or certificate at an eligible postsecondary  
24 institution.
- 25 (3) Program. – The North Carolina Need-Based Scholarship Program for Public  
26 Colleges and Universities.
- 27 (4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and  
28 Universities.
- 29 (5) Scholarship. – A scholarship for education awarded under this Part.
- 30 (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20  
31 U.S.C. § 1070, et seq.

32 **"§ 116-209.81. Eligibility requirements for a scholarship.**

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

- 36 (1) Qualify as a resident for tuition purposes under the criteria set forth in  
37 G.S. 116-143.1 and in accordance with the coordinated and centralized  
38 residency determination process administered by the Authority.
- 39 (2) Meet enrollment standards by being admitted, enrolled, and classified as an  
40 undergraduate student in a matriculated status at an eligible postsecondary  
41 institution. The President of The University of North Carolina and the  
42 President of the North Carolina Community College System may jointly agree  
43 to additional enrollment standards for the Program.
- 44 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate  
45 need according to federal methodology in Title IV of the Higher Education  
46 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

47 (b) In addition to the criteria set forth in subsection (a) of this section, in order for a  
48 student to continue to be eligible for a scholarship for the student's second and subsequent  
49 academic years, the student must meet achievement standards by maintaining satisfactory  
50 academic progress in a course of study in accordance with the standards and practices used for

1 federal Title IV programs by the eligible postsecondary institution in which the student is  
2 enrolled.

3 **"§ 116-209.82. Semester limitation on eligibility for scholarship.**

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

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

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

22 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

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

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

43 **"§ 116-209.84. Scholarship administration; reporting requirements.**

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

46 (b) Notwithstanding any other provision of law to the contrary, the Authority shall  
47 conduct periodic evaluations of expenditures under the Program administered by the Authority  
48 to determine if allocations are utilized to ensure access to eligible postsecondary institutions and  
49 to meet the goals of respective programs. The authority may make recommendations of the  
50 redistribution of funds to the President of The University of North Carolina and the President of

1 the North Carolina Community College System, who then may jointly authorize redistribution  
2 of funds for a particular fiscal year.

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

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

9 **"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

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

12 (1) Funds appropriated by the General Assembly for the Program from the  
13 Education Lottery Fund in the Current Operations Appropriations Act for a  
14 fiscal year for education-related purposes in accordance with G.S. 18C-164.

15 (2) Funds appropriated by the General Assembly for the Program from the  
16 Escheat Fund in the Current Operations Appropriations Act for a fiscal year  
17 that is distributed annually on or before August 15 to the Authority pursuant  
18 to G.S. 116B-7(a).

19 (3) Funds appropriated by the General Assembly for the Program from the  
20 General Fund in the Current Operations Appropriations Act for a fiscal year.

21 (4) All returned scholarship funds from the Program.

22 (5) All interest earned on these funds.

23 (b) The Authority shall create two reserves within the Reserve Fund as follows: The  
24 University of North Carolina (UNC Reserve) and the North Carolina Community College System  
25 (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for  
26 scholarships for the academic year that begins in the fiscal year following the fiscal year in which  
27 the allocations are made to the reserves. Allocations shall be made from the reserves for the  
28 amounts determined for the payment schedules for eligible postsecondary institutions pursuant  
29 to G.S. 116-209.83.

30 Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the  
31 funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal  
32 year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise  
33 agreed to by the President of The University of North Carolina and the President of the North  
34 Carolina Community College System. Additional funds may be directed to the reserves from a  
35 Current Operations Appropriations Act in a fiscal year. The reserves established for the  
36 2022-2023 fiscal year shall consist of the following funds:

37 (1) For the UNC Reserve, the monies shall consist of the following:

38 a. An amount equal to the amount appropriated to the Board of  
39 Governors of The University of North Carolina for The University of  
40 North Carolina Need-Based Financial Aid Program for the 2021-2022  
41 fiscal year.

42 b. An amount equal to the proportionate share of the appropriation for  
43 the Education Lottery Scholarship Program based on awards of  
44 financial assistance to students enrolled in The University of North  
45 Carolina from the Education Lottery Scholarship Program for the  
46 2017-2018, 2018-2019, and 2019-2020 fiscal years.

47 (2) For the CC Reserve, the monies shall consist of the following:

48 a. An amount equal to the amount appropriated to the Community  
49 Colleges System Office for the North Carolina Community College  
50 Grant Program, except for funds set aside for the targeted assistance  
51 program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

1                   b.     An amount equal to the proportionate share of the appropriation for  
2                   the Education Lottery Scholarship based on awards of financial  
3                   assistance to students enrolled in North Carolina community colleges  
4                   from the Education Lottery Scholarship Program for the 2017-2018,  
5                   2018-2019, and 2019-2020 fiscal years.

6                   (c)     Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall  
7                   remain available until expended for the purposes of this Part.

8                   (d)     The Authority may use up to one and one-half percent (1.5%) of the funds available  
9                   in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a  
10                  determination by the Authority that funds in excess of one percent (1%) are necessary to  
11                  administer the Program, including funds necessary for one-time or recurring costs, the Authority  
12                  shall consult with the President of The University of North Carolina and the President of the  
13                  North Carolina Community College System at the same time the consolidated payment schedule  
14                  is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and  
15                  the purpose for which the additional funds will be used to the Joint Legislative Education  
16                  Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days  
17                  of the increase. In no event shall the cost of administering the Program in a fiscal year exceed  
18                  one and one-half percent (1.5%) of the funds available in the Reserve Fund."

19                   **SECTION 8A.2.(b)** G.S. 116B-7 reads as rewritten:

20                   "**§ 116B-7. Distribution of fund.**

21                   (a)     The income derived from the investment or deposit of the Escheat Fund shall be  
22                   distributed annually on or before August 15 to the State Education Assistance Authority for  
23                   grants and loans to aid worthy and needy students who are residents of this State and are enrolled  
24                   in public institutions of higher education in this State. Such grants and loans shall be made upon  
25                   terms, consistent with the provisions of this Chapter, pursuant to which the State Education  
26                   Assistance Authority makes grants and loans to other students under G.S. 116-201 to 116-209.23,  
27                   Article 23 of Chapter 116 of the General Statutes, policies of the Board of Governors of The  
28                   University of North Carolina regarding need-based grants for students of The University of North  
29                   Carolina, and policies of the State Board of Community Colleges regarding need-based grants  
30                   for students of the community colleges. The Authority shall deposit an amount specified in the  
31                   Current Operations Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund  
32                   for Public Colleges and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the  
33                   North Carolina Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5  
34                   of Article 23 of Chapter 116 of the General Statutes.

35                   (b)     An amount specified in the Current Operations Appropriations Act shall be  
36                   transferred annually from the Escheat Fund to the Department of Military and Veterans Affairs  
37                   to partially fund the program of Scholarships for Children of War Veterans established by Part 2  
38                   of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents  
39                   of this State who (i) are worthy and needy as determined by the Department of Military and  
40                   Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

41                   **SECTION 8A.2.(c)** By May 1, 2022, the President of The University of North  
42                   Carolina and the President of the North Carolina Community College System shall report to the  
43                   Fiscal Research Division, the House Appropriations Education Committee, and the Senate  
44                   Appropriations on Education/Higher Education Committee on the following regarding the  
45                   consolidation of student financial assistance for constituent institutions of The University of  
46                   North Carolina and the community colleges:

47                   (1)     The payment schedule required by G.S. 116-209.83, as enacted by this  
48                   section.

49                   (2)     Potential ways to include students with intellectual and developmental  
50                   disabilities as eligible for scholarships through the North Carolina  
51                   Need-Based Scholarship Program for Public Colleges and Universities or

1 other student financial assistance recommendations, including grants or other  
2 funding sources for students enrolled in Comprehensive Transition Programs.

- 3 (3) Any recommended legislative changes, including for the North Carolina  
4 Need-Based Scholarship Program for Public Colleges and Universities.

5 **SECTION 8A.2.(d)** By October 15, 2022, the Authority shall transfer any  
6 unexpended balances remaining in the reserves for The University of North Carolina Need-Based  
7 Financial Aid Program and the Education Lottery Scholarship to the Scholarship Reserve Fund  
8 for Public Colleges and Universities under G.S. 116-209.85, as enacted by this section.

9 **SECTION 8A.2.(e)** Article 35A of Chapter 115C of the General Statutes is repealed.

10 **SECTION 8A.2.(f)** G.S. 116-209.19A reads as rewritten:

11 "**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

12 The Authority administers the following need-based grant and scholarship programs: the  
13 ~~Education Lottery Scholarships, North Carolina Community College Grant Program, The~~  
14 ~~University of North Carolina Need-Based Financial Aid Program, North Carolina Need-Based~~  
15 ~~Scholarship for Public Colleges and Universities~~ and Need-Based Scholarships for Students  
16 Attending Private Institutions of Higher Education. ~~G.S. 115C-499.2A, 115D-40.2, 116-25.1,~~  
17 ~~G.S. 116-209.82 and 116-281.1~~ G.S. 116-281.1 limit the number of semesters that a student may  
18 receive a grant or scholarship from ~~any of those~~ these programs and also provide the  
19 circumstances in which a waiver to those limits may be granted by the appropriate postsecondary  
20 institution. The Authority shall enforce these limitations in administering these programs so that  
21 unless a waiver is granted by the appropriate postsecondary institution, no student shall receive  
22 a grant or scholarship from any of those programs or any combination of those financial aid  
23 programs while pursuing a degree, diploma, or certificate for more than any of the following time  
24 periods: (i) 10 full-time academic semesters or its equivalent if enrolled part-time or (ii) 12  
25 full-time academic semesters or its equivalent if the student is enrolled in a program officially  
26 designated as a five-year degree program.

27 A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2,~~  
28 ~~116-25.1, G.S. 116-209.82 or 116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver  
29 in a manner acceptable to the Authority and shall also maintain documentation substantiating the  
30 reason for the waiver."

31 **SECTION 8A.2.(g)** G.S. 115D-40.1 reads as rewritten:

32 "**§ 115D-40.1. Targeted Financial Assistance for Community College Students.**~~Students;~~  
33 participation in federal programs.

34 (a) ~~Need-Based Assistance Program.~~ — It is the intent of the General Assembly that the  
35 ~~Community College System make these financial aid funds available to the neediest students~~  
36 ~~who are not eligible for other financial aid programs that fully cover the required educational~~  
37 ~~expenses of these students. The State Board may use some of these funds as short-term loans to~~  
38 ~~students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.~~

39 (b) Targeted Financial Assistance. — ~~Notwithstanding subsection (a) of this section, the~~  
40 Within the funds available, the State Board may allocate up to ten percent (10%) of the funds  
41 appropriated for Financial Assistance for Community College Students provide financial  
42 assistance to the following students:

43 (1) Students who enroll in low-enrollment programs that prepare students for  
44 high-demand occupations.

45 (2) Students with disabilities who have been referred by the Department of Health  
46 and Human Services, Division of Vocational Rehabilitation, and are enrolled  
47 in a community college.

48 (3) Students enrolled in fewer than six credit hours per semester who otherwise  
49 qualify for need-based financial aid programs.

50 (c) ~~Administration of Program.~~ Targeted Financial Assistance. — The State Board shall  
51 adopt rules and policies for the disbursement of the targeted financial assistance provided in

1 subsections (a) and subsection (b) of this section. Degree, diploma, and certificate students must  
2 complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial  
3 assistance. The State Board may contract with the State Education Assistance Authority for  
4 administration of these targeted financial assistance funds. ~~These funds shall not revert at the end  
5 of each fiscal year but shall remain available until expended for need-based financial assistance.  
6 The interest earned on the funds provided in subsections (a) and (b) of this section may be used  
7 to support the costs of administering the Community College Grant Program. If the interest  
8 earnings are not adequate to support the administrative costs, up to one percent (1%) of funds  
9 provided in subsection (a) of this section may be used to support the costs of administering the  
10 Community College Grant Program.~~

11 (d) Participation in Federal Loan Programs. – All community colleges shall participate  
12 in the William D. Ford Federal Direct Loan Program, unless the board of trustees of an institution  
13 adopts a resolution declining to participate in the Program. The State Board shall ensure that at  
14 least one counselor is available at each college to inform students about federal programs and  
15 funds available to assist community college students, including, but not limited to, Pell Grants,  
16 HOPE and Lifetime Learning Tax Credits, and, for participating colleges, the William D. Ford  
17 Federal Direct Loan Program, and to actively encourage students to utilize these federal programs  
18 and funds. The board of trustees of any institution that has declined to participate in the William  
19 D. Ford Federal Direct Loan Program through the adoption of a resolution may rescind the  
20 resolution and participate in the Program but shall not have the authority to again decline  
21 participation in the Program."

22 **SECTION 8A.2.(h)** G.S. 115D-40.2 is repealed.

23 **SECTION 8A.2.(i)** G.S. 116-25.1 is repealed.

24 **SECTION 8A.2.(j)** Section 10.1 of S.L. 2000-67 is repealed.

25 **SECTION 8A.2.(k)** Subsections (a) through (d) of this section become effective  
26 January 1, 2022, and apply to scholarships awarded beginning with the 2023-2024 academic  
27 year. Subsections (e) through (j) of this section become effective July 1, 2023. The remainder of  
28 this section is effective on the date that this act becomes law.

## 30 K-12 SCHOLARSHIP CHANGES

31 **SECTION 8A.3.(a)** Opportunity Scholarship Grant Program. – G.S. 115C-562.1(3)  
32 reads as rewritten:

33 "(3) Eligible students. – A student residing in North Carolina who has not yet  
34 received a high school diploma and who meets all of the following  
35 requirements:

36 a. Meets one of the following criteria:

- 37 1. Was a full-time student (i) assigned to and attending a public  
38 school pursuant to G.S. 115C-366 or (ii) enrolled in a  
39 Department of Defense Elementary and Secondary School,  
40 established pursuant to 10 U.S.C. § 2164 and located in North  
41 Carolina, during the spring semester prior to the school year  
42 for which the student is applying.
- 43 2. Received a scholarship grant for the school year prior to the  
44 school year for which the student is applying.
- 45 3. Is entering-eligible to enter either kindergarten or the first  
46 grade-grade pursuant to Article 25 of this Chapter. A child who  
47 is the age of four on or before April 16 is eligible to attend the  
48 following school year if the principal, or equivalent, of the  
49 school in which the child seeks to enroll finds that the student  
50 meets the requirements of G.S. 115C-364(d) and those

- 1 findings are submitted to the Authority with the child's  
 2 application.
- 3 4. Is a child in foster care as defined in G.S. 131D-10.2(9).  
 4 5. Is a child whose adoption decree was entered not more than  
 5 one year prior to submission of the scholarship grant  
 6 application.  
 7 6. Is a child whose parent or legal guardian is on full-time duty  
 8 status in the active uniformed service of the United States,  
 9 including members of the National Guard and Reserve on  
 10 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and  
 11 10 U.S.C. § 12401, et seq.
- 12 7. Is a child who meets both of the following:
- 13 I. Was enrolled in a nonpublic school that meets the  
 14 requirements of Part 1 and Part 2 of this Article during  
 15 the spring semester prior to the school year for which  
 16 the student is applying.
- 17 II. Was enrolled for the entire school year immediately  
 18 prior to the school year in which the student enrolled in  
 19 the nonpublic school in one of the following:
- 20 A. A North Carolina public school.  
 21 B. A Department of Defense Elementary and  
 22 Secondary School, established pursuant to 10  
 23 U.S.C. § 2164 and located in North Carolina.
- 24 a1. Has not enrolled in a postsecondary institution in a matriculated status  
 25 eligible for enrollment for 12 hours of academic credit.
- 26 b. Meets one of the following criteria:
- 27 1. Resides in a household with an income level not in excess of  
 28 one hundred ~~fifty-seventy-five percent (150%)~~ (175%) of the  
 29 amount required for the student to qualify for the federal free  
 30 or reduced-price lunch program. The Authority shall not count  
 31 any distribution from the estate of a decedent in calculating the  
 32 income level of the applicant's household for the purposes of  
 33 determining eligibility for a scholarship under this  
 34 ~~sub-subdivision.~~ sub-sub-subdivision.
- 35 2. Is a child in foster care as defined in G.S. 131D-10.2. The  
 36 Authority shall not consider the household income of the foster  
 37 parent, as defined in G.S. 131D-10.2, in determining the  
 38 eligibility of a foster care child."

39 **SECTION 8A.3.(b)** G.S. 115C-562.2(b) reads as rewritten:

40 "(b) Scholarship grants awarded to eligible students residing in households with an income  
 41 level not in excess of the amount required for the student to qualify for the federal free or  
 42 reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars~~  
 43 ~~(\$4,200) per year. be, per year per eligible student, in an amount of up to ninety percent (90%)~~  
 44 of the average State per pupil allocation for average daily membership in the prior fiscal year.  
 45 Scholarship grants awarded to eligible students residing in households with an income level in  
 46 excess of the amount required for the student to qualify for the federal free or reduced-price lunch  
 47 program shall be for amounts of not more than ninety percent (90%) of the required tuition and  
 48 fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school  
 49 may include tuition and fees for books, transportation, equipment, or other items required by the  
 50 nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars (\$4,200)~~  
 51 exceed, per year per eligible student, an amount equal to ninety percent (90%) of the average

1 State per pupil allocation for average daily membership in the prior fiscal year and no scholarship  
2 grant shall exceed the required tuition and fees for the nonpublic school the eligible student will  
3 attend."

4 **SECTION 8A.3.(c)** G.S. 115C-562.2(b1) is repealed.

5 **SECTION 8A.3.(d)** G.S. 115C-562.3 reads as rewritten:

6 "**§ 115C-562.3. Verification of ~~eligibility~~eligibility; information from other State agencies.**

7 ...

8 (b) Household members of applicants for scholarship grants shall authorize the Authority  
9 to access information needed for verification efforts held by other State agencies, including the  
10 Department of Revenue, the Department of Health and Human Services, and the Department of  
11 Public Instruction. The Department of Public Instruction shall provide the Authority with public  
12 school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a. as  
13 needed.

14 (c) By December 1 of each year, the Department of Public Instruction shall provide the  
15 Authority the average State per pupil allocation for that fiscal year to determine the maximum  
16 scholarship amount for eligible students to be awarded in the following fiscal year in accordance  
17 with G.S. 115C-562.2(b)."

18 **SECTION 8A.3.(e)** Any student who meets the following requirements shall qualify  
19 as an eligible student and shall be eligible to receive a scholarship for the 2021-2022 school year  
20 pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes:

- 21 (1) Was enrolled in a North Carolina public school or a Department of Defense  
22 Elementary and Secondary School located in North Carolina for the fall  
23 semester of the 2019-2020 school year.
- 24 (2) Was enrolled in a nonpublic school that meets the requirements of Part 1, 2,  
25 or 3 of Article 39 of this Chapter for the spring semester of the 2019-2020  
26 school year and the entire 2020-2021 school year.
- 27 (3) Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.
- 28 (4) Submits a scholarship application for the 2021-2022 school year.

29 A student who becomes eligible for a scholarship in the 2021-2022 school year solely  
30 due to this subsection shall receive first priority in award of scholarships in the same manner as  
31 those previously awarded scholarships.

32 **SECTION 8A.3.(f)** G.S. 115C-562.8 reads as rewritten:

33 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

34 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be  
35 administered by the Board of Governors of The University of North Carolina for the purpose of  
36 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.  
37 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the  
38 General Assembly and any interest accrued to it thereon. These funds shall be used to award  
39 scholarship grants to eligible students for the school year that begins in the fiscal year following  
40 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall  
41 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds  
42 appropriated in a particular fiscal year to be used for the award of scholarships in the following  
43 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds  
44 were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d)  
45 of this section, if applicable. After funds are used for this purpose, any unexpended funds from  
46 the funds appropriated in a particular fiscal year to be used for the award of scholarships in the  
47 following fiscal year shall be carried forward for one fiscal year and may be used for the purposes  
48 set forth in this section. Funds carried forward pursuant to this section that have not been spent  
49 within one fiscal year shall revert to the General Fund.

50 ...



1 (d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a  
2 particular fiscal year to be used for the award of scholarships in the following fiscal year shall be  
3 used as follows:

4 (1) Up to five hundred thousand dollars (\$500,000) may be used by the Authority  
5 to contract with a nonprofit corporation representing parents and families for  
6 marketing, outreach, and scholarship application assistance for parents and  
7 students pursuant to Part 4A of this Article.

8 (2) Any remaining funds shall be carried forward for one fiscal year pursuant to  
9 subsection (a) of this section."

10 **SECTION 8A.3.(g)** Article 39 of Chapter 115C of the General Statutes is amended  
11 by adding a new Part to read:

12 "Part 4A. Information for Parents and Students on Nonpublic School Scholarship Programs.

13 "**§ 115C-567.1. Outreach and assistance for parents and students.**

14 (a) The State Education Assistance Authority, in its administration of scholarship  
15 programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and  
16 Part 1H of Article 9 of this Chapter, may contract with a nonprofit corporation representing  
17 parents and families for marketing, outreach, and scholarship application assistance for parents  
18 and students. The Authority shall issue a request for proposals in order to enter into a contract  
19 with a nonprofit corporation that meets the following requirements during the term of the  
20 contract:

21 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
22 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
23 Internal Revenue Code.

24 (2) Employ sufficient staff who have demonstrated a capacity to market and  
25 implement a scholarship grant program, including by doing the following:

26 a. Direct mail marketing.

27 b. Radio advertising.

28 c. Targeted digital advertising.

29 d. One-on-one parent and family engagement.

30 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
31 Internal Revenue Code.

32 (4) Have no State officer or employee serving on the board of the nonprofit.

33 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit  
34 at the call of its chair.

35 (b) The terms of the contract between the Authority and a nonprofit corporation shall  
36 require that the nonprofit (i) maintain the confidentiality of any information provided by the  
37 Authority for parents and students as directed by the Authority and (ii) not disseminate  
38 information to third parties without written parental consent. During the term of the contract  
39 provided for in this section, the Authority shall include on scholarship applications a statement  
40 for parents to indicate nonconsent for sharing information with a nonprofit corporation.

41 (c) Notwithstanding any other provision of law, during the term of the contract provided  
42 for in this section, the Authority may share the name, address, email, and telephone number of  
43 the parent of any student applicant, unless the parent indicates that the information should not be  
44 shared."

45 **SECTION 8A.3.(h)** G.S. 115C-562.8(c) reads as rewritten:

46 "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,  
47 the Authority may retain the lesser of ~~up to~~ four percent (4%) of the funds appropriated or ~~one~~  
48 ~~two million five hundred thousand~~ dollars ~~(\$1,500,000) (\$2,000,000)~~ each fiscal year for  
49 administrative costs associated with the scholarship grant program."

50 **SECTION 8A.3.(i)** G.S. 115C-562.8(b) reads as rewritten:

"(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds of ~~at least ten million dollars (\$10,000,000) each fiscal year for 10-15 years~~ to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
...	...
2023-2024	\$104,840,000\$150,540,000
2024-2025	\$114,840,000\$165,540,000
2025-2026	\$124,840,000\$180,540,000
2026-2027	\$134,840,000\$195,540,000
<u>2027-2028</u>	<u>\$210,540,000</u>
<u>2028-2029</u>	<u>\$225,540,000</u>
<u>2029-2030</u>	<u>\$240,540,000</u>
<u>2030-2031</u>	<u>\$255,540,000</u>
<u>2031-2032</u>	<u>\$270,540,000</u>

For the ~~2027-2028-2032-2033~~ fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~one hundred forty-four million eight hundred forty thousand dollars (\$144,840,000)~~ two hundred eighty-five million five hundred forty thousand dollars (\$285,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

**SECTION 8A.3.(j)** Personal Education Student Accounts for Children with Disabilities. – Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

**"§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.**

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

**"§ 115C-591. Definitions.**

The following definitions apply in this Article:

- (1) Authority. – Defined in G.S. 116-201.
- (2) Division. – The Division of Nonpublic Education, Department of Administration.
- (2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.
- (3) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
  - a. Is eligible to attend a North Carolina public school pursuant to G.S. 115C 366. Article 25 of this Chapter. A child who is the age of 4 on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of

- 1 G.S. 115C-364(d) and those findings are submitted to the Authority  
 2 with the child's application.
- 3 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~  
 4 ~~status eligible for enrollment for~~ as a full-time student taking at least  
 5 12 hours of academic credit.
- 6 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~  
 7 ~~including, for example, intellectual disability, hearing impairment,~~  
 8 ~~speech or language impairment, visual impairment, serious emotional~~  
 9 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~  
 10 ~~other health impairments, specific learning disability, or disability as~~  
 11 ~~may be required to be included under IDEA.~~ G.S. 115C-106.3(1).
- 12 d. Has not been placed in a nonpublic school or facility by a public  
 13 agency at public expense.
- 14 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or Part 2 nonpublic school that  
 15 consents to comply with the requirements of G.S. 115C-562.5.
- 16 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of  
 17 Article 39 of this Chapter, as identified by the Division.
- 18 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 19 (5a) Part 1 or Part 2 nonpublic school. – A nonpublic school that meets the  
 20 requirements of Part 1 or Part 2 of Article 39 of this Chapter, as identified by  
 21 and deemed eligible by the Division.
- 22 (5a)(5b) Part-time student. – A child enrolled part time in a public school and part  
 23 time in a nonpublic school that exclusively provides services for children with  
 24 disabilities.
- 25 (6) Personal Education ~~Savings~~ Student Account or PESA. – ~~A bank~~ An  
 26 electronic account provided to a parent for the purpose of holding scholarship  
 27 funds awarded by the Authority for an eligible student to be used for  
 28 qualifying education expenses under G.S. 115C-595.
- 29 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**
- 30 (a) Application Selection. – The Authority shall make available no later than February 1  
 31 of each year applications to eligible students for the award of scholarship funds for a personal  
 32 education ~~savings~~ student account to be used for qualifying education expenses to attend a  
 33 nonpublic school. Information about scholarship funds and the application process shall be made  
 34 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~  
 35 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
 36 the following ~~criteria:~~ criteria for applications received by March 1 of each year:
- 37 (1) First priority shall be given to eligible students who were awarded scholarship  
 38 funds for a PESA during the previous school year ~~if those students have~~  
 39 ~~applied by March 1 year.~~
- 40 (2) After funds have been awarded to prior recipients as provided in subdivision  
 41 (1) of this subsection, any remaining funds shall be used to award scholarship  
 42 funds for a PESA for all other eligible students.
- 43 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for  
 44 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each  
 45 year for an amount not to exceed (i) nine thousand dollars (\$9,000) per eligible student for the  
 46 ~~fiscal school year in for which the application is received, except received or (ii) for eligible~~  
 47 ~~part-time students, who shall be awarded scholarships each year for an amount not to exceed~~  
 48 students, four thousand five hundred dollars (\$4,500) per eligible student for the fiscal school  
 49 year in for which the application is received. Any funds remaining in an electronic account  
 50 provided under subsection (b2) of this section at the end of a school year for eligible students  
 51 who qualify only under this subsection shall be returned to the Authority.

1        (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may  
2 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for  
3 each school year only if the student has been determined to have one or more of the following  
4 disabilities as a primary or secondary disability at the time of application for scholarship funds:

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

10        For eligible students who qualify for scholarship funds under this subsection, no more than  
11 four thousand five hundred dollars (\$4,500) of funds remaining in an electronic account at the  
12 end of a school year shall be carried forward until expended for each school year upon renewal  
13 of the account under subsection (b2) of this section. In no event shall the total amount of funds  
14 carried forward for an eligible student in a personal education student account exceed thirty  
15 thousand dollars (\$30,000). Any funds remaining in the electronic account if an agreement is not  
16 renewed under G.S. 115C-595 shall be returned to the Authority.

17        (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
18 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
19 the scholarship funds deposited in two equal amounts to a PESA in amounts, one half in each  
20 quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject  
21 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
22 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
23 electronic account at the beginning of the fiscal school year. After the initial disbursement of  
24 funds, each subsequent, quarterly semester disbursement of funds shall be subject to the  
25 submission by the parent of an expense report. The expense report shall be submitted  
26 electronically and shall include documentation that the student received an education, as  
27 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter semester.  
28 The debit card or the electronic account shall be renewed upon the receipt of the parental  
29 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal  
30 school years. Any funds remaining on the card or in the electronic account at the end of the fiscal  
31 year may be carried forward to the next fiscal year if the card or electronic account is renewed.  
32 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall  
33 be returned to the Authority.

34        (c) Eligibility for the other scholarship programs is provided for as follows: Eligibility for  
35 Other Scholarship Programs. –

- 36            (1) An eligible student under this Article may receive, in addition to a PESA, a  
37 scholarship under Part 2A of Article 39 of this Chapter.
- 38            (2) An eligible student under this Article may receive, in addition to a PESA and  
39 a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under  
40 the special education scholarship program for children with disabilities  
41 pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or  
42 more of the following disabilities:
  - 43            a. Autism.
  - 44            b. Developmental disability.
  - 45            c. Hearing impairment.
  - 46            d. Moderate or severe intellectual disability.
  - 47            e. Multiple, permanent orthopedic impairments.
  - 48            f. Visual impairment.

49        (d) Applications Not Public Records. – Applications for scholarship funds and personally  
50 identifiable information related to eligible students receiving funds shall not be a public record  
51 under Chapter 132 of the General Statutes. For the purposes of this section, personally

1 identifiable information means any information directly related to a student or members of a  
2 student's household, including the name, birthdate, address, Social Security number, telephone  
3 number, e-mail address, or any other information or identification number that would provide  
4 information about a specific student or members of a specific student's household.

5 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial  
6 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~  
7 ~~either of the following ways:~~

8 (1) ~~The by having the child has been assessed by a local education agency and~~  
9 ~~determined the local education agency determining the child to be a child with~~  
10 ~~a disability and with that outcome is verified by the local education agency on~~  
11 ~~a form provided to the Authority.~~

12 (2) ~~The child was initially assessed by a local education agency and determined~~  
13 ~~to be a child with a disability and, following receipt of a scholarship awarded~~  
14 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~  
15 ~~continuing eligibility, as provided in G.S. 115C-112.6(e)(2), by the assessing~~  
16 ~~psychologist or psychiatrist. Both the initial verification from the local~~  
17 ~~education agency and the continuing verification by the assessing~~  
18 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

19 **"§ 115C-593. Student continuing eligibility.**

20 After the initial disbursement of funds, the Authority shall ensure that the student's continuing  
21 eligibility is assessed at least every three years by one of the following:

22 (1) The local education agency. – The local education agency shall assess if the  
23 student continues to be a child with a disability and verify the outcome on a  
24 form to be provided to the Authority.

25 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
26 The psychologist or psychiatrist shall assess, after review of appropriate  
27 medical and educational records, if the education and related services received  
28 by the student in the nonpublic school setting have improved the child's  
29 educational performance and if the student would continue to benefit from  
30 placement in the nonpublic school setting. The psychologist or psychiatrist  
31 shall verify the outcome of the assessment on a form to be provided to the  
32 Authority.

33 **"§ 115C-594. Verification of eligibility.**

34 (a) Verification of Information. – The Authority may seek verification of information on  
35 any application for the award of scholarship funds for a personal education ~~savings student~~  
36 ~~account. The Authority shall select and verify six percent (6%) of applications annually,~~  
37 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish  
38 rules for the verification process. If a household fails to cooperate with verification efforts, the  
39 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

40 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award  
41 of scholarship funds for a PESA shall authorize the Authority to access information needed for  
42 verification efforts held by other State agencies, including the Department of Health and Human  
43 Services and the Department of Public Instruction.

44 **"§ 115C-595. Parental agreement; use of funds.**

45 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
46 recipient with a written agreement, applicable for each year the eligible student receives  
47 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
48 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
49 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
50 A parent or eligible student's failure to comply with this section shall result in a forfeit of

1 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
2 agree to the following conditions in order to receive scholarship funds under this Article:

- 3 (1) Use at least a portion of the scholarship funds to provide an education to the  
4 eligible student in, at a minimum, the subjects of English language arts,  
5 mathematics, social studies, and science.
- 6 (2) Unless the student is a part-time eligible student, release a local education  
7 agency in which the student is eligible to attend under G.S. 115C-366 of all  
8 obligations to educate the eligible student while the eligible student is  
9 receiving scholarship funds under this Article. A parent of a student, other  
10 than a part-time eligible student, who decides to enroll the student into the  
11 local education agency or other North Carolina public school during the term  
12 of the agreement shall notify the Authority to request a release from the  
13 agreement and shall return any unexpended funds to the Authority.
- 14 (3) Use the scholarship funds deposited into a personal education ~~savings~~ student  
15 account only for the following qualifying education expenses of the eligible  
16 student:
- 17 a. Tuition and fees for a ~~nonpublic school that meets the requirements of~~  
18 ~~Part 1 or Part 2 of Article 39 of this Chapter and is subject to the~~  
19 ~~requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school,  
20 disbursed as provided in subdivision (1) of subsection (a1) of this  
21 section.
- 22 b. Textbooks required by a nonpublic school.
- 23 c. Tutoring and teaching services provided by an individual or facility  
24 accredited by a State, regional, or national accrediting organization.
- 25 d. Curricula.
- 26 e. Fees for nationally standardized norm-referenced achievement tests,  
27 advanced placement tests, or nationally recognized college entrance  
28 exams.
- 29 f. Fees charged to the account holder for the management of the PESA.
- 30 g. Fees for services provided by a public school, including individual  
31 classes and extracurricular programs.
- 32 h. Premiums charged to the account holder for any insurance or surety  
33 bonds required by the Authority.
- 34 i. Educational therapies from a licensed or accredited practitioner or  
35 provider.
- 36 j. Educational technology defined by the Authority as approved for use  
37 pursuant to ~~Part 1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).
- 38 k. Student transportation, pursuant to a contract with an entity that  
39 regularly provides student transportation, to and from (i) a provider of  
40 education or related services or (ii) an education activity.
- 41 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding  
42 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible  
43 student may pay tuition to Part 1 or Part 2 nonpublic schools that are not  
44 G.S. 115C-562.5 compliant schools with funds other than funds available in  
45 the personal education student account and then request reimbursement from  
46 the Authority from scholarship funds if the parent complies with the  
47 provisions of subdivision (2) of subsection (a1) of this section.
- 48 (4) Not use scholarship funds for any of the following purposes:
- 49 a. Computer hardware or other technological devices not defined by the  
50 Authority as educational technology approved for use pursuant to ~~Part~~  
51 ~~1H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).

- 1 b. Consumable educational supplies, including paper, pen, or markers.  
2 c. Tuition and fees at an institution of higher education, as defined in  
3 G.S. 116-143.1, or a private postsecondary institution.  
4 d. Tuition and fees for a nonpublic school that meets the requirements of  
5 Part 3 of Article 39 of this Chapter.

6 (a1) Disbursement of Funds for Tuition. – The method by which the Authority shall  
7 disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be  
8 based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship  
9 funds for tuition shall be disbursed as follows:

10 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two  
11 times each school year, scholarship funds from the personal education student  
12 account for eligible students who attend G.S. 115C-562.5 compliant schools.  
13 The funds shall be remitted to the G.S. 115C-562.5 compliant school for  
14 endorsement by at least one of the student's parents. The parent shall  
15 restrictively endorse the scholarship funds awarded to the eligible student for  
16 deposit into the account of the G.S. 115C-562.5 compliant school to the credit  
17 of the eligible student. The parent shall not designate any entity or individual  
18 associated with the school as the parent's attorney-in-fact to endorse the  
19 scholarship funds. A parent's failure to comply with this subdivision shall  
20 result in forfeiture of the scholarship funds for tuition. Scholarship funds  
21 forfeited for failure to comply with this subdivision shall be returned to the  
22 Authority to be awarded to another student.

23 (2) Reimbursement for tuition. – The parent of an eligible student who enrolls in  
24 a school that is (i) a North Carolina public school other than the public school  
25 to which that student would have been assigned as provided in G.S. 115C-366  
26 or (ii) a Part 1 or Part 2 nonpublic school that is not a G.S. 115C-562.5  
27 compliant school may pay tuition directly to the school with funds other than  
28 scholarship funds and request reimbursement with funds available in the  
29 personal education student account under subdivision (3a) of subsection (a) of  
30 this section. However, the Authority shall not reimburse the parent prior to the  
31 midpoint of each semester. A parent may only receive reimbursement for  
32 tuition if the parent provides documentation to the Authority that the student  
33 is enrolled in the school.

34 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services  
35 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to  
36 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund  
37 is required.

38 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning  
39 on or after January 1, 2018.

40 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
41 **savings student account information.**

42 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to  
43 the Authority a list of all nonpublic schools operating in the State that meet the requirements of  
44 Part 1, 2, or 3 of Article 39 of this Chapter.

45 (b) Information on PESAs to the Division. – The Authority shall provide information  
46 about personal education ~~savings student~~ accounts to the Division. The Division shall provide  
47 information about PESAs to all qualified nonpublic schools on an annual basis.

48 **"§ 115C-597. Administration.**

49 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the  
50 administration of the program, including the following:

- 1 (1) The administration and awarding of scholarship funds, including a lottery  
2 process for the selection of recipients within the criteria established by  
3 G.S. 115C-592(a), if necessary.
- 4 (2) Requiring a surety bond or insurance to be held by account holders.
- 5 (3) Use of the funds and the reporting of expenditures.
- 6 (4) Monitoring and control of spending scholarship funds deposited in a personal  
7 education savings account.

8 The Authority shall provide recipients of scholarship funds with the annual list of defined  
9 educational technology for which scholarship funds may be used.

10 (b) Contract for Management of PESAs. – The Authority may contract with a private  
11 financial management firm or institution to manage PESAs in accordance with this Article.

12 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit  
13 a random sampling of PESAs as needed to ensure compliance with the requirements of this  
14 Article. The Authority may contract with an independent entity to conduct these audits. The  
15 Authority may remove a parent or eligible student from the program and close a personal  
16 education savings student account for failure to comply with the terms of the parental agreement,  
17 for failure to comply with applicable laws, or because the student is no longer an eligible student.

18 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
19 funds under this Article, the Authority may retain ~~up to two hundred fifty thousand dollars~~  
20 ~~(\$250,000)~~ the lesser of four percent (4%) of the funds appropriated or two million dollars  
21 (\$2,000,000) each fiscal year for administrative costs associated with the program, including  
22 contracting with non-State entities for administration of certain components of the program.

23 **"§ 115C-598. Reporting requirements.**

24 The Authority shall report annually, no later than October 15, to the Joint Legislative  
25 Education Oversight Committee on the following information from the prior school year:

- 26 (1) Total number, grade level, race, ethnicity, and sex of eligible students  
27 receiving scholarship funds.
- 28 (2) Total amount of scholarship funding awarded.
- 29 (3) Number of students previously enrolled in public schools in the prior semester  
30 by the previously attended local education agency.
- 31 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
32 numbers of scholarship recipients at each nonpublic school.
- 33 (5) The number of substantiated cases of fraud by recipients and the number of  
34 parents or students removed from the program for noncompliance with the  
35 provisions of this Article.

36 **"§ 115C-599. Duties of State agencies.**

37 (a) The State Board, as part of its duty to monitor all local education agencies to  
38 determine compliance with this Article and the Individuals with Disabilities Education Act  
39 (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under  
40 that act, as provided in G.S. 115C-107.4, shall ensure that local education agencies do the  
41 following:

- 42 (1) Conduct evaluations requested by a child's parent of suspected children with  
43 disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by  
44 IDEA.
- 45 (2) Provide assessments for continuing eligibility to identified children with  
46 disabilities receiving scholarship funds at the request of the parent to ensure  
47 compliance with G.S. 115C-593.

48 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,  
49 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred  
50 each fiscal year by the Authority to the Department for reevaluations by local school



1 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual  
2 annual cost requirements."

3 **SECTION 8A.3.(k)** Notwithstanding G.S. 115C-592, as amended by this section, a  
4 student who was awarded scholarship funds for a Personal Education Savings Account (PESA)  
5 pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or  
6 a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the  
7 General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship  
8 funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school  
9 year if the student applies by March 1, 2022.

10 **SECTION 8A.3.(l)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
11 repealed.

12 **SECTION 8A.3.(m)** G.S. 115C-555(4) reads as rewritten:

13 "(4) It receives no funding from the State of North Carolina. For the purposes of  
14 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~  
15 ~~Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to  
16 eligible students attending a nonpublic school shall not be considered funding  
17 from the State of North Carolina."

18 **SECTION 8A.3.(n)** G.S. 115C-567.1(a), as enacted by subsection (g) of this section,  
19 reads as rewritten:

20 "(a) The State Education Assistance Authority, in its administration of scholarship  
21 programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article 41 of this~~  
22 ~~Chapter, and Part 1H of Article 9 of this Chapter, Chapter~~ may contract with a nonprofit  
23 corporation representing parents and families, for marketing, outreach, and scholarship  
24 application assistance for parents and students. The Authority shall issue a request for proposals  
25 in order to enter into a contract with a nonprofit corporation that meets the following  
26 requirements during the term of the contract:

- 27 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
28 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
29 Internal Revenue Code.
- 30 (2) Employ sufficient staff who have demonstrated a capacity to market and  
31 implement a scholarship grant program, including by doing the following:
  - 32 a. Direct mail marketing.
  - 33 b. Radio advertising.
  - 34 c. Targeted digital advertising.
  - 35 d. One-on-one parent and family engagement.
- 36 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
37 Internal Revenue Code.
- 38 (4) Have no State officer or employee serving on the board of the nonprofit.
- 39 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit  
40 at the call of its chair."

41 **SECTION 8A.3.(o)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
42 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

43 **SECTION 8A.3.(p)** G.S. 105-153.5(b)(12) reads as rewritten:

44 "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
45 ~~student~~ account under Article 41 of Chapter 115C of the General Statutes."

46 **SECTION 8A.3.(q)** Subsection (p) of this section does not affect the rights or  
47 liabilities of the State, a taxpayer, or another person arising under a statute amended by this  
48 section before the effective date of its amendment, nor does it affect the right to any refund or  
49 credit of a tax that accrued under the amended statute before the effective date of its amendment.

50 **SECTION 8A.3.(r)** Subsections (a) through (d) of this section apply beginning with  
51 applications for scholarship funds for the 2022-2023 school year. Subsection (f) of this section

1 becomes effective June 30, 2021. Subsection (i) of this section applies beginning with the  
 2 2023-2024 fiscal year. Subsections (j) and (k) of this section become effective July 1, 2021, and  
 3 apply to applications for scholarship funds beginning with the 2022-2023 school year.  
 4 Subsections (l) through (o) of this section become effective July 1, 2022. Subsection (p) of this  
 5 section applies to taxable years beginning on or after January 1, 2022. The remainder of the  
 6 section is effective the date this act becomes law.

## 8 SEAA GOVERNANCE STRUCTURE MODIFICATIONS

9 **SECTION 8A.4.(a)** G.S. 116-203 reads as rewritten:

### 10 "§ 116-203. Authority created as subdivision of State; appointment, terms and removal of 11 board of directors; officers; quorum; expenses and compensation of directors.

12 (a) Authority Created. – There is created and constituted a political subdivision of the  
 13 State to be known as the "State Education Assistance ~~Authority.~~ Authority" (Authority) to be  
 14 housed administratively within The University of North Carolina System Office for  
 15 organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers  
 16 conferred by this Article shall be deemed and held to be the performance of an essential  
 17 governmental ~~function.~~ function in administering a system of financial assistance to qualified  
 18 students of the State. The Authority shall exercise its statutory powers independently from the  
 19 System Office and the Board of Governors of The University of North Carolina.

20 (b) Membership. – The Authority shall be governed by a board of directors consisting of  
 21 nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex  
 22 ~~officio. The members shall be officio~~ as follows:

23 (1) ~~Seven members appointed by the Governor, three of whom according to the~~  
 24 ~~following:~~

25 a. The Board of Governors of The University of North Carolina shall  
 26 appoint the following members:

27 1. Two members who shall have expertise in secondary or higher  
 28 education, two of whom education.

29 2. One member who shall be a chief financial officer or chief  
 30 administrative officer from a nonpublic school that enrolls  
 31 students receiving scholarship funds pursuant to Part 2A of  
 32 Article 39 of Chapter 115C of the General Statutes.

33 3. One member who shall have expertise in finance, one of whom  
 34 finance.

35 b. The Governor shall appoint the following members:

36 1. One member who shall have expertise in finance.

37 2. One member who shall be a member of the public at large with  
 38 an interest in higher education, and one of whom education.

39 3. One member who shall be a chief financial officer from a  
 40 college or university that is a member of North Carolina  
 41 Independent Colleges and Universities, Inc., appointed upon  
 42 the recommendation of North Carolina Independent Colleges  
 43 and Universities, Inc.

44 (2) The chief financial officer of The University of North Carolina shall serve as  
 45 an ex officio member.

46 (3) The chief financial officer of the North Carolina Community College System  
 47 shall serve as an ex officio member.

48 (c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of  
 49 subsection (b) of this section shall serve for a term of four years and until their successors are  
 50 appointed and duly qualified. Immediately after appointment, the directors shall enter upon the  
 51 performance of their duties.

1 (d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by  
2 the ~~Governor~~ appointing authority in the same manner as the original appointment for the  
3 remainder of the unexpired term.

4 (e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board  
5 of directors appointed by the ~~Governor~~ that authority for misfeasance, malfeasance, or  
6 nonfeasance.

7 (f) Officers. – The board shall annually elect one of its members as chair and another as  
8 ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not~~  
9 ~~be a member of the board.~~ vice-chair. The chair, or in the chair's absence, the vice-chair, shall  
10 preside at all meetings of the board. In the absence of both the chair and vice-chair, the board  
11 shall appoint a chair pro tempore, who shall preside at such meetings.

12 (f1) Executive Director. – The President of The University of North Carolina shall appoint  
13 the Executive Director of the Authority, who shall be the Authority's principal executive officer,  
14 and the Executive Director shall be responsible to the President. The Executive Director shall  
15 serve as secretary to the board of directors.

16 (g) Quorum. – Five directors shall constitute a quorum for the transaction of the business  
17 of the Authority, and no vacancy in the membership of the board shall impair the right of a  
18 quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote  
19 of at least a majority of the members of the board present at any meeting is required for the  
20 adoption of any resolution or motion or for other official action.

21 (h) Expenses. – The members of the board shall receive per diem and allowances as  
22 provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from  
23 funds provided under this Article, or as otherwise provided."

24 **SECTION 8A.4.(b)** G.S. 116-204 reads as rewritten:

25 **"§ 116-204. Powers of Authority.**

26 The Authority is hereby authorized and empowered:

- 27 (1) To fix and revise from time to time and charge and collect fees for its acts and  
28 ~~undertakings;undertakings.~~
- 29 (2) To establish rules and regulations concerning its acts and  
30 ~~undertakings;undertakings.~~
- 31 (3) To acquire, hold and dispose of personal property in the exercise of its powers  
32 and the performance of its ~~duties;duties.~~
- 33 (4) To make and enter into all contracts and agreements necessary or incidental  
34 to the performance of its duties and the execution of its powers under this  
35 ~~Article;Article.~~
- 36 (5) To employ, ~~in its discretion, upon approval by the President of The University~~  
37 ~~of North Carolina or his or her designee,~~ consultants, attorneys, accountants,  
38 ~~and financial experts, superintendents, managers~~ financial professionals,  
39 liaison personnel, clerical staff, and such other employees and agents as may  
40 be necessary in its judgment, and to fix their compensation to be payable from  
41 funds made available to the Authority by law;from any funds made available  
42 to the Authority through appropriations by the General Assembly, the  
43 availability of receipts, or both.
- 44 (6) To receive and accept from any federal or private agency, corporation,  
45 association or person grants to be expended in accomplishing the objectives  
46 of the Authority, and to receive and accept from the State, from any  
47 municipality, county or other political subdivision thereof and from any other  
48 source aid or contributions of either money, property, or other things of value,  
49 to be held, used and applied only for the purposes for which such grants and  
50 contributions may be ~~made;made.~~

- 1 (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and  
2 to make and from time to time amend and repeal bylaws, rules and regulations  
3 not inconsistent with law to carry into effect the powers and purposes of the  
4 ~~Authority;~~Authority.
- 5 (8) To do all other acts and things necessary or convenient to carry out the powers  
6 expressly granted in this Article; provided, however, that nothing in this  
7 Article shall be construed to empower the Authority to engage in the business  
8 of banking or insurance.
- 9 (9) To collect loan repayments for loans awarded under the Teaching Fellows  
10 Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding  
11 for more than 30 days.
- 12 (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund  
13 for Prospective Teachers pursuant to Article 32A of Chapter 115C of the  
14 General Statutes if the loan repayment is outstanding for more than 30 days.
- 15 (11) To administer the awarding of scholarship grants to students attending  
16 nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the  
17 General Statutes.
- 18 (12) To administer the coordinated and centralized process for determining  
19 residency for tuition and State-funded financial aid purposes that is jointly  
20 developed and implemented by The University of North Carolina, the North  
21 Carolina Community College System, and the Authority, in consultation with  
22 the North Carolina Independent Colleges and Universities.
- 23 (13) To collect loan repayments for scholarship loans awarded under the former  
24 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
25 repayment is outstanding for more than 30 days."

26 **SECTION 8A.4.(c)** G.S. 116-205 reads as rewritten:

27 **"§ 116-205. Title to property; use of State lands; offices.**

28 (a) Title to any property acquired by the Authority shall be taken in the name of the  
29 Authority.

30 (b) The State hereby consents, subject to the approval of the ~~Governor~~Governor, the  
31 Board of Governors of The University of North Carolina, and Council of State, to the use of any  
32 other lands or property owned by the State, which are deemed by the Authority to be necessary  
33 for its purposes.

34 (c) ~~The~~Upon approval by The University of North Carolina System Office, the Authority  
35 may establish such offices in state-owned or rented structures as it deems appropriate for its  
36 purposes."

37 **SECTION 8A.4.(d)** G.S. 116-209.14 reads as rewritten:

38 **"§ 116-209.14. Annual reports.**

39 The Authority shall, following the close of each fiscal year, publish an annual report of its  
40 activities for the preceding year to the ~~Governor~~Board of Governors of The University of North  
41 Carolina, the Governor, and the General Assembly. Each report shall set forth a complete  
42 operating and financial statement covering the operations of the Authority during the year. The  
43 operations of the Authority shall be subject to the oversight of the State Auditor pursuant to  
44 Article 5A of Chapter 147 of the General Statutes."

45 **SECTION 8A.4.(e)** G.S. 116-209.21 is repealed.

46 **SECTION 8A.4.(f)** For the board of directors of the State Education Assistance  
47 Authority, subsection (a) of this section applies to the appointment of seats expiring or the  
48 appointment to fill vacancies in seats occurring on or after the date this act becomes law.  
49 Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancy of a seat for a  
50 member who has expertise in finance, the Board of Governors of The University of North

1 Carolina shall appoint the member who has expertise in finance to fill that vacant seat in  
2 accordance with G.S. 116-203(b)(1)a.

3 **SECTION 8A.4.(g)** This section is effective the date this act becomes law.  
4

#### 5 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT**

6 **SECTION 8A.5.(a)** Program Established. – Of the funds appropriated in this act to  
7 the Board of Governors of The University of North Carolina to be allocated to the State Education  
8 Assistance Authority from the State Fiscal Recovery Fund, the Authority shall administer the  
9 Longleaf Commitment Grant Program (Program) to award grants to eligible students graduating  
10 from high school at the end of the 2021-2022 school year to cover tuition and fees at a community  
11 college for up to two years. The goal of the Longleaf Commitment Grant Program is to help  
12 students who graduated from a North Carolina high school during the COVID-19 pandemic  
13 recover learning and persist through to degree attainment.

14 **SECTION 8A.5.(b)** Eligible Students. – A student shall be considered an eligible  
15 student to receive a grant under the Program if the student meets all of the following  
16 requirements:

- 17 (1) Has graduated or is expected to graduate in 2022 from a high school located  
18 in this State.
- 19 (2) Qualifies as a resident for tuition purposes under the criteria set forth in  
20 G.S. 116-143.1 and in accordance with the coordinated and centralized  
21 residency determination process administered by the Authority.
- 22 (3) Completes the Free Application for Federal Student Aid (FAFSA) for the  
23 2022-2023 academic year and, if applicable, renews the FAFSA for the  
24 2023-2024 academic year.
- 25 (4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars  
26 (\$15,000).
- 27 (5) Enrolls in the Fall 2022 semester and maintains enrollment in at least six credit  
28 hours per semester in curriculum courses at a community college.

29 **SECTION 8A.5.(c)** Award Amounts; Administration. – Grants awarded under the  
30 Program shall be for a minimum amount of seven hundred dollars (\$700.00) per eligible student  
31 with a maximum grant of up to two thousand eight hundred dollars (\$2,800) per eligible student  
32 per year for up to two years, which includes cost of tuition and a fee allowance. The Authority  
33 shall reduce the amount of a grant for any student by the amount of grants or scholarships  
34 received by that student from other State or federal sources.

35 The Authority may adopt rules for the administration of the Program. The Authority  
36 may use up to one percent (1%) of the funds appropriated for the Program for administrative  
37 costs.

38 **SECTION 8A.5.(d)** Support Services from Community Colleges. – The Community  
39 Colleges System Office shall administer a matching grant program for community colleges to  
40 provide student support services under the Program in accordance with Section 6.11 of this act.

41 **SECTION 8A.5.(e)** Report. – The Authority shall submit an initial report by  
42 September 1, 2023, and a final report by September 1, 2024, to the Joint Legislative Education  
43 Oversight Committee on the implementation of the Program. The report shall contain, for each  
44 academic year, the amount of grant funds disbursed and the number of eligible students receiving  
45 funds.

### 46 **PART IX. HEALTH AND HUMAN SERVICES**

#### 47 **PART IX-A. AGING AND ADULT SERVICES**

#### 48 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

1           **SECTION 9A.1.(a)** For each year of the 2021-2023 fiscal biennium, the maximum  
2 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
3 eighty-two dollars (\$1,182) per month per resident.

4           **SECTION 9A.1.(b)** For each year of the 2021-2023 fiscal biennium, the maximum  
5 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
6 hundred fifteen dollars (\$1,515) per month per resident.

7  
8           **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**  
9           **ALLOWANCE**

10           **SECTION 9A.2.(a)** Effective October 1, 2021, the Department of Health and Human  
11 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
12 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
13 per recipient to seventy dollars (\$70.00) per month per recipient.

14           **SECTION 9A.2.(b)** Effective October 1, 2021, and notwithstanding the increase in  
15 the personal needs allowance authorized by subsection (a) of this section or any other provision  
16 of law to the contrary, the following limits are applicable for determining financial eligibility for  
17 State-County Special Assistance:

- 18           (1) The total countable monthly income for individuals residing in adult care  
19 home facilities shall not exceed one thousand two hundred twenty-eight  
20 dollars (\$1,228) per month.  
21           (2) The total countable monthly income for individuals residing in  
22 Alzheimer's/Dementia special care units shall not exceed one thousand five  
23 hundred sixty-one dollars (\$1,561) per month.  
24

25           **REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY**  
26           **SPECIAL ASSISTANCE IN-HOME PAYMENTS**

27           **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

28           "(a) The Department of Health and Human Services may use funds from the existing  
29 State-County Special Assistance budget to provide Special Assistance payments to eligible  
30 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
31 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
32 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
33 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
34 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
35 payment amount is appropriate for the individual as determined by the local case manager. The  
36 Department shall implement Special Assistance in-home eligibility policies and procedures to  
37 assure that in-home program participants are those individuals who need and, but for the in-home  
38 program, would seek placement in an adult care home facility. The Department's policies and  
39 procedures shall include the use of a functional assessment."  
40

41           **RAPID REHOUSING FOR INDIVIDUALS AND FAMILIES AT RISK OF**  
42           **HOMELESSNESS**

43           **SECTION 9A.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
44 Fund to the Department of Health and Human Services, Division of Aging and Adult Services,  
45 the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal  
46 year shall be allocated for rapid rehousing services to assist individuals and families at risk of  
47 homelessness due to the COVID-19 public health emergency with obtaining safe housing. These  
48 funds shall be used to supplement and not supplant existing funds for homelessness prevention  
49 activities and may be used to provide financial assistance to eligible individuals and families to  
50 cover the cost of acute needs such as the following:

- 1 (1) Security deposits and rental assistance for a period not to exceed 12 months
- 2 per individual or family.
- 3 (2) Utility deposits and utility assistance for a period not to exceed 12 months per
- 4 individual or family.
- 5 (3) Temporary hotel stays while awaiting more permanent housing.
- 6 (4) Housing navigation services.
- 7 (5) Case management services related to the rapid attainment of safe housing.
- 8

## 9 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

### 10 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

11 **SECTION 9B.1.** Any non-State entity, as defined in G.S. 143C-1-1, that is a  
12 recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to  
13 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
14 Research Division as follows:

- 15 (1) By July 1, 2022, on the use of directed grant funds received under Part IX of
- 16 this act for the 2021-2022 fiscal year.
- 17 (2) By July 1, 2023, on the use of directed grant funds received under Part IX of
- 18 this act for the 2022-2023 fiscal year.
- 19
- 20

### 21 **FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES**

#### 22 **THROUGH TECHNOLOGY (NC FAST) SYSTEM**

23 **SECTION 9B.2.(a)** Of the funds appropriated in this act to the Department of Health  
24 and Human Services, Division of Central Management and Support, the sum of nineteen million  
25 nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring  
26 funds for the 2021-2022 fiscal year and the sum of nineteen million nine hundred ninety-four  
27 thousand four hundred forty-seven dollars (\$19,994,447) in recurring funds for the 2022-2023  
28 fiscal year shall be used to fund operations and maintenance of the NC FAST system, including  
29 matching federal funds for this purpose. In addition, the sum of thirty-six million six hundred  
30 eight thousand eight hundred seventeen dollars (\$36,608,817) in nonrecurring funds for the  
31 2021-2022 fiscal year and the sum of thirty-four million eight hundred ten thousand nine hundred  
32 ninety dollars (\$34,810,990) in nonrecurring funds for the 2022-2023 fiscal year shall be  
33 allocated for the following purposes:

- 34 (1) The sum of twenty-three million two hundred sixty-five thousand dollars
- 35 (\$23,265,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum
- 36 of twenty-three million seven hundred seventy-eight thousand twenty-five
- 37 dollars (\$23,778,025) in nonrecurring funds for the 2022-2023 fiscal year
- 38 shall be used to fund deployment of the child welfare case management
- 39 component of the NC FAST system, as provided in Section 9I.15 of this act,
- 40 and to match federal funds to expedite deployment of this functionality.
- 41 (2) The sum of thirteen million three hundred forty-three thousand eight hundred
- 42 seventeen dollars (\$13,343,817) in nonrecurring funds for the 2021-2022
- 43 fiscal year and the sum of eleven million thirty-two thousand nine hundred
- 44 sixty-five dollars (\$11,032,965) in nonrecurring funds for the 2022-2023
- 45 fiscal year shall be used to match federal funds to expedite development and
- 46 implementation of the following within the NC FAST system: (i) updates and
- 47 changes with respect to Medicaid Transformation, (ii) infrastructure
- 48 modernization, (iii) document management, and (iv) independent verification
- 49 and validation support.

50 The Department of Health and Human Services, Division of Central Management and  
51 Support, shall report any changes in approved federal funding or federal match rates for NC

1 FAST within 30 days after the change to the Joint Legislative Oversight Committee on Health  
2 and Human Services, the Joint Legislative Oversight Committee on Information Technology,  
3 and the Fiscal Research Division.

4 **SECTION 9B.2.(b)** Departmental receipts appropriated in this act in the sum of  
5 seventy-eight million eight hundred twenty-seven thousand six hundred twelve dollars  
6 (\$78,827,612) for the 2021-2022 fiscal year and the sum of seventy-seven million two hundred  
7 ninety-one thousand nine hundred thirty-four dollars (\$77,291,934) for the 2022-2023 fiscal year  
8 shall be used for the purposes described in subsection (a) of this section.

## 10 **COMMUNITY HEALTH GRANT PROGRAM**

11 **SECTION 9B.3.(a)** Funds appropriated in this act to the Department of Health and  
12 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
13 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue  
14 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
15 2017-57.

16 **SECTION 9B.3.(b)** The Office of Rural Health shall make the final decision about  
17 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
18 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
19 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
20 served by the applicant or the number of indigent clients served by the applicant; the availability  
21 of, or arrangements for, after-hours care; and collaboration between the applicant and a  
22 community hospital or other safety net organizations.

23 **SECTION 9B.3.(c)** Grant recipients shall not use these funds to do any of the  
24 following:

- 25 (1) Enhance or increase compensation or other benefits of personnel,  
26 administrators, directors, consultants, or any other persons receiving funds for  
27 program administration; provided, however, funds may be used to hire or  
28 retain health care providers. The use of grant funds for this purpose does not  
29 obligate the Department of Health and Human Services to continue to fund  
30 compensation beyond the grant period.
- 31 (2) Supplant existing funds, including federal funds traditionally received by  
32 federally qualified community health centers. However, grant funds may be  
33 used to supplement existing programs that serve the purposes described in  
34 subsection (a) of this section.
- 35 (3) Finance or satisfy any existing debt.

36 **SECTION 9B.3.(d)** The Office of Rural Health may use up to two hundred thousand  
37 dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for  
38 administrative purposes.

39 **SECTION 9B.3.(e)** By September 1 of each year, the Office of Rural Health shall  
40 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
41 community health grants that includes at least all of the following information:

- 42 (1) The identity and a brief description of each grantee and each program or  
43 service offered by the grantee.
- 44 (2) The amount of funding awarded to each grantee.
- 45 (3) The number of individuals served by each grantee, and for the individuals  
46 served, the types of services provided to each.
- 47 (4) Any other information requested by the Office of Rural Health as necessary  
48 for evaluating the success of the Community Health Grant Program.

49 **SECTION 9B.3.(f)** By November 1, 2021, the Office of Rural Health shall report to  
50 the Joint Legislative Oversight Committee on Health and Human Services on the implementation



1 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
2 of S.L. 2017-57:

- 3 (1) Establishment of a Primary Care Advisory Committee and that Committee's  
4 development of an objective and equitable process for grading applications  
5 for grants funded under the Community Health Grant Program.
- 6 (2) Development of a standardized method for grant recipients to report objective,  
7 measurable quality health outcomes.

## 9 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 10 **ACCOUNTABILITY**

11 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
12 within the Department of Health and Human Services is eliminated.

13 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
14 is repealed.

## 15 **VETERANS HEALTH CARE PILOT PROGRAM**

16 **SECTION 9B.5.(a)** Pilot Program. – Of the funds appropriated in this act to the  
17 Department of Health and Human Services, Division of Central Management and Support, Office  
18 of Rural Health, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for  
19 the 2021-2022 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in  
20 nonrecurring funds for the 2022-2023 fiscal year shall be used to support the development and  
21 implementation of a two-year pilot program to provide health care services to veterans. The  
22 Department of Health and Human Services and the Department of Military and Veterans Affairs,  
23 in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall  
24 develop and implement the pilot program in Cumberland County. The pilot program shall consist  
25 of the following initiatives:

- 26 (1) A health care initiative to provide to veterans increased access to health care  
27 resources through the care coordination efforts of community health workers.
- 28 (2) A workforce initiative to recruit and train unemployed and underemployed  
29 veterans as community health workers for the health care initiative described  
30 in subdivision (1) of this subsection.

31 **SECTION 9B.5.(b)** Administrative Costs. – No more than fifteen percent (15%) of  
32 the funds allocated for the purposes of this section shall be used for administrative purposes.

33 **SECTION 9B.5.(c)** Termination. – The pilot program authorized by this section shall  
34 terminate on June 30, 2023.

35 **SECTION 9B.5.(d)** Evaluation. – By February 1, 2024, the Department of Health  
36 and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on  
37 Health and Human Services a comprehensive evaluation of the pilot program authorized by this  
38 section. The comprehensive evaluation shall include at least all of the following:

- 39 (1) A detailed breakdown of expenditures for the pilot program.
- 40 (2) The specific ways in which the health care initiative provided to veterans  
41 increased access to health care resources.
- 42 (3) The total number of unemployed and underemployed veterans who were  
43 recruited and trained as community health workers under the pilot program's  
44 workforce initiative.

## 45 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY** 46 **DENTAL CLINICS**

47 **SECTION 9B.6.** Funds appropriated in this act to the Department of Health and  
48 Human Services, Division of Central Management and Support, Office of Rural Health, for  
49 allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not  
50  
51

1 be spent for any purpose other than to provide direct services to patients and to purchase  
2 necessary dental supplies. None of these funds may be spent for administrative purposes.

#### 3 4 **FUNDS FOR LOCAL START DENTAL, INC.**

5 **SECTION 9B.7.** Funds appropriated in this act to the Department of Health and  
6 Human Services, Division of Central Management and Support, Office of Rural Health, for  
7 allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for  
8 any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental  
9 supplies, necessary dental equipment, or a combination of these. None of these funds may be  
10 spent for administrative purposes.

#### 11 12 **FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM**

13 **SECTION 9B.8.(a)** Of the funds appropriated in this act from the State Fiscal  
14 Recovery Fund to the Department of Health and Human Services, Division of Central  
15 Management and Support, Office of Rural Health, the sum of one million five hundred thousand  
16 dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a  
17 grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the  
18 statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP.  
19 These grant funds shall be used to respond to the COVID-19 public health emergency by  
20 providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry,  
21 as defined in G.S. 143B-139.4B.

22 **SECTION 9B.8.(b)** By July 1, 2022, the East Carolina University Center for  
23 Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee  
24 on Health and Human Services and the Fiscal Research Division on the use of the grant funds  
25 allocated by subsection (a) of this section.

#### 26 27 **COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS**

28 **SECTION 9B.9.(a)** Of the funds appropriated in this act to the Department of Health  
29 and Human Services, Division of Central Management and Support, for each year of the  
30 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit  
31 organizations:

- 32 (1) Ten million six hundred fifty-three thousand nine hundred eleven dollars  
33 (\$10,653,911) in recurring funds for each year of the 2021-2023 fiscal  
34 biennium.
- 35 (2) Two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for each  
36 year of the 2021-2023 fiscal biennium to assist with funding for purposes  
37 described in subdivision (e)(4) of this section.
- 38 (3) Four million seven hundred seventy-four thousand five hundred twenty-five  
39 dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium  
40 appropriated in Section 9L.1 of this act in Social Services Block Grant funds.
- 41 (4) One million six hundred thousand dollars (\$1,600,000) for each year of the  
42 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act in  
43 Substance Abuse Prevention and Treatment Block Grant funds.

44 **SECTION 9B.9.(b)** The Department shall continue administering a competitive  
45 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,  
46 includes each of the following:

- 47 (1) A request for application (RFA) process to allow nonprofits to apply for and  
48 receive State funds on a competitive basis. The Department shall require  
49 nonprofits to include in the application a plan to evaluate the effectiveness,  
50 including measurable impact or outcomes, of the activities, services, and  
51 programs for which the funds are being requested.

- 1 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
2 the total amount of the grant award.
- 3 (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
4 that are able to leverage non-State funds in addition to the grant award.
- 5 (4) A process that awards grants to nonprofits that have the capacity to provide  
6 services on a statewide basis and that support any of the following State health  
7 and wellness initiatives:
- 8 a. A program targeting advocacy, support, education, or residential  
9 services for persons diagnosed with autism.
- 10 b. A system of residential supports for those afflicted with substance  
11 abuse addiction.
- 12 c. A program of advocacy and supports for individuals with intellectual  
13 and developmental disabilities or severe and persistent mental illness,  
14 substance abusers, or the elderly.
- 15 d. Supports and services to children and adults with developmental  
16 disabilities or mental health diagnoses.
- 17 e. A food distribution system for needy individuals.
- 18 f. The provision and coordination of services for the homeless.
- 19 g. The provision of services for individuals aging out of foster care.
- 20 h. Programs promoting wellness, physical activity, and health education  
21 programming for North Carolinians.
- 22 i. The provision of services and screening for blindness.
- 23 j. A provision for the delivery of after-school services for  
24 apprenticeships or mentoring at-risk youth.
- 25 k. The provision of direct services for amyotrophic lateral sclerosis  
26 (ALS) and those diagnosed with the disease.
- 27 l. A comprehensive smoking prevention and cessation program that  
28 screens and treats tobacco use in pregnant women and postpartum  
29 mothers.
- 30 m. A program providing short-term or long-term residential substance  
31 abuse services. For purposes of this sub-subdivision, "long-term"  
32 means a minimum of 12 months.
- 33 n. A program that provides year-round sports training and athletic  
34 competition for children and adults with disabilities.
- 35 It is the intent of the General Assembly that annually the Secretary evaluate  
36 and prioritize the categories of health and wellness initiatives described under  
37 this subdivision to determine the best use of these funds in making grant  
38 awards, exclusive of direct allocations made by the General Assembly.
- 39 (5) A process that ensures that funds received by the Department to implement  
40 the plan supplement and do not supplant existing funds for health and wellness  
41 programs and initiatives.
- 42 (6) A process that allows grants to be awarded to nonprofits for up to two years.
- 43 (7) A requirement that initial disbursement of the grants be awarded no later than  
44 30 days after certification of the State budget for the respective fiscal year.
- 45 (8) A requirement that nonprofits awarded grants use no more than fifteen percent  
46 (15%) of their total proposed expenditures for administrative costs, unless  
47 otherwise required by law.

48 **SECTION 9B.9.(c)** No later than July 1 of each year, as applicable, the Secretary  
49 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
50 recipients for the respective grant period pursuant to the amounts designated under subsection  
51 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary

1 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
2 on the grant awards that includes at least all of the following:

- 3 (1) The identity and a brief description of each grantee and each program or  
4 initiative offered by the grantee.
- 5 (2) The amount of funding awarded to each grantee.
- 6 (3) The number of persons served by each grantee, broken down by program or  
7 initiative.

8 **SECTION 9B.9.(d)** No later than December 1 of each fiscal year, each nonprofit  
9 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
10 to the Division of Central Management and Support a written report of all activities funded by  
11 State appropriations. The report shall include the following information about the fiscal year  
12 preceding the year in which the report is due:

- 13 (1) The entity's mission, purpose, and governance structure.
- 14 (2) A description of the types of programs, services, and activities funded by State  
15 appropriations.
- 16 (3) Statistical and demographical information on the number of persons served by  
17 these programs, services, and activities, including the counties in which  
18 services are provided.
- 19 (4) Outcome measures that demonstrate the impact and effectiveness of the  
20 programs, services, and activities.
- 21 (5) A detailed program budget and list of expenditures, including all positions  
22 funded, matching expenditures, and funding sources.

23 **SECTION 9B.9.(e)** For the 2021-2023 fiscal biennium only, from the funds  
24 identified in subsection (a) of this section, the Department shall make the following allocations,  
25 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
26 required to seek future funding through the competitive grants process in accordance with  
27 subsection (b) of this section:

- 28 (1) Three hundred fifty thousand dollars (\$350,000) in each year of the 2021-2023  
29 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 30 (2) One million six hundred twenty-five thousand dollars (\$1,625,000) for each  
31 year of the 2021-2023 fiscal biennium and one million six hundred thousand  
32 dollars (\$1,600,000) appropriated in Section 9L.1(a) of this act in Substance  
33 Abuse Prevention and Treatment Block Grant funds in each year of the  
34 2021-2023 fiscal biennium to Triangle Residential Options for Substance  
35 Abusers, Inc., (TROSA) for the purpose of assisting individuals with  
36 substance abuse addiction.
- 37 (3) Two million seven hundred fifty thousand dollars (\$2,750,000) in each year  
38 of the 2021-2023 fiscal biennium to provide grants to Boys & Girls Clubs  
39 across the State to implement (i) programs that improve the motivation,  
40 performance, and self-esteem of youth and (ii) other initiatives that would be  
41 expected to reduce gang participation, school dropout, and teen pregnancy  
42 rates.
- 43 (4) Five hundred thousand dollars (\$500,000) in each year of the 2021-2023 fiscal  
44 biennium to Cross Trail Outfitters for purposes of promoting wellness and  
45 physical activity for youth 7 to 20 years of age.

## 47 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

### 49 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED** 50 **FACILITIES**

1           **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,  
2 Division of Child Development and Early Education, shall continue implementing the  
3 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
4 years of age on or before August 31 of the program year. In determining eligibility, the Division  
5 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
6 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
7 family incomes in excess of seventy-five percent (75%) of median income if those children have  
8 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
9 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
10 United States, including the North Carolina National Guard, State military forces, or a reserve  
11 component of the Armed Forces who was ordered to active duty by the proper authority within  
12 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
13 Armed Forces of the United States, including the North Carolina National Guard, State military  
14 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
15 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
16 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

17           Other than developmental disabilities or other chronic health issues, the Division shall  
18 not consider the health of a child as a factor in determining eligibility for participation in the NC  
19 Pre-K program.

20           **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and  
21 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
22 private child care centers providing NC Pre-K classrooms.

23           **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
24 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
25 standards for preschool students as provided in G.S. 115C-521.1.

26           **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection (c)  
27 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
28 prescribed by the Division of Child Development and Early Education regarding programmatic  
29 standards and classroom requirements.

30           **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
31 the standard decision-making process developed by the Division of Child Development and Early  
32 Education in awarding NC Pre-K classroom slots and student selection.

33           **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early  
34 Education shall submit an annual report no later than March 15 of each year to the Joint  
35 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
36 Management, and the Fiscal Research Division. The report shall include the following:

- 37           (1) The number of children participating in the NC Pre-K program by county.
- 38           (2) The number of children participating in the NC Pre-K program who have  
39 never been served in other early education programs such as child care, public  
40 or private preschool, Head Start, Early Head Start, or early intervention  
41 programs.
- 42           (3) The expected NC Pre-K expenditures for the programs and the source of the  
43 local contributions.
- 44           (4) The results of an annual evaluation of the NC Pre-K program.

45           **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
46 partnerships shall be subject to the financial and compliance audits authorized under  
47 G.S. 143B-168.14(b).

48  
49 **HOLD HARMLESS STAR RATINGS FOR LICENSED CHILD CARE FACILITIES**  
50 **WHEN ERS ASSESSMENTS RESUME/REPORT**

1           **SECTION 9C.2.(a)** Notwithstanding any other provision of law to the contrary,  
2 when the Department of Health and Human Services, Division of Child Development and Early  
3 Education (Division), resumes environmental rating scale (ERS) (star rating) assessments, the  
4 Division shall not require a licensed child care facility to undergo an ERS assessment if  
5 conducting the assessment would cause the child care facility to lose a star rating due to (i) the  
6 facility's loss in educators who enabled the facility to meet the star-rating requirements and (ii)  
7 its inability to replace those educators, within a reasonable period of time, with individuals having  
8 similar levels of education.

9           **SECTION 9C.2.(b)** Notwithstanding any other provision of law to the contrary,  
10 when ERS assessments resume and the Division of Child Development and Early Education  
11 (Division) is awarding quality rating improvement system (QRIS) "education points" to a  
12 licensed child care facility toward its star rating, if the percentage of lead teachers in the program  
13 required to meet the "rated licensed education requirements" criteria is set at seventy-five percent  
14 (75%) for the program to earn those "education points" toward the facility's star rating, the  
15 Division shall lower the seventy-five percent (75%) threshold to fifty percent (50%) of lead  
16 teachers through June 30, 2023.

17           **SECTION 9C.2.(c)** The Division of Child Development and Early Education shall  
18 submit a report to the Joint Legislative Oversight Committee on Health and Human Services by  
19 March 30, 2023, and the report shall include the following:

- 20           (1) Number of new high school Early Childhood Career and Technical Pathways  
21 programs across the State between June 30, 2021, and January 31, 2023.
- 22           (2) New community college and university courses that award college credit  
23 towards a degree in early childhood based on work experience between June  
24 30, 2021, and January 31, 2023.
- 25           (3) New community college and university courses that allow college credits for  
26 taking online health, safety, and nutrition training modules between June 30,  
27 2021, and January 31, 2023.
- 28           (4) Number of enrollees in the Early Childhood and Infant-Toddler Certificate  
29 Programs, number of graduates from the programs with certificates, and the  
30 increase in the number of enrollees and graduates from the programs between  
31 June 30, 2021, and January 31, 2023.
- 32           (5) Number of early childhood educators using T.E.A.C.H. scholarships to pay  
33 for college tuition and the increase in the number of early childhood educators  
34 using T.E.A.C.H. scholarships to pay for college tuition between June 30,  
35 2021, and January 31, 2023.
- 36           (6) Availability of WAGES salary supplement program by county, the number of  
37 early childhood educators working toward degrees in early childhood  
38 education who received salary supplements from WAGES, and the increase  
39 in the number of early childhood educators receiving WAGES salary  
40 supplements between June 30, 2021, and January 31, 2023.
- 41           (7) The number and percentage increase of early childhood educators with  
42 associate degrees in early childhood education between June 30, 2021, and  
43 January 31, 2023.
- 44           (8) The number and percentage increase of early childhood educators with  
45 associate degrees between June 30, 2016, and June 30, 2021.

46           **SECTION 9C.2.(d)** Subsection (a) of this section is effective when it becomes law  
47 and expires six months after the date the Governor signs an executive order rescinding Executive  
48 Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective  
49 Actions to Prevent the Spread of COVID-19. Subsection (b) of this section is effective when it  
50 becomes law and expires June 30, 2023.

51

**RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

**SECTION 9C.3.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base reimbursement rates for child care centers participating in the North Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated pursuant to this section be used to increase the salaries of teachers working in child care centers as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools or Head Start centers.

**CHILD CARE SUBSIDY RATES**

**SECTION 9C.4.(a)** The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

**SECTION 9C.4.(b)** Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

**SECTION 9C.4.(c)** Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.
- (2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

**SECTION 9C.4.(d)** Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

- (1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower

1 than the county market rate and would inhibit the ability of the county to  
2 purchase child care for low-income children, then the county market rate may  
3 be applied.

4 **SECTION 9C.4.(e)** A market rate shall be calculated for child care centers and  
5 homes at each rated license level for each county and for each age group or age category of  
6 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
7 within the county. The Division of Child Development and Early Education shall also calculate  
8 a statewide rate and regional market rate for each rated license level for each age category.

9 **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall  
10 continue implementing policies that improve the quality of child care for subsidized children,  
11 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
12 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
13 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate  
14 number of four- and five-star-rated facilities, the Division shall continue a transition period that  
15 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
16 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
17 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

18 **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
19 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
20 that provides for the purchase of care in child care facilities for minor children of needy families.  
21 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
22 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
23 any additional applicable requirements of federal law or regulations. Child care arrangements  
24 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
25 meet the requirements established by other State law and by the Social Services Commission.

26 County departments of social services or other local contracting agencies shall not  
27 use a provider's failure to comply with requirements in addition to those specified in this  
28 subsection as a condition for reducing the provider's subsidized child care rate.

29 **SECTION 9C.4.(h)** Payment for subsidized child care services provided with  
30 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
31 and policies issued by the Division of Child Development and Early Education for the subsidized  
32 child care program.

33 **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be  
34 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
35 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
36 child care subsidies only if at least one of the following conditions is met:

- 37 (1) The child for whom a child care subsidy is sought is receiving child protective  
38 services or foster care services.
- 39 (2) The child for whom a child care subsidy is sought is developmentally delayed  
40 or at risk of being developmentally delayed.
- 41 (3) The child for whom a child care subsidy is sought is a citizen of the United  
42 States.

43 **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of  
44 Child Development and Early Education, shall require all county departments of social services  
45 to include on any forms used to determine eligibility for child care subsidy whether the family  
46 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

47 **SECTION 9C.4.(k)** Department of Defense–certified child care facilities licensed  
48 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
49 provides for the purchase of care in child care facilities for minor children in needy families,  
50 provided that funds allocated from the State-subsidized child care program to Department of  
51 Defense–certified child care facilities shall supplement and not supplant funds allocated in



1 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
2 Department of Defense–certified child care facilities and who are eligible to receive subsidized  
3 child care shall be as set forth in this section.  
4

#### 5 **CHILD CARE ALLOCATION FORMULA**

6 **SECTION 9C.5.(a)** The Department of Health and Human Services, Division of  
7 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
8 funds to pay the costs of necessary child care for minor children of needy families. The  
9 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
10 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
11 allocation. The Department of Health and Human Services shall use the following method when  
12 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
13 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 14 (1) Funds shall be allocated to a county based upon the projected cost of serving  
15 children under age 11 in families with all parents working who earn less than  
16 the applicable federal poverty level percentage set forth in Section 9C.4(a) of  
17 this act.
- 18 (2) The Division may withhold up to two percent (2%) of available funds from  
19 the allocation formula for (i) preventing termination of services throughout  
20 the fiscal year and (ii) repayment of any federal funds identified by counties  
21 as overpayments, including overpayments due to fraud. The Division shall  
22 allocate to counties any funds withheld before the end of the fiscal year when  
23 the Division determines the funds are not needed for the purposes described  
24 in this subdivision. The Division shall submit a report to the Joint Legislative  
25 Oversight Committee on Health and Human Services and the Fiscal Research  
26 Division, which report shall include each of the following:
  - 27 a. The amount of funds used for preventing termination of services and  
28 the repayment of any federal funds.
  - 29 b. The date the remaining funds were distributed to counties.
  - 30 c. As a result of funds withheld under this subdivision and after funds  
31 have been distributed, any counties that did not receive at least the  
32 amount the counties received the previous year and the amount by  
33 which funds were decreased.

34 The Division shall submit a report in each year of the 2021-2023 fiscal  
35 biennium 30 days after the funds withheld pursuant to this subdivision are  
36 distributed but no later than April 1 of each respective year.

- 37 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
38 for vulnerable populations, which include a child identified as having special  
39 needs and a child whose application for assistance indicates that the child and  
40 the child's family is experiencing homelessness or is in a temporary living  
41 situation. A child identified by this subdivision shall be given priority for  
42 receiving services until such time as set-aside allocations for vulnerable  
43 populations are exhausted.

44 **SECTION 9C.5.(b)** The Division may reallocate unused child care subsidy voucher  
45 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
46 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
47 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
48 levels within the funds allocated to the counties. A county with a spending coefficient over one  
49 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
50 before receiving any reallocated funds.

1           **SECTION 9C.5.(c)** When implementing the formula under subsection (a) of this  
2 section, the Division shall include the market rate increase in the formula process rather than  
3 calculating the increases outside of the formula process. Additionally, the Department shall do  
4 the following:

- 5           (1) Deem a county's initial allocation as the county's expenditure in the previous  
6 fiscal year or a prorated share of the county's previous fiscal year expenditures  
7 if sufficient funds are not available.
- 8           (2) Effective immediately following the next new decennial census data release,  
9 implement (i) one-third of the change in a county's allocation in the year  
10 following the data release, (ii) an additional one-third of the change in a  
11 county's allocation beginning two years after the initial change under this  
12 subdivision, and (iii) the final one-third change in a county's allocation  
13 beginning the following two years thereafter.

#### 14 15 **SMART START INITIATIVES**

16           **SECTION 9C.6.(a)** Policies. – The North Carolina Partnership for Children, Inc.,  
17 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s  
18 mission of improving child care quality in North Carolina for children from birth to 5 years of  
19 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child  
20 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated  
21 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State  
22 funding for local partnerships shall also be used for evidence-based or evidence-informed  
23 programs for children from birth to 5 years of age that do the following:

- 24           (1) Increase children's literacy.
- 25           (2) Increase the parents' ability to raise healthy, successful children.
- 26           (3) Improve children's health.
- 27           (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

28           **SECTION 9C.6.(b)** Administration. – Administrative costs shall be equivalent to,  
29 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the  
30 total statewide allocation to all local partnerships. For purposes of this subsection, administrative  
31 costs shall include costs associated with partnership oversight, business and financial  
32 management, general accounting, human resources, budgeting, purchasing, contracting, and  
33 information systems management. The North Carolina Partnership for Children, Inc., shall  
34 continue using a single statewide contract management system that incorporates features of the  
35 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local  
36 partnerships are required to participate in the contract management system and, directed by the  
37 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with  
38 other local partnerships to increase efficiency and effectiveness.

39           **SECTION 9C.6.(c)** Salaries. – The salary schedule developed and implemented by  
40 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds  
41 that may be used for the salary of the Executive Director of the North Carolina Partnership for  
42 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for  
43 Children, Inc., shall base the schedule on the following criteria:

- 44           (1) The population of the area serviced by a local partnership.
- 45           (2) The amount of State funds administered.
- 46           (3) The amount of total funds administered.
- 47           (4) The professional experience of the individual to be compensated.
- 48           (5) Any other relevant factors pertaining to salary, as determined by the North  
49 Carolina Partnership for Children, Inc.

50           The salary schedule shall be used only to determine the maximum amount of State  
51 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit

1 a local partnership from using non-State funds to supplement an individual's salary in excess of  
2 the amount set by the salary schedule established under this subsection.

3 **SECTION 9C.6.(d)** Match Requirements. – The North Carolina Partnership for  
4 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
5 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023  
6 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local  
7 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
8 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
9 match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium.  
10 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
11 the required match for a fiscal year in order to meet the match requirement of the succeeding  
12 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
13 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
14 match requirement of this subsection. Volunteer services that qualify as professional services  
15 shall be valued at the fair market value of those services. All other volunteer service hours shall  
16 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
17 Employment Security of the Department of Commerce in the Employment and Wages in North  
18 Carolina Annual Report for the most recent period for which data are available. Expenses,  
19 including both those paid by cash and in-kind contributions, incurred by other participating  
20 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
21 partnerships also may be considered resources available to meet the required private match. In  
22 order to qualify to meet the required private match, the expenses shall:

- 23 (1) Be verifiable from the contractor's records.
- 24 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
25 generally accepted accounting principles for nonprofit organizations.
- 26 (3) Not include expenses funded by State funds.
- 27 (4) Be supplemental to and not supplant preexisting resources for related program  
28 activities.
- 29 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
30 be necessary and reasonable for the proper and efficient accomplishment of  
31 the Program's objectives.
- 32 (6) Be otherwise allowable under federal or State law.
- 33 (7) Be required and described in the contractual agreements approved by the  
34 North Carolina Partnership for Children, Inc., or the local partnership.
- 35 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
36 partnership by the contractor in the same manner as reimbursable expenses.

37 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
38 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
39 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
40 responsible for compiling information on the private cash and in-kind contributions into a report,  
41 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
42 verification by the Department of Revenue. The same match requirements shall apply to any  
43 expansion funds appropriated by the General Assembly.

44 **SECTION 9C.6.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,  
45 and all local partnerships shall use competitive bidding practices in contracting for goods and  
46 services on contract amounts as follows:

- 47 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
48 by a written policy as developed by the Board of Directors of the North  
49 Carolina Partnership for Children, Inc.
- 50 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
51 thousand dollars (\$15,000), three written quotes.

1 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty  
2 thousand dollars (\$40,000), a request for proposal process.

3 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
4 proposal process and advertising in a major newspaper.

5 **SECTION 9C.6.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,  
6 shall not reduce the allocation for counties with less than 35,000 in population below the  
7 2012-2013 funding level.

8 **SECTION 9C.6.(g)** Performance-Based Evaluation. – The Department of Health  
9 and Human Services shall continue to implement the performance-based evaluation system.

10 **SECTION 9C.6.(h)** Expenditure Restrictions. – Except as provided in subsection (i)  
11 of this section, the Department of Health and Human Services and the North Carolina Partnership  
12 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
13 Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed  
14 in the following manner:

15 (1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the  
16 purposes of this section, "capital expenditures" means expenditures for capital  
17 improvements as defined in G.S. 143C-1-1(d)(5).

18 (2) Expenditures of State funds for advertising and promotional activities are  
19 prohibited for the 2021-2023 fiscal biennium.

20 For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds  
21 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
22 any private funds the local partnerships receive on those activities.

23 **SECTION 9C.6.(i)** Notwithstanding subsection (h) of this section, the North  
24 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
25 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall  
26 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
27 for fundraising. The report shall include the following:

28 (1) The amount of funds expended on fundraising.

29 (2) Any return on fundraising investments.

30 (3) Any other information deemed relevant.

### 31 32 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 33 **LIBRARY**

34 **SECTION 9C.7.(a)** A portion of the funds allocated in this act to the North Carolina  
35 Partnership for Children, Inc., from the Department of Health and Human Services, shall  
36 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy  
37 program that mails age-appropriate books on a monthly basis to children registered for the  
38 program.

39 **SECTION 9C.7.(b)** The North Carolina Partnership for Children, Inc., may use up  
40 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
41 of the funds for program evaluation. Funds allocated under this section shall not be subject to  
42 administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be  
43 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
44 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
45 Section 9C.6(d) of this act.

### 46 47 **EXEMPT ADDITIONAL SMART START FUNDS FROM CERTAIN REQUIREMENTS**

48 **SECTION 9C.8.** Additional nonrecurring funds allocated in this act to the North  
49 Carolina Partnership for Children, Inc., from the Department of Health and Human Services, in  
50 each year of the 2021-2023 fiscal biennium for child care, family support, and health-related  
51 activities are not subject to the administrative costs requirements under Section 9C.6(b) of this

1 act, child care services funding requirements under G.S. 143B-168.15(b), child care subsidy  
2 expansion requirements under G.S. 143B-168.15(g), or match requirements under Section  
3 9C.6(d) of this act.

#### 4 5 **GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA** 6 **FUNDS**

7 **SECTION 9C.9.** Of the funds appropriated in this act from the State Fiscal Recovery  
8 Fund to the Department of Health and Human Services, Division of Child Development and  
9 Early Education (Division), the sum of twenty million dollars (\$20,000,000) in nonrecurring  
10 funds shall be used to provide grants for child care facilities and North Carolina prekindergarten  
11 (NC Pre-K) classrooms in response to the COVID-19 pandemic, particularly those located in  
12 child care deserts and low-performing and high-poverty districts. The Division shall award grants  
13 under this section pursuant to criteria established by the Division in accordance with federal law  
14 and guidance. These grants shall be one-time awards to assist with new or expanded high-quality  
15 child care initiatives as follows:

- 16 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child  
17 care facility.
- 18 (2) Quality improvements for existing NC Pre-K classrooms or child care  
19 facilities that increase the classroom or facility's capacity or upgrade its star  
20 rating.
- 21 (3) Capital improvements or renovations, including adding or upgrading outdoor  
22 play and learning environments, or increasing a facility's total capacity.

#### 23 24 **PART IX-D. HEALTH BENEFITS**

##### 25 26 **CONTINUE MEDICAID ANNUAL REPORT**

27 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health  
28 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
29 accompanying tables. DHB shall publish the report and tables on its website no later than  
30 December 31 following each State fiscal year.

##### 31 32 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

33 **SECTION 9D.2.(a)** The Department of Health and Human Services shall issue  
34 Medicaid identification cards to recipients on an annual basis with updates as needed.

35 **SECTION 9D.2.(b)** This section expires on the effective date of amendment to rule  
36 10A NCAC 23B .0102, notice of which was published in the North Carolina Register on June 1,  
37 2021.

##### 38 39 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

40 **SECTION 9D.3.** The Department of Health and Human Services, Division of Health  
41 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
42 services, medical equipment, supplies, and appliances by implementation of volume purchase  
43 plans, single source procurement, or other contracting processes in order to improve cost  
44 containment.

##### 45 46 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 47 **MODIFICATIONS**

48 **SECTION 9D.4.** Except for statutory changes or where otherwise specified, the  
49 Department of Health and Human Services shall not be required to maintain, after June 30, 2023,  
50 any modifications to the Medicaid and NC Health Choice programs required by this Subpart.  
51

**ADMINISTRATIVE HEARINGS FUNDING**

**SECTION 9D.5.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

**ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 9D.6.(a)** The Department of Health and Human Services, Division of Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

**SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred forty thousand dollars (\$146,740,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred five thousand five hundred eighty-four dollars (\$153,805,584) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

- (1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:
  - a. For the 2021-2022 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars (\$31,305,584).
  - b. For the 2022-2023 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars (\$31,305,584).
- (2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from the Department of Health and Human Services, Division of Health Benefits, for uncompensated care.

**LME/MCO INTERGOVERNMENTAL TRANSFERS**

**SECTION 9D.7.(a)** The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2021-2022 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2022-2023 fiscal year. The due date and frequency of the

1 intergovernmental transfer required by this section shall be determined by DHB. The amount of  
 2 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
 3 year shall be as follows:

	<b>2021-2022</b>	<b>2022-2023</b>
4 Alliance Behavioral Healthcare	\$2,858,418	\$2,856,834
5 Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652
6 Eastpointe	\$1,664,172	\$1,663,249
7 Partners Health Management	\$2,637,754	\$2,749,261
8 Sandhills Center	\$1,879,510	\$1,878,469
9 Trillium Health Resources	\$2,656,332	\$2,654,860
10 Vaya Health	\$1,580,769	\$1,579,892

11 **SECTION 9D.7.(b)** In the event that a county other than Cabarrus County or Union  
 12 County disengages from an LME/MCO and realigns with another LME/MCO during the  
 13 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the  
 14 intergovernmental transfer that each affected LME/MCO is required to make under subsection  
 15 (a) of this section, taking into consideration the change in catchment area and covered population,  
 16 provided that the aggregate amount of the transfers received from all LME/MCOs in each year  
 17 of the fiscal biennium is achieved.  
 18

#### 19 **DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

20 **SECTION 9D.8.** Of the federal disproportionate share adjustment receipts arising  
 21 from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year,  
 22 forty-three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the  
 23 Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the  
 24 Department of Health and Human Services, Division of Health Benefits, to be used for the  
 25 Medicaid program.  
 26

#### 27 **WAIVE MEDICAID PROVIDER ENROLLMENT AND REVALIDATION FEES**

28 **SECTION 9D.9.(a)** Notwithstanding G.S. 108C-2.1, providers revalidating  
 29 enrollment or enrolling in the North Carolina Medicaid program or the NC Health Choice  
 30 program shall not be charged the fee of one hundred dollars (\$100.00) above the federally  
 31 required fee for the enrollment or revalidation. Providers shall continue to be required to timely  
 32 submit all other required application and enrollment or revalidation materials.  
 33

34 **SECTION 9D.9.(b)** Of the funds appropriated in this act to the Department of Health  
 35 and Human Services, Division of Health Benefits, the sum of one million six hundred thousand  
 36 dollars (\$1,600,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of two  
 37 million six hundred fifty thousand dollars (\$2,650,000) in nonrecurring funds for the 2022-2023  
 38 fiscal year shall be used to pay administrative costs related to Medicaid and NC Health Choice  
 39 provider enrollment and revalidation.

40 **SECTION 9D.9.(c)** Subsection (a) of this section is effective when it becomes law  
 41 and applies to enrollment applications or revalidations occurring on and after that date.

42 **SECTION 9D.9.(d)** Subsection (a) of this section expires June 30, 2023.  
 43

#### 44 **COPAYMENTS FOR MEDICAID SERVICES**

45 **SECTION 9D.10.(a)** Beginning October 1, 2021, the copayments for Medicaid  
 46 services shall be increased to four dollars (\$4.00). This section does not apply to services  
 47 provided under sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social  
 48 Security Act or to recipients prohibited by federal law from cost-sharing requirements.

49 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of  
 50 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
 51 and Medicaid Services to implement this section.

1  
2 **EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS**  
3 **(CAP/DA) WAIVER SLOTS**

4 **SECTION 9D.11.** Of the funds appropriated in this act to the Department of Health  
5 and Human Services, Division of Health Benefits (DHB), the sum of six hundred fifty thousand  
6 dollars (\$650,000) in recurring funds for the 2021-2022 fiscal year and the sum of one million  
7 dollars (\$1,000,000) in recurring funds for the 2022-2023 fiscal year to be used to increase the  
8 number of Community Alternatives Program for Disabled Adults (CAP/DA) waiver slots. A  
9 minimum of 114 slots shall be made available October 1, 2021.

10  
11 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

12 **SECTION 9D.12.(a)** Of the funds appropriated to the Department of Health and  
13 Human Services, Division of Health Benefits (DHB), in this act, the sum of seven million one  
14 hundred ten thousand six hundred dollars (\$7,110,600) in recurring funds for the 2021-2022  
15 fiscal year and the sum of twenty-five million eight hundred eighty thousand dollars  
16 (\$25,880,000) in recurring funds for the 2022-2023 fiscal year to be used to increase the number  
17 of North Carolina Innovations Waiver slots, as directed by this section.

18 **SECTION 9D.12.(b)** DHB shall amend the North Carolina Innovations Waiver to  
19 increase the number of slots by 1,000 in the following manner:

- 20 (1) Three hundred twenty slots to be made available October 1, 2021, and to be  
21 distributed using the allocation formula currently in place as of the effective  
22 date of this section.
- 23 (2) One hundred slots to be distributed in accordance with subsection (c) of this  
24 section and to be made available October 1, 2021, unless the distribution  
25 method in subsection (c) of this section requires approval by the Centers for  
26 Medicare and Medicaid Services (CMS). If CMS approval is required, then  
27 these slots shall be made available October 1, 2021, or the date that CMS  
28 grants or denies approval, whichever is later. If CMS approval is required and  
29 CMS does not approve the distribution method in subsection (c) of this  
30 section, then these slots shall be distributed using the allocation formula  
31 currently in place as of the effective date of this section.
- 32 (3) Four hundred slots to be made available July 1, 2022, and to be distributed  
33 using the allocation formula currently in place as of the effective date of this  
34 section.
- 35 (4) One hundred eighty slots to be distributed in accordance with subsection (c)  
36 of this section and to be made available July 1, 2022, unless the distribution  
37 method in subsection (c) of this section requires approval by CMS. If CMS  
38 approval is required, then these slots shall be made available July 1, 2022, or  
39 the date that CMS grants or denies approval, whichever is later. If CMS  
40 approval is required and CMS does not approve the distribution method in  
41 subsection (c) of this section, then these slots shall be distributed using the  
42 allocation formula currently in place as of the effective date of this section.

43 **SECTION 9D.12.(c)** DHB shall distribute the slots identified under subdivisions (2)  
44 and (4) of subsection (b) of this section to the local management entities/managed care  
45 organizations (LME/MCOs) based on a per capita basis calculated as the number of slots  
46 multiplied by the population in each LME/MCO's catchment area divided by the population of  
47 the State. Once distributed to each LME/MCO, the additional slots shall be made available to the  
48 counties on a per capita basis calculated as the number of slots multiplied by the population of  
49 the county divided by the population in the LME/MCO's catchment area. Within each county,  
50 the slots shall be filled on a first-come, first-served basis determined by the length of time an  
51 individual has been on the waiting list.



1           **SECTION 9D.12.(d)** In order to serve the maximum possible number of individuals  
2 that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue  
3 any amendment or change to the current North Carolina Innovations Waiver or any additional  
4 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the  
5 registry with lower acuity needs are still served at an appropriate level but in a tier with a lower  
6 spending cap than the one allowed by the current waiver. In designing these changes, DHB shall  
7 make every effort to allow for a seamless transition between tiers, or between waivers, for  
8 individuals whose level of need increases or decreases. DHB shall provide flexibility for  
9 LME/MCOs to determine how to best distribute funding in order to serve a greater number of  
10 individuals on the registry. Notwithstanding subsection (b) of this section, DHB is authorized to  
11 utilize any funds currently attributed to the North Carolina Innovations Waiver on any waiver  
12 under this subsection approved by CMS, so long as the number of individuals served is increased.  
13

#### 14 **CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE** 15 **MONTHS POSTPARTUM**

16           **SECTION 9D.13.(a)** G.S. 108A-54.3A(10) reads as rewritten:

17           "(10) Pregnant women with incomes equal to or less than one hundred ninety-six  
18 percent (196%) of the federal poverty guidelines. ~~Coverage for pregnant~~  
19 ~~women eligible under this subdivision include only services related to~~  
20 ~~pregnancy and to other conditions determined by the Department as~~  
21 ~~conditions that may complicate pregnancy.~~ Pregnant women shall remain  
22 eligible for coverage for 12 months postpartum."

23           **SECTION 9D.13.(b)** If House Bill 383, 2021 Regular Session, becomes law, then  
24 G.S. 108A-145.3, as enacted by Section 2 of that act, is amended by adding a new subdivision to  
25 read:

26           "(12a) Medicare Economic Index. – The index published by the Medicare Economic  
27 Index Technical Advisory Panel established by the Secretary of the United  
28 States Department of Health and Human Services, under the authority in 42  
29 U.S.C. § 217a, and in effect on March 1 of the previous State fiscal year."

30           **SECTION 9D.13.(c)** If House Bill 383, 2021 Regular Session, becomes law, then  
31 G.S. 108A-146.5, as enacted by Section 2 of that act, reads as rewritten:

32 "**§ 108A-146.5. Aggregate assessment collection amount.**

33           The aggregate assessment collection amount is an amount of money that is calculated by  
34 adding (i) the managed care component under G.S. 108A-146.7, (ii) the fee-for-service  
35 component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, (iv) the  
36 postpartum coverage component under G.S. 108A-146.12, and (iv)-(v) one-fourth of the State's  
37 annual Medicaid payment, and then subtracting the intergovernmental transfer adjustment  
38 component under G.S. 108A-146.13."

39           **SECTION 9D.13.(d)** If House Bill 383, 2021 Regular Session, becomes law, then  
40 Part 2 of Article 7B of Chapter 108A of the General Statutes, as enacted by Section 2 of that act,  
41 is amended by adding a new section to read:

42 "**§ 108A-146.12. Postpartum coverage component.**

43           The postpartum coverage component is twelve million five hundred thousand dollars  
44 (\$12,500,000) for each quarter of the 2021-2022 State fiscal year. For each subsequent State  
45 fiscal year, the postpartum coverage component shall be increased over the prior year's quarterly  
46 payment by the Medicare Economic Index."

47           **SECTION 9D.13.(e)** This section becomes effective April 1, 2022, and subsections  
48 (b), (c), and (d) of this section apply to modernized hospital assessments imposed under Part 2  
49 of Article 7A of Chapter 108A of the General Statutes on or after that date.

50           **SECTION 9D.13.(f)** This section shall expire March 31, 2027.  
51

1 **ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS**  
2 **TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM**

3 **SECTION 9D.14.(a)** Section 9A of S.L. 2015-245, as amended by Section 2(e1) of  
4 S.L. 2016-121, reads as rewritten:

5 "**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~  
6 ~~directed~~ to seek approval from CMS through either the 1115 waiver required by subdivision (1)  
7 of Section 5 of this act or another federal authority to allow ~~parents~~ a parent to retain Medicaid  
8 eligibility while their child is being served temporarily by the foster care program. It is the intent  
9 of the General Assembly to expand Medicaid eligibility to cover this population upon  
10 implementation of the 1115 waiver, if CMS approves this coverage in the waiver when (i) the  
11 parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes,  
12 (ii) the child is being served temporarily by the foster care system, regardless of the type of  
13 out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a  
14 court-ordered plan of reunification, as determined by DHHS."

15 **SECTION 9D.14.(b)** G.S. 108A-54.3A is amended by adding a new subdivision to  
16 read:

17 "(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall  
18 retain eligibility for Medicaid under this section so long as all of the following  
19 criteria are met:

- 20 a. The parent has lost legal custody of a child pursuant to Subchapter I  
21 of Chapter 7B of the General Statutes.  
22 b. A child of the parent is temporarily in the legal custody of  
23 State-sponsored foster care or temporarily receiving foster care  
24 assistance under Title IV-E of the Social Security Act.  
25 c. The parent is making reasonable efforts to comply with a  
26 court-ordered plan of reunification, as determined by the Department.  
27 d. The parent continues to meet the family income requirements under  
28 subdivision (1) or (2) of this section."

29 **SECTION 9D.14.(c)** Subsection (b) of this section is effective upon the approval by  
30 the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance  
31 with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection  
32 (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of  
33 the Department of Health and Human Services shall notify the Revisor of Statutes of the effective  
34 date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior  
35 to June 30, 2023, then this section shall expire on that date.

36  
37 **INCREASE RATES TO ICFs FOR DIRECT CARE WORKER WAGE INCREASES**

38 **SECTION 9D.15.(a)** It is the intent of the General Assembly to assist in increasing  
39 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per  
40 hour. To that end, of the funds appropriated in this act to the Department of Health and Human  
41 Services, Division of Health Benefits (DHB), the sum of seventeen million five hundred thousand  
42 dollars (\$17,500,000) in recurring funds for the 2022-2023 fiscal year shall be used to provide a  
43 rate increase to intermediate care facilities for individuals with intellectual disabilities  
44 (ICF/IIDs), including ICF/IID-level group homes. This rate increase shall be effective July 1,  
45 2022, and upon approval of the Centers for Medicare and Medicaid Services. Any provider  
46 receiving a rate increase under this section shall be required to use at least eighty percent (80%)  
47 of the funding that results from that rate increase to increase the rate of pay paid to its direct care  
48 employees. This wage increase shall be provided in addition to the rate of pay each employee  
49 was receiving as of June 30, 2022. DHB shall determine the amount of the rate increase under  
50 this section and the definition of direct care worker to be applied.

1           **SECTION 9D.15.(b)** Upon implementation of the rate increase under subsection (a)  
2 of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to  
3 local management entities/managed care organizations (LME/MCOs) and to prepaid health plans  
4 (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts  
5 sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as  
6 paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs  
7 shall be required to implement that rate increase. Providers receiving a rate increase under this  
8 section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP,  
9 or DHB.

10           **SECTION 9D.15.(c)** Prior to receiving the rate increase under this section, all  
11 ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or  
12 PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being  
13 used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for  
14 documentation that shall be required as verification that the provider used the rate increase in the  
15 manner required by this section, and LME/MCOs and PHPs shall use these same standards at a  
16 minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as  
17 payroll-based journals. Providers receiving a rate increase under this section shall keep  
18 documentation of the use of that rate increase and make the documentation available upon request  
19 by DHB or by the relevant LME/MCO or PHP.

20           **SECTION 9D.15.(d)** In addition to other allowable reasons for recoupment of funds,  
21 DHB may recoup part or all of the funds related to the rate increase received by a provider  
22 pursuant to this section if DHB determines that the provider did not use at least eighty percent  
23 (80%) of the funding that results from that rate increase to increase the rate of pay paid to its  
24 direct care employees.

## 25           **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 26           **TRANSFORMATION NEEDS**

27           **SECTION 9D.16.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
28 Fund may be transferred to the Department of Health and Human Services, Division of Health  
29 Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims  
30 related to services billed under the fee-for-service payment model for recipients who are being,  
31 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be  
32 transferred to DHB as the need to pay claims run out arises and need not be transferred in one  
33 lump sum. To the extent that any funds are transferred under this subsection, the funds are  
34 appropriated for the purpose set forth in this subsection.

35           **SECTION 9D.16.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
36 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one  
37 hundred thirty-three million seventy-eight thousand dollars (\$133,078,000) in nonrecurring  
38 funds for the 2021-2022 fiscal year and the sum of one hundred nineteen million four thousand  
39 dollars (\$119,004,000) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid  
40 Transformation Fund may be transferred to DHB for the sole purpose of providing the State share  
41 for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245,  
42 as amended. Funds may be transferred to DHB as qualifying needs arise during the 2021-2023  
43 fiscal biennium and need not be transferred in one lump sum.

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

- 46           (1) Program design.
- 47           (2) Beneficiary and provider experience.
- 48           (3) Information technology upgrades, operations, and maintenance.
- 49           (4) Data management tools.
- 50           (5) Program integrity.
- 51

- 1 (6) Quality review.
- 2 (7) Actuarial rate setting functions.
- 3 (8) Technical and operational integration.
- 4 (9) BH IDD tailored plan health homes.
- 5 (10) Legal fees.
- 6 (11) Expenses related to the Enhanced Case Management and Other Services Pilot
- 7 Program, commonly referred to as the "Healthy Opportunities Pilots."

8 **SECTION 9D.16.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
9 request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made  
10 to OSBM and shall include the amount requested and the specific qualifying need for which the  
11 funds are to be used. None of the funds identified in subsection (b) of this section shall be  
12 transferred to DHB until OSBM verifies the following information:

- 13 (1) The amount requested is to be used for a qualifying need in the 2021-2023  
14 fiscal biennium.
- 15 (2) The amount requested provides a State share that will not result in total  
16 requirements that exceed eight hundred million dollars (\$800,000,000) in  
17 nonrecurring funds for the 2021-2023 fiscal biennium.

18 **SECTION 9D.16.(d)** Federal Fund Receipts. – Any federal funds received in any  
19 fiscal year by DHB that represent a return of State share already expended on a qualifying need  
20 related to the funds received by DHB under this section shall be deposited into the Medicaid  
21 Transformation Fund.

## 22

### 23 **CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED**

### 24 **PLANS**

25 **SECTION 9D.17.(a)** During the initial four-year contract term for Medicaid BH  
26 IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human  
27 Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any  
28 local management entity/managed care organization (LME/MCO) to be accredited by any one  
29 specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD  
30 tailored plan contract to be accredited by a nationally recognized accreditation organization that  
31 has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which  
32 DHB approves the accreditation organization selected by the LME/MCO.

33 **SECTION 9D.17.(b)** No accreditation organization shall be approved by DHB for  
34 use by an LME/MCO under this section unless the accreditation organization meets, at a  
35 minimum, all of the following criteria:

- 36 (1) Prior experience conducting accreditation reviews for managed care  
37 organizations in at least five other states within the United States or in at least  
38 two regions that correspond to the areas covered by the regional office  
39 locations of the United States Department of Health and Human Services.
- 40 (2) A review program that includes, at a minimum, standards for the following  
41 aspects of operation of the LME/MCO:
  - 42 a. Quality assurance.
  - 43 b. Provider credentialing.
  - 44 c. Utilization review.
  - 45 d. Enrollee rights and responsibilities.
  - 46 e. Medical records.
  - 47 f. Governance of the LME/MCO.
  - 48 g. Preventative health services.
- 49 (3) Development of accreditation standards that include input from the medical,  
50 managed care organization, and health care consumer communities.

- 1 (4) Reviews of, and updates to, the standards listed under subdivision (3) of this
- 2 subsection at regular intervals not exceeding two years.
- 3 (5) An internal quality assurance program that ensures the quality and continuity
- 4 of its review program.
- 5 (6) No current involvement in the operation of the LME/MCO or the delivery of
- 6 health services to any of its enrollees.
- 7 (7) No contract or consultations with the LME/MCO within the prior two years
- 8 for any services other than accreditation.

9 **SECTION 9D.17.(c)** All accreditation organizations approved for use by an  
10 LME/MCO under this section shall be required to submit their standards for accreditation to DHB  
11 every three years to maintain approval for use by the LME/MCO.  
12

### 13 **EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT**

14 **SECTION 9D.18.(a)** Evaluation. – The Department of Health and Human Services,  
15 Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing  
16 and administrative functions for the Medicaid and NC Health Choice programs and how those  
17 staffing needs and administrative functions will change as the Medicaid and NC Health Choice  
18 programs move further into a managed care service delivery environment. In conducting this  
19 evaluation, DHB shall do all of the following:

- 20 (1) Identify the changing administrative needs and required staff based upon the
- 21 introduction of capitated contracts for standard benefit plans and BH IDD
- 22 tailored benefit plans.
- 23 (2) Determine whether any administrative or staffing functions are duplicative of
- 24 any functions carried out through vendor contracts, by local management
- 25 entities/managed care organizations (LME/MCOs), or prepaid health plans
- 26 (PHPs).

27 **SECTION 9D.18.(b)** Initial Report. – No later than March 1, 2022, DHB shall report  
28 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research  
29 Division on the evaluation required by subsection (a) of this section as it pertains to the  
30 implementation of capitated contracts for standard benefit plans for PHPs. The report shall  
31 include planned staffing and administrative changes, including any changes to contractual  
32 agreements with vendors, to align more appropriately with a managed care delivery environment  
33 for the Medicaid and NC Health Choice programs. The report shall also include a detailed time  
34 line for making changes within DHB as managed care continues.

35 **SECTION 9D.18.(c)** Final Report. – No later than March 1, 2024, DHB shall report  
36 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research  
37 Division on the evaluation required by subsection (a) of this section as it pertains to the  
38 implementation of capitated contracts for standard benefit plans operated by PHPs and the  
39 implementation of BH IDD tailored plans. The report shall include the staffing and administrative  
40 changes that have been made since the initial report required under subsection (b) of this section.  
41 The report shall also include any additional planned staffing and administrative changes and any  
42 planned changes to contractual agreements with vendors to continue to align DHB's functions  
43 more appropriately with a managed care delivery environment for the Medicaid and NC Health  
44 Choice programs. The report shall also include an updated detailed time line for making these  
45 changes within DHB, as well as an assessment of whether the goals of the time line submitted in  
46 the initial report were met.  
47

### 48 **REIMBURSE DME PRESCRIBED BY PODIATRISTS**

49 **SECTION 9D.19.** No later than January 1, 2022, the Department of Health and  
50 Human Services, Division of Health Benefits, shall update the following Medicaid clinical  
51 coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices,

1 prosthetic devices, and other durable medical equipment when there is a documented medical  
2 necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist  
3 acting within that podiatrist's scope of practice:

- 4 (1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and  
5 Supplies.
- 6 (2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

## 8 SEND NOTICE/MEDICAID ELIGIBILITY REDETERMINATIONS DURING PUBLIC 9 HEALTH EMERGENCY

10 SECTION 9D.20.(a) Section 6(a) of S.L. 2020-88 reads as rewritten:

11 "SECTION 6.(a) County departments of social services shall do all of the following:

- 12 (1) Resume Medicaid eligibility redeterminations for beneficiaries whose annual  
13 or other periodic renewal of Medicaid eligibility is due on or after September  
14 1, 2020.
- 15 (2) Resume requesting post-eligibility verification information for Medicaid  
16 applications received on or after September 1, 2020.
- 17 (3) Make a good-faith effort to redetermine Medicaid eligibility for Medicaid  
18 beneficiaries who were due for an annual or other periodic renewal of  
19 Medicaid eligibility prior to September 1, 2020, but for whom recertification  
20 did not occur.
- 21 (4) Make a good-faith effort to request post-eligibility verification information for  
22 Medicaid applications received prior to September 1, 2020, for which  
23 post-eligibility verifications have not been requested.
- 24 (5) For individuals determined to be ineligible for Medicaid during the period in  
25 which the termination of benefits would result in the State being ineligible for  
26 the increased Medicaid funding under Section 6008 of P.L. 116-127, at the  
27 time of determination of ineligibility, provide the beneficiary with the  
28 following information:
  - 29 a. The results of the eligibility determination.
  - 30 b. Notice that the individual's enrollment in Medicaid will end after the  
31 month in which the public health emergency ends.
  - 32 c. Notice that the individual may and should report any changes in  
33 circumstances while that individual remains enrolled and that the  
34 county department of social services shall redetermine that individual's  
35 Medicaid eligibility based on the reported changes."

36 SECTION 9D.20.(b) This section is effective when it becomes law.

## 38 CHARTER SCHOOLS MEDICAID REIMBURSEMENT

39 SECTION 9D.21. G.S. 115C-218.105 is amended by adding a new subsection to  
40 read:

41 "(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina  
42 Medicaid program, a charter school that is approved by the State as a public school pursuant to  
43 this Article shall be deemed a local government entity that is responsible, or assumes  
44 responsibility, either directly or indirectly through an agency or other political subdivision, for  
45 the payment of the nonfederal share for reimbursable medical services, if any, provided by the  
46 charter school. The nonfederal share shall consist exclusively of public funds. For purposes of  
47 this subsection, "reimbursable medical services" means services, including administrative  
48 activities related to those services, that are medically necessary and for which federal payment is  
49 available under the North Carolina Medicaid Program established under Part 6 of Article 2 of  
50 Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share"

1 means the share of expenditures for the reimbursable medical services that draws down federal  
2 financial participation."

3  
4 **PART IX-E. HEALTH SERVICE REGULATION**

5  
6 **MODIFICATION OF CERTIFICATE OF NEED LAWS**

7 **SECTION 9E.1.(a)** G.S. 131E-176 reads as rewritten:

8 **"§ 131E-176. Definitions.**

9 As used in this Article, unless the context clearly requires otherwise, the following terms  
10 have the meanings specified:

11 ...

12 (7a) "Diagnostic center" means a freestanding facility, program, or provider,  
13 including but not limited to, physicians' offices, clinical laboratories,  
14 radiology centers, and mobile diagnostic programs, in which the total cost of  
15 all the medical diagnostic equipment utilized by the facility which cost ten  
16 thousand dollars (\$10,000) or more exceeds ~~five hundred thousand dollars~~  
17 ~~(\$500,000).~~ one million five hundred thousand dollars (\$1,500,000). In  
18 determining whether the medical diagnostic equipment in a diagnostic center  
19 costs more than ~~five hundred thousand dollars (\$500,000),~~ one million five  
20 hundred thousand dollars (\$1,500,000), the costs of the equipment, studies,  
21 surveys, designs, plans, working drawings, specifications, construction,  
22 installation, and other activities essential to acquiring and making operational  
23 the equipment shall be included. The capital expenditure for the equipment  
24 shall be deemed to be the fair market value of the equipment or the cost of the  
25 equipment, whichever is greater. Beginning September 30, 2022, and on  
26 September 30 each year thereafter, the cost threshold amount in this  
27 subdivision shall be adjusted using the Medical Care Index component of the  
28 Consumer Price Index published by the U.S. Department of Labor for the  
29 12-month period preceding the previous September 1.

30 ...

31 (14o) "Major medical equipment" means a single unit or single system of  
32 components with related functions which is used to provide medical and other  
33 health services and which costs more than ~~seven hundred fifty thousand~~  
34 ~~dollars (\$750,000).~~ two million dollars (\$2,000,000). In determining whether  
35 the major medical equipment costs more than ~~seven hundred fifty thousand~~  
36 ~~dollars (\$750,000),~~ two million dollars (\$2,000,000), the costs of the  
37 equipment, studies, surveys, designs, plans, working drawings, specifications,  
38 construction, installation, and other activities essential to acquiring and  
39 making operational the major medical equipment shall be included. The  
40 capital expenditure for the equipment shall be deemed to be the fair market  
41 value of the equipment or the cost of the equipment, whichever is greater.  
42 Major medical equipment does not include replacement equipment as defined  
43 in this section. Beginning September 30, 2022, and on September 30 each year  
44 thereafter, the cost threshold amount in this subdivision shall be adjusted using  
45 the Medical Care Index component of the Consumer Price Index published by  
46 the U.S. Department of Labor for the 12-month period preceding the previous  
47 September 1.

48 ...

49 (16) "New institutional health services" means any of the following:

50 ...

- 1           b.       Except as otherwise provided in G.S. 131E-184(e), the obligation by  
2           any person of a capital expenditure exceeding ~~two~~four million dollars  
3           (~~\$2,000,000~~)-(~~\$4,000,000~~) to develop or expand a health service or a  
4           health service facility, or which relates to the provision of a health  
5           service. The cost of any studies, surveys, designs, plans, working  
6           drawings, specifications, and other activities, including staff effort and  
7           consulting and other services, essential to the acquisition,  
8           improvement, expansion, or replacement of any plant or equipment  
9           with respect to which an expenditure is made shall be included in  
10          determining if the expenditure exceeds ~~two~~four million dollars  
11          (~~\$2,000,000~~)-(~~\$4,000,000~~). Beginning September 30, 2022, and on  
12          September 30 each year thereafter, the amount in this sub-subdivision  
13          shall be adjusted using the Medical Care Index component of the  
14          Consumer Price Index published by the U.S. Department of Labor for  
15          the 12-month period preceding the previous September 1.

16                ...."

17           **SECTION 9E.1.(b)** G.S. 131E-189 is amended by adding the following new  
18   subsections to read:

19           "(d) Notwithstanding subsection (a), (b), or (c) of this section, a certificate of need issued  
20           by the Department for the construction of a health service facility on or after October 1, 2021,  
21           expires if the holder of the certificate of need fails to execute or commit to a contract for design  
22           services for the project authorized by the certificate of need within the following time frames:

23           (1)       For a project that costs over fifty million dollars (\$50,000,000), the holder of  
24           the certificate of need shall execute or commit to a contract for design services  
25           for the project authorized by the certificate of need within four years after the  
26           date the Department's decision to approve the certificate of need for that  
27           project becomes final.

28           (2)       For a project that costs fifty million dollars (\$50,000,000) or less, the holder  
29           of the certificate of need shall execute or commit to a contract for design  
30           services for the project authorized by the certificate of need within two years  
31           after the date the Department's decision to approve the certificate of need for  
32           that project becomes final.

33           (e) Notwithstanding subsection (a), (b), or (c) of this section, a certificate of need issued  
34           by the Department for the construction of a health service facility prior to October 1, 2021,  
35           expires if the holder of the certificate of need fails to execute or commit to a contract for design  
36           services for the project authorized by the certificate of need within the following time frames:

37           (1)       For a project that costs over fifty million dollars (\$50,000,000), the holder of  
38           the certificate of need shall execute or commit to a contract for design services  
39           for the project authorized by the certificate of need by October 1, 2025.

40           (2)       For a project that costs fifty million dollars (\$50,000,000) or less, the holder  
41           of the certificate of need shall execute or commit to a contract for design  
42           services for the project authorized by the certificate of need by October 1,  
43           2023.

44           (f) Notwithstanding subsections (d) and (e) of this section, certificates of need that (i) are  
45           issued for the construction of a health service facility prior to October 1, 2021, and (ii) have a  
46           specific deadline to execute or commit to a contract for design services for the project authorized  
47           by the certificate of need will not expire unless the holder fails to execute or commit to a contract  
48           for design services by the deadline specified in the certificate of need.

49           (g) In the event the holder of a certificate of need is unable to execute or commit to a  
50           contract for design services for the project due to developments beyond the control of the holder  
51           of the certificate of need or for other good cause, the time for performance shall be extended by



1 a period equal to the period during which performance of the obligation has been delayed or  
2 failed to be performed."

3 **SECTION 9E.1.(c)** This section becomes effective October 1, 2021.

#### 5 **IMPACT OF PRIOR VIOLATIONS ON ADULT CARE HOME LICENSURE**

6 **SECTION 9E.2.(a)** G.S. 131D-2.4(c) reads as rewritten:

7 "(c) Prior Violations. – No new license shall be issued for any adult care home to an  
8 applicant for licensure under any of the following circumstances for the period of time indicated:

9 ...

10 (3) Is the owner, principal, or affiliate of an adult care home and is responsible  
11 for the operation of the facility that had its license downgraded to provisional  
12 status or had its admissions suspended as a result of violations under this  
13 Article, Chapter 122C, or Article 7 of Chapter 110 of the General Statutes  
14 until ~~six~~ the earlier of the following:

15 a. Six months from the date of restoration from provisional to full  
16 licensure, termination of the provisional license, or lifting or  
17 termination of the suspension of admissions, as applicable.

18 b. Until the home has substantially complied with the correction plan  
19 established pursuant to G.S. 131D-34 and substantial compliance has  
20 been certified by the Department.

21 ...

22 An applicant for new licensure may appeal a denial of certification of substantial compliance  
23 under ~~subdivision (2) of this subsection~~ by filing with the Department a request for review by the  
24 Secretary within 10 days of the date of denial of the certification. Within 10 days of receipt of  
25 the request for review, the Secretary shall issue to the applicant a written determination that either  
26 denies certification of substantial compliance or certifies substantial compliance. ~~The decision of~~  
27 ~~the Secretary is final.~~ Any applicant for licensure who wishes to contest a determination that  
28 denies certification of substantial compliance is entitled to an administrative hearing, as provided  
29 in Chapter 150B of the General Statutes."

30 **SECTION 9E.2.(b)** G.S. 131D-2.7(d)(1) reads as rewritten:

31 "(1) In addition to the administrative penalties described in this Article, the  
32 Secretary may suspend the admission of any new residents to an adult care home where the conditions of the adult care home are detrimental to the health  
33 or safety of the residents. This suspension ~~shall be for the period determined~~  
34 ~~by the Secretary and shall remain in effect until the Secretary is satisfied that~~  
35 ~~conditions or circumstances merit removing the suspension.~~ home has  
36 substantially complied with the correction plan established pursuant to  
37 G.S. 131D-34 and substantial compliance has been certified by the  
38 Department."

39 **SECTION 9E.2.(c)** This section becomes effective October 1, 2021, and applies to  
40 adult care home licensure applications, licensure actions, and suspensions of admission that occur  
41 on or after that date.

#### 44 **ACCESS TO PATIENT DATA UNDER THE MEDICAL CARE DATA ACT**

45 **SECTION 9E.3.** G.S. 131E-214.3 is amended by adding a new subsection to read:

46 "(c1) The State shall make available, at no charge, to any person or organization under  
47 contract with the Department of Health and Human Services (Department) to provide medical  
48 care quality improvement services the same reports of compiled patient data prepared for release  
49 or dissemination by a statewide data processor to the Department. Any person or organization  
50 that receives patient data pursuant to this subsection is prohibited from using the patient data for  
51 any purpose other than to fulfill its performance under the contract with the Department."

1  
2 **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**  
3 **ABUSE SERVICES**

4  
5 **USE OF OPIOID SETTLEMENT FUNDS**

6 **SECTION 9F.1.(a)** The Opioid Abatement Fund (Fund) is established as an  
7 interest-bearing special fund. All funds received by the State as a beneficiary of the final consent  
8 judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.  
9 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake  
10 County, shall be deposited into the Fund pursuant to G.S. 114-2.4A. Moneys in the Fund shall  
11 be used to (i) cover the costs incurred by the State in investigating and pursuing the claims in this  
12 case and (ii) abate and remediate the harms caused to North Carolina and its citizens by the opioid  
13 epidemic, as specified in subdivisions (1) through (4) of this subsection and in accordance with  
14 subsequent acts of the General Assembly appropriating these funds and specifying limitations  
15 and directions for the use of these funds:

- 16 (1) To expand employment and transportation supports through innovative pilot  
17 programs in industries in North Carolina that suffered the greatest job losses  
18 during the COVID-19 pandemic and are most relied upon by individuals  
19 recovering from opioid use disorders to reenter the workforce, such as the food  
20 service industry, the hotel and lodging industry, and the entertainment  
21 industry. These funds may be used to support all of the following:  
22 a. Employment support services for individuals in recovery from opioid  
23 use disorder, such as job application support and placement with  
24 partnering employers, with emphasis on supporting innovative pilot  
25 programs to develop a more robust workforce in rural areas of the  
26 State.  
27 b. Training and development funds to encourage a consortium of public  
28 and private employers, workforce development boards, and vocational  
29 services providers to develop workplace recovery friendly ecosystems.  
30 c. Transportation support services to enable individuals recovering from  
31 opioid use disorder to travel to their places of treatment and their  
32 places of employment.
- 33 (2) To support individuals with opioid use disorder who are involved in the  
34 criminal justice system through programs and initiatives designed to  
35 accomplish any one or more of the following:  
36 a. Establishment or expansion of existing prearrest and postarrest  
37 diversion programs. This includes prearrest diversion, postarrest  
38 diversion, and court-based diversion through treatment or recovery  
39 courts.  
40 b. Establishment, expansion, or sustainment of medication-assisted  
41 treatment programs that provide to individuals who are incarcerated  
42 any medication approved by the United States Food and Drug  
43 Administration for opioid use disorder. Programs authorized under  
44 this sub-subdivision that are funded in whole or in part by the Opioid  
45 Abatement Fund shall be made available to individuals who were  
46 already participating in a medication-assisted treatment program prior  
47 to being incarcerated, as well as to individuals who initiate  
48 medication-assisted treatment during their incarceration to address an  
49 opioid use disorder.

- 1 c. Creation or expansion of reentry programs to connect individuals  
2 exiting incarceration with harm reduction, treatment, and recovery  
3 supports.
- 4 (3) To expand evidence-based treatment supports and to improve connections to  
5 care, especially for individuals hospitalized for overdose who are uninsured  
6 or underinsured, through the following activities or initiatives:
- 7 a. Evidence-based addiction treatment, including medication-assisted  
8 treatment provided by inpatient or outpatient opioid treatment  
9 programs.
- 10 b. Expanded access to cost-effective, low-cost, or no-cost  
11 medication-assisted treatment in community-based settings.
- 12 c. Expanded care management services, including the use of peer support  
13 specialists and care navigators in local health departments, detention  
14 facilities, local departments of social services, and community-based  
15 settings. Any funding provided pursuant to this sub-subdivision shall  
16 be used to provide care management services involving outreach to,  
17 engagement with, and coordination for individuals to assist them with  
18 accessing opioid use disorder treatment.
- 19 (4) To develop evidence-based supportive housing services, such as Housing  
20 First, that are inclusive of individuals with substance use disorders. Qualifying  
21 services that may be funded under this subdivision include the following:
- 22 a. Providing a move-in deposit, rental or utility assistance, or all of these  
23 for individuals with substance use disorders who are in recovery or  
24 transitioning from residential treatment or incarceration.
- 25 b. Providing community training sessions on tenancy rights and  
26 responsibilities.
- 27 c. Establishing relationships with landlords to encourage the elimination  
28 of preconditions for housing and to reduce potential incidences of  
29 evictions due to substance misuse.
- 30 d. Providing other housing related supports such as tents, sleeping bags,  
31 or other supplies for outdoor living.
- 32 e. Funding or otherwise supporting recovery supported housing that  
33 accepts individuals who are utilizing any medication approved by the  
34 United States Food and Drug Administration for the treatment of  
35 opioid use disorder.

36 **SECTION 9F.1.(b)** Funds deposited into the Opioid Abatement Fund do not  
37 constitute an "appropriation made by law" as that phrase is used in Section 7(1) of Article V of  
38 the North Carolina Constitution.

39 **SECTION 9F.1.(c)** All funds received by the State as a beneficiary of the final  
40 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.  
41 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake  
42 County, and deposited into the Opioid Abatement Fund shall remain unspent until appropriated  
43 by an act of the General Assembly.

44 **SECTION 9F.1.(d)** This section is effective when it becomes law.  
45

46 **CONTRACT TO IMPLEMENT ELECTRONIC HEALTH RECORDS AT STATE**  
47 **PSYCHIATRIC HOSPITALS**

48 **SECTION 9F.2.** By October 1, 2021, the Department of Health and Human  
49 Services, in coordination with the Department of Information Technology, is directed to execute  
50 a contract that provides for the following:

- 1 (1) The implementation, by January 1, 2022, of a standard, uniform platform for  
2 electronic health records that most closely resembles the electronic health  
3 records platform utilized by The University of North Carolina System within  
4 each of the State psychiatric hospitals under the jurisdiction of the Secretary  
5 of the Department of Health and Human Services pursuant to G.S. 122C-181.
- 6 (2) Training of the State's psychiatric hospitals' staff on the use of the electronic  
7 health records system.

## 9 **SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES**

10 **SECTION 9F.3.(a)** For the purpose of mitigating cash flow problems that many  
11 local management entities/managed care organizations (LME/MCOs) experience at the  
12 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
13 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
14 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base  
15 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
16 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
17 after July, the DMH/DD/SAS shall distribute, on the third working day of the month,  
18 one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after  
19 subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal  
20 year.

21 **SECTION 9F.3.(b)** During each year of the 2021-2023 fiscal biennium,  
22 DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least ninety percent (90%) of the  
23 level of single-stream services provided across the State during the 2014-2015 fiscal year. No  
24 LME/MCO shall reduce funding for home and community-based services or services paid for  
25 with single-stream funding that support the 2012 settlement agreement entered into between the  
26 United States Department of Justice and the State of North Carolina to ensure that the State will  
27 willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504 of  
28 the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v.*  
29 *L.C.*, 527 U.S. 581 (1999). This subsection shall not be construed to require a LME/MCO to  
30 authorize or maintain the same level of services for any specific individual whose services were  
31 paid for with single-stream funding. This subsection shall not be construed to create a private  
32 right of action for any person or entity against the State of North Carolina or the Department of  
33 Health and Human Services or any of its divisions, agents, or contractors and shall not be used  
34 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or  
35 Chapter 108D of the General Statutes.

36 **SECTION 9F.3.(c)** If, on or after June 1, 2021, the Office of State Budget and  
37 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient  
38 cash in Budget Code 14445 to meet total obligations for the 2020-2021 fiscal year, then the  
39 Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to  
40 the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars  
41 (\$30,000,000), whichever is less, to be used for single-stream funding.

42 **SECTION 9F.3.(d)** Subsection (c) of this section is effective when it becomes law  
43 or on June 30, 2021, whichever is earlier.

## 44 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

45 **SECTION 9F.4.(a)** Use of Funds. – Funds appropriated in this act to the Department  
46 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
47 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric  
48 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to  
49 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds  
50 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds  
51

1 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of  
2 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall  
3 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In  
4 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated  
5 to LME/MCOs for community-based mental health, developmental disabilities, and substance  
6 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

7 **SECTION 9F.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS  
8 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
9 with this section are utilized solely for individuals who are medically indigent, except that DHHS  
10 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health  
11 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
12 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for  
13 facility-based crisis services and nonhospital detoxification services for individuals in need of  
14 these services, regardless of whether the individuals are medically indigent. For the purposes of  
15 this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable  
16 to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for  
17 government-funded health coverage such as Medicare or Medicaid.

18 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
19 bed days purchased in accordance with this section are distributed across the State and according  
20 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
21 higher acuity levels are distributed across the State and according to greatest need based on  
22 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
23 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these  
24 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and  
25 control these local inpatient psychiatric beds or bed days, including the determination of the  
26 specific local hospital or State psychiatric hospital to which an individual should be admitted  
27 pursuant to an involuntary commitment order.

28 **SECTION 9F.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in  
29 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be  
30 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
31 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
32 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
33 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
34 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

35 **SECTION 9F.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
36 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for  
37 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
38 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the  
39 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may  
40 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other  
41 provision of law to the contrary, may pay the hospital directly.

42 **SECTION 9F.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to  
43 report to DHHS regarding the utilization of these beds or bed days.

44 **SECTION 9F.4.(f)** Reporting by DHHS. – By no later than December 1, 2022, and  
45 by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight  
46 Committee on Health and Human Services and the Fiscal Research Division on all of the  
47 following:

- 48 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
49 year from (i) existing State appropriations and (ii) local funds.
- 50 (2) An explanation of the process used by DHHS to ensure that, except as  
51 otherwise provided in subsection (a) of this section, local inpatient psychiatric

1 beds or bed days purchased in accordance with this section are utilized solely  
2 for individuals who are medically indigent, along with the number of  
3 medically indigent individuals served by the purchase of these beds or bed  
4 days.

5 (3) The amount of funds used to pay for facility-based crisis services, along with  
6 the number of individuals who received these services and the outcomes for  
7 each individual.

8 (4) The amount of funds used to pay for nonhospital detoxification services, along  
9 with the number of individuals who received these services and the outcomes  
10 for each individual.

11 (5) Other DHHS initiatives funded by State appropriations to reduce State  
12 psychiatric hospital use.  
13

#### 14 **FUNDS FOR OVERDOSE MEDICATIONS**

15 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
16 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
17 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
18 fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as  
19 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

20 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
21 the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to  
22 be distributed at no charge to the North Carolina Harm Reduction Coalition  
23 to serve individuals at risk of experiencing an opioid-related drug overdose or  
24 to the friends and family members of an at-risk individual.

25 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
26 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be  
27 distributed at no charge to North Carolina law enforcement agencies.  
28

#### 29 **YOUTH TOBACCO ENFORCEMENT FUNDING**

30 **SECTION 9F.6.** Of the funds appropriated in this act to the Department of Health  
31 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
32 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
33 year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
34 Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall  
35 allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313,  
36 the State's youth tobacco access law.  
37

#### 38 **RESUME FUNDING FOR THE ADULT AND PEDIATRIC TRAUMATIC BRAIN** 39 **INJURY PILOT PROGRAM**

40 **SECTION 9F.7.(a)** The Department of Health and Human Services, Division of  
41 Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS),  
42 shall resume the adult and pediatric traumatic brain injury pilot program (TBI pilot program)  
43 authorized under Section 11F.9 of S.L. 2017-57, as amended by Section 3.3 of S.L. 2017-212.

44 **SECTION 9F.7.(b)** Of the funds appropriated to DMH/DD/SAS in this act, the sum  
45 of six hundred thousand dollars (\$600,000) in nonrecurring funds for the 2021-2022 fiscal year  
46 to be used to pay the contracted vendor for currently unfunded costs accrued by that vendor's  
47 continuation of the TBI pilot program during the 2019-2021 biennium. Of the funds appropriated  
48 to DMH/DD/SAS in this act, the sum of three hundred thousand dollars (\$300,000) in  
49 nonrecurring funds for the 2021-2022 fiscal year and three hundred thousand dollars (\$300,000)  
50 in nonrecurring funds for the 2022-2023 fiscal year shall be used for the TBI pilot program.

1           **SECTION 9F.7.(c)** No later than April 1, 2022, DMH/DD/SAS shall submit a report  
2 on the TBI pilot program to the Joint Legislative Oversight Committee on Health and Human  
3 Services and the Fiscal Research Division. At a minimum, the report shall include all of the  
4 following:

- 5           (1) The number and outcome of patients served at each program site, broken down  
6 by patient age and county of origin.
- 7           (2) A breakdown of expenditures at each program site by type of service.
- 8           (3) An estimate of the cost to expand the program incrementally and statewide.
- 9           (4) An estimate of any potential savings of State funds associated with expansion  
10 of the program.
- 11           (5) If expansion of the TBI pilot program is recommended, a time line and plan  
12 for expanding the program.

13  
14 **FUNDS FOR STUDENT ATHLETE CONCUSSION AND TRAUMATIC BRAIN**  
15 **INJURY PREVENTION AND CARE**

16           **SECTION 9F.8.** Of the funds appropriated in this act to the Department of Health  
17 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
18 Abuse Services, one hundred thousand dollars (\$100,000) in nonrecurring funds for the  
19 2021-2022 fiscal year and one hundred thousand dollars (\$100,000) in nonrecurring funds for  
20 the 2022-2023 fiscal year shall be allocated to Mt. Olive Family Medicine Center, Inc., to be  
21 used to support its Concussion Clinic and provide concussion education, baseline testing, and  
22 postconcussion assessment and care to schools and adolescent athletes in eastern North Carolina.

23  
24 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED**  
25 **INPATIENT BEHAVIORAL HEALTH BEDS**

26           **SECTION 9F.9.(a)** Funds for the Purchase of Additional Beds. – It is the intent of  
27 the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the  
28 State with the highest need. To that end, of the funds appropriated in this act from the Dorothea  
29 Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health  
30 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
31 Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four  
32 dollars (\$4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for  
33 any renovation or building costs associated with (i) the construction of new licensed inpatient  
34 behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed  
35 inpatient behavioral health beds, or (iii) a combination of these options as follows:

- 36           (1) Two million five hundred fifty thousand dollars (\$2,550,000) in nonrecurring  
37 funds shall be used to pay for the construction of new licensed inpatient  
38 behavioral health beds at Good Hope Hospital in Harnett County.
- 39           (2) One million seven hundred eleven thousand four hundred forty-four dollars  
40 (\$1,711,444) in nonrecurring funds shall be used to create a new behavioral  
41 health unit in Betsy Johnson Hospital, a part of Harnett County Health  
42 Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new  
43 unit shall be reserved for children under the age of 18.

44           **SECTION 9F.9.(b)** Certificate of Need Exemption for Certain Facilities. –  
45 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General  
46 Statutes, or any other provision of law to the contrary, each facility that receives funds allocated  
47 under subsection (a) of this section is exempt from certificate of need review for the  
48 establishment or expansion of behavioral health services at the facility at which the constructed  
49 or converted beds will be brought into operation, including any combination of the following:

- 50           (1) The establishment or expansion of outpatient therapy services or substance  
51 use disorder treatment services, or both.

1 (2) The replacement or relocation of a behavioral health facility, defined as a  
2 psychiatric facility, a facility-based crisis center, or any facility that is  
3 primarily engaged in providing services for the diagnosis and treatment of  
4 behavioral health issues.

5 (3) Changes in inpatient behavioral health bed capacity.

6 **SECTION 9F.9.(c)** Applicability of Licensure Laws. – The establishment or  
7 expansion of behavioral health services, including any of the items described in subdivisions (1)  
8 through (3) of subsection (b) of this section, are subject to existing licensure laws and  
9 requirements.

## 10 11 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR** 12 **PROJECTS**

13 **SECTION 9F.10.** Any funds allocated under Section 12F.4 of S.L. 2016-94, Section  
14 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of S.L. 2018-5, or Section 9F.9 of this act  
15 to the Department of Health and Human Services, Division of Mental Health, Developmental  
16 Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that  
17 are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital  
18 Property Fund until those funds are expended or encumbered for the purposes specified under  
19 Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of  
20 S.L. 2018-5, and Section 9F.9 of this act, as applicable.

## 21 22 **BEHAVIORAL HEALTH URGENT CARE PILOT PROGRAM**

23 **SECTION 9F.11.(a)** BHUC Pilot Program. – Of the funds appropriated in this act  
24 to the Department of Health and Human Services, Division of Mental Health, Developmental  
25 Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of five hundred thousand  
26 dollars (\$500,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one million  
27 five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2022-2023 fiscal year  
28 shall be allocated to RI International for the Dix Crisis Intervention Center (Dix Crisis Center)  
29 in Onslow County to be used for a behavioral health urgent care (BHUC) pilot program. The  
30 purpose of the BHUC pilot program is to serve individuals experiencing a mental health crisis  
31 episode anticipated to require a length of stay not to exceed 23 hours, while ensuring continuity  
32 of care for individuals who ultimately require a longer length of stay to fully address the crisis  
33 episode. The BHUC pilot program period shall end June 30, 2023.

34 **SECTION 9F.11.(b)** Service Definition. – Dix Crisis Center and Trillium Health  
35 Resources shall act in good faith to continue their contractual relationship. Trillium Health  
36 Resources, the local management entity/managed care organization (LME/MCO) for Onslow  
37 County, shall develop, and seek approval from the Department of Health and Human Services,  
38 Division of Health Benefits (DHB), for, a Medicaid "in lieu of" or other alternative service  
39 definition to ensure that services received by individuals under the BHUC pilot program are  
40 eligible to be reimbursed through the North Carolina Medicaid program. The State-funded  
41 behavioral health urgent care service definition shall be used as a model for the Medicaid service  
42 definition.

43 **SECTION 9F.11.(c)** Standard Benefit Plan Coverage. – Effective upon approval and  
44 on the date determined by DHB of the "in lieu of" or other alternative Medicaid service definition  
45 required by subsection (b) of this section, G.S. 108D-35 reads as rewritten:

### 46 **"§ 108D-35. Services covered by PHPs.**

47 Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including  
48 physical health services, prescription drugs, long-term services and supports, and behavioral  
49 health services for NC Health Choice recipients, except as otherwise provided in this section.  
50 The capitated contracts required by this section shall not cover:



- (1) Medicaid services covered by the local management entities/managed care organizations (LME/MCOs) under the combined 1915(b) and (c) waivers shall not be covered under a standard benefit plan, except that all capitated PHP contracts shall cover the following services: ~~inpatient~~
- a. Inpatient behavioral health services, outpatient services.
  - b. Outpatient behavioral health emergency room services, outpatient services.
  - c. Outpatient behavioral health services provided by direct-enrolled providers, mobile providers.
  - d. Mobile crisis management services, facility-based services.
  - e. Facility-based crisis services for children and adolescents, professional adolescents.
  - f. Professional treatment services in a facility-based crisis program, outpatient program.
  - g. Outpatient opioid treatment services, ambulatory services.
  - h. Ambulatory detoxification services, nonhospital services.
  - i. Nonhospital medical detoxification services, partial hospitalization, medically services.
  - j. Partial hospitalization.
  - k. Medically supervised or alcohol and drug abuse treatment center detoxification crisis stabilization, research-based stabilization.
  - l. Research-based intensive behavioral health treatment, diagnostic treatment.
  - m. Diagnostic assessment services, and services.
  - n. Early and Periodic Screening, Diagnosis, and Treatment services.
  - o. Behavioral health urgent care services.
- In accordance with this subdivision, 1915(b)(3) services shall not be covered under a standard benefit plan.

...."

**SECTION 9F.11.(d)** Notification of Approval. – The Secretary of the Department of Health and Human Services shall notify the Revisor of Statutes of the approval and effective date of the "in lieu of" or other alternative Medicaid service definition by DHB, as required by subsection (b) of this section. If no approval has been given on or before June 30, 2023, then subsection (c) of this section shall expire on July 1, 2023.

**SECTION 9F.11.(e)** Additional Access to BHUC Services. – Dix Crisis Center shall make good-faith efforts to contract with commercial insurance carriers operating in this State, Tri-Care, and any other health benefit plan to the extent that the plan offers coverage for BHUC services.

**SECTION 9F.11.(f)** Dix Crisis Center Reporting. – By August 1, 2023, Dix Crisis Center shall submit to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), a written report of all BHUC services provided under the BHUC pilot program authorized by this section. The report shall include at least all of the following information:

- (1) In aggregate, the number of individuals receiving behavioral health care services, the average length of stay in the BHUC unit, and the average number of repeat crisis episodes experienced by individuals receiving services at the Dix Crisis Center.
- (2) A comparison of the average length of stay and average number of repeat crisis episodes experienced by individuals served by the BHUC unit and the facility-based crisis unit at Dix Crisis Center.
- (3) The level of BHUC unit occupancy during the BHUC pilot program.

1 (4) Additional objective outcome measures that demonstrate the impact and  
2 effectiveness of the BHUC pilot program, including the number of individuals  
3 presenting to a hospital emergency room with a behavioral health crisis and  
4 time spent by county and municipal law enforcement in responding to  
5 behavioral health crises.

6 (5) A detailed budget and list of expenditures funded by State appropriations.

7 **SECTION 9F.11.(g)** DHHS Reporting. – By October 1, 2023, DMH/DD/SAS shall  
8 report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint  
9 Legislative Committee on Medicaid and NC Health Choice, and the Fiscal Research Division on  
10 the BHUC pilot program authorized by this section. The report shall include, at a minimum, the  
11 information described in subdivisions (1) through (5) of subsection (f) of this section.  
12

### 13 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

14 **SECTION 9F.12.(a)** As used in this section, "group home" means any facility that  
15 (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
16 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
17 minors or adults whose primary diagnosis is mental illness or a developmental disability but may  
18 also have other diagnoses.

19 **SECTION 9F.12.(b)** Of the funds appropriated in this act to the Department of  
20 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
21 Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand  
22 dollars (\$1,800,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium shall  
23 be used to provide temporary, short-term financial assistance in the form of a monthly payment  
24 to group homes on behalf of each resident who meets all of the following criteria:

25 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
26 January 1, 2013, but was determined to be ineligible for PCS on or after  
27 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
28 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
29 S.L. 2012-145 and Section 70 of S.L. 2012-194.

30 (2) Has continuously resided in a group home since December 31, 2012.

31 **SECTION 9F.12.(c)** These monthly payments shall be subject to all of the following  
32 requirements and limitations:

33 (1) The amount of the monthly payments authorized by this section shall not  
34 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
35 for each resident who meets all criteria specified in subsection (b) of this  
36 section.

37 (2) A group home that receives the monthly payments authorized by this section  
38 shall not, under any circumstances, use these payments for any purpose other than  
39 providing, as necessary, supervision and medication management for a  
40 resident who meets all criteria specified in subsection (b) of this section.

41 (3) The Department shall make monthly payments authorized by this section to a  
42 group home on behalf of each resident who meets all criteria specified in  
43 subsection (b) of this section only for the period commencing July 1, 2021,  
44 and ending June 30, 2023, or upon depletion of the one million eight hundred  
45 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
46 to DMH/DD/SAS for supplemental short-term assistance for group homes, for  
47 each year of the 2021-2023 fiscal biennium for the purpose of this section,  
48 whichever is earlier.

49 (4) The Department shall make monthly payments authorized by this section only  
50 to the extent sufficient funds are available from the one million eight hundred  
51 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act

1 to DMH/DD/SAS for supplemental short-term assistance for group homes, for  
2 each year of the 2021-2023 fiscal biennium for the purpose of this section.

3 (5) The Department shall not make monthly payments authorized by this section  
4 to a group home on behalf of a resident during the pendency of an appeal by  
5 or on behalf of the resident under G.S. 108A-70.9A.

6 (6) The Department shall terminate all monthly payments pursuant to this section  
7 on June 30, 2023, or upon depletion of the one million eight hundred thousand  
8 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to  
9 DMH/DD/SAS for supplemental short-term assistance for group homes, for  
10 each year of the 2021-2023 fiscal biennium for the purpose of this section,  
11 whichever is earlier.

12 (7) Each group home that receives the monthly payments authorized by this  
13 section shall submit to the Department a list of all funding sources for the  
14 operational costs of the group home for the preceding two years, in accordance  
15 with the schedule and format prescribed by the Department.

16 **SECTION 9F.12.(d)** The Department shall use an existing mechanism to administer  
17 these funds in the least restrictive manner that ensures compliance with this section and timely  
18 and accurate payments to group homes. The Department shall not, under any circumstances, use  
19 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds  
20 appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group  
21 homes, for each year of the 2021-2023 fiscal biennium for any other purpose than the purpose  
22 specified in this section.

23 **SECTION 9F.12.(e)** Nothing in this section shall be construed as an obligation by  
24 the General Assembly to appropriate funds for the purpose of this section, or as an entitlement  
25 by any group home, resident of a group home, or other person to receive temporary, short-term  
26 financial assistance under this section.

## 27 28 **TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE** 29 **FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

30 **SECTION 9F.13.** Of the funds appropriated in this act from the State Fiscal  
31 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,  
32 Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six  
33 hundred thousand dollars (\$12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
34 be used to distribute a one-time payment to each local management entity/managed care  
35 organization (LME/MCO) for the purposes of providing temporary additional funding assistance  
36 for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services  
37 on a per diem basis.

## 38 39 **PART IX-G. PUBLIC HEALTH**

### 40 41 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 42 **IMPROVE MATERNAL AND CHILD HEALTH**

43 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
44 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to  
45 award competitive grants to local health departments for the improvement of maternal and child  
46 health shall be used to continue administering a competitive grant process for local health  
47 departments based on maternal and infant health indicators and the county's detailed proposal to  
48 invest in evidence-based programs to achieve the following goals:

- 49 (1) Improve North Carolina's birth outcomes.
- 50 (2) Improve the overall health status of children in this State from birth to age 5.
- 51 (3) Lower the State's infant mortality rate.

1           **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
2 include at least all of the following components:

- 3           (1) A request for application (RFA) process to allow local health departments to  
4 apply for and receive State funds on a competitive basis. The Department shall  
5 require local health departments to include in the application a plan to evaluate  
6 the effectiveness, including measurable impact or outcomes, of the activities,  
7 services, and programs for which the funds are being requested.
- 8           (2) A requirement that the Secretary prioritize grant awards to those local health  
9 departments that are able to leverage non-State funds in addition to the grant  
10 award.
- 11           (3) Ensures that funds received by the Department to implement the plan  
12 supplement and do not supplant existing funds for maternal and child health  
13 initiatives.
- 14           (4) Allows grants to be awarded to local health departments for up to two years.

15           **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
16 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
17 recipients for the respective grant period pursuant to the amounts designated under subsection  
18 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint  
19 Legislative Oversight Committee on Health and Human Services on the grant awards that  
20 includes at least all of the following:

- 21           (1) The identity and a brief description of each grantee and each program or  
22 initiative offered by the grantee.
- 23           (2) The amount of funding awarded to each grantee.
- 24           (3) The number of persons served by each grantee, broken down by program or  
25 initiative.

26           **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health  
27 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
28 the Division of Public Health a written report of all activities funded by State appropriations. The  
29 report shall include the following information about the fiscal year preceding the year in which  
30 the report is due:

- 31           (1) A description of the types of programs, services, and activities funded by State  
32 appropriations.
- 33           (2) Statistical and demographical information on the number of persons served by  
34 these programs, services, and activities, including the counties in which  
35 services are provided.
- 36           (3) Outcome measures that demonstrate the impact and effectiveness of the  
37 programs, services, and activities based on the evaluation protocols developed  
38 by the Division, in collaboration with the University of North Carolina  
39 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
40 2015-241, and reported to the Joint Legislative Oversight Committee on  
41 Health and Human Services on April 1, 2016.
- 42           (4) A detailed program budget and list of expenditures, including all positions  
43 funded, matching expenditures, and funding sources.

#### 44 45 **LIMITATION ON USE OF STATE FUNDS**

46           **SECTION 9G.2.** The limitation on the use of State funds as stated in Section 12E.13  
47 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and  
48 Human Services for each fiscal year of the 2021-2023 fiscal biennium.

#### 49 50 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 51 **ASSISTANCE PROGRAM**

1           **SECTION 9G.3.** Upon a determination by the Department of Health and Human  
2 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
3 operate the health insurance premium assistance program implemented within the North Carolina  
4 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
5 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
6 Committee on Health and Human Services notifying the Committee of this determination along  
7 with supporting documentation and a proposed course of action with respect to health insurance  
8 premium assistance program participants.

9  
10 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

11           **SECTION 9G.4.(a)** Of the funds appropriated in this act to the Department of Health  
12 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Carolina  
13 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the  
14 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for  
15 administrative purposes. The balance of these funds shall be used for direct services.

16           **SECTION 9G.4.(b)** Carolina Pregnancy Care Fellowship shall report to the Joint  
17 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
18 Division on the use of the funds appropriated in this act as follows:

- 19           (1) By July 1, 2022, on the use of funds received for the 2021-2022 fiscal year,  
20 including the use of any funds awarded as subgrants.  
21           (2) By July 1, 2023, on the use of funds received for the 2022-2023 fiscal year,  
22 including the use of any funds awarded as subgrants.

23  
24 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

25           **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
26 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain  
27 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the  
28 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for  
29 administrative purposes. The balance of these funds shall be used for direct services.

30  
31 **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

32           **SECTION 9G.6.(a)** Of the funds appropriated in this act to the Department of Health  
33 and Human Services, Division of Public Health, the sum of one million two hundred thousand  
34 dollars (\$1,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one  
35 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2022-2023  
36 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and  
37 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in  
38 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
39 only.

40           **SECTION 9G.6.(b)** The Human Coalition shall use funds allocated pursuant to  
41 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
42 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of  
43 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to  
44 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting  
45 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum  
46 of care program shall consist of existing locations of the pilot program authorized by Section  
47 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human  
48 Coalition. All providers rendering services under the statewide program for which they are  
49 compensated with funds allocated pursuant to subsection (a) of this section shall be physically  
50 located in the State of North Carolina. The statewide continuum of care program shall provide  
51 direct services, supports, social services case management, and referrals to biological parents of

1 unborn children and biological or adoptive parents of children under the age of 2 and shall consist  
2 of at least all of the following components:

- 3 (1) Outreach to at-risk populations eligible for the program.
- 4 (2) The use of licensed nurses to perform the following functions:
  - 5 a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 6 b. Provision of medically accurate, pregnancy-related medical  
7 information to program participants.
- 8 (3) The use of licensed social workers, or other individuals of equivalent  
9 experience, to perform the following functions:
  - 10 a. Development of a care plan, resources, and supports for program  
11 participants to address identified needs.
  - 12 b. Referrals to appropriate local resources, including State and federal  
13 benefits programs and local charitable organizations.
  - 14 c. Assistance in applying for State and federal benefits programs.
  - 15 d. Assistance in accomplishing elements of the care plan.

16 **SECTION 9G.6.(c)** In order to be eligible to receive services under the statewide  
17 continuum of care program, an individual shall, at the time of initial contact with the program,  
18 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological  
19 or adoptive parent of a child under the age of 2. Participants of the pilot program authorized under  
20 Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible to  
21 continue to receive continuum of care program services for a period of six months from the date  
22 of termination of pregnancy.

23 **SECTION 9G.6.(d)** The Human Coalition may use up to ten percent (10%) of the  
24 funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

25 **SECTION 9G.6.(e)** By December 1, 2021, and every six months thereafter, the  
26 Human Coalition shall report to the Department of Health and Human Services on the status and  
27 operation of the continuum of care program authorized by subsection (b) of this section. The  
28 report shall include at least all of the following:

- 29 (1) A detailed breakdown of expenditures for the program.
- 30 (2) The number of individuals served by the program, and for the individuals  
31 served, the types of services provided to each.
- 32 (3) Any other information requested by the Department of Health and Human  
33 Services as necessary for evaluating the success of the program.

34 **SECTION 9G.6.(f)** By April 1, 2023, the Department of Health and Human Services  
35 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
36 Fiscal Research Division on the status and operation of the continuum of care program.  
37

## 38 **CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL** 39 **CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT** 40 **OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND** 41 **HUMAN SERVICES**

42 **SECTION 9G.7.(a)** G.S. 87-98.2 reads as rewritten:

### 43 **"§ 87-98.2. Definitions.**

44 The definitions in G.S. 87-85 and the following definitions apply in this Article:

- 45 (1) Commission. – The Well Contractors Certification ~~Commission, as~~  
46 ~~established by G.S. 143B-301.11.~~Commission established in Article 7B of  
47 this Chapter.
- 48 (2) Department. – The Department of ~~Environmental Quality.~~Health and Human  
49 Services.
- 50 (3) Person. – A natural person.

- 1 (4) Secretary. – The Secretary of ~~Environmental Quality~~ Health and Human  
2 Services.
- 3 (5) Well contractor. – A person in trade or business who undertakes to perform a  
4 well contractor activity or who undertakes to personally supervise or  
5 personally manage the performance of a well contractor activity on the  
6 person's own behalf or for any person, firm, or corporation.
- 7 (6) Well contractor activity. – The construction, installation, repair, alteration, or  
8 abandonment of any well."

9 **SECTION 9G.7.(b)** Part 9A of Article 7 of Chapter 143B of the General Statutes  
10 (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the  
11 General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

12 "Article 7B.

13 "Well Contractors Certification Commission.

14 **"§ 87-99. Definitions.**

15 ~~The~~ Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and  
16 G.S. 87-98.2 apply in this Part.

17 **"§ 87-99.1. Creation, powers, and duties of the Commission.**

18 (a) Creation and Duties. – ~~The~~ There is established within the Department of Health and  
19 Human Services, Division of Public Health, the Well Contractors Certification Commission ~~is~~  
20 ~~created within the Department.~~ Commission. The Commission shall:

- 21 (1) Adopt rules with respect to the certification of well contractors as provided by  
22 Article 7A of Chapter 87 of the General Statutes.
- 23 (2) Exercise quasi-judicial powers in accordance with the provisions of Chapter  
24 150B of the General Statutes. The Commission shall make the final agency  
25 decision on any matter involving the certification of well contractors pursuant  
26 to Article 7A of Chapter 87 of the General Statutes and on civil penalties  
27 assessed for violations of that Article or rules adopted pursuant to that Article.
- 28 (3) Adopt rules as may be required to secure a federal grant-in-aid for a program  
29 concerned with the certification of well contractors. This subdivision is to be  
30 liberally construed in order that the State and its citizens may benefit from  
31 federal grants-in-aid.

32 (b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and  
33 Human Services any of its powers, other than the power to adopt rules.

34 **"§ 87-99.2. Membership of Commission.**

35 (a) Appointments. – The Commission shall consist of seven members appointed as  
36 follows:

- 37 (1) One member appointed by the General Assembly upon recommendation of  
38 the Speaker of the House of Representatives who, at the time of appointment,  
39 is (i) engaged in well contractor activities, (ii) certified as a well contractor  
40 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily  
41 in the construction, installation, repair, alteration, or abandonment of domestic  
42 water supply wells, and (iv) a resident of a county that is located east of or is  
43 traversed by Interstate 95.
- 44 (2) One member appointed by the General Assembly upon recommendation of  
45 the Speaker of the House of Representatives who, at the time of appointment,  
46 is (i) engaged in well contractor activities, (ii) certified as a well contractor  
47 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily  
48 in the construction, installation, repair, alteration, or abandonment of domestic  
49 water supply wells, and (iv) a resident of a county that is located wholly west  
50 of Interstate 95.

- 1 (3) One member appointed by the General Assembly upon recommendation of  
2 the President Pro Tempore of the Senate who, at the time of appointment, is  
3 (i) engaged in well contractor activities, (ii) certified as a well contractor under  
4 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
5 in the construction, installation, repair, alteration, or abandonment of  
6 industrial, municipal, or other large capacity water supply wells.
- 7 (4) One member appointed by the General Assembly upon recommendation of  
8 the President Pro Tempore of the Senate who, at the time of appointment, is  
9 (i) engaged in well contractor activities, (ii) certified as a well contractor under  
10 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
11 in the construction, installation, repair, alteration, or abandonment of  
12 nonwater supply wells, such as monitoring or recovery wells.
- 13 (5) One member appointed by the General Assembly upon recommendation of  
14 the Speaker of the House of Representatives who, at the time of appointment,  
15 is (i) employed by a local county health department and (ii) actively engaged  
16 in well inspection and permitting.
- 17 (6) One member appointed by the General Assembly upon recommendation of  
18 the President Pro Tempore of the Senate who, at the time of appointment, is  
19 (i) employed by a local county health department and (ii) actively engaged in  
20 well inspection and permitting.
- 21 (7) One member appointed by the Governor who is (i) appointed from the public  
22 at large, (ii) not engaged in well contractor activities, and (iii) not an employee  
23 of a firm or corporation engaged in well contractor activities or a State or  
24 county governmental agency.

25 (b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3),  
26 and (4) shall be made from among all those persons who are recommended for appointment to  
27 the Commission by any person who is engaged in well contractor activities and who is certified  
28 as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be  
29 appointed to the Commission who is a resident of, or has a principal place of business in, the  
30 same county as another member of the Commission.

31 (c) Terms. – Appointments to the Commission shall be for terms of three years. The terms  
32 of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly  
33 divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on  
34 30 June of years that follow by one year those years that are evenly divisible by three. The terms  
35 of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede  
36 by one year those years that are evenly divisible by three. Members shall serve until their  
37 successors are appointed and qualified. No member shall serve more than two consecutive terms.

38 (d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its  
39 members. These officers shall serve from the time of their election until 30 June of the following  
40 year, or until a successor is elected.

41 (e) Vacancies. – An appointment to fill a vacancy on the Commission created by the  
42 resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired  
43 term. Vacancies in appointments made by the General Assembly shall be filled as provided in  
44 G.S. 120-122.

45 (f) Removal. – The Governor may remove any member of the Commission from office  
46 for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

47 (g) Compensation. – The members of the Commission shall receive per diem and  
48 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

49 (h) Quorum. – A majority of the membership of the Commission constitutes a quorum  
50 for the transaction of business.



1 (i) Services. – All clerical and other services required by the Commission shall be  
 2 supplied by the Secretary.

3 "§§ 87-99.3 through 87-99.9: Reserved for future codification purposes."

4 **SECTION 9G.7.(c)** G.S. 93B-1(3) reads as rewritten:

5 "(3) State agency licensing board. – Any State agency staffed by full-time State  
 6 employees, which as part of their regular functions issue licenses. This section  
 7 does not apply to the North Carolina Criminal Justice Education and Training  
 8 Standards Commission, the North Carolina Sheriffs' Education and Training  
 9 Standards Commission, and the North Carolina Department of Revenue. The  
 10 following is a nonexclusive list of State agency licensing boards and the  
 11 profession or occupation for which the board, agency, or officer may issue  
 12 licenses:

13 ...

14 ~~b. The Department of Environmental Quality.~~

15 ~~I. Well Contractors Certification Commission.~~

16 ~~I. Well Contractor. Article 7A of Chapter 87 of the~~  
 17 ~~General Statutes.~~

18 c. The Department of Health and Human Services.

19 1. North Carolina Medical Care Commission.

20 I. Ambulance Attendant, Emergency Medical  
 21 Technician. Article 7 of Chapter 131E of the General  
 22 Statutes.

23 2. Well Contractors Certification Commission.

24 I. Well Contractor. Article 7A of Chapter 87 of the  
 25 General Statutes.

26 ...."

27 **SECTION 9G.7.(d)** G.S. 143B-138.1(d) is amended by adding a new subdivision to  
 28 read:

29 "(7) Well Contractors Certification Commission."

30  
 31 **LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS AND CHILD**  
 32 **CARE FACILITIES**

33 **SECTION 9G.8.(a)** Of the funds appropriated in this act from the State Fiscal  
 34 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the  
 35 sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022  
 36 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement  
 37 programs to benefit public school units and child care facilities:

38 (1) Thirty-two million eight hundred twelve thousand five hundred dollars  
 39 (\$32,812,500) in nonrecurring funds shall be used to fund a program for the  
 40 testing and remediation of lead levels in drinking water at public school units  
 41 and child care facilities. To the extent feasible and practical, testing conducted  
 42 in public school units shall follow the same model for testing conducted in  
 43 child care facilities. In addition, the program shall include at least the  
 44 following components:

45 a. Development of a statewide database containing the results of testing  
 46 for lead in drinking water at public school units that is similar to the  
 47 existing database containing the results of testing for lead in drinking  
 48 water at child care facilities that will allow for easier tracking of these  
 49 test results and the status of remediation actions.

50 b. A mechanism for providing funding for the replacement of service  
 51 lines, pipes, and fixtures, as needed, or for the installation of filters at

1 affected faucets within public school units and child care facilities that  
2 test positive for lead in drinking water.

- 3 (2) One hundred seventeen million one hundred eighty-seven thousand five  
4 hundred dollars (\$117,187,500) in nonrecurring funds shall be used to fund a  
5 program for lead paint abatement and asbestos abatement in public school  
6 units and child care facilities. The program shall include at least the following  
7 components:

- 8 a. Development of a statewide database containing reports of public  
9 school unit and child care facility inspections for lead paint and  
10 asbestos conducted pursuant to federal or State law.  
11 b. A mechanism for providing funding for lead paint abatement, asbestos  
12 abatement, or both, in public school units and child care facilities;  
13 provided, however, that the following conditions are met:  
14 1. An inspector or management planner determines that action  
15 must be taken in response to an inspection report. As used in  
16 this section, the terms "inspector" and "management planner"  
17 have the same meaning as in 10A NCAC 41C .0601.  
18 2. Lead paint, asbestos, or both, are detected as part of an  
19 inspection or as part of a capital, renovation, or repair project  
20 and a determination is made that remediation is required.  
21 Capital projects may include HVAC, window, or other  
22 ventilation projects related to COVID-19 mitigation, or other  
23 capital, renovation, or repair projects undertaken during  
24 calendar years 2021 through 2024.

25 **SECTION 9G.8.(b)** The Department of Health and Human Services, Division of  
26 Public Health (DPH), shall serve as the lead agency responsible for administering the programs  
27 authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate  
28 with (i) the Department of Public Instruction regarding administration of these programs for the  
29 benefit of public school units and charter schools and (ii) its Division of Child Development and  
30 Early Education regarding administration of these programs for the benefit of child care facilities.  
31 The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child  
32 Development and Early Education as necessary to accomplish the goals of these programs in an  
33 efficient and cost-effective manner.

34 **SECTION 9G.8.(c)** Beginning on February 1, 2022, and annually thereafter until all  
35 funds appropriated in this act for the purposes of this section have been expended or until the  
36 completion of all remediation and abatement activities authorized by this section, whichever is  
37 later, the Department of Health and Human Services, Division of Public Health, and the  
38 Department of Public Instruction shall report to the Joint Legislative Oversight Committee on  
39 Health and Human Services, the Joint Legislative Education Oversight Committee, and the Fiscal  
40 Research Division on the following lead and asbestos remediation and abatement activities  
41 authorized by this section, broken down by county:

- 42 (1) The number of public school units and child care facilities tested for lead in  
43 drinking water, for lead paint or asbestos in the buildings or facilities, or a  
44 combination of these.  
45 (2) The number of public school units and child care facilities determined to be  
46 in need of remediation for lead in drinking water, or for lead paint or asbestos  
47 abatement, or a combination of these.  
48 (3) The number of public school units and child care facilities that have requested  
49 assistance from the Department of Health and Human Services or the  
50 Department of Public Instruction with remediation for lead in drinking water,  
51 for lead paint or asbestos abatement, or for a combination of these.

- 1 (4) The number of remediation or abatement projects completed under the  
2 programs authorized by subsection (a) of this section and the total amount of  
3 funds expended for each project, broken down by each category of  
4 remediation and abatement.  
5

6 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**  
7

8 **PART IX-I. SOCIAL SERVICES**  
9

10 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
11 **STATE-COUNTY SPECIAL ASSISTANCE**

12 **SECTION 9I.1.(a)** The following definitions apply in this section:

- 13 (1) Facility licensed to accept State-County Special Assistance payments or  
14 facility. – Any residential care facility that is (i) licensed by the Department  
15 of Health and Human Services and (ii) authorized to accept State-County  
16 Special Assistance payments from its residents.  
17 (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

18 **SECTION 9I.1.(b)** Of the funds appropriated in this act from the State Fiscal  
19 Recovery Fund to the Department of Health and Human Services, Division of Social Services,  
20 the sum of twenty-six million eight hundred eighty thousand dollars (\$26,880,000) in  
21 nonrecurring funds for the 2021-2022 fiscal year shall be allocated for facilities licensed to accept  
22 State-County Special Assistance. The Division of Social Services shall expend up to thirteen  
23 million four hundred forty thousand dollars (\$13,440,000) of these allocated funds during the  
24 2021-2022 fiscal year and any remaining funds during the 2022-2023 fiscal year to provide  
25 temporary financial assistance in the form of a monthly payment to these facilities to offset the  
26 increased costs of serving residents who are recipients of State-County Special Assistance during  
27 the public health emergency. For the period commencing July 1, 2021, and ending when the  
28 funds allocated under this section are depleted or on the date federal law requires these funds to  
29 be fully expended, whichever is earlier, the amount of the monthly payment authorized by this  
30 section shall be equal to seventy dollars (\$70.00) per month for each resident of the facility as of  
31 the first day of the month who is a recipient of State-County Special Assistance. The DSS shall  
32 not make monthly payments authorized by this section to a facility on behalf of a resident whose  
33 eligibility determination for State-County Special Assistance is pending. The DSS shall terminate  
34 all monthly payments pursuant to this subsection when the funds allocated under this section are  
35 depleted or on the date federal law requires these funds to be fully expended, whichever is earlier.  
36 The counties are not responsible for paying any portion of these monthly payments. Nothing in  
37 this section shall be construed as an obligation by the General Assembly to appropriate funds for  
38 the purpose of this section or as an entitlement by any facility, resident of a facility, or other  
39 person to receive financial assistance under this section.  
40

41 **TANF BENEFIT IMPLEMENTATION**

42 **SECTION 9I.2.(a)** The General Assembly approves the plan titled "North Carolina  
43 Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the  
44 Department of Health and Human Services and presented to the General Assembly. The North  
45 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019,  
46 through September 30, 2022. The Department shall submit the State Plan, as revised in  
47 accordance with subsection (b) of this section, to the United States Department of Health and  
48 Human Services.

49 **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
50 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
51 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

1           **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
2 Electing County or to be redesignated as an Electing County and the accompanying county plan  
3 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
4 County budget requirements effective July 1, 2021. For programmatic purposes, all counties  
5 referred to in this subsection shall remain under their current county designation through  
6 September 30, 2022.

7           **SECTION 9I.2.(d)** For each year of the 2021-2023 fiscal biennium, Electing  
8 Counties shall be held harmless to their Work First Family Assistance allocations for the  
9 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
10 and Work First Diversion Assistance are sufficient for payments made by the Department on  
11 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

12           **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
13 Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023  
14 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
15 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
16 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
17 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
18 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
19 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
20 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
21 Oversight Committee on Health and Human Services and the Fiscal Research Division.

## 22 23 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE** 24 **ENHANCEMENTS, AND REPORT**

25           **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
26 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
27 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
28 risk of removal from the home and to children and families in cases of abuse where a child is not  
29 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
30 The IFPS shall ensure the application of standardized assessment criteria for determining  
31 imminent risk and clear criteria for determining out-of-home placement.

32           **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that  
33 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
34 provide information and data that allows for the following:

- 35           (1) An established follow-up system with a minimum of six months of follow-up  
36 services.
- 37           (2) Detailed information on the specific interventions applied, including  
38 utilization indicators and performance measurement.
- 39           (3) Cost-benefit data.
- 40           (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
41 by tracking families through the intervention process.
- 42           (5) The number of families remaining intact and the associated interventions  
43 while in IFPS and 12 months thereafter.
- 44           (6) The number and percentage, by race, of children who received IFPS compared  
45 to the ratio of their distribution in the general population involved with Child  
46 Protective Services.

47           **SECTION 9I.3.(c)** The Department shall continue implementing a  
48 performance-based funding protocol and shall only provide funding to those programs and  
49 entities providing the required information specified in subsection (b) of this section. The amount  
50 of funding shall be based on the individual performance of each program.

1           **SECTION 9L.3.(d)** The Department shall submit an annual report to the Joint  
2 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
3 Division by December 1 of each year that provides the information and data collected pursuant  
4 to subsection (b) of this section.  
5

#### 6 **CHILD CARING INSTITUTIONS**

7           **SECTION 9L.4.** Until the Social Services Commission adopts rules setting  
8 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
9 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
10 specific child caring institution by the Department of Health and Human Services, Office of the  
11 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
12 reimbursements.  
13

#### 14 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

15           **SECTION 9L.5.** Of the funds available for the provision of foster care services, the  
16 Department of Health and Human Services, Division of Social Services, may continue to provide  
17 for the financial support of children who are deemed to be (i) in a permanent family placement  
18 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
19 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
20 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
21 provisions for extending guardianship services for individuals and youth who exited foster care  
22 through the Guardianship Assistance Program after 16 years of age or who have attained the age  
23 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
24 the individual is (i) completing secondary education or a program leading to an equivalent  
25 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
26 participating in a program or activity designed to promote, or remove barriers to, employment,  
27 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
28 employment requirements of this section due to a medical condition or disability. The  
29 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
30 and be set at the same rate as the foster care room and board rates in accordance with rates  
31 established under G.S. 108A-49.1.  
32

#### 33 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

34           **SECTION 9L.6.(a)** Funds appropriated in this act from the General Fund to the  
35 Department of Health and Human Services for the child welfare postsecondary support program  
36 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
37 in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system,  
38 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
39 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
40 allocated by the State Education Assistance Authority.

41           **SECTION 9L.6.(b)** Of the funds appropriated in this act from the General Fund to  
42 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for  
43 each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State  
44 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
45 administrative functions necessary to manage and distribute scholarship funds under the child  
46 welfare postsecondary support program.

47           **SECTION 9L.6.(c)** Of the funds appropriated in this act from the General Fund to  
48 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand  
49 four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall  
50 be used to contract with an entity to administer the child welfare postsecondary support program

1 described under subsection (a) of this section, which administration shall include the performance  
2 of case management services.

3 **SECTION 91.6.(d)** Funds appropriated in this act to the Department of Health and  
4 Human Services for the child welfare postsecondary support program shall be used only for  
5 students attending public institutions of higher education in this State.  
6

#### 7 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

8 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support  
9 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
10 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
11 receives from the federal government to enhance centralized child support services. To  
12 accomplish this requirement, NCCSS shall do the following:

- 13 (1) In consultation with representatives from county child support services  
14 programs, identify how federal incentive funding could improve centralized  
15 services.
- 16 (2) Use federal incentive funds to improve the effectiveness of the State's  
17 centralized child support services by supplementing and not supplanting State  
18 expenditures for those services.
- 19 (3) Continue to develop and implement rules that explain the State process for  
20 calculating and distributing federal incentive funding to county child support  
21 services programs.

22 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall  
23 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
24 receives from the federal government to county child support services programs to improve  
25 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
26 do the following:

- 27 (1) In consultation with representatives from county child support services  
28 programs, examine the current methodology for distributing federal incentive  
29 funding to the county programs and determine whether an alternative formula  
30 would be appropriate. NCCSS shall use its current formula for distributing  
31 federal incentive funding until an alternative formula is adopted.
- 32 (2) Upon adopting an alternative formula, develop a process to phase in the  
33 alternative formula for distributing federal incentive funding over a four-year  
34 period.

35 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –  
36 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
37 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
38 child support services programs to comply with each of the following:

- 39 (1) Submit an annual plan describing how federal incentive funding would  
40 improve program effectiveness and efficiency as a condition of receiving  
41 federal incentive funding.
- 42 (2) Report annually on the following: (i) how federal incentive funding has  
43 improved program effectiveness and efficiency and been reinvested into their  
44 programs, (ii) provide documentation that the funds were spent according to  
45 their annual plans, and (iii) explain any deviations from their plans.

46 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
47 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
48 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
49 describe how federal incentive funds enhanced centralized child support services to benefit  
50 county child support services programs and improved the effectiveness and efficiency of county  
51 child support services programs. The report shall further include any changes to the State process

1 the NCCSS used in calculating and distributing federal incentive funding to county child support  
2 services programs and any recommendations for further changes.

### 4 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

5 **SECTION 91.8.(a)** The Foster Care Transitional Living Initiative Fund shall  
6 continue to fund and support transitional living services that demonstrate positive outcomes for  
7 youth, attract significant private sector funding, and lead to the development of evidence-based  
8 programs to serve the at-risk population described in this section. The Fund shall continue to  
9 support a demonstration project with services provided by Youth Villages to (i) improve  
10 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
11 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
12 juvenile and adult correction services associated with the provision of Transitional Living  
13 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
14 evidence-based transitional living program available to all youth aging out of foster care. In  
15 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
16 support the following strategies:

- 17 (1) Transitional Living Services, which is an outcome-based program that follows  
18 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
19 participants have been tracked since the program's inception. The program has  
20 been evaluated through an independent randomized controlled trial. Results  
21 indicate that the Youth Villages Transitional Living Model had positive  
22 impacts in a variety of areas, including housing stability, earnings, economic  
23 hardship, mental health, and intimate partner violence in comparison to the  
24 control population.
- 25 (2) Public-Private Partnership, which is a commitment by private-sector funding  
26 partners to match at least twenty-five percent (25%) of the funds appropriated  
27 to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal  
28 biennium for the purposes of providing Transitional Living Services through  
29 the Youth Villages Transitional Living Model to youth aging out of foster  
30 care.
- 31 (3) Impact Measurement and Evaluation, which are services funded through  
32 private partners to provide independent measurement and evaluation of the  
33 impact the Youth Villages Transitional Living Model has on the youth served,  
34 the foster care system, and on other programs and services provided by the  
35 State which are utilized by former foster care youth.
- 36 (4) Advancement of Evidence-Based Process, which is the implementation and  
37 ongoing evaluation of the Youth Villages Transitional Living Model for the  
38 purposes of establishing the first evidence-based transitional living program  
39 in the nation. To establish the evidence-based program, additional randomized  
40 controlled trials may be conducted to advance the model.

41 **SECTION 91.8.(b)** No more than fifteen percent (15%) of the total State funds  
42 appropriated in this act for the Foster Care Transitional Living Initiative Fund in accordance with  
43 this section shall be used for administrative costs.

### 45 **PERMANENCY INNOVATION INITIATIVE**

46 **SECTION 91.9.(a)** G.S. 131D-10.9B reads as rewritten:

#### 47 **"§ 131D-10.9B. Permanency Innovation Initiative Fund.**

48 (a) There is created the Permanency Innovation Initiative Fund that will support a  
49 ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to  
50 (i) improve permanency outcomes for children living in foster care through reunification with  
51 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve

1 engagement with biological relatives of children in or at risk of entering foster care, and (iii)  
2 reduce costs associated with maintaining children in foster care. In implementing these goals, the  
3 Permanency Innovation Initiative Fund shall support the following strategies:

4 ...  
5 (a1) No more than fifteen percent (15%) of the State funds appropriated for this program  
6 shall be used for administrative costs.

7 ...."

8 **SECTION 9L.9.(b)** Funds appropriated in this act to the Department of Health and  
9 Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for  
10 the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all  
11 available federal matching funds.

## 12 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

13 **SECTION 9L.10.(a)** Funds appropriated in this act to the Department of Health and  
14 Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal  
15 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and  
16 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
17 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
18 data to be submitted to the Division that includes, at a minimum, each of the following:

- 19 (1) The dollar amount and number of transactions accessed or expended  
20 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 21 (2) The amount of benefits expended out-of-state, by state, from active cases for  
22 both SNAP and TANF.
- 23 (3) The dollar amount and number of transactions of benefits accessed or  
24 expended in this State, by types of retailers or institutions, for both SNAP and  
25 TANF.

26 **SECTION 9L.10.(b)** Upon receiving the expenditures data for SNAP and TANF  
27 from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the  
28 Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
29 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
30 Research Division. The Division shall post its report required by this subsection on its website  
31 and otherwise make the data available by June 30 and December 31 of each year. In the first  
32 report required by this section, the Division shall report how this data is used to investigate fraud  
33 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
34 how that data is utilized in the detection of fraud and abuse.

35 **SECTION 9L.10.(c)** The Division shall maintain the confidentiality of information  
36 not public under Chapter 132 of the General Statutes. The Division shall properly redact any  
37 information subject to reporting under this section to prevent identification of individual  
38 recipients of SNAP or TANF benefits.

## 39 **INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES**

40 **SECTION 9L.11.** Effective October 1, 2021, G.S. 108A-49.1 reads as rewritten:

### 41 **"§ 108A-49.1. Foster care and adoption assistance payment rates.**

42 (a) The maximum rates for State participation in the foster care assistance program are  
43 established on a graduated scale as follows:

- 44 (1) ~~\$475.00~~ \$514.00 per child per month for children from birth through five  
45 years of age.
- 46 (2) ~~\$581.00~~ \$654.00 per child per month for children six through 12 years of age.
- 47 (3) ~~\$634.00~~ \$698.00 per child per month for children at least 13 but less than 21  
48 years of age.



1 (b) The maximum rates for the State adoption assistance program are established  
2 consistent with the foster care rates as follows:

- 3 (1) ~~\$475.00~~ \$514.00 per child per month for children from birth through five  
4 years of age.  
5 (2) ~~\$581.00~~ \$654.00 per child per month for children six through 12 years of age.  
6 (3) ~~\$634.00~~ \$698.00 per child per month for children at least 13 but less than 21  
7 years of age.

8 ...."  
9

## 10 **CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT**

11 **SECTION 91.12.(a)** From funds appropriated in this act to the Department of Health  
12 and Human Services, Division of Social Services, for the 2021-2022 fiscal year, the Division of  
13 Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities,  
14 and Substance Abuse Services, shall establish a two-year child welfare and behavioral health  
15 pilot project that will provide easier access to comprehensive health services for children in foster  
16 care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster  
17 care, and (iii) ensuring care and services are available without disruption to a child's foster care  
18 placement while accessing services needed to treat the child's trauma. Four counties shall  
19 participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

20 **SECTION 91.12.(b)** The purpose of the pilot project is to establish a  
21 trauma-informed integrated health foster care model to facilitate partnerships between county  
22 departments of social services and local management entities/managed care organizations  
23 (LME/MCOs) regarding children placed in foster care that will do each of the following:

- 24 (1) Address safety and health needs of children with the application of  
25 trauma-informed tools.  
26 (2) Address appropriate preventive and medical care for children placed in foster  
27 care.  
28 (3) Address other social determinants of health, specifically those related to  
29 education and social development.  
30 (4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the  
31 federal Families First Prevention Services Act (Family First Act).  
32 (5) Provide for collaboration across agencies, including private behavioral health  
33 providers, health systems, and agencies of social determinants of health.  
34 (6) Allow for the development of alternative funding models and service  
35 definitions.  
36 (7) Allow for behavioral health services in family foster homes augmented with  
37 mental health services.  
38 (8) Allow for wraparound services for the child to support a singular, unified goal  
39 of children in foster care having a single placement.  
40 (9) Assign dedicated care coordination to each county social services agency.

41 **SECTION 91.12.(c)** The Division of Social Services and the Division of Mental  
42 Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report  
43 on the pilot project established under this section to the Joint Legislative Oversight Committee  
44 on Health and Human Services (Committee) by April 1, 2022, and submit a final report to the  
45 Committee by October 1, 2023, that, at a minimum, includes each of the following:

- 46 (1) The average cost of providing alternatives to therapeutic foster care.  
47 (2) An outline of enhanced services offered and developed during the pilot  
48 project, including barriers and challenges.  
49 (3) The outcomes achieved from the pilot project.  
50 (4) A plan outlining the potential for replication across other counties, including  
51 cost-modeling recommendations.

**REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES**

**SECTION 9L.13.(a)** In accordance with the plan submitted by the Social Services Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31, 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required by S.L. 2017-41 (Rylan's Law), the Department of Health and Human Services (Department) shall establish seven regions for regional supervision of child welfare and social services and begin providing oversight and support within those regions through State regional staff and the central office team by March 1, 2022. To that end, the Department shall continue, pursuant to existing authority, with (i) redeploying positions identified in the report to support regionalization and all managerial staff needed to support regionalization in the central office and (ii) repurposing corresponding operating expenses. The Department shall pursue procurement of physical offices within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve the child welfare system. The Department shall move towards full implementation of a regional model, with offices, by March 1, 2024. The Department shall use existing funds to provide staff to improve regional supervision and support of child welfare services pursuant to the plan as described in this subsection.

**SECTION 9L.13.(b)** The Department of Health and Human Services, Division of Social Services (Division), and the North Carolina Association of Regional Councils of Governments (Councils of Governments) shall explore entering into a memorandum of agreement to (i) utilize Councils of Governments' physical office space and office-related needs for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs by region for the office space and sample agreements between the Division and the Councils of Governments.

**SECTION 9L.13.(c)** The Division of Social Services shall submit a report to the chairs of the Senate Appropriations Committee on Health and Human Services and the House Appropriations Committee on Health and Human Services by January 1, 2022, on the estimated costs, by region, for office space and sample agreements as described in subsection (b) of this section.

**ALLOW SIBLINGS OVER 10 YEARS OF AGE BUT UNDER 18 YEARS OF AGE TO PARTICIPATE IN ECKERD KIDS AND CARING FOR CHILDREN'S ANGEL WATCH PROGRAM**

**SECTION 9L.14.** The Department of Health and Human Services, Division of Social Services, shall use funds provided in this act for each year of the 2021-2023 fiscal biennium to provide continued support of the Eckerd Kids and Caring for Children's Angel Watch program, a foster care program for children who are ages 0 to 10 years of age who are not in the custody of a county department of social services and whose families are temporarily unable to care for them due to a crisis. These funds shall also be used to allow the sibling of a child in the Eckerd Kids and Caring for Children's Angel Watch program who is older than 10 years of age but under 18 years of age to participate in the program. No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

**DEPLOY CHILD WELFARE COMPONENT OF NC FAST**

**SECTION 9L.15.(a)** Funds allocated in Section 9B.2 of this act shall be used by the Department of Health and Human Services, Division of Social Services (Division), to resume deployment of the North Carolina Families Accessing Services through Technology (NC FAST) system as it relates to case management functionality for child welfare. The Division shall deploy the child welfare case management component of the NC FAST system statewide before July 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare Request for Information and Child Welfare Case Management Legislative Report," dated

1 September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare  
2 Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated  
3 June 12, 2020.

4 **SECTION 9I.15.(b)** The Division of Social Services (Division) shall release a  
5 request for proposal (RFP) for at least one significant augmentation to the child welfare  
6 component of the NC FAST system before October 1, 2021. The Division shall enter into a  
7 contract to augment and enhance the child welfare case management component of the NC FAST  
8 system before January 1, 2022. The contract shall align with the recommendations developed by  
9 the Executive Advisory Committee within the Department, with consideration given to software  
10 currently deployed by county departments of social services.

## 11 **PART IX-J. VOCATIONAL REHABILITATION SERVICES**

### 12 **USE OF EXISTING POSITIONS/BENEFITS COUNSELING**

13  
14 **SECTION 9J.1.** The Department of Health and Human Services, Division of  
15 Vocational Rehabilitation (Division), shall convert existing vacant positions from within the  
16 Division into full-time, permanent benefits counselors to assist individuals with disabilities in  
17 their employment efforts and understanding of available support services.  
18

## 19 **PART IX-K. HHS MISCELLANEOUS**

### 20 **MEDICAL BILLING TRANSPARENCY**

21  
22 **SECTION 9K.1.(a)** Article 3 of Chapter 58 of the General Statutes is amended by  
23 adding a new section to read:

24 **"§ 58-3-295. Contract requirements for limitations on billing by in-network health services**  
25 **facilities.**

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

27 (1) Health care provider. – Any individual licensed, registered, or certified under  
28 Chapter 90 of the General Statutes, or under the laws of another state, to  
29 provide health care services in the ordinary care of business or practice, as a  
30 profession, or in an approved education or training program in any of the  
31 following:

32 a. Anesthesia or anesthesiology.

33 b. Emergency services, as defined in G.S. 58-3-190(g).

34 c. Pathology.

35 d. Radiology.

36 e. Rendering assistance to a physician performing any of the services  
37 listed in this subdivision.

38 (2) Health services facility. – As defined in G.S. 131E-176(9b) and including any  
39 office location.

40 (3) Out-of-network provider. – A health care provider that has not entered into a  
41 contract or agreement with an insurer to participate in one of the insurer's  
42 provider networks for the provision of health care services at a pre-negotiated  
43 rate.

44 (b) All contracts or agreements for participation as an in-network health services facility  
45 between an insurer offering health benefit plans in this State and a health services facility at  
46 which there are out-of-network providers who may be part of the provision of services to an  
47 insured while receiving care at the health services facility shall require that an in-network health  
48 services facility shall give at least 72 hours' advanced written notification to an insured that has  
49 scheduled an appointment at that health services facility of any out-of-network provider who will  
50 be part of the provision of the insured's health care services. If there is not at least 72 hours  
51

1 between the scheduling of the appointment and the appointment, then the in-network health  
2 services facility shall give the written notice to the insured on the day the appointment is  
3 scheduled. In the case of emergency services, the health services facility shall give written notice  
4 to the insured as soon as reasonably possible. The written notice required by this subsection shall  
5 include all of the following:

6 (1) All of the health care providers that will be rendering services to the insured  
7 that are not participating as in-network health care providers in the applicable  
8 insurer's network.

9 (2) The estimated cost to the insured of the services being rendered by the  
10 out-of-network providers identified in subdivision (1) of this subsection.

11 (c) If any provision of this section conflicts with the federal Consolidated Appropriations  
12 Act, 2021, P.L. 116-260, and any amendments to that act or regulations promulgated pursuant to  
13 that act, then the provisions of P.L. 116-260 will be applied."

14 **SECTION 9K.1.(b)** This section becomes effective January 1, 2022, and applies to  
15 contracts entered into, amended, or renewed on or after that date.

## 17 **ALLOW EMPLOYERS TO OFFER EPO BENEFIT PLANS**

18 **SECTION 9K.2.(a)** Article 50 of Chapter 58 of the General Statutes is amended by  
19 adding two new sections to read:

### 20 **"§ 58-50-56.1. Exclusive provider organizations, exclusive provider benefit plans.**

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

22 (1) Exclusive provider benefit plan. – A health benefit plan offered by an insurer  
23 in which insureds must receive covered services from health care providers  
24 who are under a contract with the insurer and under which there is no  
25 requirement of coverage for care received from a health care provider who is  
26 not under contract with the insurer, except for emergency services as required  
27 by G.S. 58-3-190 and medically necessary covered services as required by  
28 G.S. 58-3-200(d).

29 (2) Exclusive provider organization or EPO. – An insurer holding contracts with  
30 providers to be used by or offered to insurers offering exclusive provider  
31 benefit plans.

32 (3) Insurer. – An insurer or service corporation subject to this Chapter.

33 (4) Participating provider. – A health care provider who has agreed to accept  
34 special reimbursement or other terms for health care services from an insurer  
35 for health care services; however, a participating provider is not a health care  
36 provider participating in any prepaid health service or capitation arrangement  
37 implemented or administered by the Department of Health and Human  
38 Services or its representatives.

39 (b) Insurers may enter into contracts for an exclusive provider organization with licensed  
40 health care providers of all kinds without regard to specialty of services or limitation to a specific  
41 type of practice. A contract for an exclusive provider organization that is not disapproved by the  
42 Commissioner within 90 days of its filing by the insurer shall be deemed to be approved.

43 (c) Any provision of a contract between an insurer offering an exclusive provider benefit  
44 plan and a health care provider that restricts the provider's right to enter into provider contracts  
45 with other persons is prohibited, is void ab initio, and is not enforceable. The existence of that  
46 restriction does not invalidate any other provision of the contract.

47 (d) Every insurer offering an exclusive provider benefit plan and contracting with an EPO  
48 shall require by contract that the EPO provide all of the participating providers with whom it  
49 holds contracts information about the insurer and the insurer's exclusive provider benefit plans.  
50 This information shall include for each insurer and participating provider benefit plan the benefit  
51 designs and incentives that are used to encourage insureds to use participating providers.

1       (e) The Commissioner's rules adopted and applicable for preferred provider  
2 organizations related to provider accessibility for the insured group, adequacy of providers,  
3 availability of services at reasonable times, and financial solvency shall apply for exclusive  
4 provider organizations.

5       (f) Each insurer offering an exclusive provider benefit plan shall provide the  
6 Commissioner with summary data about the financial reimbursements offered to health care  
7 providers. All such insurers shall annually disclose the following information:

8           (1) The name by which the exclusive provider benefit plan is known and its  
9 business address.

10          (2) The name, address, and nature of any separate organization that administers  
11 any preferred provider benefit plan for the insurer.

12          (3) The terms of the agreements entered into by the insurer with providers in an  
13 exclusive provider organization.

14          (4) Any other information necessary to determine compliance with this section,  
15 rules adopted under this section, or other requirements applicable to preferred  
16 provider benefit plans.

17       (g) Each insurer shall include a clear statement in any application and any benefit  
18 booklets for exclusive provider benefit plans that out-of-network coverage for insureds in the  
19 exclusive provider benefit plan only applies for (i) emergency services and (ii) medically  
20 necessary covered services when an in-network provider is not reasonably available.

21       (h) Any provisions of this Chapter that apply to preferred provider benefit plans or  
22 preferred provider organizations as of July 1, 2021, shall also apply to exclusive provider benefit  
23 plans or exclusive provider organizations.

24 **"§ 58-50-56.2. Exclusive provider organization continuity of care.**

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

26           (1) Ongoing special condition. – One of the following conditions:

27           a. An acute illness that is serious enough to require medical care or  
28 treatment to avoid a reasonable possibility of death or permanent harm.

29           b. A chronic illness, disease, or condition that is life-threatening,  
30 degenerative, or disabling and that requires medical care or treatment  
31 over a prolonged period of time.

32           c. Pregnancy from the start of the second trimester.

33           d. A terminal illness for which an individual has a medical prognosis of  
34 a life expectancy of six months or less.

35           (2) Terminated or termination. – The expiration or nonrenewal of a contract. The  
36 term does not include an ending of the contract by an insurer for failure to  
37 meet applicable quality standards or for fraud.

38       (b) Termination of a Provider. – If (i) a contract between an insurer and a health care  
39 provider offering an exclusive provider benefit plan is terminated by the provider or by the  
40 insurer, or benefits or coverage provided by the insurer are terminated because of a change in the  
41 terms of provider participation in an insurer's exclusive provider benefit plan and (ii) an insured  
42 is undergoing treatment from the provider for an ongoing special condition on the date of  
43 termination, then the following shall apply:

44           (1) Upon termination of the contract by the insurer or upon receipt by the insurer  
45 of written notification of termination by the provider, the insurer shall notify  
46 the insured on a timely basis of the termination and of the insured's right to  
47 elect continuation of coverage of treatment by the provider. This subdivision  
48 shall apply only if the insured has a claim with the insurer for services  
49 provided by the terminated provider or the insured is otherwise known by the  
50 insurer to be a patient of the terminated provider.

1           (2)     Subject to subsection (h) of this section, the insurer shall permit an insured to  
2           elect to continue to be covered with respect to the treatment by the terminated  
3           provider for the ongoing special condition during a transitional period, as  
4           provided under this section.

5           (c)     Newly Covered Insured. – Each exclusive provider benefit plan offered by an insurer  
6           shall provide transition coverage to individuals who (i) are newly covered under an exclusive  
7           provider benefit plan because the individual's employer has changed benefit plans and (ii) are  
8           undergoing treatment from a provider for an ongoing special condition. On the date of  
9           enrollment, an insurer shall notify the newly covered insured of (i) the right to elect continuation  
10          of coverage of treatment by a provider that is not contracted with the exclusive provider benefit  
11          plan and (ii) the method and time line by which the insured should contact the insurer. Subject  
12          to subsection (h) of this section, the insurer shall permit the newly covered insured to elect to  
13          continue to be covered with respect to the treatment by the provider of the ongoing special  
14          condition during a transitional period, as provided under this section.

15          (d)     Transitional Period: In General. – Except as otherwise provided in this section, the  
16          length of a transitional period provided under this subsection shall be determined by the treating  
17          health care provider, so long as it does not exceed 90 days after the date of the notice to the  
18          individual described in subdivision (b)(1) of this section or the date of enrollment in a new plan  
19          described in subsection (c) of this section.

20          (e)     Transitional Period: Scheduled Surgery, Organ Transplantation, or Inpatient Care. –  
21          If surgery, organ transplantation, or other inpatient care was scheduled for an individual, or if the  
22          individual was on an established waiting list for surgery, organ transplantation, or other inpatient  
23          care, before the date of the notice required under subdivision (b)(1) of this section or the date of  
24          enrollment described in subsection (c) of this section, then the transitional period under this  
25          subsection with respect to the surgery, transplantation, or other inpatient care shall extend  
26          through the date of discharge of the individual after completion of the surgery, transplantation,  
27          or other inpatient care, and through post discharge follow-up care related to the surgery,  
28          transplantation, or other inpatient care occurring within 90 days after the date of discharge.

29          (f)     Transitional Period: Pregnancy. – If an individual has entered the second trimester of  
30          pregnancy on or before the date of the notice required under subdivision (b)(1) of this section or  
31          the date of enrollment in a new plan described in subsection (c) of this section, and the provider  
32          was treating the pregnancy before the date of the notice or the date of enrollment in the plan, then  
33          the transitional period with respect to the provider's treatment of the pregnancy shall extend  
34          through the provision of 60 days of postpartum care.

35          (g)     Transitional Period: Terminal Illness. – If an individual was determined to be  
36          terminally ill at the time of a provider's termination of participation under subsection (b) of this  
37          section or at the time of enrollment in the plan under subsection (c) of this section, and the  
38          provider was treating the terminal illness before the date of the termination or enrollment in the  
39          plan, then the transitional period shall extend for the remainder of the individual's life with respect  
40          to care directly related to the treatment of the terminal illness or its medical manifestations.

41          (h)     Permissible Terms and Conditions. – An insurer may condition coverage of continued  
42          treatment by a provider under subsection (b) or subsection (c) of this section upon the following  
43          terms and conditions:

44               (1)     When care is provided pursuant to subsection (b) of this section, the provider  
45               agrees to accept reimbursement from the insurer and, with respect to  
46               cost-sharing, from the insured involved at the rates applicable before the start  
47               of the transitional period as payment in full.

48               (2)     When care is provided pursuant to subsection (c) of this section, the provider  
49               agrees to accept the prevailing rate based on contracts the insurer has with the  
50               same or similar providers in the same or similar geographic area or the PPO  
51               or other rate agreed to by the provider and insurer, if applicable, plus the

- 1 applicable copayment from the newly covered insured, as reimbursement in  
2 full from the insurer and the insured for all covered services.
- 3 (3) The provider agrees to comply with the quality assurance programs of the  
4 insurer responsible for payment under this subsection and to provide to the  
5 insurer necessary medical information related to the care provided. The  
6 insurer's quality assurance programs shall not override the professional or  
7 ethical responsibility of the provider or interfere with the provider's ability to  
8 provide information or assistance to the insured.
- 9 (4) The provider agrees to adhere to the insurer's established policies and  
10 procedures for participating providers, including procedures regarding  
11 referrals and obtaining prior authorization, providing services pursuant to a  
12 treatment plan approved by the insurer, and member hold harmless provisions.
- 13 (5) The receipt of notification from the insured within 45 days of the date of the  
14 notice described in subdivision (b)(1) of this section or the new enrollment  
15 described in subsection (c) of this section that the insured elects to continue  
16 receiving treatment by the provider.
- 17 (6) The provider agrees to discontinue providing services at the end of the  
18 transition period and to assist the insured in an orderly transition to a network  
19 provider. Nothing in this section shall prohibit the insured from continuing to  
20 receive services from the provider at the insured's expense.
- 21 (i) Construction. – Nothing in this section shall be construed to do any of the following:
- 22 (1) Require the coverage of benefits that would not have been covered if the  
23 provider involved remained a participating provider or, in the case of a newly  
24 covered insured, require the coverage of benefits not provided under the  
25 policy in which the newly covered insured is enrolled.
- 26 (2) Require an insurer to offer a transitional period when the insurer terminates a  
27 provider's contract for reasons relating to quality of care or fraud. Refusal by  
28 an insurer to offer a transitional period under these circumstances is not  
29 subject to the grievance review provisions of G.S. 58-50-62.
- 30 (3) Prohibit an insurer from extending any transitional period beyond that  
31 specified in this section.
- 32 (4) Prohibit an insurer from terminating the continuing services of a provider  
33 when the insurer has determined that the provider's continued provision of  
34 services may result in, or is resulting in, a serious danger to the health or safety  
35 of the insured. A termination for these reasons shall be in accordance with the  
36 contract provisions that the provider would otherwise be subject to if the  
37 provider's contract were still in effect.
- 38 (j) Disclosure of Right to Transitional Period. – Each insurer shall include a clear  
39 description of an insured's rights under this section in its evidence of coverage and summary plan  
40 description."

41 **SECTION 9K.2.(b)** The Department of Insurance may adopt temporary rules to  
42 implement this section.

43 **SECTION 9K.2.(c)** This section becomes effective October 1, 2021, and applies to  
44 insurance contracts issued, renewed, or amended on or after that date.

## 45 **PART IX-L. DHHS BLOCK GRANTS**

### 46 **DHHS BLOCK GRANTS**

47  
48 **SECTION 9L.1.(a)** Except as otherwise provided, appropriations from federal Block  
49 Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the  
50 following schedule:  
51

	FY 2021-2022	FY 2022-2023	
1			
2	<b>TEMPORARY ASSISTANCE FOR NEEDY</b>		
3	<b>FAMILIES (TANF) FUNDS</b>		
4			
5	<b>Local Program Expenditures</b>		
6			
7	<b>Division of Social Services</b>		
8			
9	01. Work First Family Assistance	\$35,549,914	\$35,549,914
10			
11	02. Work First County Block Grants	80,093,566	80,093,566
12			
13	03. Work First Electing Counties	2,378,213	2,378,213
14			
15	04. Adoption Services – Special Children		
16	Adoption Fund	4,197,750	4,001,676
17			
18	05. Child Protective Services – Child Welfare		
19	Workers for Local DSS	11,583,264	11,387,190
20			
21	06. Child Welfare Program Improvement Plan	775,176	775,176
22			
23	07. Child Welfare Collaborative	400,000	400,000
24			
25	08. Child Welfare Initiatives	1,400,000	1,400,000
26			
27	<b>Division of Child Development and Early Education</b>		
28			
29	09. Subsidized Child Care Program	45,813,694	45,813,694
30			
31	10. Swap-Child Care Subsidy	12,600,000	12,600,000
32			
33	11. NC Pre-K Services	68,300,000	68,300,000
34			
35	<b>Division of Public Health</b>		
36			
37	12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
38			
39	<b>DHHS Administration</b>		
40			
41	13. Division of Social Services	2,482,260	2,482,260
42			
43	14. Office of the Secretary	34,042	34,042
44			
45	15. Eligibility Systems – Operations and		
46	Maintenance	792,978	713,662
47			
48	16. NC FAST Implementation	443,940	836,088
49			
50	17. Division of Social Services – Workforce		
51	Innovation & Opportunity Act (WIOA)	93,216	93,216



1			
2	18. Division of Social Services TANF Modernization	2,000,000	2,000,000
3			
4	<b>Transfers to Other Block Grants</b>		
5			
6	<b>Division of Child Development and Early Education</b>		
7			
8	19. Transfer to the Child Care and		
9	Development Fund	21,773,001	21,773,001
10			
11	<b>Division of Social Services</b>		
12			
13	20. Transfer to Social Services Block		
14	Grant for Child Protective Services –		
15	Training	285,612	285,612
16			
17	21. Transfer to Social Services Block		
18	Grant for Child Protective Services	5,040,000	5,040,000
19			
20	22. Transfer to Social Services Block		
21	Grant for County Departments of		
22	Social Services for Children's Services	13,097,783	13,097,783
23			
24	23. Transfer to Social Services Block		
25	Grant – Foster Care Services	3,422,219	3,422,219
26			
27	24. Transfer to Social Services Block		
28	Grant – Child Advocacy Centers	1,582,000	1,582,000
29			
30	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
31	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$317,588,628</b>	<b>\$317,509,312</b>
32			
33	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
34	<b>EMERGENCY CONTINGENCY FUNDS</b>		
35			
36	<b>Local Program Expenditures</b>		
37			
38	<b>Division of Child Development and Early Education</b>		
39			
40	01. Subsidized Child Care	\$30,043,764	\$30,043,764
41			
42	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
43	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
44	<b>CONTINGENCY FUNDS</b>	<b>\$30,043,764</b>	<b>\$30,043,764</b>
45			
46	<b>SOCIAL SERVICES BLOCK GRANT</b>		
47			
48	<b>Local Program Expenditures</b>		
49			
50	<b>Divisions of Social Services and Aging and Adult Services</b>		
51			

1	01. County Departments of Social Services	\$19,905,849	\$19,905,849
2			
3	02. County Departments of Social Services		
4	(Nonrecurring)	1,300,000	1,300,000
5			
6	03. County Departments of Social Services		
7	(Transfer From TANF)	\$13,097,783	\$13,097,783
8			
9	04. EBCI Tribal Public Health and Human Services	244,740	244,740
10			
11	05. Child Protective Services		
12	(Transfer From TANF)	5,040,000	5,040,000
13			
14	06. State In-Home Services Fund	1,943,950	1,943,950
15			
16	07. Adult Protective Services	2,138,404	2,138,404
17			
18	08. State Adult Day Care Fund	1,994,084	1,994,084
19			
20	09. Child Protective Services/CPS		
21	Investigative Services – Child Medical		
22	Evaluation Program	901,868	901,868
23			
24	10. Special Children Adoption Incentive Fund	462,600	462,600
25			
26	11. Child Protective Services – Child		
27	Welfare Training for Counties		
28	(Transfer From TANF)	285,612	285,612
29			
30	12. Home and Community Care Block		
31	Grant (HCCBG)	2,696,888	2,696,888
32			
33	13. Child Advocacy Centers		
34	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000
35			
36	14. Guardianship – Division of Social Services	1,802,671	1,802,671
37			
38	15. Foster Care Services		
39	(Transfer From TANF)	3,422,219	3,422,219
40			
41	<b>Division of Central Management and Support</b>		
42			
43	16. DHHS Competitive Block Grants		
44	for Nonprofits	4,774,525	4,774,525
45			
46	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
47			
48	17. Mental Health Services – Adult and		
49	Child/Developmental Disabilities Program/		
50	Substance Abuse Services – Adult	4,149,595	4,149,595
51			

1	<b>DHHS Program Expenditures</b>		
2			
3	<b>Division of Services for the Blind</b>		
4			
5	18. Independent Living Program	3,603,793	3,603,793
6			
7	<b>Division of Health Service Regulation</b>		
8			
9	19. Adult Care Licensure Program	557,598	557,598
10			
11	20. Mental Health Licensure and		
12	Certification Program	266,158	266,158
13			
14	<b>Division of Aging and Adult Services</b>		
15			
16	21. Guardianship	3,825,443	3,825,443
17			
18	<b>DHHS Administration</b>		
19			
20	22. Division of Aging and Adult Services	715,422	715,422
21			
22	23. Division of Social Services	1,019,764	1,019,764
23			
24	24. Office of the Secretary/Controller's Office	636,920	636,920
25			
26	25. Legislative Increases/Fringe Benefits	293,655	293,655
27			
28	26. Division of Child Development and		
29	Early Education	13,878	13,878
30			
31	27. Division of Mental Health, Developmental		
32	Disabilities, and Substance Abuse Services	27,446	27,446
33			
34	28. Division of Health Service Regulation	133,620	133,620
35			
36	29. Division of Services for the Blind and Services		
37	for the Deaf and Hard of Hearing	127,010	127,010
38			
39	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$76,963,495</b>	<b>\$76,963,495</b>
40			
41	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
42			
43	<b>Local Program Expenditures</b>		
44			
45	<b>Division of Social Services</b>		
46			
47	01. Low-Income Energy Assistance		
48	Program (LIEAP)	\$49,582,017	\$49,257,600
49			
50	02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
51			



1	<b>Local Program Expenditures</b>		
2			
3	<b>Division of Child Development and Early Education</b>		
4			
5	01. Child Care Services	\$241,041,643	\$240,907,680
6			
7	02. Smart Start Subsidy	7,392,654	7,392,654
8			
9	03. Transfer from TANF Block Grant		
10	for Child Care Subsidies	21,773,001	21,773,001
11			
12	04. Quality and Availability Initiatives		
13	(TEACH Program \$3,800,000)	51,808,870	52,143,470
14			
15	<b>DHHS Administration</b>		
16			
17	<b>Division of Child Development and Early Education</b>		
18			
19	05. DCDEE Administrative Expenses	9,376,286	9,376,286
20			
21	06. Direct Deposit for Child Care Payments	5,000	5,000
22			
23	<b>Division of Social Services</b>		
24			
25	07. Local Subsidized Child Care		
26	Services Support	18,780,355	18,780,355
27			
28	<b>Division of Central Management and Support</b>		
29			
30	08. NC FAST Operations and Maintenance	1,201,697	1,201,697
31			
32	09. DHHS Central Administration – DIRM		
33	Technical Services	979,762	979,762
34			
35	10. DHHS Central Administration	7,346	7,346
36			
37	<b>Division of Public Health</b>		
38			
39	11. Child Care Health Consultation Contracts	62,205	62,205
40			
41	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
42	<b>FUND BLOCK GRANT</b>	<b>\$352,428,819</b>	<b>\$352,629,456</b>
43			
44	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
45			
46	<b>Local Program Expenditures</b>		
47			
48	01. Mental Health Services – Child	\$5,460,328	\$4,432,011
49			
50	02. Mental Health Services – Adult/Child	26,858,142	17,126,399
51			

1	03. Mental Health Services – First		
2	Psychotic Symptom Treatment	4,205,369	2,615,497
3			
4	<b>DHHS Administration</b>		
5			
6	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
7			
8	04. Crisis Services	1,569,298	1,307,749
9			
10	05. Adult/Child Mental Health Services	350,150	350,150
11			
12	06. Administration	323,120	323,120
13			
14	<b>TOTAL MENTAL HEALTH SERVICES</b>		
15	<b>BLOCK GRANT</b>	<b>\$38,766,407</b>	<b>\$26,154,926</b>
16			
17	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
18			
19	<b>Local Program Expenditures</b>		
20			
21	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
22			
23	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
24			
25	02. Substance Abuse Prevention	16,594,705	10,999,983
26			
27	03. Substance Abuse Services – Treatment for		
28	Children/Adults		
29	(First Step Farm of WNC, Inc. \$100,000)	60,846,746	38,467,860
30			
31	04. Crisis Solutions Initiatives – Collegiate		
32	Wellness/Addiction Recovery	1,085,000	1,085,000
33			
34	05. Crisis Solutions Initiatives – Community		
35	Paramedic Mobile Crisis Management	20,000	20,000
36			
37	<b>DHHS Program Expenditures</b>		
38			
39	<b>Division of Central Management and Support</b>		
40			
41	06. Competitive Grants	1,600,000	1,600,000
42			
43	<b>DHHS Administration</b>		
44			
45	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
46			
47	07. Administration	1,320,452	1,320,452
48			
49	08. Controlled Substance Reporting System		
50	Enhancement	427,655	427,655
51			

1	09. Veterans Initiatives	250,000	250,000
2			
3	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
4	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$84,695,473</b>	<b>\$56,721,865</b>
5			
6	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
7			
8	<b>Local Program Expenditures</b>		
9			
10	<b>Division of Public Health</b>		
11			
12	01. Women's and Children's Health Services		
13	(Safe Sleep Campaign \$45,000; Sickle Cell		
14	Centers \$100,000; Prevent Blindness \$575,000;		
15	March of Dimes \$350,000; Teen Pregnancy		
16	Prevention Initiatives \$650,000;		
17	17P Project \$52,000; Nurse-Family		
18	Partnership \$950,000; Perinatal & Neonatal		
19	Outreach Coordinator Contracts \$440,000;		
20	Mountain Area Pregnancy Services \$50,000)	\$14,778,973	\$14,778,973
21			
22	02. Oral Health	48,227	48,227
23			
24	03. Evidence-Based Programs in Counties		
25	With Highest Infant Mortality Rates	1,575,000	1,575,000
26			
27	<b>DHHS Program Expenditures</b>		
28			
29	04. Children's Health Services	1,427,323	1,427,323
30			
31	05. Women's Health – Maternal Health	169,864	169,864
32			
33	06. Women's and Children's Health – Perinatal		
34	Strategic Plan Support Position	73,920	73,920
35			
36	07. State Center for Health Statistics	158,583	158,583
37			
38	08. Health Promotion – Injury and		
39	Violence Prevention	87,271	87,271
40			
41	<b>DHHS Administration</b>		
42			
43	09. Division of Public Health Administration	552,571	552,571
44			
45	<b>TOTAL MATERNAL AND CHILD</b>		
46	<b>HEALTH BLOCK GRANT</b>	<b>\$18,871,732</b>	<b>\$18,871,732</b>
47			
48	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
49			
50	<b>Local Program Expenditures</b>		
51			

1	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
2			
3	02. Injury and Violence Prevention		
4	(Services to Rape Victims – Set-Aside)	160,000	160,000
5			
6	<b>DHHS Program Expenditures</b>		
7			
8	<b>Division of Public Health</b>		
9			
10	03. HIV/STD Prevention and		
11	Community Planning	137,648	137,648
12			
13	04. Oral Health Preventive Services	150,000	150,000
14			
15	05. Laboratory Services – Testing,		
16	Training, and Consultation	21,000	21,000
17			
18	06. Injury and Violence Prevention		
19	(Services to Rape Victims – Set-Aside)	53,206	53,206
20			
21	07. Performance Improvement and		
22	Accountability	592,123	592,123
23			
24	08. State Center for Health Statistics	82,505	82,505
25			
26	<b>DHHS Administration</b>		
27			
28	<b>Division of Public Health</b>		
29			
30	09. Division of Public Health	65,000	65,000
31			
32	<b>TOTAL PREVENTIVE HEALTH</b>		
33	<b>SERVICES BLOCK GRANT</b>	<b>\$4,291,598</b>	<b>\$4,342,924</b>
34			
35	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
36			
37	01. Community Action Agencies	\$20,916,673	\$20,916,673
38			
39	02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
40			
41	03. Office of Economic Opportunity	1,004,543	1,004,543
42			
43	04. Office of the Secretary/DIRM (Accountable Results for		
44	Community Action (AR4CA) Replacement System)	327,944	589,222
45			
46	05. Office of Economic Opportunity – Workforce		
47	Investment Opportunities Act (WIOA)	60,000	60,000
48			
49	<b>TOTAL COMMUNITY SERVICES</b>		
50	<b>BLOCK GRANT</b>	<b>\$22,925,759</b>	<b>\$22,925,759</b>
51			



**GENERAL PROVISIONS**

**SECTION 9L.1.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

**SECTION 9L.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4 year old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

**SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule is enacted by the General Assembly.

**SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and

1 Management shall not approve any reduction of funds designated for subrecipients in subsection  
2 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
3 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
4 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
5 Human Services for review prior to implementing any changes. In consulting, the report shall  
6 include an itemized listing of affected programs, including associated changes in budgeted  
7 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
8 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
9 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
10 legislative salary increases and benefit adjustments.

11 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and  
12 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
13 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
14 so long as the total allocation for the line items within those Block Grants remains the same.  
15

### 16 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

17 **SECTION 9L.1.(g)** The sum of eighty million ninety-three thousand five hundred  
18 sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in  
19 this act in TANF funds to the Department of Health and Human Services, Division of Social  
20 Services, shall be used for Work First County Block Grants. The Division shall certify these  
21 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
22 has the authority to realign the authorized budget for these funds among the State-level services  
23 based on current year actual expenditures. The Division shall also have the authority to realign  
24 appropriated funds from Work First Family Assistance for electing counties to the Work First  
25 County Block Grant for electing counties based on current year expenditures so long as the  
26 electing counties meet Maintenance of Effort requirements.

27 **SECTION 9L.1.(h)** The sum of eleven million five hundred eighty-three thousand  
28 two hundred sixty-four dollars (\$11,583,264) for the 2021-2022 fiscal year and the sum of eleven  
29 million three hundred eighty-seven thousand one hundred ninety dollars (\$11,387,190) for the  
30 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services,  
31 Division of Social Services, in TANF funds for child welfare improvements shall be allocated to  
32 the county departments of social services for hiring or contracting staff to investigate and provide  
33 services in Child Protective Services cases; to provide foster care and support services; to recruit,  
34 train, license, and support prospective foster and adoptive families; and to provide interstate and  
35 post-adoption services for eligible families.

36 Counties shall maintain their level of expenditures in local funds for Child Protective  
37 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
38 the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall  
39 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

40 **SECTION 9L.1.(i)** The sum of four million one hundred ninety-seven thousand  
41 seven hundred fifty dollars (\$4,197,750) for the 2021-2022 fiscal year and the sum of four million  
42 one thousand six hundred seventy-six dollars (\$4,001,676) for the 2022-2023 fiscal year  
43 appropriated in this act in TANF funds to the Department of Health and Human Services, Special  
44 Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of  
45 Social Services, in consultation with the North Carolina Association of County Directors of  
46 Social Services and representatives of licensed private adoption agencies, shall develop  
47 guidelines for the awarding of funds to licensed public and private adoption agencies upon the  
48 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the  
49 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance  
50 the adoption services program. No local match shall be required as a condition for receipt of these  
51 funds.

1           **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars  
2 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
3 Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall  
4 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
5 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
6 services to families in their homes in the least restrictive setting.

7           **SECTION 9L.1.(k)** Of the three million four hundred fifty thousand dollars  
8 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human  
9 Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen  
10 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each  
11 year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care  
12 or the juvenile justice system.

#### 13 **SOCIAL SERVICES BLOCK GRANT**

14           **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight  
15 hundred forty-nine dollars (\$19,905,849) for each year of the 2021-2023 fiscal biennium and the  
16 sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each  
17 year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant  
18 to the Department of Health and Human Services, Division of Social Services, and the sum of  
19 thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each  
20 year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block  
21 Grant shall be used for county Block Grants. The Division shall certify these funds in the  
22 appropriate State-level services based on prior year actual expenditures. The Division has the  
23 authority to realign the authorized budget for these funds, as well as State Social Services Block  
24 Grant funds, among the State-level services based on current year actual expenditures.

25           **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred  
26 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the  
27 Department of Health and Human Services, Division of Social Services, for each fiscal year of  
28 the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as  
29 follows:  
30

- 31           (1) Provide a regional training center in southeastern North Carolina.
- 32           (2) Provide training for residential child caring facilities.
- 33           (3) Provide for various other child welfare training initiatives.

34           **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,  
35 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
36 Block Grant funding allocated for departmental administration between divisions that have  
37 received administrative allocations from the Social Services Block Grant.

38           **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special  
39 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

40           **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
41 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023  
42 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
43 Social Services. The Division shall allocate these funds to local departments of social services to  
44 replace the loss of Child Protective Services State funds that are currently used by county  
45 governments to pay for Child Protective Services staff at the local level. These funds shall be  
46 used to maintain the number of Child Protective Services workers throughout the State. These  
47 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and  
48 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

49           **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand  
50 five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium  
51 appropriated in this act in the Social Services Block Grant to the Department of Health and

1 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS  
2 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the  
3 provisions of 10A NCAC 71R .0201(3).

4 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand  
5 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
6 year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division  
7 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
8 are exempt from the provisions of 10A NCAC 71R .0201(3).

9 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand  
10 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2021-2023 fiscal  
11 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
12 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used  
13 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may  
14 expend funds allocated in this section to support existing corporate guardianship contracts during  
15 the 2021-2022 and 2022-2023 fiscal years.

16 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to  
17 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred  
18 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult  
19 Protective Services workers where these funds can be the most effective. These funds shall be  
20 used to pay for salaries and related expenses and shall not be used to supplant any other source  
21 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local  
22 match of twenty-five percent (25%).

## 23 24 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

25 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to  
26 realign appropriated funds between the State-level services Low Income Energy Assistance  
27 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative  
28 Oversight Committee on Health and Human Services to ensure needs are effectively met without  
29 exceeding the total amount appropriated for these State-level service items. Additional  
30 emergency contingency funds received may be allocated for Energy Assistance Payments or  
31 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight  
32 Committee on Health and Human Services. Additional funds received shall be reported to the  
33 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
34 Division upon notification of the award. The Department of Health and Human Services shall  
35 not allocate funds for any activities, including increasing administration, other than assistance  
36 payments, without prior consultation with the Joint Legislative Oversight Committee on Health  
37 and Human Services.

38 **SECTION 9L.1.(v)** The sum of forty-nine million five hundred eighty-two thousand  
39 seventeen dollars (\$49,582,017) for the 2021-2022 fiscal year and the sum of forty-nine million  
40 two hundred fifty-seven thousand six hundred dollars (\$49,257,600) for the 2022-2023 fiscal  
41 year appropriated in this act in the Low-Income Energy Assistance Block Grant to the  
42 Department of Health and Human Services, Division of Social Services, shall be used for Energy  
43 Assistance Payments for the households of (i) elderly persons age 60 and above with income up  
44 to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible  
45 for services funded through the Division of Aging and Adult Services.

46 County departments of social services shall submit to the Division of Social Services  
47 an outreach plan for targeting households with 60 year old household members no later than  
48 August 1 of each year. The outreach plan shall comply with the following:

- 49 (1) Ensure that eligible households are made aware of the available assistance,  
50 with particular attention paid to the elderly population age 60 and above and

1 disabled persons receiving services through the Division of Aging and Adult  
2 Services.

- 3 (2) Include efforts by the county department of social services to contact other  
4 State and local governmental entities and community-based organizations to  
5 (i) offer the opportunity to provide outreach and (ii) receive applications for  
6 energy assistance.
- 7 (3) Be approved by the local board of social services or human services board  
8 prior to submission.

9 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop  
10 and implement a centralized system to collect, track, analyze, monitor, and disseminate  
11 performance, outputs, and outcome data for the Community Services Block Grant Program and  
12 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace  
13 the current software solution, Accountable Results for Community Action (AR4CA). The project  
14 shall not proceed until the business case has been approved by the Office of State Budget and  
15 Management and the State Chief Information Officer in the Enterprise Project Management  
16 Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars  
17 (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code  
18 24410 for information technology projects for the 2021-2022 fiscal year.

#### 19 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

20 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal  
21 TANF funds shall comply with all regulations and policies issued by the Division of Child  
22 Development and Early Education for the subsidized child care program.

23 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development  
24 Fund Block Grant for any program cannot be obligated or spent in that program within the  
25 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
26 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
27 to use the federal funds fully.

#### 28 **MENTAL HEALTH SERVICES BLOCK GRANT**

29 **SECTION 9L.1.(z)** The sum of four million two hundred five thousand three  
30 hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of two million  
31 six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for the 2022-2023  
32 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department  
33 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
34 Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom  
35 Treatment.

36 **SECTION 9L.1.(aa)** Of the funds allocated in the Mental Health Services Block  
37 Grant to the Department of Health and Humans Services, Division of Mental Health,  
38 Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 fiscal biennium,  
39 the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be used to  
40 establish three positions and cover operating costs. Two of these positions shall be used for  
41 recovering peer advocates to focus on recovery oriented care, and the third position shall focus  
42 on developing pilot programs and implementing policy to improve services to transition aged  
43 youth with significant behavioral health needs.

#### 44 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

45 **SECTION 9L.1.(bb)** If federal funds are received under the Maternal and Child  
46 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
47 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall  
48 be transferred to the State Board of Education to be administered by the Department of Public  
49  
50  
51

1 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
2 until marriage education program consistent with G.S. 115C-81.30. The Department of Public  
3 Instruction shall carefully and strictly follow federal guidelines in implementing and  
4 administering the abstinence education grant funds.

5 **SECTION 9L.1.(cc)** The sum of one million five hundred seventy-five thousand  
6 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the  
7 Department of Health and Human Services, Division of Public Health, for each year of the  
8 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the  
9 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the  
10 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,  
11 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
12 to the House of Representatives Appropriations Committee on Health and Human Services, the  
13 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
14 Division no later than December 31 of each year.

15 **SECTION 9L.1.(dd)** The sum of seventy-three thousand nine hundred twenty  
16 dollars (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the  
17 Department of Health and Human Services, Division of Public Health, Women and Children's  
18 Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant  
19 existing State or federal funds. This allocation shall be used for a Public Health Program  
20 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
21 Plan and provide staff support for the stakeholder work group.

22 **SECTION 9L.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated  
23 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
24 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for  
25 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

26 **SECTION 9L.1.(ff)** No more than fifteen percent (15%) of the funds allocated for  
27 the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and  
28 Child Health Block Grant shall be used for administrative costs, unless otherwise required by  
29 federal law.

### 30 31 **APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS** 32 **UNDER THE AMERICAN RESCUE PLAN ACT**

33 **SECTION 9L.2.(a)** Of the funds appropriated in this act from federal Low Income  
34 Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the  
35 Department of Health and Human Services, Division of Social Services, the sum of eighty-six  
36 million nine hundred seventy thousand four hundred sixty dollars (\$86,970,460) in nonrecurring  
37 funds shall be used for energy assistance in accordance with federal requirements in response to  
38 the COVID-19 pandemic.

39 **SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care  
40 and Development Block Grant funds received pursuant to ARPA to the Department of Health  
41 and Human Services, Division of Child Development and Early Education, the sum of five  
42 hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars  
43 (\$502,777,789) in nonrecurring funds shall be used for the following in response to the  
44 COVID-19 pandemic:

- 45 (1) To reduce the waitlist for children eligible for subsidized child care who are  
46 in foster care.
- 47 (2) After addressing the waitlist under subdivision (1) of this subsection, to work  
48 towards reducing the remainder of the waitlist for children eligible for  
49 subsidized child care.
- 50 (3) To continue to cover all copays for families eligible for subsidized child care  
51 through the end of the 2021 calendar year.

- 1 (4) If funds provided under this subsection are used for staff bonuses, to award  
2 staff bonuses on an increasing scale based on the number of months the  
3 teacher or staff person has worked at the child care facility, with the maximum  
4 bonus being provided to a teacher or staff person who has worked at least 12  
5 months at the teacher or staff person's current child care facility.

6 **SECTION 9L.2.(c)** Of the funds appropriated in this act from federal Community  
7 Mental Health Services Block Grant funds received pursuant to ARPA to the Department of  
8 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
9 Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two  
10 hundred forty-six dollars (\$41,535,246) in nonrecurring funds shall be used for mental health  
11 services and supports in response to the COVID-19 pandemic.

12 **SECTION 9L.2.(d)** Of the funds appropriated in this act from federal Substance  
13 Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the  
14 Department of Health and Human Services, Division of Mental Health, Developmental  
15 Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty  
16 thousand six hundred fifty-one dollars (\$36,420,651) in nonrecurring funds shall be used to  
17 provide substance abuse prevention and treatment services across the State to those in need due  
18 to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of  
19 Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds  
20 as follows:

- 21 (1) Ten million six hundred thousand dollars (\$10,600,000) to the Department of  
22 Public Safety (DPS) for the following:  
23 a. Four million six hundred thousand dollars (\$4,600,000) to provide two  
24 years of funding to expand the Reentry Medication Assisted Treatment  
25 (MAT) pilot program to the other nine minimum security prisons in  
26 this State that are designated reentry facilities. DPS shall collaborate  
27 with the Division of Mental Health, Developmental Disabilities, and  
28 Substance Abuse Services on expansion of the pilot program under  
29 this subdivision, as needed.  
30 b. Six million dollars (\$6,000,000) to expand the MAT Community  
31 Supervision pilot program, a program for individuals recently released  
32 from prison and on probation. DPS, in collaboration with the Division  
33 of Mental Health, Developmental Disabilities, and Substance Abuse  
34 Services, shall select five counties to participate in the expanded pilot  
35 program that represent tier one or tier two counties with the highest  
36 need. For purposes of this sub-subdivision, tier one and tier two  
37 counties shall have the same designations as those established by the  
38 N.C. Department of Commerce's 2021 County Tier Designations.

39 DPS and the Division of Mental Health, Developmental Disabilities, and  
40 Substance Abuse Services shall report on the results of both pilot programs  
41 described in this subdivision to the Joint Legislative Oversight Committee on  
42 Health and Human Services and the Joint Legislative Oversight Committee  
43 on Justice and Public Safety by November 1, 2023.

- 44 (2) One million dollars (\$1,000,000) to the Brunswick Christian Recovery Center,  
45 a nonprofit organization in Brunswick County that assists individuals  
46 suffering from active addiction.  
47 (3) Funds allocated in subdivisions (1) and (2) of this subsection are provided as  
48 one-time, nonrecurring allocations for the purposes described in those  
49 subdivisions.  
50

## 51 **PART X. AGRICULTURE AND CONSUMER SERVICES**

**TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES****SECTION 10.1.** G.S. 143-717(i) reads as rewritten:

"(i) Limit on Operating and Administrative Expenses. – All administrative expenses of the Commission shall be paid from the Fund. No more than ~~three hundred fifty thousand dollars (\$350,000)~~ three hundred seventy-five thousand dollars (\$375,000) may be used each fiscal year for administrative and operating expenses of the Commission and its staff, provided that the Commission may annually adjust the administrative expense cap imposed by this subsection, so long as that any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly."

**FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE****SECTION 10.2.(a)** G.S. 106-420 reads as rewritten:**"§ 106-420. Authority of Board of Agriculture to adopt regulations.**

The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from outside the State to points within the State. The Board of Agriculture shall adopt regulations for eradicating such plant pests as it may deem capable of being economically eradicated, for repressing such as cannot be economically eradicated, and for preventing their spread within the State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations for preventing the introduction of dangerous plant pests from without the State, and for governing common carriers in transporting plants, articles or things liable to harbor such pests into, from and within the State. The Board is authorized, in order to control plant pests, to adopt regulations governing the inspection, certification and movement of nursery stock, (i) into the State from outside the State, (ii) within the State, and (iii) from within the State to points outside the State. The Board is further authorized to prescribe and collect a schedule of fees to be collected for its nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection, phytosanitary certification, and plant pest certification activities."

**SECTION 10.2.(b)** G.S. 150B-1(d) reads as rewritten:

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

...

(26) The Board of Agriculture in the Department of Agriculture and Consumer Services with respect to the following:

...

d. Fees for State phytosanitary certificates.

...."

**HEMLOCK RESTORATION REPORT**

**SECTION 10.3.** The North Carolina Forest Service shall report on the hemlock restoration initiatives funded by this act. The report shall include the following with respect to each hemlock restoration initiative funded during the 2021-2023 fiscal biennium:

(1) Identification of goals and outcomes for the initiative.

(2) A description of the measures used or data collected to evaluate the efficiency and effectiveness of the initiative in reaching its desired goals and outcomes.

(3) The performance of each initiative with respect to the identified goals and outcomes.

The Forest Service shall provide its report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal



1 Research Division no later than October 1 following the completion of each fiscal year in the  
2 2021-2023 fiscal biennium.

#### 3 4 **TIMBER SALES/RETENTION AND USE OF PROCEEDS**

5 **SECTION 10.4.(a)** G.S. 146-30(d)(6) reads as rewritten:

6 "(6) The following provisions apply with respect to land owned by or under the  
7 supervision and control of the Department of Agriculture and Consumer  
8 Services:

9 a. ~~The net proceeds derived from the sale of land or timber from land~~  
10 ~~owned by or under the supervision and control of the Department of~~  
11 ~~Agriculture and Consumer Services shall be deposited with the State~~  
12 ~~Treasurer in a capital improvement account to the credit of the~~  
13 ~~Department of Agriculture and Consumer Services, to be used for such~~  
14 ~~specific capital improvement projects or other purposes as are~~  
15 ~~provided by transfer of funds from those accounts in the Capital~~  
16 ~~Improvement Appropriations Act, an act of the General Assembly.~~

17 b. The net proceeds derived from the sale of timber and other products of  
18 land shall be deposited in accounts at the Department of Agriculture  
19 and Consumer Services to be used for operational expenses of the  
20 Department incurred for restoration and stewardship of the land."

21 **SECTION 10.4.(b)** G.S. 106-6.3 reads as rewritten:

22 **"§ 106-6.3. Create special revenue fund for research stations.**

23 The Research Stations Fund is established as a special revenue fund within the Department  
24 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of  
25 receipts from the sale of timber and other commodities produced on the Department's research  
26 stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund  
27 appropriations shall be credited to this Fund. Any balance exceeding one million dollars  
28 (\$1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The  
29 Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise  
30 invest in research stations operated by the Department's Research Stations Division."

#### 31 32 **GO GLOBAL NC PROGRAM**

33 **SECTION 10.5.** Funds appropriated in this act to the Department of Agriculture and  
34 Consumer Services for international marketing may be used by the Department to rebrand the  
35 Department's international marketing section as Go Global NC.

#### 36 37 **FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS**

38 **SECTION 10.6.** Funds appropriated in this act from the State Fiscal Recovery Fund  
39 to the Department of Agriculture and Consumer Services for support of North Carolina food  
40 banks shall be allocated as follows:

41 (1) Forty million dollars (\$40,000,000) to distribute to North Carolina food banks.  
42 These funds may be used for the purchase and distribution of food,  
43 infrastructure and equipment, capacity-building for the food banks and their  
44 partner agencies, benefits counseling, partnerships with community  
45 workforce development organizations, and any other use consistent with the  
46 rules implementing the State Fiscal Recovery Fund.

47 (2) Ten million dollars (\$10,000,000) to Golden LEAF, a nonprofit corporation,  
48 to be allocated for the following purposes:

49 a. Eight million dollars (\$8,000,000) to provide grants to nonprofit  
50 organizations to assist those organizations in becoming partner  
51 agencies to any North Carolina food bank. Golden LEAF shall

1 coordinate with Feeding the Carolinas in determining eligible  
2 activities, eligible recipients, maximum grant amounts, and other grant  
3 program details.

- 4 b. Two million dollars (\$2,000,000) to provide grants to nonprofit  
5 organizations that are not North Carolina food bank partner agencies  
6 for school-based weekend food assistance programs for students.

7 Golden LEAF may use up to three percent (3%) of funds allocated by this  
8 subdivision for administrative expenses.  
9

## 10 MEAT AND SEAFOOD PROCESSING GRANTS

11 **SECTION 10.7.(a)** Findings. – The General Assembly finds that the COVID-19  
12 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and  
13 revealed bottlenecks and lack of capacity among the small and independent meat processors who  
14 serve small livestock producers. These bottlenecks and lack of capacity have a substantial  
15 negative impact on the ability of these small livestock producers to have their livestock  
16 slaughtered and processed. In addition, seafood processors lack capacity to meet increased and  
17 altered consumer demand for seafood products due to supply chain disruptions and other  
18 long-term changes in the market for seafood and seafood products. The General Assembly further  
19 finds that financial assistance to these processors for expansion, facility improvements, and  
20 workforce development is necessary to reduce disruptions in the supply chain for fresh meat and  
21 seafood and to help small producers get their products to market.

22 **SECTION 10.7.(b)** Use of Funds and Limitation. – The funds appropriated in this  
23 act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services  
24 for grants to meat and seafood processors shall be used to provide grants as specified in this  
25 section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve  
26 the resiliency of the fresh meat and seafood supply chain to future disruptions. No more than  
27 thirty-five percent (35%) of the funds allocated in this section may be used for grants to seafood  
28 processors.

29 **SECTION 10.7.(c)** Grant Types and Criteria. – The Department shall develop  
30 policies and procedures for the disbursement of the grants authorized by this section that include,  
31 at a minimum, the following:

- 32 (1) The Department may provide three categories of grants:

33 a. Capacity enhancement grant. – This grant is available to an eligible  
34 meat or seafood processing facility that is experiencing slowdowns in  
35 production or has limited capacity to accommodate increased demand  
36 for meat or seafood processing. A capacity enhancement grant may be  
37 used for expansion of an existing eligible facility and for fixtures or  
38 equipment at an existing eligible facility that will expand animal  
39 throughput, processing capacity, the amount or type of products  
40 produced, or processing speed. A grant under this sub-subdivision may  
41 not exceed five hundred thousand dollars (\$500,000).

42 b. Workforce development grant. – This grant is available to an eligible  
43 meat or seafood processing facility that is experiencing slowdowns in  
44 production or has limited capacity to accommodate increased demand  
45 for meat or seafood processing due to workforce limitations or  
46 reductions due to a pandemic or other natural disaster. A workforce  
47 development grant may be used for educational and workforce training  
48 provided either by the facility or by an accredited institution of higher  
49 education. A grant under this sub-subdivision may not exceed one  
50 hundred thousand dollars (\$100,000).

- 1 c. Planning grant. – This grant is available to a nonprofit entity or  
2 institution of higher education to complete feasibility or siting studies  
3 for a new eligible meat processing facility. No more than five percent  
4 (5%) of funds allocated by this section may be used for grants under  
5 this sub-subdivision.
- 6 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood  
7 processing facility is a food processing facility that meets both of the  
8 following requirements:
- 9 a. The plant contracts with independent livestock producers or seafood  
10 harvesters to process animals or seafood.
- 11 b. The United States Department of Agriculture (USDA) contracts with  
12 Department inspectors to conduct federal inspection activities  
13 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at  
14 the plant, the plant is otherwise regulated by the USDA or the United  
15 States Food and Drug Administration, or the plant is a State-inspected  
16 facility.
- 17 (3) Prioritization. – The Department may prioritize projects that will create  
18 additional jobs.
- 19 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under this  
20 section in the amount of one dollar (\$1.00) from nongrant sources for every  
21 two dollars (\$2.00) provided by the grant.
- 22 (5) Clawback. – If fixtures or equipment purchased with grant funds provided  
23 under this Article are disposed of during a period of time as the Department  
24 may specify following the date the fixtures or equipment funded by this act is  
25 placed in service, the grant recipient shall repay to the Department a  
26 proportionate share of the grant funding received as the Department may  
27 specify. As used in this subdivision, the term "disposed of" means disposed  
28 of, taken out of service, or moved out of State.
- 29

## 30 SWINE AND DAIRY ASSISTANCE PROGRAM

31 **SECTION 10.8.(a)** The General Assembly makes the following findings:

- 32 (1) The impact of COVID-19 on the global supply chain has been widespread  
33 across industries, especially within our country's food supply chain.
- 34 (2) Beginning around March of 2020, at least two swine integrators decided to  
35 end operations resulting in the loss of contracts and income for many family  
36 farmers. Dairy producers and processors in the State lost more than half of  
37 their market with COVID-19 related shutdowns of the school systems and  
38 food service industries, and these markets may never fully recover.
- 39 (3) It is projected that significant numbers of swine farms have lost contracts and  
40 dairies have been forced out of business due to the COVID-19 pandemic.
- 41 (4) The continuous and future pressures on the food supply chain will remain an  
42 issue for North Carolina's number one industry, agriculture, as a result of  
43 COVID-19.
- 44 (5) The most effective program for administration of financial assistance to the  
45 swine and dairy industries is a three-fold approach based on verifiable  
46 documentation from producers as specified in this section.

47 **SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from  
48 the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for  
49 emergency support of swine and dairy producers shall be allocated by the Department to provide  
50 financial assistance as specified in subsection (e) of this section to compensate eligible swine and  
51 dairy producers for losses incurred as a result of termination of contracts or ceased production

1 due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the  
2 rules implementing the Coronavirus State Fiscal Recovery Fund established under the American  
3 Rescue Plan Act. The Department may also use the funds allocated by this subsection for  
4 agricultural marketing as described in subsection (g) of this section.

5 **SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this  
6 section:

- 7 (1) Dairy producer. – A Grade A milk producer who can demonstrate to the  
8 satisfaction of the Department that the producer is or was in compliance with  
9 federal Grade A milk regulations during the time period specified in  
10 sub-subdivision (2)a. of subsection (d) of this section.
- 11 (2) Department. – The Department of Agriculture and Consumer Services.
- 12 (3) Swine integrator. – A person, other than a grower, who provides 250 or more  
13 animals to a swine farm and who either has an ownership interest in the  
14 animals or otherwise establishes management and production standards for  
15 the permit holder for the maintenance, care, and raising of the animals. An  
16 ownership interest includes a right or option to purchase the animals.
- 17 (4) Swine producer. – A person who holds or held a permit for an animal waste  
18 management system under Part 1A of Article 21 of Chapter 143 of the General  
19 Statutes during the time period specified in sub-subdivision (1)a. of subsection  
20 (d) of this section.

21 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must  
22 provide to the Department the following information in order to demonstrate the producer's  
23 eligibility for financial assistance pursuant to this section:

- 24 (1) For swine producers, all of the following:
  - 25 a. A contract termination letter from a swine integrator or other  
26 documentation of contract termination between March 1, 2020, and  
27 June 30, 2022.
  - 28 b. Proof that the swine operation is permitted by the State.
  - 29 c. Any other information deemed appropriate by the Department.
- 30 (2) For dairy producers, all of the following:
  - 31 a. Milk production records, showing ceased production during any time  
32 between March 1, 2020, and June 30, 2022.
  - 33 b. Proof that the dairy operation was permitted as a Grade A milk  
34 producer by the Food and Drug Protection Division of the Department  
35 during the time that production was ceased as documented under  
36 sub-subdivision a. of this subdivision.
  - 37 c. Any other information deemed appropriate by the Department.

38 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award  
39 financial assistance based on the following procedures:

- 40 (1) The Department shall award a one-time financial assistance relief payment of  
41 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.
- 42 (2) In addition to the financial assistance awarded under subdivision (1) of this  
43 subsection, the Department shall award either, but not both, of the following  
44 to a qualifying eligible applicant:
  - 45 a. Financial assistance to be administered as follows:
    - 46 1. A cost share for closure of swine lagoons for swine operations  
47 that will not secure a contract with another swine integrator and  
48 will cease swine production, or for closure of dairy waste  
49 structures associated with dairy operations that will cease milk  
50 production. These cost shares shall be limited to ninety percent

- 1 (90%) of the lagoon closure cost, not to exceed one hundred  
2 thousand dollars (\$100,000) per operation.
- 3 2. If an applicant who receives a cost share pursuant to this  
4 sub-subdivision demonstrates a need for additional water  
5 supply for agricultural uses, then the applicant may request an  
6 additional cost share to convert the decommissioned lagoon to  
7 an agricultural water supply pond. These cost shares shall be  
8 limited to ninety percent (90%) of the actual cost, not to exceed  
9 thirty thousand dollars (\$30,000) per operation.
- 10 b. Financial assistance to swine producers for a fixed dollar amount per  
11 head space for producers who are able to secure a production contract  
12 with another swine integrator but must invest in upgrades to existing  
13 barns or completely rebuild animal housing. The maximum award  
14 under this sub-subdivision for renovations shall be ten dollars (\$10.00)  
15 per head space for renovation to animal housing or twenty dollars  
16 (\$20.00) per head space for rebuilt animal housing, but no award under  
17 this sub-subdivision may exceed ninety percent (90%) of the actual  
18 cost of the renovation or construction. A swine producer shall produce  
19 documentation of a new contract or letter of intent with a swine  
20 integrator to establish eligibility for this financial assistance.
- 21 (3) In determining the amount of financial assistance awarded to applicants  
22 pursuant to this section and in reviewing and approving funded activities, the  
23 Department shall comply with applicable federal rules and guidance  
24 governing the State Fiscal Recovery Fund. If the Department determines that  
25 a person who received financial assistance provided inaccurate information to  
26 the Department, then the recipient shall refund the entire amount of the  
27 financial assistance. If the recipient does not refund the appropriate amount,  
28 the North Carolina Department of Revenue shall utilize the provisions of  
29 G.S. 105-242 to collect the money from the recipient.
- 30 (4) Applicants for financial assistance awarded pursuant to this subsection shall  
31 submit the eligibility documents required by subsection (d) of this section no  
32 later than June 30, 2023.
- 33 (5) All swine or dairy producers who receive financial assistance pursuant to this  
34 section shall provide a signed affidavit, under penalty of perjury, certifying  
35 that each fact of the loss presented by the producer is accurate.
- 36 (6) The Department may audit the financial and other records of each recipient of  
37 funds in order to ensure that the funds are used in accordance with the  
38 provisions of this program. The Department may require any documentation  
39 or proof it deems necessary to efficiently administer this program, including  
40 the ownership structure of each entity and the social security numbers of each  
41 applicant. The Department may require the submission of dated, signed, and  
42 continuous records.

43 **SECTION 10.8.(f) Administrative Costs.** – The Department may use up to five  
44 percent (5%) of the total funds allocated in this section for technical and administrative support.

45 **SECTION 10.8.(g) Agricultural Marketing.** – Funds allocated in subsection (b) of  
46 this section may also be used for marketing of North Carolina agriculture with an emphasis on  
47 reinforcing confidence in the supply chain and responding to COVID-19 related shifts in demand  
48 and consumption patterns for North Carolina agricultural products.

49  
50 **PART XI. COMMERCE**  
51

**COMMUNITY DEVELOPMENT BLOCK GRANTS**

**SECTION 11.1.(a)** Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2022, and June 30, 2023, according to the following schedule:

**COMMUNITY DEVELOPMENT BLOCK GRANT**

1. State Administration	\$1,560,286
2. Neighborhood Revitalization	15,419,796
3. Economic Development	21,696,109
4. Infrastructure	5,000,000
5. Rural Community Development	5,000,000

**TOTAL COMMUNITY DEVELOPMENT**

<b>BLOCK GRANT – 2020 Program Year</b>	<b>\$48,676,191</b>
<b>2021 Program Year</b>	<b>\$48,676,191</b>

**SECTION 11.1.(b)** If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 11.1.(c)** Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

**SECTION 11.1.(d)** The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

- (1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

**SECTION 11.1.(e)** By September 1, 2021, and September 1, 2022, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the

1 Fiscal Research Division on the use of Community Development Block Grant Funds  
2 appropriated in the prior fiscal year. The report shall include the following:

- 3 (1) A discussion of each of the categories of funding, including information on  
4 the statewide need in each category.
- 5 (2) Information on the number of applications that were received in each category  
6 and the total dollar amount requested in each category.
- 7 (3) A list of grantees, including the grantee's name, county, category under which  
8 the grant was funded, the amount awarded, and a narrative description of the  
9 project.

10 **SECTION 11.1.(f)** Funds allocated to the Economic Development Category in  
11 subsection (a) of this section shall be made available as grants for eligible activities listed in this  
12 subsection. The funds available for grants under this Category may be used for all of the  
13 following, subject to the national objectives and eligible activities allowed under guidance issued  
14 by the United States Department of Housing and Urban Development:

- 15 (1) Acquisition of real property.
- 16 (2) Demolition and rehabilitation of buildings and improvements.
- 17 (3) Removal of material and architectural barriers.
- 18 (4) Public improvements, including parks, streets, sidewalks, and water and sewer  
19 lines.
- 20 (5) Loans and grants to public or private nonprofit entities for construction and  
21 rehabilitation activities.
- 22 (6) Assistance to private, for-profit entities for economic development.
- 23 (7) Technical assistance to public or nonprofit entities for neighborhood  
24 revitalization or economic development activities.
- 25 (8) Assistance to for-profit and nonprofit entities to facilitate economic  
26 development activities.

27 **SECTION 11.1.(g)** Funds allocated to the Neighborhood Revitalization Category in  
28 subsection (a) of this section shall be made available as grants for eligible activities listed in this  
29 subsection. The funds available for grants under this Category may be used for all of the  
30 following, subject to the national objectives and eligible activities allowed under guidance issued  
31 by the United States Department of Housing and Urban Development:

- 32 (1) Essential repairs to prevent abandonment and deterioration of housing in  
33 low- and moderate-income neighborhoods.
- 34 (2) Demolition and rehabilitation of buildings and improvements.
- 35 (3) Public improvements, including parks, streets, sidewalks, and water and sewer  
36 lines.

37 **SECTION 11.1.(h)** Funds allocated for the Rural Community Development  
38 Category in subsection (a) of this section shall be made available as grants for eligible activities  
39 listed in this subsection. These funds shall provide grants that support community development  
40 and comprehensive growth projects to be awarded by the North Carolina Department of  
41 Commerce. The Rural Community Development Category will provide grants to units of local  
42 government in development tier one and development tier two areas, as defined in  
43 G.S. 143B-437.08, and rural census tracts, as defined in G.S. 143B-472.127(a)(2), of  
44 development tier three areas to support projects that promote broad-based community  
45 development activities, increased local investment and economic growth, and stronger and more  
46 viable rural neighborhoods. In awarding grants under this section, preference shall be given to  
47 projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for  
48 grants under this category may be used for all of the following, subject to the national objectives  
49 and eligible activities allowed under guidance issued by the United States Department of Housing  
50 and Urban Development:

- 1 (1) Essential repairs to prevent abandonment and deterioration of housing in  
2 low- and moderate-income neighborhoods.
- 3 (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
4 lines.
- 5 (3) Public facilities, including neighborhood and community facilities and  
6 facilities for individuals with special needs.
- 7 (4) Public services, including employment, crime prevention, and energy  
8 conservation.
- 9 (5) Assistance to private, for-profit entities for economic development.
- 10 (6) Technical assistance to public or nonprofit entities for neighborhood  
11 revitalization or economic development activities.
- 12 (7) Assistance to for-profit and nonprofit entities to facilitate economic  
13 development activities.

14 **SECTION 11.1.(i)** For purposes of this section, eligible activities under the category  
15 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State  
16 Administered Community Development Block Grant definition of the term "infrastructure."  
17 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the  
18 Infrastructure Category in subsection (a) of this section shall not be reallocated to any other  
19 category.

20 **SECTION 11.1.(j)** Throughout each year, deobligated funds arise in the various  
21 funding categories and program years of the Community Development Block Grant (CDBG)  
22 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
23 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
24 program may vary from year to year based upon the amount of State-appropriated funds allocated  
25 and the amount of eligible in-kind funds identified.

26 **SECTION 11.1.(k)** To allow the Department of Commerce and the Department of  
27 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as  
28 they are identified throughout the program year, the following shall apply to the use of  
29 deobligated CDBG funds and surplus federal administrative funds:

- 30 (1) All surplus federal administrative funds shall be divided equally between the  
31 Departments of Commerce and Environmental Quality and shall be used as  
32 provided in subdivisions (2) and (3) of this subsection.
- 33 (2) All deobligated funds allocated to the Department of Commerce and any  
34 surplus federal administrative funds, as provided for in subdivision (1) of this  
35 subsection, may be used by the Department for all of the following:
  - 36 a. To issue grants in the CDBG Economic Development or  
37 Neighborhood Revitalization Program Category.
  - 38 b. For providing training and guidance to local governments relative to  
39 the CDBG program, its management, and administrative requirements.
  - 40 c. For any other purpose consistent with the Department's administration  
41 of the CDBG program if an equal amount of State matching funds is  
42 available.
- 43 (3) All deobligated funds allocated to the Department of Environmental Quality  
44 and any surplus federal administrative funds, as provided for in subdivision  
45 (1) of this subsection, may be used by the Department for all of the following:
  - 46 a. To issue grants in the CDBG infrastructure program category.
  - 47 b. For any other purpose consistent with the Department's administration  
48 of the CDBG program if an equal amount of State matching funds is  
49 available.

## 50 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**



1           **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the  
2 following for each year that State funds are expended:

3           (1) By September 1 of each year, and more frequently as requested, report to the  
4 chairs of the Joint Legislative Oversight Committee on Agriculture and  
5 Natural and Economic Resources; the chairs of the House of Representatives  
6 Appropriations Committee on Agriculture and Natural and Economic  
7 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
8 Natural, and Economic Resources; and the Fiscal Research Division on prior  
9 State fiscal year program activities, objectives, and accomplishments and prior  
10 State fiscal year itemized expenditures and fund sources.

11           (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
12 Agriculture and Natural and Economic Resources; the chairs of the House of  
13 Representatives Appropriations Committee on Agriculture and Natural and  
14 Economic Resources; the chairs of the Senate Appropriations Committee on  
15 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
16 Division a copy of the entity's annual audited financial statement within 30  
17 days of issuance of the statement.

18           **SECTION 11.2.(b)** The following entities shall comply with the requirements of  
19 subsection (a) of this section:

- 20           (1) North Carolina Biotechnology Center.  
21           (2) High Point Market Authority.  
22           (3) RTI International.

## 23 24 **NC BIOTECHNOLOGY CENTER**

25           **SECTION 11.3.(a)** Recurring funds appropriated in this act to the Department of  
26 Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the  
27 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

- 28           (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
29 related activities: twenty-one percent (21%) of the funding.  
30           (2) Science and commercialization: science and technology development, Centers  
31 of Innovation, business and technology development, education and training,  
32 and related activities: sixty-five percent (65%) of the funding.  
33           (3) Center operations: administration, professional and technical assistance and  
34 oversight, corporate communications, human resource management, financial  
35 and grant administration, legal, and accounting: fourteen percent (14%) of the  
36 funding.

37           **SECTION 11.3.(b)** The nonrecurring funds appropriated in this act to the  
38 Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be  
39 used for the following purposes:

- 40           (1) Expand the NC BIONEER Venture Challenge start-up competition statewide.  
41           (2) Expand NCBiotech grant and loan program funding.  
42           (3) Train new workers statewide to meet biomanufacturing job growth.  
43           (4) Recruit new life sciences companies to the State.  
44           (5) Five hundred thousand dollars (\$500,000) of the nonrecurring funds in each  
45 fiscal year of the biennium shall be used to support funding for early stage  
46 loans to North Carolina agricultural technology companies.

47           **SECTION 11.3.(c)** The Center shall not use any of the nonrecurring funds allocated  
48 in subsection (b) of this section for administrative costs and shall report on the expenditure of  
49 those funds each year pursuant to Section 11.2 of this act.

50           **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over  
51 funding and distribution of grants.

1           **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in  
2 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
3 section if, in the judgment of Center management, the reallocation will advance the mission of  
4 the Center.

5  
6 **SHELLFISH GROWERS LOAN PROGRAM**

7           **SECTION 11.4.(a)** Of the funds appropriated in this act to the Department of  
8 Commerce, the sum of one million dollars (\$1,000,000) in nonrecurring funds is allocated to the  
9 North Carolina Rural Center, Inc., a nonprofit corporation, for the Shellfish Growers Loan  
10 Program created in subsection (b) of this section.

11           **SECTION 11.4.(b)** Article 16 of Chapter 113 of the General Statutes is amended by  
12 adding a new section to read:

13 **"§ 113-211. Shellfish Growers Loan Program.**

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

15           (1) Department. – The Department of Commerce.

16           (2) Governmental crop insurance. – Insurance coverage through the United States  
17 Department of Agriculture Noninsured Crop Disaster Assistance Program.

18           (3) Prime rate. – The interest rate that a commercial bank holds out as its lowest  
19 rate for a loan with less than a 36-month term to its most creditworthy  
20 borrowers.

21           (4) Qualifying business. – A business entity or resident subject to taxation under  
22 Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes that  
23 will use the loan proceeds for the establishment or expansion of shellfish  
24 aquaculture businesses, including equipment and supplies for intensive  
25 shellfish aquaculture operations, water column leasing, and bottom culture  
26 leasing.

27           (5) Qualifying lender. – A nonprofit corporation or community development  
28 financial institution chosen by the Rural Center that engages in lending to  
29 small businesses.

30       (b) Program. – There is established the Shellfish Growers Loan Program to be  
31 administered by the North Carolina Rural Center, Inc., a nonprofit corporation. The program  
32 shall provide a revolving source of low-interest working capital and equipment loans to emerging  
33 and existing small shellfish growers in this State. Funds credited to the program are available in  
34 perpetuity and must be used only to provide loans to eligible businesses as allowed in this section.

35       (c) The following shall apply to the program and loans made under the program:

36           (1) A loan provided under the program shall have a fixed interest rate that is equal  
37 to the prime rate plus two and one-quarter percent (2.25%) and shall be  
38 amortized over the term of the loan.

39           (2) A working capital loan shall have a term of at least 12 months and shall not  
40 exceed 24 months.

41           (3) An equipment loan shall have a term of at least 12 months and shall not exceed  
42 60 months.

43           (4) A loan provided under the program may not exceed more than fifty thousand  
44 dollars (\$50,000) per qualifying business.

45           (5) There shall be no penalty for prepayment of the loan by a qualifying business.

46           (6) The qualifying lender may retain an amount equal to the interest collected  
47 under subdivision (1) of this subsection and may assess an origination fee not  
48 to exceed two percent (2%) of the principal amount of the loan.

49           (7) Loans are made pursuant to an agreement with a qualifying business that  
50 includes at least the following:

- 1           a.     A provision requiring a qualifying business to certify in writing that it  
2                     will use the loan proceeds for the establishment or expansion of  
3                     shellfish aquaculture businesses, including equipment and supplies for  
4                     intensive shellfish aquaculture operations, water column leasing, and  
5                     bottom culture leasing.
- 6           b.     A provision establishing the method for determining compliance with  
7                     the program.
- 8           c.     A provision requiring the loan is secured through a Uniform  
9                     Commercial Code financing statement.
- 10          d.     A provision requiring recapture of loan funds if a business fails to  
11                     comply with the requirements of the program. The qualifying lender  
12                     shall recapture loan funds only if the lender determines there is a  
13                     reasonable expectation that the recovery of funds will exceed the cost  
14                     of recovery.
- 15          e.     A provision requiring proof that the qualifying business possesses  
16                     current governmental crop insurance to protect from disasters.
- 17          f.     A provision allowing for losses from disasters in excess of  
18                     governmental crop insurance coverage on loans made to the qualifying  
19                     business to be covered by the program funds up to the remaining  
20                     unpaid principal loaned to the qualifying business but not repaid at the  
21                     time of the loss.

22          (d)     Information. – The qualifying lender shall make available on their website and in the  
23                     loan application for qualifying businesses information regarding governmental crop insurance  
24                     for shellfish aquaculture growers through the United States Department of Agriculture.

25          (e)     Reporting. – On September 1, 2021, and annually thereafter, the Department shall  
26                     report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and  
27                     Economic Resources; the chairs of the Joint Legislative Economic Development and Global  
28                     Engagement Oversight Committee; the chairs of the House of Representatives Appropriations  
29                     Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate  
30                     Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal  
31                     Research Division. The Department shall consult with the Rural Center and may consult the  
32                     North Carolina Coastal Federation in compiling information for the report. Qualifying lenders  
33                     shall supply information to the Rural Center to compile information for the report. The duty to  
34                     report pursuant to this section shall continue for the duration of the program, until the funds  
35                     appropriated for the program are depleted. Each report shall contain, at a minimum, all of the  
36                     following:

- 37           (1)     The number, average size, and location of qualifying businesses that received  
38                     loans under the prior fiscal year of the report.
- 39           (2)     The average loan amount.
- 40           (3)     The total amount loaned to date.
- 41           (4)     The total amount of loans repaid to date.
- 42           (5)     The total amount of loans defaulted on to date.
- 43           (6)     The total amount of loans defaulted that have been recaptured."

#### 45     **STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS**

46           **SECTION 11.5.** Of the funds appropriated in this act from the State Small Business  
47                     Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of  
48                     one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars  
49                     (\$120,461,927) in nonrecurring funds shall be used to provide a grant to the North Carolina Rural  
50                     Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business  
51                     Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

**MODIFY FILM GRANT**

**SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

**"§ 143B-437.02A. The Film and Entertainment Grant Fund.**

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

- (1) The funds are reserved for a production on which the production company has qualifying expenses of at least the following:
  - a. For a feature-length film:
    1. ~~Three million dollars (\$3,000,000),~~ One million five hundred thousand dollars (\$1,500,000), if for theatrical viewing.
    2. ~~One million dollars (\$1,000,000),~~ Five hundred thousand dollars (\$500,000), if a movie for television.
  - b. For a television series, ~~one million dollars (\$1,000,000)~~ five hundred thousand dollars (\$500,000) per episode.
  - c. For a commercial for theatrical or television viewing or on-line distribution, two hundred fifty thousand dollars (\$250,000).
- (2) The funds are not used to provide a grant in excess of any of the following:
  - ...
  - b. An amount more than seven million dollars (\$7,000,000) for a feature-length film, more than ~~twelve~~ fifteen million dollars ~~(\$12,000,000)~~ (\$15,000,000) for a single season of a television series, or two hundred fifty thousand dollars (\$250,000) for a commercial for theatrical or television viewing or on-line distribution.

...."

**SECTION 11.6.(b)** This section becomes effective July 1, 2021, and applies to grants made on or after that date.

**ONE NC SMALL BUSINESS PROGRAM CHANGES**

**SECTION 11.7.(a)** G.S. 143B-437.80 reads as rewritten:

**"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science, Technology, and Innovation. In order to foster job creation and economic development ~~in~~ throughout the State, the Board may provide grants to eligible businesses to offset costs associated with applying ~~to the United States Small Business Administration for~~ federal Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse a business for ~~up to fifty percent (50%)~~ a percentage of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of ~~three~~ twelve thousand dollars ~~(\$3,000).~~ (\$12,000). The maximum percentage for reimbursement is seventy-five percent (75%) for an eligible business located in a development tier one or two area, as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A

1 business may receive only ~~one grant~~ two grants under this section per year. ~~A business may~~  
 2 ~~receive only one grant under this section with respect to each federal proposal submission.~~ Costs  
 3 that may be reimbursed include costs incurred directly related to preparation and submission of  
 4 the grant such as word processing services, proposal consulting fees, project-related supplies,  
 5 literature searches, rental of space or equipment related to the proposal ~~preparation~~ preparation,  
 6 educational programs, and salaries of individuals involved with the preparation of the proposals.  
 7 Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or  
 8 leasehold improvements, and legal fees.

9 ...  
 10 (e) Education and Outreach. – The North Carolina Board of Science, Technology, and  
 11 Innovation may use up to ten percent (10%) of funds appropriated for grants under this section  
 12 to provide education and outreach, including training, materials, and location and other  
 13 associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I  
 14 proposals."

15 **SECTION 11.7.(b)** G.S. 143B-437.81 reads as rewritten:

16 **"§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.**

17 ...  
 18 (c) Grant. – The North Carolina Board of Science, Technology, and Innovation may  
 19 award grants to match the funds received by a business through a SBIR/STTR Phase I proposal  
 20 up to a maximum of ~~one two hundred thousand dollars (\$100,000).~~ (\$200,000). Seventy-five  
 21 percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR  
 22 Phase I award and application for funds under this section. Twenty-five percent (25%) of the  
 23 total grant shall be remitted to the business upon submission by the business of the Phase II  
 24 application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A~~  
 25 ~~business may receive only one grant under this section per year.~~ A business may receive only  
 26 one grant under this section with respect to each federal proposal ~~submission.~~ award. Over its  
 27 lifetime, a business may receive a maximum of five awards under this section.

28 ...."  
 29

### 30 TIER THREE ONE NC ALLOTMENT

31 **SECTION 11.8.(a)** G.S. 143B-437.71 reads as rewritten:

32 **"§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

33 (a) Establishment. – The One North Carolina Fund is established as a special revenue  
 34 fund in the Department of Commerce.

35 (b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant  
 36 to this subsection. Moneys may be allocated to local governments for use in connection with  
 37 securing commitments for the recruitment, expansion, or retention of new and existing businesses  
 38 and to the One North Carolina Small Business Account created pursuant to subsection (c) of this  
 39 section in an amount not to exceed three million dollars (\$3,000,000). Moneys in the One North  
 40 Carolina Fund allocated to local governments shall be used for the following purposes only:

41 (1) Installation or purchase of equipment.

42 (2) Structural repairs, improvements, or renovations to existing buildings to be  
 43 used for expansion.

44 (3) Construction of or improvements to new or existing water, sewer, gas, or  
 45 electric utility distribution lines or equipment for existing buildings.

46 (4) Construction of or improvements to new or existing water, sewer, gas, or  
 47 electric utility distribution lines or equipment for new or proposed buildings  
 48 to be used for manufacturing and industrial operations.

49 (5) Any other purposes specifically provided by an act of the General Assembly.

50 (b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal  
 51 ~~biennium~~ year may not exceed ~~twenty-eight~~ seventeen million dollars

1 (\$28,000,000)-(\$17,000,000). Of the amount authorized in this subsection, three million dollars  
2 (\$3,000,000) is reserved for agreements with local governments located in development tier three  
3 areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data  
4 specified in G.S. 143B-437.52(c)(3).

5 (c) There is created in the One North Carolina Fund a special account, the One North  
6 Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive  
7 Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I  
8 of Article 10 of Chapter 143B of the General Statutes."

9 **SECTION 11.8.(b)** This section becomes effective July 1, 2021.

## 10 11 **RURAL READY SITES REPORT CHANGE**

12 **SECTION 11.9.** Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

13 **"SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report  
14 detailing its use of State funds appropriated by this section. The report shall be submitted to the  
15 chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
16 Resources, the chairs of the Joint Legislative Economic Development and Global Engagement  
17 Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture  
18 and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture,  
19 Natural, and Economic Resources, and the Fiscal Research Division by September 1, 2017, 2021,  
20 and by September 1 of each subsequent year ~~State funds are received, and more frequently as~~  
21 ~~requested, until all funding appropriated by this section is expended and eligible projects are~~  
22 completed. The Department shall report on each existing eligible project, including any new  
23 agreements entered into and the amount of funds utilized or encumbered for each. The report  
24 shall include the information required by this section for the most recently ended fiscal year. The  
25 report shall include all of the following:

26 (1) For projects that are not completed:

27 a. The name of the project.

28 b. Total amount of funds awarded for each project.

29 c. Amount expended to date for each project.

30 d. A summary and description of each project.

31 e. An expected date of completion for each project.

32 f. An anticipated number of jobs created by each project.

33 g. The current status of the project, including any issues resulting in a  
34 delay.

35 (2) For projects that are completed:

36 a. Whether the site of the project is occupied.

37 b. How many jobs were created by the project."

## 38 39 **SITE DEVELOPMENT REVOLVING LOAN FUND**

40 **SECTION 11.10.(a)** Part 22 of Article 10 of Chapter 143B of the General Statutes  
41 is amended by adding a new section to read:

42 **"§ 143B-472.127A. Site Development Revolving Loan Fund.**

43 (a) Purpose. – The purpose of this section is to (i) provide a means for meeting the need  
44 of local government units to have infrastructure adaptable to and facilitating the recruitment of  
45 industries so as to promote the creation of new jobs and to strengthen and diversify the tax base  
46 and revenue sources in the State and (ii) govern the use of State funds appropriated to the  
47 Authority for site development projects and the use of revenue received by the Authority from  
48 the repayment of loans made with such funds.

49 (b) Fund Established. – The Site Development Revolving Loan Fund is established as a  
50 special revenue fund. The Fund receives State funds for site development. Revenue credited to  
51 the account is available in perpetuity and must be used only to provide loans to local government

1 units as allowed in this section. The Authority is directed to establish accounts within the Fund  
2 to administer loans for site development projects for local government units. The Authority, in  
3 consultation with the Economic Investment Committee, shall determine the form of a loan that  
4 is appropriate for a project application by a local government unit.

5 (c) Prioritization. – The factors for priority in this section apply to a loan from the Fund.  
6 The Rural Infrastructure Authority must consider the following items when evaluating  
7 applications:

8 (1) Whether a loan is needed for the local government unit to complete the site  
9 development project.

10 (2) The anticipated economic impact of full utilization of the site, including  
11 increased employment opportunities and the effect on the tax base of the local  
12 government unit.

13 (3) The costs of the project when compared to the benefits of the project.

14 (4) The degree to which the local government unit has available funds to or has  
15 the ability to generate available funds to, and has historically used such funds  
16 to, invest in an attempt to recruit economic development projects and  
17 opportunities, including investments in developing expertise or employing  
18 expertise in economic development efforts.

19 (5) The types of industries for which the project is suitable for use.

20 (6) The likelihood of utilization of the site and recoupment of the loan.

21 (7) Whether one or more loans have been previously provided pursuant to this  
22 Part for the economic development of the applicant local government unit.

23 (8) The likelihood that utilization of the site will induce additional economic  
24 investment in the area.

25 (9) The ranking of the county pursuant to G.S. 143B-437.08 in which the local  
26 government unit is located.

27 (10) Whether the local government unit has demonstrated a willingness and ability  
28 to meet its responsibilities through sound fiscal policies and efficient  
29 operation and management.

30 (d) Fee. – If an application is approved under this Part, the local government unit must  
31 pay a fee of two percent (2%) of the amount of the loan provided. The fee is payable when loan  
32 is awarded and is a departmental receipt and must be applied to the Authority's costs and the  
33 Local Government Commission's costs in administering funds from the Fund. The Authority and  
34 the Local Government Commission must determine how to allocate the fee receipts.

35 (e) Report. – The Division shall publish by November 1 of each year a report on the  
36 accounts in the Fund covering the preceding fiscal year. The Division shall submit a copy of the  
37 report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
38 Resources and the Fiscal Research Division. The report required by this section must contain the  
39 following information concerning the accounts of the Fund:

40 (1) The beginning and ending balance for the fiscal year.

41 (2) The amount of revenue credited to the Fund during the fiscal year.

42 (3) The total amount of loans awarded from the Fund.

43 (4) Specific to each loan awarded, the recipient of the loan, the amount of the  
44 loan, the amount of the loan that was disbursed, and the amount of the loan  
45 remaining to be disbursed in a subsequent fiscal year.

46 (5) The amount disbursed for loans awarded but not disbursed in a prior fiscal  
47 year and the amount remaining to be disbursed in a subsequent fiscal year.

48 (6) An assessment of the expected impact on the economic development of the  
49 projects for which the loans were awarded.

50 (f) Administration. – The Division shall be responsible for administering the program  
51 whereby loans are awarded by the Authority as provided in this section.

1        (g) Eligibility; Use. – A local government unit is eligible to apply for a loan from the  
2 Fund. Loans from the Fund may be used for the following types of projects necessary to prepare  
3 or improve a site to make the site suitable for sale to a business looking to relocate or expand:

4            (1) Construction of or improvements to new or existing water, sewer, gas, or  
5 electric utility distributions lines or equipment for existing, new, or proposed  
6 buildings.

7            (2) Construction of or improvement to transportation infrastructure for allowing  
8 or improving access to a site.

9            (3) Grading and clearing of a site.

10          (4) Sidewalks.

11          (5) Any other purposes specifically provided by an act of the General Assembly.

12        (h) Limitations. – The following limitations apply to the Fund:

13            (1) The amount of a loan from the Fund may not exceed the construction costs of  
14 a project.

15            (2) A loan from the Fund is available only to the extent that other funding sources  
16 are not reasonably available to the local government unit.

17        (i) Application. – An application for a loan from the Fund must be filed with, submitted  
18 on a form prescribed by, and contain the information required by, the Authority. An applicant  
19 must submit any additional information requested by the Authority to enable the Authority to  
20 make a determination on the application. An application that does not contain information  
21 required by this subsection is incomplete and not eligible for consideration.

22        (j) Review. – The Authority must review all applications filed for a loan under this  
23 section for an application period and rank each application in accordance with the prioritization  
24 factors set forth in subsection (c) of this section. The Authority's determination of rank is  
25 conclusive. If the Authority determines an application's rank is too low to receive an award of a  
26 loan for an application period, the Authority must include the application with those considered  
27 for the next application period. If the application's rank is again too low to receive an award, the  
28 application is not eligible for consideration in a subsequent application period. An applicant  
29 whose application does not receive an award after review in two application periods may file a  
30 new application.

31        (k) Award. – When the Authority determines that an application's rank makes it eligible  
32 for an award of a loan, the Authority must send the applicant a letter of intent to award the loan.  
33 The notice must set out any conditions the applicant must meet to receive the award. When the  
34 applicant satisfies the conditions set out in the letter of intent, the Authority must send the  
35 applicant an offer to award the loan. The applicant must give the Authority written notice of  
36 whether it accepts or rejects the offer. A loan is considered awarded when an offer to award the  
37 loan is issued.

38        (l) Approval by Local Government Commission. – The Authority may not award a loan  
39 under this section unless the Local Government Commission approves the award of the loan and  
40 the terms of the loan. In reviewing a proposed loan to a local government unit, the Local  
41 Government Commission must consider the loan as if it were a bond proposal and review the  
42 proposed loan in accordance with the factors set out in G.S. 159-52 for review of a proposed  
43 bond issue.

44        (m) Terms. – A loan from the Fund is subject to all of the following:

45            (1) Interest rate. – The loan does not bear interest.

46            (2) Maturity. – The loan matures when the local government unit transfer land  
47 benefitting from the project for which the loan was awarded.

48            (3) Security. – A local government unit may pledge, as security for an obligation  
49 to repay the principal of a loan awarded under this section, either or both of  
50 (i) a mortgage, deed of trust, security interest, or similar lien on part or all of  
51 the infrastructure that benefits from the project for which the loan is awarded



1                   or (ii) its full faith and credit if it meets the requirements of Article 4 of  
2                   Chapter 159 of the General Statutes.

3           (n) Debt Instrument. – A local government unit may execute a debt instrument payable  
4 to the State to evidence an obligation to repay the principal of a loan awarded under this section.  
5 The Treasurer, with the assistance of the Local Government Commission, must develop debt  
6 instruments for use by local government units under this section. The Local Government  
7 Commission must develop procedures for loan recipients to deliver debt instruments to the State  
8 without public bidding.

9           (o) Withdrawal. – A letter of intent to offer an award of a loan for a project is withdrawn  
10 if the local government unit fails to enter into a construction contract for the project within two  
11 years after the date of the letter. An award of a loan for a project is withdrawn if the local  
12 government unit fails to enter into a construction contract for the project within one year after  
13 the date of the award. The Division may extend the time limits provided in this subsection on a  
14 finding that the applicant has good cause for the failure but must, upon a finding of good cause,  
15 set a date by which the local government unit must take action or forfeit the award.

16           (p) Disbursement. – The Division must disburse the proceeds of a loan to a local  
17 government unit in a series of payments based on the progress of the project for which the loan  
18 was awarded. To obtain a payment, the local government unit must submit a request for payment  
19 to the Division and document the expenditures for which the payment is requested.

20           (q) Inspection. – The Division may have a project for which a loan is awarded under this  
21 section inspected to determine the progress made on the project and whether the construction of  
22 the project is consistent with the description in the application. The individual performing the  
23 inspection must hold licenses and certifications, as appropriate for such inspections, and may not  
24 be any of the following:

25                   (1) An officer or employee of the local government unit that received the award  
26                   for the project.

27                   (2) An owner, officer, employee, or agent of a contractor or subcontractor  
28                   engaged in the construction of the project for which the award was made.

29           (r) Rules. – The Authority may adopt rules to implement this section. Chapter 150B of  
30 the General Statutes, the Administrative Procedure Act, governs the adoption of rules by the  
31 Authority. The Authority must give a copy of the rules adopted to implement this section without  
32 charge to a person who requests a copy.

33           (s) Definitions. – The following definitions apply in this section:

34                   (1) Authority. – The Rural Infrastructure Authority created in  
35                   G.S. 143B-472.128.

36                   (2) Construction costs. – The costs of planning, designing, and constructing a  
37 project for which a loan is available under this section. The term includes  
38 legal, fiscal, administrative, and contingency costs and the cost to acquire real  
39 property or an interest in real property.

40                   (3) Division. – The Rural Economic Development Division created in  
41                   G.S. 143B-472.126.

42                   (4) Fund. – The Site Development Revolving Loan Fund.

43                   (5) Loan. – An award of money loaned to a local government unit with an  
44 obligation on the part of the unit to repay the amount awarded.

45                   (6) Local Government Commission. – The Local Government Commission of the  
46 Department of the State Treasurer, established in G.S. 159-3.

47                   (7) Local government unit. – A county with total employment of less than  
48 500,000 or one of the following located therein:

49                           a. A city, as defined in G.S. 160A-1.

50                           b. A consolidated city-county, as defined in G.S. 160B-2.

51                   (8) State. – The State of North Carolina.

1           (9)    Treasurer. – The Treasurer of the State elected pursuant to Article III, Section  
2           7, of the North Carolina Constitution."

3           **SECTION 11.10.(b)** Of the funds appropriated in this act for the Department of  
4 Commerce for the Rural Infrastructure Authority, the sum of fifty million dollars (\$50,000,000)  
5 in nonrecurring funds is allocated to the Site Development Revolving Loan Fund created in  
6 subsection (a) of this section for uses consistent with the Fund.  
7

#### 8 **EDPNC MARKETING FUNDS**

9           **SECTION 11.11.** Of the funds appropriated in this act to the Department of  
10 Commerce for the nonprofit corporation with which the Department contracts pursuant to  
11 G.S. 143B-431.01(b), the sum of sixty million dollars (\$60,000,000) shall be used for the  
12 following purposes in the following amounts:

13           (1)    Thirty million dollars (\$30,000,000) for travel and tourism marketing in the  
14           State.

15           (2)    Thirty million dollars (\$30,000,000) for business marketing in the State.

16           Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit  
17 corporation shall use no more than ten million dollars (\$10,000,000) for each purpose in each of  
18 the next three fiscal years.  
19

#### 20 **RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM**

21           **SECTION 11.12.(a)** Allocation. – Of the funds appropriated in this act from the  
22 State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million  
23 dollars (\$50,000,000) shall be allocated to the Department of Commerce, Rural Economic  
24 Developmental Division (REDD), to administer a rural downtown transformation grant program  
25 pursuant to this section. The program shall enable eligible units of local government to fully  
26 leverage resources towards enhancing their communities' prospects for economic growth. Of the  
27 funds allocated in this section, twenty-five million dollars (\$25,000,000) shall be used for  
28 neighborhood revitalization grants and twenty-five million dollars (\$25,000,000) shall be used  
29 for community development enhancement grants, consistent with this section.

30           **SECTION 11.12.(b)** Program. – There is created the Rural Downtown  
31 Transformation Grant Program (Program) to be administered by REDD to provide neighborhood  
32 revitalization and community development enhancement grants to eligible units of local  
33 government.

34           **SECTION 11.12.(c)** Neighborhood Revitalization Grants. – Neighborhood  
35 revitalization grants shall be used to support public improvement projects that complement  
36 affordable housing investments and help pandemic-impacted neighborhoods retain downtown  
37 businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

38           (1)    Sidewalks and walkways.

39           (2)    Parks and playgrounds.

40           (3)    Signage and lighting.

41           (4)    Benches and planter boxes.

42           (5)    Public restrooms.

43           (6)    Public venues, public parking, and infrastructure.

44           **SECTION 11.12.(d)** Community Development Enhancement Grants. – Community  
45 development enhancement grants shall be used for any of the following:

46           (1)    Support the acquisition of land and buildings.

47           (2)    Preparation and development of neighborhood properties and business sites.

48           (3)    Removal of structural and physical barriers to enhance community growth and  
49           economic development opportunities.

50           In addition, community development enhancement grant funds may be used by the  
51 Department of Commerce in partnership with the Department of Environmental Quality to assess

1 environmental hazards on potentially contaminated eligible property or business sites and to  
2 conduct necessary environmental removal or remedial activities to allow the property or business  
3 sites to be permitted for development.

4 **SECTION 11.12.(e)** Training; Technical Assistance. – Program funds may be used  
5 to deliver training and technical assistance for local government units to effectively leverage  
6 State and federal assistance.

7 **SECTION 11.12.(f)** Eligibility. – A unit of local government is eligible for a Rural  
8 Downtown Transformation Grant under this section if it is located in a development tier one or  
9 tier two area, as defined in G.S. 143B-437.08, and is either (i) a community negatively impacted  
10 by the COVID-19 pandemic at a disproportionate level when compared to the rest of the State or  
11 (ii) located in a qualified census tract, as defined by the United States Department of Housing  
12 and Urban Development.

13 **SECTION 11.12.(g)** Application. – An applicant for a Rural Downtown  
14 Transformation Grant must show a reasonable expectation that the funding will yield private  
15 sector investment and job creation, community development projects, or neighborhood  
16 revitalization.

17 **SECTION 11.12.(h)** Administration. – REDD may use up to three percent (3%) of  
18 the funds allocated in this section to administer the Program.

## 19 **PART XII. ENVIRONMENTAL QUALITY**

### 20 **GREAT COHARIE TIMBER SALES**

21 **SECTION 12.1.** The Department of Environmental Quality shall deposit revenue  
22 generated from timber harvesting on the Great Coharie property managed by the Department's  
23 Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code:  
24 64307-6705) for the purpose of restoration and stewardship of that property.  
25  
26  
27

### 28 **OVERSIGHT COMMITTEE STUDY OF DEQ FEES**

29 **SECTION 12.2.** The Joint Legislative Oversight Committee on Agriculture and  
30 Natural and Economic Resources shall study the existing fee structure for permitting,  
31 compliance, and oversight services performed by the Department of Environmental Quality with  
32 the goal of identifying areas where fee income does not adequately support the services provided.  
33 The Committee shall identify, with respect to each service identified as having an insufficient  
34 fee, the amount of the fee that was or could have been charged, the cost incurred by the  
35 Department of Environmental Quality in performing the service, and, if applicable, the reason  
36 for not charging the fee or for the fee shortfall. The Committee shall provide its report to the  
37 2022 Regular Session of the 2021 General Assembly upon its convening.  
38

### 39 **EXTEND SHELLFISH LEASING MORATORIA**

40 **SECTION 12.3.(a)** Section 7 of S.L. 2019-37 reads as rewritten:

41 **"SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
42 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all  
43 those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland  
44 side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77°  
45 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34°  
46 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927'  
47 N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77°  
48 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34°  
49 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut;  
50 running northeasterly along the shoreline to the point of beginning. ~~The moratorium shall expire~~  
51 ~~July 1, 2021.~~ For purposes of this section, a new shellfish cultivation lease or water column lease

1 shall include applications for either type of lease received by the Secretary, but not granted as of  
2 July 1, 2019."

3 **SECTION 12.3.(b)** Section 8 of S.L. 2019-37 reads as rewritten:

4 "SECTION 8. Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
5 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all  
6 those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly  
7 following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W;  
8 running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio  
9 Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline  
10 westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running  
11 northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland  
12 near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of  
13 beginning. ~~The moratorium shall expire July 1, 2021.~~ For purposes of this section, a new shellfish  
14 cultivation lease or water column lease shall include applications for either type of lease received  
15 by the Secretary, but not granted as of July 1, 2019."  
16

### 17 **COMMERCIAL FISHING LICENSE BUYBACK**

18 **SECTION 12.4.(a)** Funds appropriated in this act to the Division of Marine Fisheries  
19 of the Department of Environmental Quality for commercial fishing license buyback shall be  
20 used by the Division to implement a voluntary fisheries license buyback program for holders of  
21 underutilized Standard Commercial Fishing Licenses (SCFLs). The program shall include the  
22 following requirements:

- 23 (1) SCFLs repurchased with funds provided by this section shall be retired and  
24 shall not revert to the pool of available commercial fishing licenses established  
25 by Section 5.2 of S.L. 1997-400, as amended by Section 4.24 of S.L.  
26 1998-225.
- 27 (2) Any holder of an SCFL who sells the license back through the program funded  
28 by this section shall not be eligible to receive an SCFL or a Retired Standard  
29 Commercial Fishing License for three years following the date of sale through  
30 the buyback program.

31 **SECTION 12.4.(b)** The Division of Marine Fisheries shall report to the Joint  
32 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
33 Fiscal Research Division as follows:

- 34 (1) No later than December 1, 2021, on its plan for the voluntary license buyback  
35 program with consideration of a reverse auction model.
- 36 (2) No later than April 15, 2022, on interim progress in implementing the buyback  
37 program, including any required legislative changes.
- 38 (3) No later than September 1, 2022, and September 1, 2023, on activities and  
39 results of the buyback program during the prior fiscal year.

### 40 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED** 41 **FUND AMENDMENTS**

42 **SECTION 12.5.** G.S. 143-215.73F(b) reads as rewritten:

43 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- 44 (1) To provide the State's share of the costs associated with any dredging project  
45 designed to keep shallow draft navigation channels located in State waters or  
46 waters of the ~~state~~ State located within lakes navigable and safe.
- 47 (2) For aquatic weed control projects in waters of the State under Article 15 of  
48 Chapter 113A of the General Statutes. Funding for aquatic weed control  
49 projects is limited to one million dollars (\$1,000,000) in each fiscal year.  
50

- 1           (3)     ~~For the compensation of a beach and inlet management project manager with~~  
 2           ~~the Division of Coastal Management of the Department of Environmental~~  
 3           ~~Quality for the purpose of overseeing all~~ For administrative support of  
 4           activities related to beach and inlet management in the State. ~~Funding for the~~  
 5           ~~position is limited to ninety nine thousand dollars (\$99,000) in each fiscal~~  
 6           ~~year.~~ State, limited to one hundred thousand dollars (\$100,000) in each fiscal  
 7           year.
- 8           (3a)    For administrative support of Fund operations, limited to one hundred  
 9           thousand dollars (\$100,000) in each fiscal year.
- 10          (4)     To provide funding for siting and acquisition of dredged disposal easement  
 11          sites associated with the maintenance of the Atlantic Intracoastal Waterway  
 12          between the border with the state of South Carolina and the border with the  
 13          Commonwealth of Virginia, under a Memorandum of Agreement between the  
 14          State and the federal government.
- 15          (5)     For assessments and data collection regarding dredge material disposal sites  
 16          located in the State."

## 18     **COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND** 19     **CHANGES**

20           **SECTION 12.6.** G.S. 143-215.94B(i) reads as rewritten:

21           "(i)    During each fiscal year, the Department shall use up to ~~one million dollars~~  
 22           ~~(\$1,000,000)~~ two million dollars (\$2,000,000) of the funds in the Commercial Fund to fund  
 23           necessary assessment and cleanup to be conducted by the Department of discharges or releases  
 24           for which a responsible party has been identified but for which the responsible party can  
 25           demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial  
 26           hardship. Any portion of the ~~\$1,000,000~~ two million dollars (\$2,000,000) designated each fiscal  
 27           year, which is not used during that fiscal year to address situations of severe financial hardship,  
 28           shall revert to the Commercial Fund for the uses otherwise provided by this section. The  
 29           Commission shall adopt rules to define severe financial hardship; establish criteria for assistance  
 30           due to severe financial hardship pursuant to this section; and establish a process for evaluation  
 31           and determinations of eligibility with respect to applications for assistance due to severe financial  
 32           hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil  
 33           Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility  
 34           under this subsection."

## 36     **BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION**

37           **SECTION 12.7.** G.S. 87-98 reads as rewritten:

38     "**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

39           ...

40           (c)    The Department shall disburse monies from the Fund based on financial need and on  
 41           the risk to public health posed by groundwater contamination and shall give priority to the  
 42           provision of services under this section to instances when an alternative source of funds is not  
 43           available. The Fund shall not be used to provide alternative water supply to households with  
 44           incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level,  
 45           provided that this income limitation shall not apply in cases of contamination that includes  
 46           per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative  
 47           drinking water supplies if the Department determines that the concentration of one or more  
 48           contaminants in the private drinking water well or improved spring exceeds the federal maximum  
 49           contaminant level, or the federal drinking water action level as defined in 40 Code of Federal  
 50           Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3  
 51           (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking

1 water action level has not been established, the State groundwater standard established by the  
2 Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant,  
3 a health goal established by the North Carolina Department of Health and Human Services, or a  
4 health advisory standard established by the United States Environmental Protection Agency shall  
5 be used to determine whether the Fund may be used to provide alternative drinking water  
6 supplies. The Fund may also be used to provide alternative drinking water supplies as provided  
7 in this section if the Department determines that the concentration of one or more contaminants  
8 in a private drinking water well is increasing over time and that there is a significant risk that the  
9 concentration of a contaminant will exceed the federal maximum contaminant level or drinking  
10 water action level, or the State groundwater standard. A determination of the concentration of a  
11 contaminant shall be based on a sample of water collected from the private drinking water well  
12 within the past 12 months.

13 ...  
14 ~~(e4) The Department may use up to one hundred thousand dollars (\$100,000) annually of~~  
15 ~~the monies in the Fund to pay the personnel and other direct costs associated with the~~  
16 ~~implementation of this section.~~

17 ...."

### 18 **ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION**

19 **SECTION 12.8.** Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of  
20 S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

21 "SECTION 14.20A.(b) Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds  
22 allocated by this section shall be held in reserve by the Office of State Budget and Management  
23 and the allocations to each County shall be released when the County and one or more of the  
24 municipalities specified in subsection (a) of this section reach agreement on the funds allocated  
25 to that County by this section through interlocal agreements or the formation of regional water  
26 and sewer authorities or a combination of interlocal agreements and regional water and sewer  
27 authorities. Funds not spent or encumbered by June 30, ~~2021, 2023~~, shall be returned by the local  
28 governments or regional water and sewer authority to the Office of State Budget and  
29 Management and revert to the General Fund."

### 30 **REPURPOSE PREREGULATORY LANDFILL FUNDS AMENDMENT**

31 **SECTION 12.9.** Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L.  
32 2018-97, reads as rewritten:

33 "SECTION 13.2. Notwithstanding G.S. 130A-310.11(b), up to two million dollars  
34 (\$2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under  
35 G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used  
36 by the Department of Environmental Quality's Division of Waste Management to provide a  
37 matching grant to Charlotte Motor Speedway, LLC, (CMS) for the purpose of remediation  
38 activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one  
39 dollar (\$1.00) for every ~~two non-State dollars (\$2.00)~~ one non-State dollar (\$1.00) provided in  
40 kind or otherwise, up to a maximum of two million dollars (\$2,000,000) for the matching grant  
41 described in this section. CMS may allocate all or a portion of the grant provided by this section  
42 to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an  
43 allocation shall be considered a subgrantee as defined in G.S. 143C-6-23."

### 44 **DAM SAFETY EMERGENCY FUND**

45 **SECTION 12.10.(a)** Part 3 of Article 21 of Chapter 143 of the General Statutes is  
46 amended by adding a new section to read:

47 "§ 143-215.32A. Dam Safety Emergency Fund.

1       (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund  
2 within the Department, as set forth in this section. The Fund shall be used to defray expenses  
3 incurred by the Department in developing and implementing an emergency dam safety remedial  
4 plan.

5       (b) Eligible Expenses. – The Fund may be used for expenses incurred in developing and  
6 implementing an emergency dam safety remedial plan that has been approved by the Department,  
7 including expenses incurred to contract with any third party for services related to plan  
8 development or implementation.

9       (c) Conditions for Use. – These funds shall be used upon the Department's determination  
10 that sufficient funds or corrective action cannot be obtained from other sources without incurring  
11 a delay that would significantly increase the threat to life or risk of damage to property or the  
12 environment.

13       (d) Cost Recovery. – Costs of site investigation and the development and implementation  
14 of an emergency dam safety remedial plan, including attorney's fees and other expenses of  
15 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate  
16 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to  
17 reimburse the Dam Safety Emergency Fund.

18       (e) Standards for Funded Activities. – Emergency dam safety remedial plan development  
19 and implementation activities shall be conducted in accordance with standards set forth in  
20 G.S. 143-215.29."

21       **SECTION 12.10.(b)** G.S. 143-215.29(a) reads as rewritten:

22       "(a) Any project for which the Commission's approval is required under G.S. 143-215.26,  
23 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission  
24 issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in  
25 G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State  
26 of North Carolina."  
27

## 28 **VOLKSWAGEN SETTLEMENT ADMINISTRATIVE EXPENSES AND PHASE II** 29 **APPROPRIATION**

30       **SECTION 12.11.(a)** Section 10(b) of S.L. 2020-79 reads as rewritten:

31       "**SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section  
32 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen  
33 Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred  
34 eighty-one thousand eight hundred eighty-six dollars (\$30,681,886) to fund Phase 1 of the August  
35 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and  
36 submitted by the Department of Environmental Quality to the General Assembly pursuant to the  
37 Settlement Directives. The funds appropriated in this act shall be allocated for the following  
38 purposes set forth in Phase 1 of the Plan:

- 39       (1) Diesel bus and vehicle replacements or upgrades.
- 40       (2) Zero emissions vehicle infrastructure – Level 2 charging stations.
- 41       (3) Zero emissions vehicle infrastructure – DC fast charging stations.

42       The Department of Environmental Quality in its capacity as the lead agency designated under  
43 the procedures set forth in the Trust agreement may transfer and use up to one million five  
44 hundred thirty-four thousand ninety-four dollars (\$1,534,094) for administrative purposes in  
45 executing the Plan.

46       Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end  
47 of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of~~  
48 ~~Environmental Quality as set forth in the Trust agreement.~~ remain available until expended."

49       **SECTION 12.11.(b)** The appropriation of funds in this act from the Volkswagen  
50 Litigation Environmental Mitigation Fund for Phase 2 of the August 28, 2018, Beneficiary

1 Mitigation Plan (the Phase 2 Plan) shall be contingent upon the submission of the Phase 2 Plan  
2 by the Department of Environmental Quality to the General Assembly.

3 **SECTION 12.11.(c)** Subsection (a) of this section becomes effective June 30, 2021.  
4

#### 5 **WATER INFRASTRUCTURE FUND ENHANCEMENT**

6 **SECTION 12.12.(a)** G.S. 159G-22 is amended by adding a new subsection to read:

7 "(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department  
8 for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide  
9 State matching funds that are in excess of the amount required to draw down all available federal  
10 capitalization grant funds may also be used for water and wastewater infrastructure grants  
11 awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility  
12 Reserve."

13 **SECTION 12.12.(b)** G.S. 159G-39 reads as rewritten:

14 "**§ 159G-39. Review of applications and award of loan or grant.**

15 ...

16 (e) ~~Viable Utility Reserve Terms.~~ Approval. – The Department shall not award a grant  
17 from the Viable Utility Reserve Fund unless the Local Government Commission approves the  
18 award of the grant and the terms of the grant. Any emergency grant application submitted under  
19 G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon  
20 submission.

21 (f) Grant Terms. –

22 (1) Viable Utility Reserve. – The Department and the Local Government  
23 Commission may, in their discretion, impose specific performance measures  
24 or conditions on any grant awarded from the Viable Utility Reserve, including  
25 any grant submitted under G.S. 159G-31(e).

26 (2) Drinking Water Reserve or Wastewater Reserve. – The Department may  
27 impose specific performance measures or conditions on any grant awarded  
28 from the Drinking Water Reserve or Wastewater Reserve to ensure an  
29 adequately funded program for the repair, maintenance, and management of  
30 the water or wastewater infrastructure."  
31

#### 32 **GENERAL FUND WATER AND SEWER INFRASTRUCTURE – STATESVILLE AND** 33 **TROUTMAN**

34 **SECTION 12.12A.** Of the funds appropriated in this act from the General Fund to  
35 the Water Infrastructure Fund for the Drinking Water Reserve and the Wastewater Reserve, the  
36 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022  
37 fiscal year is allocated to the City of Statesville, and the sum of two hundred fifty thousand dollars  
38 (\$250,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated to the Town of  
39 Troutman. These funds shall be used for water or wastewater projects as set forth in the statutes  
40 and rules governing the Drinking Water and Wastewater Reserves.  
41

#### 42 **WATER AND SEWER INFRASTRUCTURE FUNDS**

43 **SECTION 12.13.(a)** Allocation. – Funds appropriated in this act from the State  
44 Fiscal Recovery Fund to the Department of Environmental Quality for water and sewer  
45 infrastructure shall be allocated as follows:

46 (1) Five hundred million dollars (\$500,000,000) to the Water Infrastructure Fund  
47 for the Viable Utility Reserve to be used for the purposes set forth in  
48 subdivisions (1) through (5) of G.S. 159G-32(d).

49 (2) Five hundred fifty million dollars (\$550,000,000) to the Water Infrastructure  
50 Fund for the Drinking Water Reserve and the Wastewater Reserve to provide  
51 project construction grants to public water systems and wastewater systems.



1 Of the funds allocated by this subdivision, two hundred fifty million dollars  
2 (\$250,000,000) shall be used by the Department to provide project grants for  
3 public water systems and wastewater systems that the Department categorizes  
4 as at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants  
5 awarded from funds allocated by this subdivision.

6 (3) Eighty million dollars (\$80,000,000) to the Water Infrastructure Fund for the  
7 Drinking Water Reserve and the Wastewater Reserve for any of the following  
8 grants:

- 9 a. Asset inventory and assessment grants as defined in  
10 G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).
- 11 b. Rate study grants intended to determine a rate structure that will enable  
12 a public water system or wastewater system to generate sufficient  
13 revenues to adequately fund management and operations, personnel,  
14 appropriate levels of maintenance, and reinvestment to facilitate the  
15 provision of reliable water or wastewater services.
- 16 c. Merger/regionalization feasibility grants as defined in  
17 G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).
- 18 d. Training grants to increase the capacity of a public water system or  
19 wastewater system to operate efficiently and maintain adequate  
20 maintenance and revenue collection practices.
- 21 e. Planning grants to conduct project engineering, design, or other  
22 preconstruction activities.

23 **SECTION 12.13.(b)** Limitation on Certain Grants. – Notwithstanding  
24 G.S. 159G-36, the amount of grants awarded under subdivision (a)(3) of this section may not  
25 exceed four hundred thousand dollars (\$400,000) to the same grant recipient for the 2021-2023  
26 fiscal biennium.

27 **SECTION 12.13.(c)** Directed Projects. – Of the funds allocated by subdivision (a)(2)  
28 of this section, the following sums shall be granted to the indicated local governments and public  
29 entities for water and wastewater infrastructure projects:

- 30 (1) Three million six hundred nineteen thousand dollars (\$3,619,000) to  
31 Alexander County.
- 32 (2) Twenty-two million seven hundred thirty-three thousand seven hundred  
33 dollars (\$22,733,700) to the Town of Benson.
- 34 (3) Three hundred thousand dollars (\$300,000) to Burke County.
- 35 (4) Ten million dollars (\$10,000,000) to the City of Burlington.
- 36 (5) Thirty million dollars (\$30,000,000) to the Water and Sewer Authority of  
37 Cabarrus County.
- 38 (6) Eight million eight hundred thousand dollars (\$8,800,000) to Catawba  
39 County.
- 40 (7) One million dollars (\$1,000,000) to Clay County.
- 41 (8) Twenty-four million dollars (\$24,000,000) to the Town of Clayton, to be  
42 allocated as follows:
  - 43 a. Four million dollars (\$4,000,000) for improvements to the Town's  
44 water storage infrastructure.
  - 45 b. Twenty million dollars (\$20,000,000) for a wastewater treatment  
46 facility.
- 47 (9) Five hundred thousand dollars (\$500,000) to the Town of Clyde.
- 48 (10) Three million dollars (\$3,000,000) to Davie County.
- 49 (11) Three hundred twenty thousand dollars (\$320,000) to the Town of Faison.
- 50 (12) Four hundred thousand dollars (\$400,000) to the Town of Four Oaks.

- 1 (13) One hundred seventy-five thousand dollars (\$175,000) to the Town of  
2 Franklin.
- 3 (14) Ten million four thousand dollars (\$10,004,000) to the City of Gastonia, to be  
4 allocated as follows:
- 5 a. Four million four hundred twenty-five thousand dollars (\$4,425,000)  
6 for wastewater outfalls.
- 7 b. Five million five hundred seventy-nine thousand dollars (\$5,579,000)  
8 for rehabilitation of a supervisory control and data acquisition system.
- 9 (15) Two million dollars (\$2,000,000) to the Handy Sanitary District.
- 10 (16) Four million two hundred thousand dollars (\$4,200,000) to the City of  
11 Hendersonville. These funds shall be used for the Edneyville High School line  
12 extension.
- 13 (17) Sixteen million ninety thousand dollars (\$16,090,000) to the Town of Kenly.
- 14 (18) Ten million two hundred eighty thousand dollars (\$10,280,000) to the Town  
15 of LaGrange.
- 16 (19) Eight million dollars (\$8,000,000) to the Town of Lake Lure.
- 17 (20) Two hundred thousand dollars (\$200,000) to Lincoln County.
- 18 (21) Twelve million dollars (\$12,000,000) to Madison County.
- 19 (22) Eight million three hundred fifty thousand dollars (\$8,350,000) to the Town  
20 of Madison.
- 21 (23) One million dollars (\$1,000,000) to the Town of Midland.
- 22 (24) Two million five hundred thousand dollars (\$2,500,000) to Montgomery  
23 County.
- 24 (25) Eight million dollars (\$8,000,000) to the Town of Mt. Pleasant.
- 25 (26) Two million eight hundred twenty-four thousand two hundred dollars  
26 (\$2,824,200) to the Town of Ranlo.
- 27 (27) Three million one hundred thousand dollars (\$3,100,000) to the Town of Red  
28 Springs.
- 29 (28) Ten million dollars (\$10,000,000) to Rockingham County.
- 30 (29) Seven million dollars (\$7,000,000) to the Town of Rosman.
- 31 (30) Nine hundred thousand dollars (\$900,000) to the Town of Salemburg.
- 32 (31) One million seven hundred seventeen thousand dollars (\$1,717,000) to  
33 Sampson County.
- 34 (32) Seven million four hundred thousand dollars (\$7,400,000) to the City of  
35 Shelby.
- 36 (33) One million two hundred sixty-eight thousand dollars (\$1,268,000) to the  
37 Town of Sparta.
- 38 (34) Three million seven hundred thousand dollars (\$3,700,000) to the Town of  
39 Spring Hope.
- 40 (35) Two million dollars (\$2,000,000) to the Town of Surf City.
- 41 (36) One million two hundred five thousand one hundred thirty dollars  
42 (\$1,205,130) to the Town of Taylorsville.
- 43 (37) Thirteen million dollars (\$13,000,000) to Yancey County.
- 44 (38) Four million dollars (\$4,000,000) to Union County for design, permitting, and  
45 construction of an expansion of the Poplin Road pump station and the Twelve  
46 Mile Creek Water Reclamation Facility to provide expanded service and  
47 capacity to wastewater customers in the Town of Stallings. Funds allocated  
48 by this subdivision that are not expended, made subject to an encumbrance, or  
49 disbursed by June 30, 2023, shall revert to the State Fiscal Recovery Fund.

50 **SECTION 12.13.(d)** Economic Development Projects. – Of the funds allocated by  
51 subdivision (a)(2) of this section for project construction grants, the Department of

1 Environmental Quality shall transfer the sum of twelve million two hundred eighty-six thousand  
2 four hundred forty-four dollars (\$12,286,444) to the Department of Commerce to provide the  
3 following grants for water and sewer infrastructure projects intended to advance economic  
4 development or affordable housing objectives for the recipients:

- 5 (1) One million one hundred sixty-five thousand four hundred forty-four dollars  
6 (\$1,165,444) to Alexander County.
- 7 (2) Five million eight hundred seventy-one thousand dollars (\$5,871,000) to the  
8 City of Burlington.
- 9 (3) Two hundred fifty thousand dollars (\$250,000) to Habitat for Humanity of  
10 Gaston County.
- 11 (4) Five million dollars (\$5,000,000) to the Town of Holly Springs. This  
12 allocation shall be conditional upon providing five million dollars  
13 (\$5,000,000) in matching funds.

14 The Department of Commerce may use one and one-half percent (1.5%) of the funds  
15 allocated by this subsection for administrative costs.

16 **SECTION 12.13.(e)** Administrative Costs. – The Department may use one and  
17 one-half percent (1.5%) of the funds allocated by this section (other than the funds transferred in  
18 subsection (d) of this section) for administrative costs. The Department shall not charge the grant  
19 fee authorized by G.S. 159G-24 for grants made from funds subjected to the one percent (1%)  
20 administrative cost set aside authorized by this subsection.

## 21 **STORMWATER INFRASTRUCTURE FUNDS**

22 **SECTION 12.14.(a)** Establishment of the Fund. – Funds appropriated in this act  
23 from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater  
24 infrastructure shall be used by the Department to establish the Local Assistance for Stormwater  
25 Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be  
26 used to provide grants to eligible entities as defined in this section for projects that will improve  
27 or create infrastructure for controlling stormwater quantity and quality.

28 **SECTION 12.14.(b)** Eligible Entity. – An eligible entity for a grant under this  
29 section shall be a city or county that (i) documents in a form and manner as the Department may  
30 specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a  
31 significant hardship raising the revenue necessary to finance stormwater management activities  
32 within its jurisdiction based on income and unemployment data, population trends, and any other  
33 data determined relevant by the Department.

34 **SECTION 12.14.(c)** Grant Types. – The Department may make the following types  
35 of grants from the Fund:

- 36 (1) Construction grants. – A construction grant is available for the development  
37 and implementation of a new stormwater utility or stormwater control  
38 measure (SCM), the rehabilitation of existing SCMs, the retrofitting of  
39 existing stormwater conveyances to provide SCMs for quantity and quality  
40 control purposes, or the installation of innovative technologies or nature-based  
41 solutions for flood control.
- 42 (2) Planning grants. – A planning grant is available for research or investigative  
43 studies, alternatives analyses, the preparation of engineering concept plans or  
44 engineering designs, and similar activities intended to help an eligible entity  
45 determine the best solutions for the entity's stormwater quality or quantity  
46 issue and to engineer and permit the solutions.

47 **SECTION 12.14.(d)** Allocation of Funds. – The Department shall use seventy  
48 percent (70%) of the funds allocated in this section for construction grants as specified in  
49 subdivision (c)(1) of this section and thirty percent (30%) of the funds allocated in this section  
50 for planning grants as specified in subdivision (c)(2) of this section.  
51

1           **SECTION 12.14.(e)** Limitation. – The following limits apply to grants from the

2 Fund:

3           (1) Construction grants may not exceed fifteen million dollars (\$15,000,000).

4           (2) Planning grants may not exceed five hundred thousand dollars (\$500,000).

5           **SECTION 12.14.(f)** Administration. – The Department may adopt any policies or  
6 procedures regarding the application process, applicant recordkeeping and reporting, and any  
7 other administrative details not inconsistent with this section. The Department may use up to one  
8 and one-half percent (1.5%) of the funds allocated by this section for the administrative costs of  
9 establishing and implementing the program.

10           **SECTION 12.14.(g)** Report. – The Department shall submit a report no later than  
11 October 31, 2021, and quarterly thereafter on the projects and activities funded by this section  
12 until all funds have been expended by grant recipients. The Department shall include in its initial  
13 report and may include in subsequent reports recommendations regarding legislative changes or  
14 additional funding needed to assist small and financially distressed communities to comply with  
15 stormwater standards and requirements and to mitigate the adverse impacts of extreme weather  
16 events on stormwater-related flood events. The reports shall also include, at a minimum, the  
17 following:

18           (1) The beginning and ending balance of the Fund for the quarter.

19           (2) A listing of grant recipients, amount provided to each recipient, and the grant  
20 type funded.

21           (3) An overview of the use of funds by grant recipients, including a description  
22 of projects constructed or planning milestones achieved.

## 23 24 **PART XIII. LABOR**

### 25 26 **BE PRO BE PROUD**

27           **SECTION 13.1.(a)** Program Established; Purpose. – The Department of Labor shall  
28 use the funds allocated in this act for the Be Pro Be Proud program to create, implement, operate,  
29 and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development  
30 pilot program. The program shall focus on generating student, parent, and educator interest in  
31 technical professions within the construction, manufacturing, transportation, and utility  
32 industries by emphasizing the high-tech, high-wage potential of these student career paths. The  
33 program shall also support progress towards North Carolina's postsecondary attainment goals to  
34 increase postsecondary degrees and certificates in the skilled trade professions.

35           **SECTION 13.1.(b)** Components of the Program. – In meeting the goals of the pilot  
36 program, Be Pro Be Proud shall provide for at least the following:

37           (1) A custom-built mobile workshop that brings elements of up to 12 skilled  
38 professions to middle and high school students, through simulators and virtual  
39 reality experiences. Students on board this state of the art workshop will learn  
40 about various careers, job responsibilities, and average statewide wages for  
41 each career while stepping virtually into these professions. Students can  
42 engage directly with partners and are invited to sign up to learn more about  
43 one or more professions of interest.

44           (2) Information and data collection for students by setting up a digital profile on  
45 Be Pro Be Proud's national "Join the Movement" partnership. With the  
46 consent of parents and students participating in the mobile workshops, the data  
47 collected shall be shared with the Community Colleges System Office,  
48 Department of Public Instruction, Department of Commerce, myFutureNC  
49 Commission, industry associations, and companies that are prompted to  
50 connect with the potential student recruits. The database management system

shall provide a connection for student internships, scholarships, apprenticeships, full-time jobs, and other opportunities.

- (3) Follow-up opportunities for interested students to pursue their interests through hands-on leadership opportunities, including gaining onsite learning experiences, volunteering, and participating in networking opportunities with potential job and postsecondary school recruiters.
- (4) Motivation for interested educators to stay engaged through a combination of outreach and professional development opportunities.
- (5) Operation of the pilot program to coincide with the public school instructional calendar and various events for students that take place throughout the summer. A Be Pro Be Proud team shall operate the day-to-day functions of the statewide tour and engage with students. Additional volunteers shall be recruited to assist with the pilot program, including partner associations, companies, and schools, as well as teachers, parents, and students.
- (6) In collaboration with the N.C. Trucking Association, the operation, implementation, and support for a workforce development program to increase operators with commercial drivers licenses, transportation dispatchers, and technicians across the State.

**SECTION 13.1.(c) Administration.** – The Department of Labor shall administer the program from funds available to the Department and shall coordinate with other interested public and private stakeholders to ensure the coordination of State efforts to develop a skilled trades workforce.

**SECTION 13.1.(d) Retention of Funds.** – Notwithstanding G.S. 143C-1-2(b), funds allocated in this act for the purposes set forth in this section shall not revert but shall remain available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

**SECTION 13.1.(e) Report.** – The Department of Labor shall submit a report by April 1 of each year in which it spends State funds appropriated by this act on the Be Pro Be Proud initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the activities undertaken with the funds appropriated by this section.

**PART XIV. NATURAL AND CULTURAL RESOURCES**

**DISPOSITION OF LAND AT CERTAIN HISTORIC SITES**

**SECTION 14.1.(a)** G.S. 146-30 reads as rewritten:

**"§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority:

- (1) First, in accordance with the provisions of any trust or other instrument of title whereby title to real property was acquired.
- (2) Second, as provided by any other act of the General Assembly.
- (3) Third, by depositing the net proceeds with the State Treasurer.

Nothing in this section, however, prohibits the disposition of any State lands by exchange for other lands, but if the appraised value in fee simple of any property involved in the exchange is at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without consultation with the Joint Legislative Commission on Governmental Operations.

...

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

...

- 1           (11) Except as otherwise provided in this subsection, the net proceeds derived from  
 2 the sale of real property donated to the State and allocated to the Division of  
 3 State Historic Sites or the Division of State History Museums in the  
 4 Department of Natural and Cultural Resources shall be deposited in the State  
 5 Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used  
 6 in accordance with that section.
- 7           (12) The net proceeds derived from the sale of real property donated to the State  
 8 and allocated to the Tryon Palace Historic Site and Gardens in the Department  
 9 of Natural and Cultural Resources shall be deposited in the Tryon Palace  
 10 Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used  
 11 in accordance with that section.
- 12           (13) The net proceeds derived from the sale of real property from the Bentonville  
 13 Battlefield State Historic Site donated to the State and allocated to the  
 14 Division of State Historic Sites in the Department of Natural and Cultural  
 15 Resources shall be deposited in the Bentonville Battlefield Fund, created in  
 16 G.S. 121-7.5, and shall be used in accordance with that section.
- 17           (14) The net proceeds derived from the sale of real property from the North  
 18 Carolina Transportation Museum donated to the State and allocated to the  
 19 Department of Natural and Cultural Resources shall be deposited in the North  
 20 Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be  
 21 used in accordance with that section."

22           **SECTION 14.1.(b)** G.S. 121-7.7(a) reads as rewritten:

23           "(a) Fund. – The State Historic Sites and Museums Fund is created as a special,  
 24 interest-bearing revenue fund in the Division of State Historic Sites and the Division of State  
 25 History Museums. The Fund consists of all receipts derived from the lease or rental of property  
 26 or facilities, disposition of structures or products of the land, donations, gifts, devises, and  
 27 admissions and fees collected at the State Historic Sites, State History Museums, and Maritime  
 28 Museums. The Fund also consists of the net proceeds derived from the sale of real property  
 29 pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation,  
 30 interpretation, maintenance, preservation, development, and expansion of the individual State  
 31 Historic Site, State History Museum, and Maritime Museum where the receipts are generated.  
 32 The respective Division and the staff from each State Historic Site, State History Museum, and  
 33 Maritime Museum shall determine how the funds shall be used at that Historic Site, State History  
 34 Museum, and Maritime Museum."

35           **SECTION 14.1.(c)** G.S. 121-21.1 reads as rewritten:

36           "**§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

37           (a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a  
 38 special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites  
 39 and Gardens. The Fund shall be treated as a special trust fund and shall be credited with interest  
 40 by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for  
 41 operation, interpretation, repair, renovation, expansion, and maintenance at Tryon Palace  
 42 Historic Sites and Gardens.

43           (b) ~~Disposition of Fees-Fund Makeup. – All entrance fee receipts shall be credited to the~~  
 44 ~~Tryon Palace Historic Sites and Gardens Fund.~~ The Fund consists of all revenues derived from  
 45 donations, gifts, devises, grants, admissions, and fees collected at the Tryon Palace Historic Sites  
 46 and Gardens. The Fund also consists of the net proceeds derived from the sale of real property  
 47 pursuant to G.S. 146-30(d)(12).

48           ...."

49           **SECTION 14.1.(d)** G.S. 121-7.5(b) reads as rewritten:

50           "(b) ~~Disposition of Fees-Fund Makeup. – Notwithstanding Chapter 146 of the General~~  
 51 ~~Statutes, all receipts derived from donations or the lease, rental, or other disposition of structures~~

1 or products of the land owned by or under the supervision or control of the Division of Historic  
2 Sites in Johnston County shall be credited to the Fund. The Fund also consists of the net proceeds  
3 derived from the sale of real property pursuant to G.S. 146-30(d)(13)."

4 **SECTION 14.1.(e)** G.S. 121-7.6(b) reads as rewritten:

5 "(b) Monies Credited to the Fund. – Notwithstanding Chapter 146 of the General Statutes,  
6 all receipts derived from the lease, rental, or other disposition of structures or products of the  
7 land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited  
8 to the Fund. The Fund also consists of the net proceeds derived from the sale of real property  
9 pursuant to G.S. 146-30(d)(14). The Fund shall be credited with interest by the State Treasurer  
10 pursuant to G.S. 147-69.2 and G.S. 147-69.3."  
11

12 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**  
13 **CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING**  
14 **EXEMPTIONS**

15 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

16 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

17 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
18 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
19 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
20 the provisions and purposes of this ~~Part~~ Part, including the following:

- 21 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
22 empowered to adopt such rules ~~and regulations~~ not inconsistent with the  
23 management responsibilities of the Secretary of the Department provided by  
24 Chapter 143A of the General Statutes and laws of this State and this Chapter  
25 that may be necessary and desirable for the operation and maintenance of the  
26 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
27 the heroic participation of the men and women of North Carolina in the  
28 prosecution and victory of the Second World War and for the faithful  
29 performance and fulfillment of its duties and obligations.
- 30 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
31 duty to charge reasonable admission and related activity fees for admission to  
32 the ship and to establish standards and adopt rules ~~and regulations:~~ (i)  
33 establishing and providing for a proper charge for admission to the ship; and  
34 (ii) for the maintenance and operation of the ship as a permanent memorial  
35 and exhibit.
- 36 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
37 provisions of this Chapter. The Commission is exempt from the requirements  
38 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
39 amending, or repealing rules for operating hours and admission fees or related  
40 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
41 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
42 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~  
43 ~~amount and purpose of a fee change within 30 days following its effective~~  
44 ~~date."~~

45 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

46 "**§ 150B-1. Policy and scope.**

47 ...

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

50 ...

- 1 (23) The Department of Natural and Cultural Resources with respect to operating  
 2 hours, admission fees—fees, or related activity fees at historic sites and  
 3 museums pursuant to G.S. 121-7.3.  
 4 (24) Tryon Palace Commission with respect to operating hours, admission fees  
 5 fees, or related activity fees pursuant to G.S. 143B-71.  
 6 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees  
 7 fees, or related activity fees pursuant to G.S. 143B-73.  
 8 ...."  
 9

## 10 ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS

11 **SECTION 14.3.(a)** G.S. 143B-135.188(b) reads as rewritten:

12 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The  
 13 North Carolina Aquariums Fund shall be used for the following purposes with respect to the  
 14 aquariums and the pier operated by the Division of North Carolina Aquariums:

- 15 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
 16 construction. Funds used for repair, renovation, and expansion projects may  
 17 be transferred to a capital projects fund to account for use of the funds for each  
 18 project.  
 19 (2) Payment of the debt service and lease payments related to the financing of  
 20 facility expansions, subject to G.S. 143B-135.190.  
 21 (3) Matching of private funds that are raised for these purposes.  
 22 (4) Marketing the North Carolina Aquariums."

23 **SECTION 14.3.(b)** G.S. 143B-135.209(a) reads as rewritten:

24 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina  
 25 Zoo Fund shall be used for the following types of projects and activities at the North Carolina  
 26 Zoological Park and to match private funds raised for these ~~types of projects~~projects and  
 27 activities:

- 28 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
 29 construction. Funds used for repair, renovation, and expansion projects may  
 30 be transferred to a capital projects fund to account for use of the funds for each  
 31 project.  
 32 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and  
 33 support facilities (including greenhouses and temporary animal holding  
 34 areas).  
 35 (3) The acquisition, maintenance, or replacement of tram equipment as required  
 36 to maintain adequate service to the public.  
 37 (4) Marketing the North Carolina Zoological Park."  
 38

## 39 AUTHORIZE THE DAN RIVER STATE TRAIL

40 **SECTION 14.4.(a)** The General Assembly authorizes the Department of Natural and  
 41 Cultural Resources to add the Dan River Trail in Stokes and Rockingham Counties to the State  
 42 Parks System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support,  
 43 promote, encourage, and facilitate the establishment of trail segments on State park lands and on  
 44 lands of other federal, State, local, and private landowners. On segments of the Dan River State  
 45 Trail that cross property controlled by agencies or owners other than the Department's Division  
 46 of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern  
 47 the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied  
 48 by adequate appropriations for land acquisition, development, and operations shall not apply to  
 49 the authorization set forth in this section; provided, however, that the State may receive donations  
 50 of appropriate land and may purchase other needed lands for the Dan River State Trail with



1 existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal  
2 Land and Water Conservation Fund, and other available sources of funding.

3 **SECTION 14.4.(b)** This section is effective when it becomes law.  
4

5 **PARTF PROJECTS**

6 **SECTION 14.5.** Funds appropriated in this act to the Parks and Recreation Trust  
7 Fund for the 2021-2022 fiscal year are allocated for various projects in the following amounts:

- 8 (1) Two million dollars (\$2,000,000) to the Department of Natural and Cultural  
9 Resources for stabilization or renovation of structures located on the Vade  
10 Mecum tract at Hanging Rock State Park as set forth in the July 2018 Hanging  
11 Rock State Park Expansion Master Plan.
- 12 (2) Five hundred fifty thousand dollars (\$550,000) to the Department of Natural  
13 and Cultural Resources for the expansion of the Mayo River State Park.
- 14 (3) Four million dollars (\$4,000,000) to the Department of Natural and Cultural  
15 Resources for the Bean Shoals Trail Project in Pilot Mountain State Park.
- 16 (4) Three million dollars (\$3,000,000) to the Department of Natural and Cultural  
17 Resources for the development of the Wilderness Gateway Trail.
- 18 (5) Three hundred fifty thousand dollars (\$350,000) to provide a grant to the City  
19 of Cherryville for Westgate Park.
- 20 (6) One million eight hundred fifty thousand dollars (\$1,850,000) to provide a  
21 grant to the City of Gastonia for the Catawba Creek Greenway.
- 22 (7) Two hundred fifty thousand dollars (\$250,000) to provide a grant to Macon  
23 County for a greenway project.
- 24 (8) Three million five hundred thousand dollars (\$3,500,000) to provide a grant  
25 to the Town of Madison for development of the Lindsey Bridge river landing  
26 and park.
- 27 (9) Three hundred twenty-five thousand dollars (\$325,000) to provide a grant to  
28 the Town of Pilot Mountain for streambank restoration.
- 29 (10) Two hundred thousand dollars (\$200,000) to provide a grant to the City of  
30 Salisbury for the Bell Tower Park.
- 31 (11) Three hundred fifty thousand dollars (\$350,000) to provide a grant to the  
32 Town of Spruce Pine for Brad Regan Park.
- 33 (12) One hundred fifty thousand dollars (\$150,000) to provide a grant to the Blue  
34 Ridge Conservancy, a nonprofit corporation, to expand camping and fishing  
35 in the Watauga River Paddle Trail.
- 36 (13) One hundred fifty thousand dollars (\$150,000) to provide a grant to the Green  
37 River Access Incorporated, a nonprofit corporation, to improve public access  
38 to the Green River Game Lands.
- 39 (14) One hundred thousand dollars (\$100,000) to provide a matching grant to the  
40 Blue Ridge Resource Conservation and Development Council, a nonprofit  
41 corporation, to improve fish habitat by removing the Ward's Mill Dam on the  
42 Watauga River.
- 43 (15) Two hundred thousand dollars (\$200,000) to provide a grant to the Town of  
44 Bryson City to improve outdoor recreation on the Tuckasegee River.
- 45 (16) One hundred twenty-five thousand dollars (\$125,000) to provide a grant to the  
46 Town of Andrews to expand fishing and canoeing on the Valley River.
- 47 (17) One hundred fifty thousand dollars (\$150,000) to provide a grant to the City  
48 of Shelby for the development of a public fishing and boating access on the  
49 First Broad River.

1 (18) One hundred thousand dollars (\$100,000) to provide a grant to the Friends of  
2 the Ecusta Trail, Inc., a nonprofit corporation, to construct the Ecusta Trail  
3 Greenway.  
4

## 5 **PART XV. WILDLIFE RESOURCES COMMISSION**

### 6 **ABANDONED AND DERELICT VESSELS**

7 **SECTION 15.1.(a)** Funds appropriated in this act to the Wildlife Resources  
8 Commission and allocated for removal of abandoned and derelict vessels shall be used by the  
9 Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as  
10 amended by Section 4 of S.L. 2020-74.

11 **SECTION 15.1.(b)** The Joint Legislative Oversight Committee on Agriculture and  
12 Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in  
13 the waters of the State and upon the lands of the State and determine measures needed (i) to  
14 facilitate the identification of owners or other responsible persons for abandoned or derelict  
15 vessels for the purpose of requiring those persons to take responsibility for their vessels and, (ii)  
16 in cases where no responsible owner may be found, to provide the State with adequate authority  
17 and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels.  
18 In its study, the Committee shall also consider the efficacy and need for new or revised insurance  
19 requirements for private vessel owners and for enhancement to civil or criminal remedies with  
20 respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the  
21 2022 Regular Session of the 2021 General Assembly upon its convening.  
22

## 23 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

### 24 **COLLECTION OF WORTHLESS CHECKS**

25 **SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
26 Department may use any balance remaining in the Collection of Worthless Checks Fund on June  
27 30, 2021, for the purchase or repair of office or information technology equipment during the  
28 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks  
29 Fund on June 30, 2022, for the purchase or repair of office or information technology equipment  
30 during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial  
31 Department shall report to the chairs of the House of Representatives and Senate Appropriations  
32 Committees on Justice and Public Safety and the Office of State Budget and Management on the  
33 equipment to be purchased or repaired and the reasons for the purchases.  
34  
35  
36

### 37 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

38 **SECTION 16.2.(a)** Notwithstanding the minimum staffing number in  
39 G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of  
40 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate  
41 positions allocated to that county. To provide accessibility for law enforcement and citizens, the  
42 clerk of superior court's office shall provide some of the services traditionally provided by the  
43 magistrates' office during some or all of the regular courthouse hours.

44 **SECTION 16.2.(b)** The Administrative Office of the Courts shall report by March  
45 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and  
46 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding  
47 all hires made pursuant to subsection (a) of this section.  
48

### 49 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS**

50 **SECTION 16.3.** No Transfer of Funds. – For each year of the 2021-2023 fiscal  
51 biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney)

1 without the consent of the Conference of District Attorneys as communicated by the Conference's  
2 Executive Director to the Administrative Office of the Courts.

#### 3 4 **WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING**

5 **SECTION 16.4.(a)** G.S. 15A-145.9 is amended by adding a new subsection to read:

6 "(k) Costs Waived. – The costs of expunging the records shall not be taxed against the  
7 petitioner."

8 **SECTION 16.4.(b)** This section becomes effective December 1, 2021, and applies  
9 to expunction costs incurred on or after that date.

#### 10 11 **ESTABLISH JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY** 12 **COURTS**

13 **SECTION 16.5.(a)** Subchapter XIV of Chapter 7A of the General Statutes reads as  
14 rewritten:

#### 15 **"SUBCHAPTER XIV. ~~DRUG TREATMENT COURTS.~~ ACCOUNTABILITY AND** 16 **RECOVERY COURTS.**

17 "Article 62.

18 "~~North Carolina Drug Treatment Court Act.~~ Judicially Managed Accountability and Recovery  
19 Court Act.

#### 20 **"§ 7A-790. Short title.**

21 This Article shall be known and may be cited as the "~~North Carolina Drug Treatment Court~~  
22 ~~Act of 1995~~". Judicially Managed Accountability and Recovery Court Act of 2021."

#### 23 **"§ 7A-791. Purpose.**

24 The General Assembly recognizes that a critical need exists in this State for judicial programs  
25 that will reduce the incidence of alcohol and other ~~drug-substance~~ abuse or dependence and  
26 crimes, including the offense of driving while impaired, delinquent acts, and child abuse and  
27 neglect committed as a result of alcohol and other ~~drug-substance~~ abuse or ~~dependence, and~~  
28 ~~dependence~~; child abuse and neglect where alcohol and other ~~drug-substance~~ abuse or  
29 dependence are significant factors in the child abuse and ~~neglect.~~ ~~neglect~~; and offenses,  
30 delinquent acts, and child abuse and neglect where mental, behavioral, or medical health is a  
31 significant factor in commission of the offense or act. It is the intent of the General Assembly by  
32 this Article to create a program to facilitate the creation and operation of local drug treatment  
33 court programs and driving while impaired (DWI) treatment court programs. judicially managed  
34 accountability and recovery courts.

#### 35 **"§ 7A-792. Goals.**

36 The goals of the ~~drug treatment court programs~~ judicially managed accountability and  
37 recovery courts funded under this Article include the following:

- 38 (1) To reduce alcoholism and other ~~drug-substance~~ abuse and dependencies  
39 among adult and juvenile offenders and defendants and among respondents in  
40 juvenile petitions for abuse, neglect, or both;
- 41 (2) To reduce criminal and delinquent recidivism and the incidence of child abuse  
42 and neglect;
- 43 (3) To reduce the alcohol-related and other ~~drug-related~~ substance-related court  
44 workload;
- 45 (3a) To reduce the mental, behavioral, or medical health-related court workload;
- 46 (4) To increase the personal, familial, and societal accountability of adult and  
47 juvenile offenders and defendants and respondents in juvenile petitions for  
48 abuse, neglect, or both; and
- 49 (5) To promote effective ~~interaction and~~ interaction, collaboration, coordination,  
50 and use of resources among criminal and juvenile justice personnel, child  
51 protective services personnel, and community agencies.

1 **"§ 7A-793. Establishment of Program.**

2 The North Carolina ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery  
3 Court Program is established in the Administrative Office of the Courts to facilitate the ~~creation~~  
4 creation, administration, and funding of local drug treatment court programs. judicially managed  
5 accountability and recovery courts. The Director of the Administrative Office of the Courts shall  
6 provide any necessary staff for planning, organizing, and administering the program. Local drug  
7 treatment court programs funded pursuant to this Article shall be operated consistently with the  
8 guidelines adopted pursuant to G.S. 7A-795. Local ~~drug treatment court programs~~ judicially  
9 managed accountability and recovery courts established and funded pursuant to this Article may  
10 consist of ~~adult drug treatment court programs, juvenile drug treatment court programs, family~~  
11 ~~drug treatment court programs, or any combination of these programs.~~ programs approved by the  
12 Administrative Office of the Courts. With the consent of either the chief district court judge or  
13 the senior resident superior court judge, a judicially managed accountability and recovery court  
14 may be established.

15 **"§ 7A-794. Fund administration.**

16 The ~~Drug Treatment Court Program Fund~~ is created in the Administrative Office of the  
17 Courts and is administered by the Director of the Administrative Office of the Courts in  
18 consultation with the State Drug Treatment Court Advisory Committee. The Administrative  
19 Office of the Courts shall administer funding related to the North Carolina Judicially Managed  
20 Accountability and Recovery Court Program.

21 **"§ 7A-795. State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery**  
22 **Court Advisory Committee.**

23 The State ~~Drug Treatment Court~~ Judicially Managed Accountability and Recovery Court  
24 Advisory Committee is established to develop and recommend to the Director of the  
25 Administrative Office of the Courts guidelines for the ~~drug treatment court~~ judicially managed  
26 accountability and recovery court program and to monitor local ~~programs~~ courts wherever they  
27 are ~~implemented.~~ implemented and administered. The Committee shall be chaired by the Director  
28 or the Director's designee and shall consist of not less than seven members appointed by the  
29 Director and broadly representative of the courts, law enforcement, corrections, juvenile justice,  
30 child protective services, and substance abuse treatment communities. In developing guidelines,  
31 the Advisory Committee shall ~~consider the Substance Abuse and the Courts Action Plan and~~  
32 ~~other recommendations of the Substance Abuse and the Courts State Task Force.~~ provide  
33 minimum standards of judicially managed accountability and recovery courts.

34 **"§ 7A-796. Local ~~drug treatment court management~~ judicially managed accountability and**  
35 **recovery court committee.**

36 Each judicial district choosing to establish a ~~drug treatment court~~ judicially managed  
37 accountability and recovery court shall form a local ~~drug treatment court management~~ judicially  
38 managed accountability and recovery court committee, which shall be comprised to assure  
39 representation appropriate to the type or types of ~~drug treatment court~~ judicially managed  
40 accountability and recovery court operations to be conducted in the district and shall consist of  
41 persons appointed by the senior resident superior court judge with the concurrence of the chief  
42 district court judge and the district attorney for that district, chosen from the following list:

- 43 (1) A judge of the superior court;
- 44 (2) A judge of the district court;
- 45 (3) A district attorney or assistant district attorney;
- 46 (4) A public defender or assistant public defender in judicial districts served by a  
47 public ~~defender;~~ defender, a member of the private criminal defense bar, or a  
48 member of the private bar who represents respondents in department of social  
49 services juvenile matters;
- 50 (5) An attorney representing a county department of social ~~services~~ services, the  
51 director or director's designee of the child welfare services division of a county

department of social services, or a representative of the guardian ad litem from within the district;

- (6) ~~A representative of the guardian ad litem;~~
- (7) ~~A member of the private criminal defense bar;~~
- (8) ~~A member of the private bar who represents respondents in department of social services juvenile matters;~~
- (9) A clerk of superior court;
- (10) ~~The trial court administrator in judicial districts served by a trial court administrator;~~
- (11) ~~The director or member of the child welfare services division of a county department of social services within the district;~~
- (12) The chief juvenile court counselor for the district;
- (13) A probation officer;
- (13a) The sheriff or sheriff's designee;
- (14) A local law enforcement officer;
- (15) A representative of the local school administrative unit;
- (16) A representative of the local community ~~college;~~college or other adjacent secondary educational institution with a school of social work;
- (17) A representative of the treatment providers;
- (18) A representative of the area mental health ~~program;~~entity managed care organization;
- (19) Any local ~~drug treatment~~recovery court coordinator; and
- (20) Any other persons selected by the local management committee.

The local ~~drug treatment court management~~judicially managed accountability and recovery court committee shall develop local guidelines and procedures, not inconsistent with the State ~~guidelines,~~guidelines and minimum standards, that are necessary for the operation and evaluation of the local ~~drug treatment court~~judicially managed accountability and recovery court.

**"§ 7A-797. Eligible population; drug treatment court procedures.**

The Director of the Administrative Office of the Courts, in conjunction with the State ~~Drug Treatment Court~~Judicially Managed Accountability and Recovery Court Advisory Committee, shall develop criteria for ~~eligibility~~eligibility, minimum standards, and other procedural and substantive guidelines for ~~drug treatment court~~judicially managed accountability and recovery court operation.

...

**"§ 7A-799. Treatment not guaranteed.**

Nothing contained in this Article shall confer a right or an expectation of a right to treatment ~~or recovery management~~ for a defendant or offender within the criminal or juvenile justice system or a respondent in a juvenile petition for abuse, neglect, or both.

**"§ 7A-800. Payment of costs of treatment program.**

Each defendant, offender, or respondent in a juvenile petition for abuse, neglect, or both, who receives treatment under a local ~~drug treatment court program~~judicially managed accountability and recovery court shall contribute to the cost of the alcohol and other ~~drug substance~~ abuse or dependency treatment received in the ~~drug treatment court program,~~judicially managed accountability and recovery court, based upon guidelines developed by the local ~~drug treatment court management~~judicially managed accountability and recovery court committee.

**"§ 7A-801. Monitoring and annual report.**

The Administrative Office of the Courts shall monitor all State-recognized and funded local ~~drug treatment~~judicially managed accountability and recovery courts, prepare an annual report on the implementation, operation, and effectiveness of the statewide ~~drug treatment court~~judicially managed accountability and recovery court program, and submit the report to the

1 General Assembly by March 1 of each year. Each ~~local drug treatment court program~~ judicially  
2 managed accountability and recovery court shall submit evaluation reports to the Administrative  
3 Office of the Courts as requested.

4 **"§ 7A-802. Exemption from Article.**

5 This Article does not apply to drug treatment courts or judicially managed accountability and  
6 recovery courts in existence on or before December 1, 2021, to the extent that compliance with  
7 this Article would disqualify the court for grant funding provided by the National Association of  
8 Drug Court Professionals."

9 **SECTION 16.5.(b)** Pilot Program. – The Administrative Office of the Courts, in  
10 coordination with the District Attorney's Offices in Harnett County, Haywood County, Onslow  
11 County, Pitt County, Robeson County, and Wayne County shall establish a pilot program in each  
12 county that creates a judicially managed accountability and recovery court, as governed by  
13 Article 62 of Chapter 7A of the General Statutes. The goals of each accountability and recovery  
14 court are to reduce alcoholism and other substance abuse and dependencies among offenders, to  
15 reduce recidivism, to reduce the drug-related court workload, to reduce the mental, behavioral,  
16 or medical health-related court workload, to increase the personal, familial, and societal  
17 accountability of offenders, and to promote effective interaction, collaboration, coordination, and  
18 use of resources among criminal justice personnel. The judicially managed accountability and  
19 recovery court established in this subsection in Onslow County shall prioritize participation of  
20 offenders that are veterans of the United States Armed Forces.

21 **SECTION 16.5.(c)** Report. – The Administrative Office of the Courts shall report to  
22 the Joint Legislative Oversight Committee on Justice and Public Safety on the results of these  
23 pilot programs no later than February 1 of each year following a year in which a pilot program  
24 receives funding from the State.

25 **SECTION 16.5.(d)** Policy. – It is the intent of the General Assembly that  
26 appropriations made to aid Harnett County, Haywood County, Onslow County, Pitt County,  
27 Robeson County, and Wayne County in the original creation and operation of each county's  
28 judicially managed accountability and recovery court will not continue beyond the 2022-2023  
29 fiscal year, but will instead be replaced by local expenditures, grants, and other available funding  
30 sources.

31 **SECTION 16.5.(e)** This section becomes effective December 1, 2021.

32  
33 **APPOINTED DISTRICT COURT JUDGES SHALL RUN IN NEXT GENERAL**  
34 **ELECTION**

35 **SECTION 16.6.(a)** G.S. 7A-142 reads as rewritten:

36 **"§ 7A-142. Vacancies in office.**

37 (a) A vacancy in the office of district judge occurring for causes other than expiration of  
38 term shall be filled for the unexpired term by appointment of the Governor. The Governor, as  
39 provided in this section.

40 (b) An appointee shall hold office until January 1 next following the election for members  
41 of the General Assembly that is held more than 60 days after the vacancy occurs, at which time  
42 an election shall be held to fill the unexpired term of office. Provided, that when the unexpired  
43 term of the office in which the vacancy has occurred expires on the first day of January  
44 succeeding the next election for members of the General Assembly, the Governor shall appoint  
45 to fill the vacancy for the unexpired term of office.

46 (c) Prior to the appointment, the bar of the judicial district, as defined in G.S. 84-19, shall  
47 nominate five persons who are residents of the judicial district who are duly authorized to practice  
48 law in the district for consideration by the Governor. The nominees shall be selected by vote of  
49 only those bar members who reside in the district. In the event fewer than five persons are  
50 nominated, upon providing the nominations to the Governor, the bar shall certify that there were  
51 insufficient nominations in the district to comply with this section. Prior to filling the vacancy,

1 the Governor shall give due consideration to the nominations provided by the bar of the judicial  
 2 district."

3 **SECTION 16.6.(b)** This section is effective when it becomes law and applies to  
 4 vacancies created on or after that date.

5  
 6 **MODIFY THE LOCATION AND RESIDENCY REQUIREMENTS OF VARIOUS**  
 7 **DISTRICT COURT JUDGESHIPS**

8 **SECTION 16.7.(a)** G.S. 7A-133 reads as rewritten:

9 **"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 10 **court, by counties.**

11 (a) Each district court district shall have the numbers of judges as set forth in the  
 12 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	6	Pitt
3B	6	Craven
		Pamlico
		Carteret
4	9	Sampson
		Duplin
		Jones
		Onslow
5	9	New Hanover
		Pender
6	4	Northampton
		Bertie
		Hertford
		Halifax
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	5	Granville
		(part of Vance
		see subsection
		(b))
		Franklin
		Person

1	9B	2	Warren
2			(part of Vance
3			see subsection (b))
4	10A	3	(part of Wake
5			see subsection (b))
6	10B	3	(part of Wake
7			see subsection (b))
8	10C	3	(part of Wake
9			see subsection (b))
10	10D	5	(part of Wake
11			see subsection (b))
12	10E	3	(part of Wake
13			see subsection (b))
14	10F	3	(part of Wake
15			see subsection (b))
16	11	11	Harnett
17			Johnston
18			Lee
19	12	10	Cumberland
20	13	<u>67</u>	Bladen
21			Brunswick
22			Columbus
23	14	<u>76</u>	Durham
24	15A	4	Alamance
25	15B	5	Orange
26			Chatham
27	16A	4	Scotland
28			Anson
29			Richmond
30	16B	6	Robeson
31	17A	4	Caswell
32			Rockingham
33	17B	4	Stokes
34			Surry
35	18	14	Guilford
36	19A	6	Cabarrus
37	19B	5	Randolph
38	19C	5	Rowan
39	19D	4	Hoke
40			Moore
41	20A	3	Montgomery
42			Stanly
43	20B	1	(part of Union
44			see subsection
45			(b))
46	20C	2	(part of Union
47			see subsection
48			(b))
49	20D	2	Union
50	21	11	Forsyth
51	22A	6	Alexander



1			Iredell
2	22B	6	Davidson
3			Davie
4	23	4	Alleghany
5			Ashe
6			Wilkes
7			Yadkin
8	24	4	Avery
9			Madison
10			Mitchell
11			Watauga
12			Yancey
13	25	10	Burke
14			Caldwell
15			Catawba
16	26	21	Mecklenburg
17	27A	7	Gaston
18	27B	6	Cleveland
19			Lincoln
20	28	7	Buncombe
21	29A	4	McDowell
22			Rutherford
23	29B	4	Henderson
24			Polk
25			Transylvania
26	30	6	Cherokee
27			Clay
28			Graham
29			Haywood
30			Jackson
31			Macon
32			Swain.

33 ...  
 34 (b2) The qualified voters of District Court District 13 shall elect all ~~six~~seven judges  
 35 established for the District in subsection (a) of this section, but only persons who reside in Bladen  
 36 County may be candidates for one of those judgeships, only persons who reside in Columbus  
 37 County may be candidates for two of those judgeships, and only persons who reside in Brunswick  
 38 County may be candidates for ~~three~~four of those judgeships. These district court judgeships shall  
 39 be numbered and assigned for residency purposes as follows:

40 ...  
 41 (7) Seat number seven, established for residents of Brunswick County by this  
 42 section, shall be the seat created on January 1, 2023.

43 ...  
 44 (b8) The qualified voters of District Court District 19D shall elect all judges established  
 45 for District 19D in subsection (a) of this section, but only persons who reside in Hoke County  
 46 may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore  
 47 County may be candidates for the remaining judgeships. These district court judgeships shall be  
 48 numbered and assigned for residency purposes as follows:

49 (1) Seat number one, established for residents of Hoke County by this section,  
 50 shall be the seat currently held by Judge Joe.

- 1           (2)    Seat number two, established for residents of Hoke or Moore County by this
- 2                    section, shall be the seat currently held by Judge Bibey.
- 3           (3)    Seat number three, established for residents of Hoke or Moore County by this
- 4                    section, shall be the seat currently held by Judge Creed.
- 5           (4)    Seat number four, established for residents of Hoke or Moore County by this
- 6                    section, shall be the seat currently held by Judge McSweeney.
- 7           ...."

8           **SECTION 16.7.(b)** The designation of seat numbers for District Court District 19D  
 9 judgeships in subsection (a) of this section shall be based upon the judges holding those seats as  
 10 of May 28, 2021.

11           **SECTION 16.7.(c)** This section becomes effective January 1, 2023, and elections  
 12 conducted in 2022 shall be conducted in accordance with the judgeships created, removed, and  
 13 modified in this section.

14  
 15 **MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION**

16           **SECTION 16.8.** G.S. 7A-60(a1) reads as rewritten:

17           "(a1) **(Effective January 1, 2021 through December 31, 2022)** The counties of the State  
 18 are organized into prosecutorial districts, and each district has the counties and the number of  
 19 full-time assistant district attorneys set forth in the following table:

<i>Prosecutorial</i>		<i>No. of Full-Time</i>
<i>District</i>	<i>Counties</i>	<i>Asst. District</i>
		<i>Attorneys</i>
23           1	Camden, Chowan, Currituck,	12
24	Dare, Gates, Pasquotank,	
25	Perquimans	
26           2	Beaufort, Hyde, Martin,	8
27	Tyrrell, Washington	
28           3	Pitt	12
29           4	Carteret, Craven, Pamlico	13
30           5	Duplin, Jones, Onslow,	20
31	Sampson	
32           6	New Hanover, Pender	20
33           7	Bertie, Halifax, Hertford,	11
34	Northampton	
35           8	Edgecombe, Nash, Wilson	19
36           9	Greene, Lenoir, Wayne	15
37           10	Wake	42
38           11	Franklin, Granville, Person	15
39	Vance, Warren	
40           12	Harnett, Lee	12
41           13	Johnston	<del>11</del> 12
42           14	Cumberland	25
43           15	Bladen, Brunswick, Columbus	15
44           16	Durham	18
45           17	Alamance	12
46           18	Orange, Chatham	10
47           20	Robeson	13
48           21	Anson, Richmond, Scotland	<u>9</u> 10
49           22	Caswell, Rockingham	9
50           23	Stokes, Surry	8
51           24	Guilford	35

1	25	Cabarrus	10
2	26	Mecklenburg	5857
3	27	Rowan	9
4	29	Hoke, Moore	9
5	28	Montgomery, Stanly	6
6	30	Union	11
7	31	Forsyth	27
8	32	Alexander, Iredell	13
9	33	Davidson, Davie	12
10	34	Alleghany, Ashe, Wilkes,	9
11		Yadkin	
12	35	Avery, Madison, Mitchell,	8
13		Watauga, Yancey	
14	36	Burke, Caldwell, Catawba	20
15	37	Randolph	10
16	38	Gaston	16
17	39	Cleveland,	13
18		Lincoln	
19	40	Buncombe	14
20	41	McDowell, Rutherford	8
21	42	Henderson, Polk, Transylvania	9
22	43	Cherokee, Clay, Graham,	13
23		Haywood, Jackson, Macon,	
24		Swain."	
25			

**TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING CONTINUANCES IN COURT CASES**

**SECTION 16.9.(a)** Section 2 of S.L. 2020-72 is repealed.

**SECTION 16.9.(b)** This section is effective when it becomes law.

**JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL**

**SECTION 16.10.(a)** G.S. 7A-343 is amended by adding a new subdivision to read:

"(17) Review requests for private counsel for the defense of a Judicial Department official or employee. The Director may approve the expenditure of lapsed salary savings to retain private counsel to provide litigation services for the defense of an official or employee of the Judicial Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services. For purposes of this subdivision, the terms "litigation services" and "private counsel" are as defined in G.S. 147-17 and G.S. 114-2.3."

**SECTION 16.10.(b)** G.S. 143C-6-9(b) reads as rewritten:

"(b) Lapsed salary savings shall not be used to pay for litigation services provided by private counsel. As used in this subsection, litigation services and private counsel are as defined in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services provided by private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

**SECTION 16.10.(c)** G.S. 114-2.3(a) reads as rewritten:

1 "(a) Every agency, institution, department, bureau, board, or commission of the State,  
2 authorized by law to retain private counsel, shall obtain written permission from the Attorney  
3 General prior to employing private counsel. This section does not apply to counties, cities, towns,  
4 other municipal corporations or political subdivisions of the State, or any agencies of these  
5 municipal corporations or political subdivisions, or to county or city boards of education. This  
6 subsection does not apply to private counsel retained by the Judicial Department for the defense  
7 of an official or employee of the Department in any action arising from conduct undertaken in  
8 the course of the official's or employee's official duties and in which the Attorney General has  
9 declined to provide the litigation services."

10 **SECTION 16.10.(d)** G.S. 147-17(a) reads as rewritten:

11 "(a) No department, officer, agency, institution, commission, bureau or other organized  
12 activity of the State which receives support in whole or in part from the State shall employ private  
13 counsel, except with the approval of the Governor. The Governor shall give his approval only if  
14 the Attorney General has advised him, as provided in subsection (b) of this section, that it is  
15 impracticable for the Attorney General to render the legal services. In any case or proceeding,  
16 civil or criminal, in or before any court or agency of this State or any other state or the United  
17 States, or in any other matter in which the State of North Carolina is interested, the Governor  
18 may employ private counsel as he may deem proper or necessary to represent the interest of the  
19 State, and may fix the compensation for their services, subject to the provisions of subsection  
20 (c1) of this section. This subsection does not apply to private counsel retained by the Judicial  
21 Department for the defense of an official or employee of the Department in any action arising  
22 from conduct undertaken in the course of the official's or employee's official duties and in which  
23 the Attorney General has declined to provide the litigation services."

24 **SECTION 16.10.(e)** This section is effective when it becomes law.  
25

## 26 COURTHOUSE RESPONSIVENESS RESOURCES

27 **SECTION 16.11.** Of the funds appropriated in this act from the State Fiscal  
28 Recovery Fund to the Administrative Office of the Courts for temporary court personnel to  
29 address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine  
30 thousand one hundred seventy dollars (\$799,170) may be used to support up to 12.25 time-limited  
31 positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining  
32 funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office  
33 of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19  
34 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.  
35

## 36 CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT 37 SHOP

38 **SECTION 16.12.(a)** G.S. 7A-20(b) reads as rewritten:

39 "(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from  
40 time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the  
41 State Treasurer. Charges to litigants for document management and the reproduction of appellate  
42 records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate  
43 Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of  
44 the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A  
45 of Chapter 147 of the General Statutes."

46 **SECTION 16.12.(b)** G.S. 7A-343.3 reads as rewritten:

### 47 "§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.

48 The Appellate Courts Printing and Computer Operations Fund is established within the  
49 Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly,  
50 interest and other investment income earned by the Fund shall be credited to it. All moneys  
51 collected through charges to litigants for document management and the reproduction of

1 appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State  
2 Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~  
3 document management shop operations of the Supreme Court and the Court of Appeals,  
4 including personnel, maintenance, and capital costs. The Judicial Department may create and  
5 maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate  
6 and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior  
7 to creating such new positions."

8 **SECTION 16.12.(c)** This section becomes effective October 1, 2021, and applies to  
9 services rendered on or after that date.

10  
11 **TRANSFER CRIMINAL JUSTICE INFORMATION NETWORK TO AOC**

12 **SECTION 16.13.(a)** Article 29 of Subchapter VII of Chapter 7A of the General  
13 Statutes reads as rewritten:

14 "Article 29.

15 "Administrative Office of the Courts.

16 "Part 1. General Provisions.

17 "**§ 7A-340. Administrative Office of the Courts; establishment; officers.**

18 There is hereby established a State office to be known as the Administrative Office of the  
19 Courts. It shall be supervised by a Director, assisted by an assistant director.

20 ...

21 "**§ 7A-352.** Reserved for future codification purposes.

22 "Part 2. Criminal Justice Information.

23 "**§ 7A-353.** Reserved for future codification purposes.

24 "Part 3. North Carolina Human Trafficking Commission.

25 "**§ 7A-354. North Carolina Human Trafficking Commission.**

26 (a) Establishment. – There is established in the Administrative Office of the Courts the  
27 North Carolina Human Trafficking Commission. For purposes of this section, "Commission"  
28 means the North Carolina Human Trafficking Commission.

29 ...."

30 **SECTION 16.13.(b)** The Criminal Justice Information Network Governing Board  
31 shall be transferred to the Administrative Office of the Courts as a Type II transfer.  
32 G.S. 143B-1390, 143B-1391, 143B-1392, 143B-1393, and 143B-1394 in Part 9 of Article 15 of  
33 Chapter 143B of the General Statutes are recodified as G.S. 7A-353, 7A-353.1, 7A-353.2,  
34 7A-353.3, and 7A 353.4 in Part 2 of Article 29 of Subchapter VII of Chapter 7A of the General  
35 Statutes, as amended by subsection (a) of this section.

36 **SECTION 16.13.(c)** Part 2 of Article 29 of Subchapter VII of Chapter 7A of the  
37 General Statutes, as amended by subsections (a) and (b) of this section, reads as rewritten:

38 "Part 2. Criminal Justice Information.

39 "**§ 7A-353. Definitions.**

40 As used in this Part:

- 41 (1) "Board" means the Criminal Justice Information Network Governing Board  
42 established by G.S. 143B-1391.
- 43 (2) "Local government user" means a unit of local government of this State having  
44 authorized access to the Network.
- 45 (3) "Network" means the Criminal Justice Information Network established by  
46 the Board pursuant to this Part.
- 47 (4) "Network user" or "user" means any person having authorized access to the  
48 Network.
- 49 (5) "State agency" means any State department, agency, institution, board,  
50 commission, or other unit of State government.

1 **"§ 7A-353.1. Criminal Justice Information Network Governing Board – creation; purpose;**  
 2 **membership; conflicts of interest.**

3 (a) The Criminal Justice Information Network Governing Board is established within the  
 4 ~~Department of Information Technology, Administrative Office of the Courts,~~ as a Type II  
 5 transfer, to operate the State's Criminal Justice Information Network, the purpose of which shall  
 6 be to provide the governmental and technical information systems infrastructure necessary for  
 7 accomplishing State and local governmental public safety and justice functions in the most  
 8 effective manner by appropriately and efficiently sharing criminal justice and juvenile justice  
 9 information among law enforcement, judicial, and corrections agencies. ~~The Notwithstanding~~  
 10 ~~G.S. 143A-6(b), the Board is established within the Administrative Office of the State Chief~~  
 11 ~~Information Officer, Courts~~ for organizational and budgetary purposes only and the Board shall  
 12 exercise all of its statutory powers in this Part independent of control by the Administrative  
 13 Office of the State Chief Information Officer-Courts.

14 ...  
 15 **"§ 7A-353.2. Compensation and expenses of Board members; travel reimbursements.**

16 Members of the Board shall serve without compensation but may receive travel and  
 17 subsistence as follows:

- 18 (1) Board members who are officials or employees of a State agency or unit of  
 19 local government, in accordance with G.S. 138-6.  
 20 (2) All other Board members, at the rate established in G.S. 138-5.

21 **"§ 7A-353.3. Powers and duties.**

22 (a) The Board shall have the following powers and duties:

- 23 (1) To establish and operate the Network as an integrated system of State and  
 24 local government components for effectively and efficiently storing,  
 25 communicating, and using criminal justice information at the State and local  
 26 levels throughout North Carolina's law enforcement, judicial, juvenile justice,  
 27 and corrections agencies, with the components of the Network to include  
 28 electronic devices, programs, data, and governance and to set the Network's  
 29 policies and procedures.

30 ...

- 31 (8) To employ the services of an Executive Director who shall report solely to the  
 32 Board.  
 33 (9) To exercise administrative control over the operational budget established by  
 34 the Board and appropriated by the General Assembly.  
 35 (10) To exercise sole authority and control over employee positions allotted to the  
 36 Board, including the authority to establish qualifications, classification, and  
 37 salary levels for its employees and determine appropriate methods of  
 38 screening for candidates, interviewing, hiring, and day-to-day management of  
 39 Board employees.

40 ...  
 41 **"§ 7A-353.4. Election of officers; meetings; staff, etc.**

42 ...  
 43 (b) The staff of the Criminal Justice Information Network shall provide the Board with  
 44 professional and clerical support and any additional support the Board needs to fulfill its mandate.

45 (c) ~~The Board's staff shall use space provided by the Department of Information~~  
 46 ~~Technology-Administrative Office of the Courts shall provide office space and administrative~~  
 47 ~~support for the Board's staff and shall provide technical assistance to the Board at the request of~~  
 48 ~~the Board."~~

49 **SECTION 16.13.(d)** G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

50 **SECTION 16.13.(e)** G.S. 143B-1321(a)(30) reads as rewritten:

51 "(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN,~~ and 911 Board."

1           **SECTION 16.13.(f)** G.S. 143B-1322(c)(19) reads as rewritten:

2           "(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN~~, and  
3           911 Board."  
4

#### 5 **FUND DOMESTIC VIOLENCE DEPUTY CLERKS**

6           **SECTION 16.14.** Of the one million one hundred twenty-nine thousand seventy  
7 dollars (\$1,129,070) appropriated in this act to the Administrative Office of the Courts in each  
8 fiscal year of the 2021-2023 fiscal biennium to be used for domestic violence deputy clerks, the  
9 funds shall be used in counties currently employing these clerks and that have or are working  
10 toward electronic filing systems for domestic violence intake.  
11

#### 12 **PART XVII. INDIGENT DEFENSE SERVICES**

#### 13 **TRANSFER TWO ASSISTANT PUBLIC DEFENDERS FROM DEFENDER DISTRICT** 14 **10 TO DEFENDER DISTRICT 16B**

15           **SECTION 17.1.** The Commission on Indigent Defense Services shall transfer two  
16 assistant public defender positions from Defender District 10 to Defender District 16B.  
17  
18

#### 19 **CONTINGENCY RESERVE FOR PRIVATE ASSIGNED COUNSEL**

20           **SECTION 17.2.** Of the funds appropriated to the Office of Indigent Defense Services  
21 (Office), the Office shall reserve the sum of five hundred thousand dollars (\$500,000) in each  
22 year of the 2021-2023 fiscal biennium in Budget Code: 12001; Fund Code: 1310 as a contingency  
23 reserve to be available to provide funding for private assigned counsel as necessary. Funds in the  
24 contingency reserve shall remain available until spent consistent with this section. The Office  
25 shall report on the use of the funds to the Joint Legislative Oversight Committee on Justice and  
26 Public Safety and the Fiscal Research Division by February 1, 2022, and no later than February  
27 1 of each year thereafter until the funds reserved in accordance with this section are expended.  
28

#### 29 **DEBT SETOFF MODIFICATION**

30           **SECTION 17.3.(a)** Notwithstanding the time limitations applicable to notice by a  
31 State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send  
32 between March of 2020 and February of 2021 for reasons beyond the control of the Office of  
33 Indigent Defense Services, including the inability to obtain the information necessary to send the  
34 notice, the Office may send notice to the debtor within 30 days of the date this section becomes  
35 law; provided, the notice and rights afforded to the debtor otherwise complies with the  
36 requirements of G.S. 105A-8.  
37

38           **SECTION 17.3.(b)** This section is effective when this act becomes law.

#### 39 **PART XVIII. JUSTICE**

#### 40 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

41           **SECTION 18.1.** Article 9 of Chapter 114 of the General Statutes is amended by  
42 adding a new section to read:  
43

44 **"§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

45 The Department of Justice shall not hire sworn personnel to fill vacant positions in the North  
46 Carolina State Crime Laboratory. Nothing in this section shall be construed to require the  
47 termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel  
48 who are sworn and employed by the Laboratory as of the effective date of this section and who  
49 continue to meet the sworn status retention standards mandated by the North Carolina Criminal  
50 Justice Education and Standards Commission."  
51

1 **MICROSCOPIC HAIR COMPARISON/PROVIDE RECORDS FOR REVIEW OF**  
 2 **CASES**

3 **SECTION 18.2.(a)** Definition. – For purposes of this section, the term  
 4 "Memorandum of Understanding" means the Memorandum of Understanding, dated June 28,  
 5 2019, and any amendments entered into between the North Carolina Center on Actual Innocence  
 6 (Center), a nonprofit corporation, and the Department of Justice (Department) on behalf of the  
 7 North Carolina State Crime Lab (Crime Lab).

8 **SECTION 18.2.(b)** Requirement. – Subject to any restrictions imposed under federal  
 9 law, by December 1, 2021, the Crime Lab shall provide to the Center all information and records  
 10 set forth in the Memorandum of Understanding that are to be provided by the Crime Lab to the  
 11 Center. Additionally, the Crime Lab shall provide all services set forth in the Memorandum of  
 12 Understanding that are to be provided by the Crime Lab to the Center. If the Crime Lab is unable  
 13 to provide certain information, records, or services required under this subsection, the Crime Lab  
 14 shall provide the Center with written justification detailing why the Crime Lab was unable to  
 15 provide the information, record, or service.

16 **SECTION 18.2.(c)** Report on Compliance. – By December 15, 2021, the Center  
 17 shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety  
 18 and the Fiscal Research Division detailing what information, records, and services required under  
 19 subsection (b) of this section (i) have been provided by the Crime Lab and (ii) have not been  
 20 provided and the reason provided by the Crime Lab for not providing the information, record, or  
 21 service.

22 **SECTION 18.2.(d)** Report on Findings. – By December 1, 2022, the Center shall  
 23 submit a report to the Joint Legislative Oversight committee on Justice and Public Safety and the  
 24 Fiscal Research Division detailing its findings from its review of any information or records  
 25 provided under subsection (b) of this section to determine which court cases involved the use of  
 26 microscopic hair comparison and whether the results in each court case were properly stated,  
 27 challenged, and confirmed.

28  
 29 **REQUIRE APPROVAL OF COUNCIL OF STATE PRIOR TO ATTORNEY GENERAL**  
 30 **INTERVENING IN CERTAIN CASES**

31 **SECTION 18.3.(a)** G.S. 114-2 reads as rewritten:

32 **"§ 114-2. Duties.**

33 **(a)** Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be  
 34 the duty of the Attorney General:

35 (1) ~~To~~ Subject to the condition set forth in subsection (b) of this section, to defend  
 36 all actions in the appellate division in which the State shall be interested, or a  
 37 party, and to appear for the State in any other court or tribunal in any cause or  
 38 matter, civil or criminal, in which the State may be a party or interested. The  
 39 duty to represent the State in criminal appeals shall not be delegated to any  
 40 district attorney's office or any other entity.

41 ...

42 (8) Subject to the provisions of ~~G.S. 62-20~~:G.S. 62-20 and the condition set forth  
 43 in subsection (b) of this section:

44 a. To intervene, when he the Attorney General deems it to be advisable  
 45 in the public interest, in proceedings before any courts, regulatory  
 46 officers, agencies and bodies, both State and federal, in a  
 47 representative capacity for and on behalf of the using and consuming  
 48 public of this State. ~~He~~The Attorney General shall also have the  
 49 authority to institute and originate proceedings before such courts,  
 50 officers, agencies or bodies and shall have authority to appear before



1 agencies on behalf of the State and its agencies and citizens in all  
2 matters affecting the public interest.

- 3 b. Upon the institution of any proceeding before any State agency by  
4 application, petition or other pleading, formal or informal, the outcome  
5 of which will affect a substantial number of residents of North  
6 Carolina, such agency or agencies shall furnish the Attorney General  
7 with copies of all such applications, petitions and pleadings so filed,  
8 and, when the Attorney General deems it advisable in the public  
9 interest to intervene in such proceedings, ~~he~~ the Attorney General is  
10 authorized to file responsive pleadings and to appear before such  
11 agency either in a representative capacity in behalf of the using and  
12 consuming public of this State or in behalf of the State or any of its  
13 agencies.

14 ...

15 (b) Notwithstanding any provision of law to the contrary, the Attorney General shall not  
16 intervene for, or otherwise participate on behalf of, the State in any ongoing proceeding before  
17 an out-of-state or federal court, regulatory officer, agency, or body that does not involve the  
18 recovery of damages or other relief by the State or a State department, agency, institution,  
19 commission, or bureau, unless the intervention or other participation is approved by a majority  
20 vote of the Council of State. Nothing in this subsection shall be construed as prohibiting the  
21 Attorney General from participating in a proceeding before a court, regulatory officer, agency,  
22 or body in which the State or a State department, agency, institution, commission, or bureau is a  
23 party. For purposes of this subsection, the term "Attorney General" includes any attorney  
24 employed by or contracting with the Department of Justice."

25 **SECTION 18.3.(b)** This section is effective when it becomes law and applies to  
26 proceedings commenced on or after that date.

27  
28 **ESTABLISH LAW ENFORCEMENT OFFICER DISCIPLINE AND**  
29 **DECERTIFICATION STATEWIDE DATABASE**

30 **SECTION 18.4.(a)** Article 1 of Chapter 17C of the General Statutes is amended by  
31 adding a new section to read:

32 **"§ 17C-14. Database of law enforcement officer certification suspensions and revocations.**

33 The Commission shall develop and maintain a statewide database accessible to the public on  
34 its website that contains all revocations and suspensions of law enforcement officer certifications  
35 by the Commission."

36 **SECTION 18.4.(b)** Chapter 17E of the General Statutes is amended by adding a new  
37 section to read:

38 **"§ 17E-14. Database of justice officer certification suspensions and revocations.**

39 The Commission shall develop and maintain a statewide database accessible to the public on  
40 its website that contains all revocations and suspensions of justice officer certifications by the  
41 Commission."

42 **SECTION 18.4.(c)** Subpart A of Part 4 of Article 13 of Chapter 143B of the General  
43 Statutes is amended by adding a new section to read:

44 **"§ 143B-907. Public law enforcement database regulation.**

45 (a) Any database (i) created by a State agency or political subdivision of this State, (ii)  
46 accessible to the public, and (iii) created for the purpose of compiling and making available  
47 information regarding disciplinary actions taken against law enforcement officers may be  
48 established if all of the following are met:

49 (1) The database is created by act of the General Assembly.

50 (2) The information made public does not violate personnel and privacy laws.

- 1           (3)    The officer has received notice of the disciplinary action prior to it being  
2           added to the database.
- 3           (4)    The officer has been afforded some opportunity to be heard regarding the  
4           disciplinary action prior to it being added to the database.
- 5           (5)    The database only publishes final dispositions in disciplinary actions.
- 6           (6)    The database provides for the removal of records of the disciplinary action in  
7           the event the action is later rescinded.

8           (b)    For purposes of this section, "law enforcement officers" means sworn law  
9           enforcement officers with the power of arrest, both State and local."

10           **SECTION 18.4.(d)** Subsection (c) of this section is effective when it becomes law.  
11           The remainder of this section becomes effective October 1, 2021.

12

13           **ESTABLISH LAW ENFORCEMENT OFFICER CRITICAL INCIDENT STATEWIDE**  
14           **DATABASE**

15           **SECTION 18.5.(a)** G.S. 17C-2 reads as rewritten:

16           "**§ 17C-2. Definitions.**

17           Unless the context clearly otherwise requires, the following definitions apply in this Article:

18           ...

19           (3a)   Critical incident. – An incident involving any use of force by a law  
20           enforcement officer that results in death or serious bodily injury to a person.

21           ...."

22           **SECTION 18.5.(b)** Article 1 of Chapter 17C of the General Statutes is amended by  
23           adding a new section to read:

24           "**§ 17C-15. Database for law enforcement officer critical incident information.**

25           (a)    The Division shall develop and maintain a statewide database for use by law  
26           enforcement agencies that tracks all critical incident data of law enforcement officers in North  
27           Carolina.

28           (b)    All law enforcement agencies in the State that employ personnel certified by the  
29           Commission shall provide any information requested by the Division to maintain the database  
30           required by subsection (a) of this section.

31           (c)    Information collected under this section that is confidential under State or federal law  
32           shall remain confidential.

33           (d)    A law enforcement officer who is reported to the Division as having been involved in  
34           a critical incident who disputes being involved in a critical incident has a right, prior to being  
35           placed in the database, to request a contested case hearing regarding that determination pursuant  
36           to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

37           **SECTION 18.5.(c)** G.S. 17E-2 reads as rewritten:

38           "**§ 17E-2. Definitions.**

39           Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

40           ...

41           (4)    "Critical incident" means an incident involving any use of force by a law  
42           enforcement officer that results in death or serious bodily injury to a person."

43           **SECTION 18.5.(d)** Chapter 17E of the General Statutes is amended by adding a new  
44           section to read:

45           "**§ 17E-15. Database for justice officer critical incident information.**

46           (a)    The Division shall develop and maintain a statewide database for use by law  
47           enforcement agencies that tracks all critical incident data of justice officers in North Carolina.

48           (b)    All law enforcement agencies in the State that employ personnel certified by the  
49           Commission shall provide any information requested by the Commission to maintain the  
50           database required by subsection (a) of this section.

1 (c) Information collected under this section that is confidential under State or federal law  
2 shall remain confidential.

3 (d) A law enforcement officer who is reported to the Division as having been involved in  
4 a critical incident who disputes being involved in a critical incident has a right, prior to being  
5 placed in the database, to request a contested case hearing regarding that determination pursuant  
6 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

7 **SECTION 18.5.(e)** This section becomes effective October 1, 2021, and applies to  
8 critical incidents on or after that date.

## 10 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM**

11 **SECTION 18.6.(a)** G.S. 17C-20 reads as rewritten:

### 12 **"§ 17C-20. Definitions.**

13 As used in this Article, the following definitions apply:

14 ...

15 (5) Eligible county. – A county with a population of less than ~~425,000~~ 200,000  
16 according to the latest federal decennial census or a county designated as a  
17 development tier one area pursuant to G.S. 143B-437.08, or both.

18 ...."

19 **SECTION 18.6.(b)** This section is effective when it becomes law and applies to  
20 Criminal Justice Fellows Program applicants selected on or after that date.

## 22 **PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL**

23 **SECTION 18.7.(a)** G.S. 114-2.2 is amended by adding a new subsection to read:

24 "(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
25 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
26 and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General  
27 Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official  
28 capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly  
29 approved by the Speaker of the House of Representatives and the President Pro Tempore of the  
30 Senate, or by and through counsel of their choice, before the judgment may be entered."

31 **SECTION 18.7.(b)** G.S. 114-2.4 is amended by adding a new subsection to read:

32 "(a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
33 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
34 and the President Pro Tempore of the Senate (i) have intervened on behalf of the General  
35 Assembly in accordance with G.S. 1-72.2 or (ii) are otherwise jointly named in their official  
36 capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or  
37 other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved  
38 by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or  
39 by and through counsel of their choice, before the agreement may be entered."

40 **SECTION 18.7.(c)** G.S. 163-22.2 reads as rewritten:

### 41 **"§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

42 In the event any portion of Chapter 163 of the General Statutes or any State election law or  
43 form of election of any county board of commissioners, local board of education, or city officer  
44 is held unconstitutional or invalid by a State or federal court or is unenforceable because of  
45 objection interposed by the United States Justice Department under the Voting Rights Act of  
46 1965 and such ruling adversely affects the conduct and holding of any pending primary or  
47 election, the State Board of Elections shall have authority to make reasonable interim rules and  
48 regulations with respect to the pending primary or election as it deems advisable so long as they  
49 do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and  
50 regulations shall become null and void 60 days after the convening of the next regular session of  
51 the General Assembly. ~~The State Board of Elections shall also be authorized, upon~~

1 ~~recommendation of the Attorney General, to enter into agreement with the courts in lieu of~~  
2 ~~protracted litigation until such time as the General Assembly convenes."~~

3 **SECTION 18.7.(d)** Subsections (a) and (b) of this section are effective when they  
4 become law and apply to consent judgments, settlement agreements, or other agreements that  
5 would dispose of a dispute, claim, or controversy entered on or after that date. Subsection (c) of  
6 this section is effective when it becomes law and applies to rulings on or after that date.

## 7 8 **PART XIX. PUBLIC SAFETY**

### 9 10 **PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

#### 11 12 **JPS GRANT REPORTING**

13 **SECTION 19A.1.(a)** Article 29 of Chapter 7A of the General Statutes is amended  
14 by adding a new section to read:

15 **"§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

16 The Judicial Department shall report by May 1 of each year to the chairs of the House of  
17 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
18 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
19 for receipt by the Department. The report shall include information on the amount of grant funds  
20 received or preapproved for receipt by the Department, the use of the funds, the State match  
21 expended to receive the funds, and the period to be covered by each grant. If the Department  
22 intends to continue the program beyond the end of the grant period, the Department shall report  
23 on the proposed method for continuing the funding of the program at the end of the grant period.  
24 The Department shall also report on any information it may have indicating that the State will be  
25 requested to provide future funding for a program presently supported by a local grant."

26 **SECTION 19A.1.(b)** Article 1 of Chapter 114 of the General Statutes is amended  
27 by adding a new section to read:

28 **"§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

29 The Department of Justice shall report by May 1 of each year to the chairs of the House of  
30 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
31 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
32 for receipt by the Department. The report shall include information on the amount of grant funds  
33 received or preapproved for receipt by the Department, the use of the funds, the State match  
34 expended to receive the funds, and the period to be covered by each grant. If the Department  
35 intends to continue the program beyond the end of the grant period, the Department shall report  
36 on the proposed method for continuing the funding of the program at the end of the grant period.  
37 The Department shall also report on any information it may have indicating that the State will be  
38 requested to provide future funding for a program presently supported by a local grant."

39 **SECTION 19A.1.(c)** Article 13 of Chapter 143B of the General Statutes is amended  
40 by adding a new section to read:

41 **"§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

42 The Department of Public Safety shall report by May 1 of each year to the chairs of the House  
43 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
44 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
45 for receipt by the Department. The report shall include information on the amount of grant funds  
46 received or preapproved for receipt by the Department, the use of the funds, the State match  
47 expended to receive the funds, and the period to be covered by each grant. If the Department  
48 intends to continue the program beyond the end of the grant period, the Department shall report  
49 on the proposed method for continuing the funding of the program at the end of the grant period.  
50 The Department shall also report on any information it may have indicating that the State will be  
51 requested to provide future funding for a program presently supported by a local grant."

1  
2 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

3 **SECTION 19A.2.(a)** Notwithstanding any other provision of law, and except as  
4 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
5 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any  
6 other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the  
7 base budget for one or both fiscal years of the biennium.

8 **SECTION 19A.2.(b)** This section shall not apply to consolidation of information  
9 technology positions into the Department of Information Technology pursuant to  
10 G.S. 143B-1325.

11  
12 **ALLOCATION OF GRANT FUNDS TO SHERIFFS' OFFICES IN TIER ONE AND**  
13 **TIER TWO COUNTIES**

14 **SECTION 19A.3.(a)** Of the two million seventy thousand dollars (\$2,070,000)  
15 appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be  
16 used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal  
17 amounts to the sheriffs' offices located in development tier one and tier two areas, as defined in  
18 G.S. 143B-437.08.

19 **SECTION 19A.3.(b)** Of the five million two hundred sixty-nine thousand dollars  
20 (\$5,269,000) appropriated in this act to the Department of Public Safety in the 2022-2023 fiscal  
21 year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in  
22 equal amounts to the sheriffs' offices located in development tier one and tier two areas, as  
23 defined in G.S. 143B-437.08.

24 **SECTION 19A.3.(c)** The grants provided to sheriffs' offices in this section shall be  
25 used for expenses incurred by the offices from enforcing the laws of this State and carrying out  
26 other duties set by law.

27  
28 **INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS**

29 **SECTION 19A.4.(a)** Of the funds appropriated to the Department of Public Safety,  
30 the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds in each  
31 year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Sheriffs'  
32 Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local  
33 law enforcement agencies to investigate reports of internet crimes against children.

34 **SECTION 19A.4.(b)** The grant funds allocated under subsection (a) of this section  
35 shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines  
36 and procedures for the administration and distribution of grants to participating sheriffs' offices  
37 and local law enforcement agencies. These guidelines and procedures shall include the following  
38 requirements and limitations:

- 39 (1) The maximum grant amount shall not exceed seventy-five thousand dollars  
40 (\$75,000) per recipient per fiscal year.  
41 (2) Recipient agencies shall be required to enter into a memorandum of agreement  
42 with the State Bureau of Investigation (SBI) governing the investigation of  
43 internet crimes against children.

44 **SECTION 19A.4.(c)** The North Carolina Sheriffs' Association shall submit the  
45 following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public  
46 Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public  
47 Safety, and to the Fiscal Research Division:

- 48 (1) No later than November 1, 2021, a report on the guidelines and procedures  
49 that will govern distribution and administration of grant funds distributed  
50 pursuant to this section.

- 1 (2) No later than August 1, 2022, a report on the grant funds distributed pursuant  
2 to this section during the 2021-2022 fiscal year.
- 3 (3) No later than August 1, 2023, a report on the grant funds distributed pursuant  
4 to this section during the 2022-2023 fiscal year.

5 **SECTION 19A.4.(d)** It is the intent of the General Assembly to strongly encourage  
6 sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports  
7 and tips regarding internet crimes against children and to consult with the SBI Computer Crimes  
8 Unit and North Carolina Internet Crimes Against Children Task Force.

9  
10 **PART XIX-B. LAW ENFORCEMENT**

11  
12 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

13 **SECTION 19B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The  
14 State Capitol Police may contract with State agencies for the creation of receipt-supported  
15 positions to provide security services to the buildings occupied by those agencies.

16 **SECTION 19B.1.(b)** Annual Report Required. – No later than September 1 of each  
17 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
18 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 19 (1) A list of all positions in the State Capitol Police. For each position listed, the  
20 report shall include at least the following information:  
21 a. The position type.  
22 b. The agency to which the position is assigned.  
23 c. The source of funding for the position.

- 24 (2) For each receipt-supported position listed, the contract and any other terms of  
25 the contract.

26 **SECTION 19B.1.(c)** Additional Reporting Required Upon Creation of  
27 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
28 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
29 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
30 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
31 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
32 to this section shall include at least all of the following information:

- 33 (1) The position type.  
34 (2) The agency to which the position is being assigned.  
35 (3) The position salary.  
36 (4) The total amount of the contract.  
37 (5) The terms of the contract.

38 **SECTION 19B.1.(d)** Format of Reports. – Reports submitted pursuant to this section  
39 shall be submitted electronically and in accordance with any applicable General Assembly  
40 standards.

41  
42 **USE OF SEIZED AND FORFEITED PROPERTY**

43 **SECTION 19B.2.(a)** Seized and forfeited assets transferred to the Department of  
44 Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to  
45 applicable federal law shall be credited to the budget of the recipient department and shall result  
46 in an increase of law enforcement resources for that department. The Department of Public Safety  
47 and the Department of Justice shall each make the following reports to the chairs of the House  
48 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
49 Appropriations Committee on Justice and Public Safety:

- 50 (1) A report upon receipt of any assets.

- 1 (2) A report that shall be made prior to use of the assets on their intended use and  
2 the departmental priorities on which the assets may be expended.  
3 (3) A report on receipts, expenditures, encumbrances, and availability of these  
4 assets for the previous fiscal year, which shall be made no later than  
5 September 1 of each year.

6 **SECTION 19B.2.(b)** The General Assembly finds that the use of seized and forfeited  
7 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
8 of real property, repair of buildings where the repair includes structural change, and construction  
9 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
10 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
11 using these assets for such purposes without the prior approval of the General Assembly.

12 **SECTION 19B.2.(c)** Nothing in this section prohibits State law enforcement  
13 agencies from receiving funds from the United States Department of Justice, the United States  
14 Department of the Treasury, and the United States Department of Health and Human Services.

15 **SECTION 19B.2.(d)** The Joint Legislative Oversight Committee on Justice and  
16 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of  
17 seized and forfeited assets. The Committee shall report its findings and recommendations prior  
18 to the convening of the 2022 Regular Session of the 2021 General Assembly.

19  
20 **INVESTIGATION OF OFFICER-INVOLVED SHOOTINGS AND OTHER INCIDENTS**  
21 **RESULTING IN DEATH OR SERIOUS BODILY INJURY**

22 **SECTION 19B.3.(a)** G.S. 143B-919 is amended by adding a new subsection to read:

23 "(b1) The Bureau shall, upon request of the Governor, investigate and prepare evidence in  
24 the event of any of the following:

- 25 (1) A sworn law enforcement officer with the power to arrest discharges the  
26 officer's firearm in the performance of the officer's duties, excluding during  
27 training exercises.  
28 (2) A sworn law enforcement officer with the power to arrest uses force against  
29 an individual in the performance of the officer's duties that results in the death  
30 of, or serious bodily injury to, the individual.  
31 (3) An individual in the custody of the Department of Public Safety, a State  
32 prison, a county jail, or a local confinement facility, regardless of the physical  
33 location of the individual, dies or suffers serious bodily injury."

34 **SECTION 19B.3.(b)** This section becomes effective October 1, 2021.  
35

36 **DEPARTMENT OF PUBLIC SAFETY TO ISSUE NEW REQUEST FOR PROPOSAL**  
37 **FOR VIPER SYSTEM MAINTENANCE**

38 **SECTION 19B.4.(a)** Prior to using the funds appropriated in this act for the  
39 maintenance of the Voice Interoperability Plan for Emergency Responders (VIPER) System, the  
40 Department of Public Safety shall issue a request for proposal for that maintenance.

41 **SECTION 19B.4.(b)** The Department of Public Safety shall submit the results of the  
42 request for proposal issued pursuant to subsection (a) of this section to the Joint Legislative  
43 Oversight Committee on Justice and Public Safety.

44 **SECTION 19B.4.(c)** After 60 days have passed following the submission of its  
45 report pursuant to subsection (b) of this section, the Department of Public Safety may use the  
46 funds appropriated in this act to contract with a vendor to maintain the VIPER System.  
47

48 **TRANSFER ELECTIONS INVESTIGATIONS DIVISION TO STATE BUREAU OF**  
49 **INVESTIGATION**

1           **SECTION 19B.5.(a)** The Investigations Division in the State Board of Elections is  
2 transferred to the State Bureau of Investigation in the Department of Public Safety. This transfer  
3 has all of the elements of a Type I transfer, as described in G.S. 143A-6.

4           **SECTION 19B.5.(b)** G.S. 143B-919 reads as rewritten:

5 **"§ 143B-919. Investigations of lynchings, election frauds, etc.; services subject to call of**  
6 **Governor; witness fees and mileage for employees.**

7           (a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in  
8 the event of any lynching or mob violence in the State; ~~shall investigate all cases arising from~~  
9 ~~frauds in connection with elections when requested to do so by the Board of Elections, and when~~  
10 ~~so directed by the Governor.~~ State. Such investigation, however, shall in nowise interfere with  
11 the power of the Attorney General to make such investigation as the Attorney General is  
12 authorized to make under the laws of the State. The Bureau is authorized further, at the request  
13 of the Governor, to investigate cases of frauds arising under the Social Security Laws of the State,  
14 of violations of the gaming laws, and lottery laws, and matters of similar kind when called upon  
15 by the Governor so to do. In all such cases it shall be the duty of the Department to keep such  
16 records as may be necessary and to prepare evidence in the cases investigated, for the use of  
17 enforcement officers and for the trial of causes. The services of employees of the Bureau may be  
18 required by the Governor in connection with the investigation of any crime committed anywhere  
19 in the State when called upon by the enforcement officers of the State, and when, in the judgment  
20 of the Governor, such services may be rendered with advantage to the enforcement of the criminal  
21 law. The State Bureau of Investigation is hereby authorized to investigate the following without  
22 the request request:

23           (1) The attempted arson of, or arson of, damage of, theft from, or theft of, or  
24 misuse of, any State-owned personal property, buildings, or other real  
25 property or any assault upon or threats against any legislative officer named  
26 in G.S. 147-2(1), (2), or (3), any executive officer named in G.S. 147-3(c), or  
27 any court officer as defined in G.S. 14-16.10(1).

28           (2) All cases arising from frauds in connection with elections in any county and  
29 municipality and special district and shall report any violations of the election  
30 laws to the Attorney General or district attorney or prosecutor of the district  
31 for further investigation and prosecution. In conducting investigations under  
32 this subdivision, the Bureau shall have the authority to administer oaths, issue  
33 subpoenas, summon witnesses, and compel the production of papers, books,  
34 records, and other evidence.

35           ...."

36           **SECTION 19B.5.(c)** G.S. 163-20 reads as rewritten:

37 **"§ 163-20. Meetings of Board; quorum; minutes.**

38           ...

39           (c) Meetings to Investigate Alleged Violations of This Chapter. – When called upon to  
40 investigate or hear sworn alleged violations of this Chapter, the State Board of Elections shall  
41 meet and hear the matter in the county in which the violations are alleged to have occurred. The  
42 State Board of Elections shall report any alleged incidents of frauds in elections to the State  
43 Bureau of Investigation to investigate as provided in G.S. 143B-919.

44           ...."

45           **SECTION 19B.5.(d)** G.S. 163-22 reads as rewritten:

46 **"§ 163-22. Powers and duties of State Board of Elections.**

47           ...

48           (d) The State Board of Elections shall investigate when necessary or advisable, the  
49 administration of election laws, ~~frauds and laws and~~ irregularities in elections in any county and  
50 municipality and special district, and shall report violations of the election laws to the Attorney  
51 General or district attorney or prosecutor of the district for further investigation and prosecution.



1 The State Board of Elections shall report any alleged incidents of frauds in elections to the State  
2 Bureau of Investigation to investigate as provided in G.S. 143B-919.

3 ...

4 (j1) Notwithstanding G.S. 153A-98 or any other provision of law, all officers, employees,  
5 and agents of a county board of elections are required to give to the State Board of Elections,  
6 upon request, all information, documents, and data within their possession, or ascertainable from  
7 their records, including any internal investigation or personnel documentation and are required  
8 to make available, upon request pursuant to an investigation under subsection (d) of this ~~section,~~  
9 section or an investigation under G.S. 143B-919 by the State Bureau of Investigation, any county  
10 board employee for interview and to produce any equipment, hardware, or software for  
11 inspection. These requirements are mandatory and shall be timely complied with as specified in  
12 a request made by any four members of the State Board.

13 ...."

14 **SECTION 19B.5.(e)** G.S. 163-33 reads as rewritten:

15 "**§ 163-33. Powers and duties of county boards of elections.**

16 The county boards of elections within their respective jurisdictions shall exercise all powers  
17 granted to such boards in this Chapter, and they shall perform all the duties imposed upon them  
18 by law, which shall include the following:

19 ...

20 (3) To investigate (i) irregularities, nonperformance of duties, and violations of  
21 laws-laws, except cases arising from frauds in connection with an election, by  
22 election officers and other persons, and to report violations to the State Board  
23 of Elections-Elections and (ii) cases arising from frauds in connection with  
24 an election by election officers or other persons and to report any violations  
25 to the State Bureau of Investigation. In exercising the powers and duties of  
26 this subdivision, the board may act only when a majority of its members are  
27 present at any meeting at which such powers or duties are exercised. Provided  
28 that in any hearing on an irregularity no board of elections shall consider as  
29 evidence the testimony of a voter who cast a ballot, which ballot that voter  
30 was not eligible to cast, as to how that voter voted on that ballot.

31 ...."

32 **SECTION 19B.5.(f)** G.S. 163-278 reads as rewritten:

33 "**§ 163-278. Duty of investigating and prosecuting violations of this Article.**

34 (a) It shall be the duty of the State Board of Elections and the district attorneys to  
35 investigate any violations of this Article, except as provided in subsection (b) of this section, and  
36 the State Board and district attorneys are authorized and empowered to subpoena and compel the  
37 attendance of any person before them for the purpose of making such investigation. The State  
38 Board and the district attorneys are authorized to call upon the Director of the State Bureau of  
39 Investigation to furnish assistance by the State Bureau of Investigation in making the  
40 investigations of such violations. The State Board shall furnish the district attorney a copy of its  
41 investigation. The district attorney shall initiate prosecution and prosecute any violations of this  
42 Article. The provisions of G.S. 163-278.28 shall be applicable to violations of this Article.

43 (b) It shall be the duty of the State Bureau of Investigation and the district attorneys to  
44 investigate any violations of this Article arising from frauds, and the State Bureau of  
45 Investigation and district attorneys are authorized and empowered to subpoena and compel the  
46 attendance of any person before them for the purpose of making such investigation. The State  
47 Bureau of Investigation shall furnish the district attorney a copy of its investigation. The district  
48 attorney shall initiate prosecution and prosecute any violations of this Article."

49 **SECTION 19B.5.(g)** Any investigation ongoing as of the effective date of this  
50 section is not abated or affected by this section. Prosecutions for offenses or violations committed

1 before the effective date of this section are not abated or affected by this section, and the statutes  
2 that would be applicable but for this section remain applicable to those prosecutions.

3 **SECTION 19B.5.(h)** This section becomes effective October 1, 2021.  
4

## 5 **PART XIX-C. ADULT CORRECTION**

### 6 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

7 **SECTION 19C.1.** The Department of Public Safety may continue to contract with  
8 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison  
9 beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for  
10 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
11 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
12 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
13 average daily inmate population compared to bed capacity using the same methodology as that  
14 used by the Department of Public Safety.  
15  
16

### 17 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

18 **SECTION 19C.2.** G.S. 148-32.1(b2) reads as rewritten:

19 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program  
20 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
21 a period of more than 90 days and for all sentences imposed for impaired driving under  
22 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
23 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
24 address methods for the placement and transportation of inmates and reimbursement to counties  
25 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
26 from that county or from other counties pursuant to the Program may enter into a written  
27 agreement with the Division of Adult Correction and Juvenile Justice to do so.

28 The North Carolina Sheriffs' Association shall:

29 (1) Report no later than the fifteenth day of each month to the Office of State  
30 Budget and Management and the Fiscal Research Division on the Statewide  
31 Misdemeanant Confinement Program. Each monthly report shall include all  
32 of the following:

- 33 a. The daily population delineated by misdemeanant or DWI monthly  
34 housing.
- 35 b. The cost of housing prisoners under the Program.
- 36 c. The cost of transporting prisoners under the Program.
- 37 d. Personnel costs.
- 38 e. Inmate medical care costs.
- 39 f. The number of counties that volunteer to house inmates under the  
40 Program.
- 41 g. The administrative costs paid to the Sheriffs' Association and to the  
42 Department of Public Safety.

43 (2) Report no later than October 1 of each year to the chairs of the House of  
44 Representatives Appropriations Committee on Justice and Public Safety and  
45 the Senate Appropriations Committee on Justice and Public Safety and the  
46 Joint Legislative Oversight Committee on Justice and Public Safety on the  
47 Statewide Misdemeanant Confinement Program. The report shall include the  
48 following with respect to the prior fiscal year:

- 49 a. The cost of housing prisoners by county under the Program.
- 50 b. The cost of transporting prisoners by county under the Program.
- 51 c. Personnel costs by county.

- 1                   d.     Inmate medical care costs by county.  
2                   e.     The number of counties that volunteer to house inmates under the  
3                         Program.  
4                   f.     The administrative costs paid to the Sheriffs' Association and to the  
5                         Department of Public Safety."  
6

#### 7 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

8                   **SECTION 19C.3.** Of the funds appropriated in this act for the Statewide  
9 Misdemeanant Confinement Program:

- 10                  (1)     The sum of one million dollars (\$1,000,000) shall be transferred each fiscal  
11                         year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,  
12                         to support the Program and for administrative and operating expenses of the  
13                         Association and its staff.  
14                  (2)     The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
15                         allocated each fiscal year to the Division of Adult Correction for its  
16                         administrative and operating expenses for the Program.  
17

#### 18 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 19 **EQUIPMENT PURCHASES SECTIONS**

20                   **SECTION 19C.4.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees  
21 collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by  
22 the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during  
23 the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the  
24 Section of Community Corrections, but only to the extent sufficient funds remain available in the  
25 Fund to support the mission of the Interstate Compact Program.

26                   **SECTION 19C.4.(b)** No later than October 1 of each fiscal year, the Department of  
27 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public  
28 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
29 used.  
30

#### 31 **NURSE STAFFING AT STATE PRISONS REPORT**

32                   **SECTION 19C.5.(a)** The Department of Public Safety shall report the following  
33 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
34 February 1, 2022, and by February 1, 2023:

- 35                  (1)     The total number of permanent nursing positions allocated to the Department,  
36                         the number of filled positions, the number of positions that have been vacant  
37                         for more than six months, and information regarding the location of both filled  
38                         and vacant positions.  
39                  (2)     The extent to which temporary contract services are being used to staff vacant  
40                         nursing positions, the method for funding the contract services, and any cost  
41                         differences between the use of permanent employees versus contract  
42                         employees.  
43                  (3)     A progress report on the implementation of its plan to (i) reduce the use of  
44                         contract services to provide nursing in State prisons and (ii) attract and retain  
45                         qualified nurses for employment in permanent positions in State prisons.

46                   **SECTION 19C.5.(b)** Notwithstanding any other provision of law, the Department  
47 of Public Safety may, in its discretion and subject to the approval of the Office of State Budget  
48 and Management, convert funds appropriated for contractual nursing services to permanent  
49 nursing positions when it is determined to promote security, generate cost savings, and improve  
50 health care quality. The Department shall report on any such conversions to the Fiscal Research  
51 Division.

**DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

**SECTION 19C.6.** The Department of Public Safety, Division of Adult Correction and Juvenile Justice, shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

- (1) The number of Division employees charged with the commission of a criminal offense committed in a State prison and during the employee's work hours. The information shall be provided by State facility and shall specify the offense charged and the outcome of the charge.
- (2) The number of employees disciplined, demoted, or separated from service due to personal misconduct. To the extent it does not disclose confidential personnel records, the information shall be organized by type of misconduct, nature of corrective action taken, and outcome of the corrective action.
- (3) The hiring and screening process, including any required credentials or skills, criminal background checks, and personality assessments. The information shall also include the process the Division uses to verify the information provided by an applicant.

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES**

**SECTION 19C.7.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1, 2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

**DOT CONTRACT OF INMATE LITTER CREW**

**SECTION 19C.8.(a)** After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Division of Adult Correction and Juvenile Justice upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Division of Adult Correction and Juvenile Justice shall have 30 days to accept or decline the offered contract.

**SECTION 19C.8.(b)** It is the policy of the General Assembly that the Department of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as often as is necessary and practicable.

**CREATE THE DEPARTMENT OF ADULT CORRECTION AND OTHER CONFORMING CHANGES**

**SECTION 19C.9.(a)** The Department of Adult Correction is established in this Part as a single, unified cabinet-level department. All functions, powers, duties, and obligations vested in the following programs, divisions, and entities located in the Department of Public Safety are transferred to, vested in, and consolidated within the Department of Adult Correction in the manner of a Type I transfer, as defined in G.S. 143A-6:

- (1) Prisons Section.

1 (2) Alcohol and Chemical Dependency Treatment Program, except the  
2 DART-Cherry and the Black Mountain Substance Abuse Treatment Center  
3 for Women.

4 (3) Health Services Section.

5 (4) Correction Enterprises Section.

6 **SECTION 19C.9.(b)** The Grievance Resolution Board is transferred to the  
7 Department of Adult Correction in the manner of a Type II transfer, as defined in G.S. 143A-6.

8 **SECTION 19C.9.(c)** G.S. 143B-2 reads as rewritten:

9 **"§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

10 The Executive Organization Act of 1973 shall be applicable only to the following named  
11 departments:

12 ...

13 (12) Department of Adult Correction."

14 **SECTION 19C.9.(d)** G.S. 143B-6 reads as rewritten:

15 **"§ 143B-6. Principal departments.**

16 In addition to the principal departments enumerated in the Executive Organization Act of  
17 1971, all executive and administrative powers, duties, and functions not including those of the  
18 General Assembly and its agencies, the General Court of Justice and the administrative agencies  
19 created pursuant to Article IV of the Constitution of North Carolina, and higher education  
20 previously vested by law in the several State agencies, are vested in the following principal  
21 departments:

22 ...

23 (14) Department of Adult Correction."

24 **SECTION 19C.9.(e)** G.S. 126-5(d)(1) reads as rewritten:

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

29 ...

30 o. Department of Adult Correction."

31 **SECTION 19C.9.(f)** Chapter 143B of the General Statutes is amended by adding a  
32 new Article to read:

33 "Article 16.

34 "Department of Adult Correction.

35 "Part 1. Organization; General Provisions for Department.

36 **"§ 143B-1440. Organization.**

37 There is established the Department of Adult Correction. The Department shall perform all  
38 functions of the executive branch of the State in relation to the detention and correction of adult  
39 offenders.

40 **"§ 143B-1442. Powers and duties of the Secretary.**

41 The head of the Department is the Secretary of the Department of Adult Correction. The  
42 Secretary shall have the powers and duties as are conferred on the Secretary by this Article,  
43 delegated to the Secretary by the Governor, and conferred on the Secretary by the Constitution  
44 and laws of this State. The Secretary is authorized to adopt rules and procedures for the  
45 implementation of this Article.

46 **"§ 143B-1444. Definitions.**

47 As used in this Article, the following meanings shall apply:

48 (1) Department. – The Department of Adult Correction.

49 (2) Justice and Public Safety Appropriations Committees. – The Senate  
50 Appropriations Committee on Justice and Public Safety and the House of  
51 Representatives Appropriations Committee on Justice and Public Safety.

1           (3)     Program. – The Alcoholism and Chemical Dependency Treatment Program.  
 2           (4)     Secretary. – The Secretary of the Department of Adult Correction."  
 3           **SECTION 19C.9.(g)** G.S. 143B-711 is repealed. G.S. 143B-630 of Part 1A of  
 4 Article 13 of Chapter 143B and G.S. 143B-701 through 143B-705, 143B-707, 143B-707.4, and  
 5 143B-709 of Subpart A of Part 2 of Article 13 of Chapter 143B are recodified as Part 2 of Article  
 6 16 of Chapter 143B of the General Statutes as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
Part 1A	Part 2
143B-630	143B-1450
Subpart A	
143B-701	143B-1451
143B-702	143B-1452
143B-703	143B-1453
143B-704	143B-1454
143B-705	143B-1455
143B-707	143B-1456
143B-707.4	143B-1457
143B-709	143B-1458

19           **SECTION 19C.9.(h)** G.S. 143B-707.5 through 707.10 of Subpart A of Part 2 of  
 20 Article 13 of Chapter 143B are recodified as Part 3 of Article 16 of Chapter 143B of the General  
 21 Statutes as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
Subpart A	Part 3
143B-707.3	143B-1470
143B-707.5	143B-1471
143B-707.6	143B-1472
143B-707.7	143B-1473
143B-707.8	143B-1474
143B-707.9	143B-1475
143B-707.10	143B-1476

31           **SECTION 19C.9.(i)** Parts 2 and 3 of Article 16 of Chapter 143B of the General  
 32 Statutes read as rewritten:

33                           "Part 2. General Provisions for Division of Prisons.

34           "**§ 143B-1450. Creation of Division of ~~Adult Correction and Juvenile Justice~~; Prisons;**  
 35                           **powers.**

36           There is hereby created and established a division to be known as the Division of ~~Adult~~  
 37 ~~Correction and Juvenile Justice of the Department of Public Safety.~~ Prisons within the  
 38 Department. The Division of Prisons shall have the power and duty to implement ~~Parts 2 and 3~~  
 39 Part 2 of this Article and shall have such other powers and duties as are set forth in this ~~Chapter~~  
 40 Article and are prescribed by the ~~Secretary of the Department of Public Safety.~~ Secretary.

41           "**§ 143B-1451. Division of ~~Adult Correction and Juvenile Justice of the Department of~~**  
 42                           **Public Safety Prisons – duties.**

43           It shall be the duty of the Division of Prisons to provide the necessary custody, supervision,  
 44 and treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and  
 45 cost of crime and delinquency.

46           "**§ 143B-1452. Division of ~~Adult Correction and Juvenile Justice of the Department of~~**  
 47                           **Public Safety Prisons – rules and regulations.**

48           The Division of ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~  
 49 Prisons shall adopt rules and regulations related to the conduct, supervision, rights and privileges  
 50 of persons in its custody or under its supervision. Such rules and regulations shall be filed with  
 51 and published by the office of the Attorney General and shall be made available by the Division

1 for public inspection. The rules and regulations shall include a description of the organization of  
2 the Division. A description or copy of all forms and instructions used by the Division, except  
3 those relating solely to matters of internal management, shall also be filed with the office of the  
4 Attorney General.

5 **"§ 143B-1453. Repair or replacement of personal property.**

6 (a) ~~The Secretary of Public Safety~~ may adopt rules governing repair or replacement of  
7 personal property items excluding private passenger vehicles that belong to employees of State  
8 facilities within the Division of ~~Adult Correction and Juvenile Justice~~ Prisons of the Department  
9 ~~of Public Safety~~ and that are damaged or stolen by inmates of the State facilities provided that  
10 the item is determined by the Secretary to be damaged or stolen on or off facility grounds during  
11 the performance of employment and necessary for the employee to have in ~~his~~ the employee's  
12 possession to perform ~~his~~ the employee's assigned duty.

13 ...

14 (e) ~~The Secretary of Public Safety~~ shall establish by rule an appeals process consistent  
15 with Chapter 150B of the General Statutes.

16 **"§ 143B-1454. Division of ~~Adult Correction and Juvenile Justice~~ of the Department of  
17 Public Safety Prisons – functions with respect to adults.**

18 (a) The functions of the Division of ~~Adult Correction and Juvenile Justice~~ of the  
19 ~~Department of Public Safety~~ Prisons shall include all functions of the executive branch of the  
20 State in relation to corrections and the rehabilitation of adult offenders, including ~~detention,~~  
21 ~~parole, and aftercare supervision,~~ detention and further including those prescribed powers, duties,  
22 and functions enumerated in the laws of this State. All such functions, powers, duties, and  
23 obligations heretofore vested in the State Department of Correction and Commission of  
24 Correction are hereby transferred to and vested in the Division of Prisons of the Department of  
25 Adult Correction except as otherwise provided by the Executive Organization Act of 1973.

26 (b) ~~All such functions, powers, duties, and obligations heretofore vested in the~~  
27 ~~Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of~~  
28 ~~Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested~~  
29 ~~in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~  
30 ~~except as otherwise provided by the Executive Organization Act of 1973. They shall include, by~~  
31 ~~way of extension and not of limitation, the functions of:~~

- 32 (1) ~~The State Department of Correction and Commission of Correction,~~
- 33 (2) ~~Repealed by Session Laws 1999-423, s. 8, effective July 1, 1999.~~
- 34 (3) ~~The State Probation Commission,~~
- 35 (4) ~~The State Board of Paroles,~~
- 36 (5) ~~The Interstate Agreement on Detainers, and~~
- 37 (6) ~~The Uniform Act for Out-of-State Parolee Supervision.~~

38 ...

39 (d) The Division shall establish an ~~alcoholism and chemical dependency treatment~~  
40 ~~program~~ the Alcoholism and Chemical Dependency Treatment Program. The ~~program~~ Program  
41 shall consist of a continuum of treatment and intervention services for male and female inmates,  
42 established in medium and minimum custody prison facilities, ~~and for male and female~~  
43 ~~probationers and parolees, established in community-based residential treatment facilities.~~

44 ...

45 **"§ 143B-1455. Division of ~~Adult Correction and Juvenile Justice~~ of the Department of  
46 Public Safety Prisons – Alcoholism and Chemical Dependency Treatment  
47 Program.**

48 (a) The Program established by ~~G.S. 143B-704~~ G.S. 143B-1454 shall be offered in  
49 correctional facilities, or a portion of correctional facilities that are self-contained, so that the  
50 residential and program space is separate from any other programs or inmate housing, and shall

1 be operational by ~~January 1, 1988~~, at those facilities as the Secretary or the Secretary's designee  
2 may designate.

3 (b) A ~~Section Chief deputy director~~ for the Alcoholism and Chemical Dependency  
4 Treatment Program shall be employed and shall report directly to a ~~deputy director for the~~  
5 ~~Division of Adult Correction and Juvenile Justice as designated by the Deputy Commissioner the~~  
6 ~~Director~~ for the Division of ~~Adult Correction and Juvenile Justice Prisons~~. The duties of the  
7 ~~Section Chief deputy director~~ and staff shall include the following:

8 (1) Administer and coordinate all substance abuse programs, grants, contracts,  
9 and related functions in the Division of ~~Adult Correction and Juvenile Justice~~  
10 ~~Prisons~~ of the Department of ~~Public Safety Adult Correction~~.

11 (2) Develop and maintain working relationships and agreements with agencies  
12 and organizations that will assist in developing and operating alcoholism and  
13 chemical dependency treatment and recovery programs in the Division of  
14 ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of ~~Public~~  
15 ~~Safety Adult Correction~~.

16 ...

17 (5) Develop programs that provide effective treatment for ~~inmates, probationers,~~  
18 ~~and parolees inmates~~ with alcohol and chemical dependency problems.

19 ...

20 (7) Supervise directly the facility and district program managers, other  
21 specialized personnel, and programs that exist or may be developed in the  
22 Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department  
23 of ~~Public Safety Adult Correction~~.

24 (8) Repealed by Session Laws 2012-83, s. 10, effective June 26, 2012.

25 (c) In each prison that houses an alcoholism and chemical dependency program, there  
26 shall be a unit superintendent under the ~~Section Division~~ of Prisons of the ~~Division of Department~~  
27 ~~of Adult Correction and Juvenile Justice~~ and other custodial, administrative, and support staff as  
28 required to maintain the proper custody level at the facility. The unit superintendent shall be  
29 responsible for all matters pertaining to custody and administration of the unit. The ~~Section Chief~~  
30 ~~deputy director~~ of the Alcoholism and Chemical Dependency Treatment Program shall designate  
31 and direct employees to manage treatment programs at each location. Duties of unit treatment  
32 program managers shall include program development and implementation, supervision of  
33 personnel assigned to treatment programs, adherence to all pertinent policy and procedural  
34 requirements of the Department, and other duties as assigned.

35 ...

### 36 "§ 143B-1456. Reports to the General Assembly.

37 The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of ~~Public~~  
38 ~~Safety Adult Correction~~ shall report by March 1 of each year to the Chairs of the ~~Senate and~~  
39 ~~House Appropriations Committees and the Chairs of the Senate and House Appropriations~~  
40 ~~Subcommittees in Justice and Public Safety Appropriations Committees~~ on their efforts to  
41 provide effective treatment to offenders with substance abuse problems. The report shall include:

42 ...

43 (3) ~~Utilization of the community based programs at DART Cherry and Black~~  
44 ~~Mountain Substance Abuse Treatment Center for Women.~~

45 ...

46 (7) Evaluation of each substance abuse treatment program funded by the Division  
47 of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of ~~Public~~  
48 ~~Safety Adult Correction~~. Evaluation measures shall include reduction in  
49 alcohol and drug dependency, improvements in disciplinary and infraction  
50 rates, recidivism (defined as return-to-prison rates), and other measures of the  
51 programs' success.



1 **"§ 143B-1457. Annual report on safekeepers.**

2 The Department of ~~Public Safety~~ shall report by October 1 of each year to the chairs of the  
3 ~~House of Representatives and Senate Justice and Public Safety Appropriations Committees on~~  
4 ~~Justice and Public Safety~~ and the chairs of the Joint Legislative Oversight Committee on Justice  
5 and Public Safety on county prisoners housed in the State prison system pursuant to safekeeping  
6 orders under G.S. 162-39. The report shall include:

7 ...

8 **"§ 143B-1458. Security Staffing.**

9 (a) The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of  
10 ~~Public Safety Adult Correction~~ shall conduct:

11 ...

12 (b) The Division of ~~Adult Correction and Juvenile Justice Prisons~~ of the Department of  
13 ~~Public Safety Adult Correction~~ shall update the security staffing relief formula at least every  
14 three years. Each update shall include a review of all annual training requirements for security  
15 staff to determine which of these requirements should be mandatory and the appropriate  
16 frequency of the training. The Division shall survey other states to determine which states use a  
17 vacancy factor in their staffing relief formulas.

18 "Part 3. Medical Costs; Medicaid Services.

19 **"§ 143B-1470. Medical costs for ~~inmates and juvenile offenders~~ inmates.**

20 (a) The Department of ~~Public Safety Adult Correction~~ shall reimburse those providers  
21 and facilities providing approved medical services to inmates ~~and juvenile offenders~~ outside the  
22 correctional ~~or juvenile~~ facility the lesser amount of either a rate of seventy percent (70%) of the  
23 provider's then-current prevailing charge or two times the then-current Medicaid rate for any  
24 given service. The Department shall have the right to audit any given provider to determine the  
25 actual prevailing charge to ensure compliance with this provision.

26 This section does apply to vendors providing services that are not billed on a fee-for-service  
27 basis, such as temporary staffing. Nothing in this section shall preclude the Department from  
28 contracting with a provider for services at rates that provide greater documentable cost avoidance  
29 for the State than do the rates contained in this section or at rates that are less favorable to the  
30 State but that will ensure the continued access to care.

31 (b) The Department of ~~Public Safety Adult Correction~~ shall make every effort to contain  
32 medical costs for inmates ~~and juvenile offenders~~ by making use of its own hospital and health  
33 care facilities to provide health care services to ~~inmates and juvenile offenders~~ inmates. To the  
34 extent that the Department of ~~Public Safety Adult Correction~~ must utilize other facilities and  
35 services to provide health care services to ~~inmates and juvenile offenders~~ inmates, the  
36 Department shall make reasonable efforts to make use of hospitals or other providers with which  
37 it has a contract or, if none is reasonably available, hospitals with available capacity or other  
38 health care facilities in a region to accomplish that goal. The Department shall make reasonable  
39 efforts to equitably distribute inmates ~~and juvenile offenders~~ among all hospitals or other  
40 appropriate health care facilities.

41 (c) The Department of ~~Public Safety Adult Correction~~ shall report quarterly to the Joint  
42 Legislative Oversight Committee on Justice and Public Safety and the chairs of the ~~House of~~  
43 ~~Representatives and Senate Justice and Public Safety Appropriations Committees on Justice and~~  
44 ~~Public Safety~~ on:

45 (1) The percentage of the total inmates ~~and juvenile offenders~~ requiring  
46 hospitalization or hospital services who receive that treatment at each hospital.

47 ...

48 (5) The volume of inpatient medical services provided to Medicaid-eligible  
49 inmates ~~and juvenile offenders~~ inmates, the cost of treatment, the estimated  
50 savings of paying the nonfederal portion of Medicaid for the services, and the

1 length of time between the date the claim was filed and the date the claim was  
2 paid.

3 ...

4 (6) The hospital utilization, including the amount paid to individual hospitals, the  
5 number of inmates ~~and juvenile offenders~~ served, the number of claims, and  
6 whether the hospital was a contracted or noncontracted facility.

7 ...

8 ~~(d) The Department of Public Safety shall study whether contracts to provide inmate~~  
9 ~~health services can be expanded to additional hospitals. The Department shall report the findings~~  
10 ~~of its study to the chairs of the House of Representatives and Senate Appropriations Committees~~  
11 ~~on Justice and Public Safety no later than February 1, 2017. The report shall include a list of~~  
12 ~~hospitals considered for expansion and reasons for or against expanding to each hospital.~~

13 **"§ 143B-1471. Medicaid services for inmates.**

14 (a) ~~The Department of Public Safety~~ Division of Health Services of the Department of  
15 Adult Correction and the Department of Health and Human Services shall work together to  
16 enable social workers in the Department of Public Safety, Health Services Section, to qualify for  
17 and receive federal reimbursement for performing administrative activities related to Medicaid  
18 eligibility for inmates. The Department of ~~Public Safety, Health Services Section, Adult~~  
19 Correction, Division of Health Services, shall develop policies and procedures to account for the  
20 time social workers in the Division of Health Services ~~Section~~ spend on administrative activities  
21 related to Medicaid eligibility for inmates. All social workers in the Division of Health Services  
22 ~~Section~~ who perform administrative activities related to Medicaid eligibility shall be required to  
23 receive eligibility determination training provided by the Department of Health and Human  
24 Services at least quarterly.

25 (b) The Department of ~~Public Safety, Health Services Section, Adult Correction, Division~~  
26 of Health Services, shall require each social worker performing administrative activities related  
27 to Medicaid eligibility for inmates to document the following:

28 ...

29 (3) The number of 24-hour community provider stays prescreened for potential  
30 applications, the number of applications submitted, and the number and  
31 percentage of applications approved, denied, and withdrawn, which shall be  
32 reported to the Health Services ~~Section~~ Division Director on a monthly basis.

33 (c) In addition to the requirements in subsection (b) of this section, each Department of  
34 ~~Public Safety, Health Services Section, Adult Correction, Division of Health Services,~~ social  
35 ~~workers~~ worker performing administrative activities related to Medicaid eligibility for inmates  
36 shall submit Medicaid applications and any supporting documents electronically through the  
37 ePass portal in the Department of Health and Human Services or through other electronic means,  
38 unless paper copies are required by federal law or regulation.

39 **"§ 143B-1472. Medication losses related to inmate transfer.**

40 (a) The Health Services ~~Section~~ Division shall collect data on medication losses that  
41 occur during inmate transfer. The collection methods shall provide, at a minimum, for all of the  
42 following:

43 ...

44 (c) The Department shall also establish disciplinary actions for staff who are found to be  
45 responsible for inmate medication losses during transfer. The Health Services Section shall be  
46 responsible for addressing disciplinary actions for ~~DPS~~ Health Services prison staff who are  
47 found to be responsible for medications lost during inmate transfers and shall refer incidents  
48 involving custody staff to the appropriate unit for action.

49 **"§ 143B-1473. Contract for limited use of local purchase of inmate pharmacy needs.**

50 (a) The Health Services ~~Section~~ Division shall adopt a statewide reimbursement for local  
51 purchases of limited quantities of medicine. The statewide reimbursement rate shall be based on

1 the North Carolina State Health Plan for Teachers and State Employees reimbursement rate for  
2 prescription drugs. Any pharmacy willing to accept the statewide reimbursement rate shall have  
3 the right to participate in the plan.

4 (b) The Health Services ~~Section~~Division shall obtain monthly electronic invoices of  
5 prescriptions filled by each prison from the vendor chosen under subsection (a) of this section  
6 and shall develop a mechanism to collect information on purchases made outside the contract.  
7 At a minimum, the following information shall be collected for each prescription: (i) the inmate's  
8 prison, (ii) the requesting provider, (iii) the medication requested, (iv) the quantity of the  
9 medication requested, and (v) the total cost of the prescription.

10 (c) The Department shall establish a formal oversight mechanism to ensure prescriptions  
11 written by providers to be filled at local pharmacies do not exceed the quantities specified in the  
12 Department's policy. The Health Services ~~Section~~Division central office shall be responsible for  
13 implementing the oversight function, shall use the data collected under subsections (a) and (b) of  
14 this section to implement the function, and shall implement corrective and disciplinary actions  
15 as needed.

16 **"§ 143B-1474. Federal 340B Program – Department of ~~Public Safety~~/~~Department~~ Adult**  
17 **Correction/Department of Health and Human Services partnership.**

18 The Department of ~~Public Safety~~ (~~DPS~~) ~~Adult Correction~~ (~~DAC~~) shall establish and  
19 implement a partnership with the Department of Health and Human Services (DHHS) in order  
20 for ~~DPS-DAC~~ to be eligible to operate as a 340B covered entity. The ~~Department of Public Safety~~  
21 ~~DAC~~ shall contract for consultant services in order to implement this section. In order to  
22 implement the requirements of this section, ~~DPS-DAC~~ shall do all of the following:

23 ...

- 24 (3) Ensure that the ~~DPS-DAC~~ Apex Central Pharmacy, and any other ~~DPS-DAC~~  
25 pharmacies necessary, are compliant dispensing pharmacies under the 340B  
26 Program.

27 ...

28 **"§ 143B-1475. Federal 340B Program – Department of ~~Public Safety~~/~~University~~ Adult**  
29 **Correction/University of North Carolina Health Care System partnership.**

30 (a) The Department of Public Safety shall partner with the University of North Carolina  
31 Health Care System (UNC-HCS) by October 1, 2019, to begin receiving all 340B Program  
32 savings realized from medications prescribed to inmates, but not administered, at a 340B  
33 Program-registered UNC-HCS site for non-HIV and non-HCV medications pursuant to  
34 subsections (b) and (c) of this section. The Department of Adult Correction (DAC) shall be the  
35 successor in interest for the partnership established under this section.

36 (b) Pursuant to subsection (c) of this section, ~~DPS-DAC~~ shall direct that the prescribing  
37 authority of ~~DPS-DAC~~ providers be transferred to UNC-HCS providers for identified inmates  
38 treated at a 340B Program-registered UNC-HCS site.

39 (c) By October 1, 2019, DPS and UNC-HCS shall:

40 ...

- 41 (3) Develop mechanisms to ensure that the communication between the  
42 UNC-HCS prescriber and the ~~DPS-DAC~~ physician maintains the quality and  
43 continuity of care that inmates currently receive.

- 44 (4) Select the UNC-HCS pharmacy, the ~~DPS-DAC~~ Apex Central Pharmacy, or a  
45 combination of both, as the pharmacy through which medications will be  
46 dispensed pursuant to this section.

47 **"§ 143B-1476. Reports related to the federal 340B Program.**

48 (a) The Department of ~~Public Safety~~ ~~Adult Correction~~ shall report to the Joint Legislative  
49 Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October  
50 1, 2020, and annually thereafter, regarding:

51 ...

1 (b) The Department of ~~Public Safety~~ Adult Correction shall report to the Joint Legislative  
2 Oversight Committee on Justice and Public Safety and the Fiscal Research Division by October  
3 1, 2021, and annually thereafter, on savings achieved from the partnerships between the four  
4 prison regions and North Carolina 340B Program entities for the provision of inmate medications  
5 and services under the federal 340B Program."  
6

#### 7 **CONFORMING CHANGES REGARDING DEPARTMENT OF ADULT CORRECTION**

8 **SECTION 19C.9.(j)** The following statutes are amended by deleting the language  
9 "Department of Public Safety" wherever it appears and substituting "Department of Adult  
10 Correction": G.S. 15-188, 15-194, 58-31-26, 97-13, 130A-4.4, and 143-134.

11 **SECTION 19C.9.(k)** The following statutes are amended by deleting the language  
12 "Secretary of Public Safety" wherever it appears and substituting "Secretary of the Department  
13 of Adult Correction": G.S. 15-10.2, 15-10.3, 15A-1340.36, 15A-1371, 122C-312, 130A-25,  
14 148-4, 148-5, 148-10.1, 148-11, 148-18.1, 148-19, 148-20, 148-22, 148-22.1, 148-24, 148-25,  
15 148-26, 148-26.5, 148-28, 148-33, 148-33.1, 148-33.2, 148-36, 148-37, 148-41, 148-45,  
16 148-46, 148-46.2, 148-74, 148-78, 148-118.6, 148-118.8, 148-118.9, 148-121, 148-122,  
17 162-39, and 164-37.

18 **SECTION 19C.9.(l)** The following statutes are amended by deleting the language  
19 "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever  
20 it appears and substituting "Division of Prisons of the Department of Adult Correction":  
21 G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3, 7B-2517, 14-202, 14-208.20,  
22 14-208.22, 14-254.5, 14-258.1, 14-258.3, 15-6.1, 15-10.1, 15-194, 15-196.3, 15A-544.3,  
23 15A-544.5, 15A-615, 15A-821, 15A-1340.13, 15A-1340.20, 15A-1353, 15A-1354, 15A-1355,  
24 15A-1368.2, 15A-1368.3, 15B-31, 15B-32, 20-81.12, 65-4, 66-25, 66-58, 97-13, 122C-55,  
25 122C-62, 122C-312, 122C-313, 122C-402, 131E-98, 131E-214.1, 143-300.7, 143-599, 146-33,  
26 147-12, 148-2, 148-3, 148-4, 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5,  
27 148-12, 148-18, 148-18.1, 148-19, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2,  
28 148-24, 148-26, 148-26.5, 148-28, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37,  
29 148-37.3, 148-41, 148-45, 148-46.1, 148-59, 148-64, 148-64.1, 148-66, 148-67, 148-70, 148-74,  
30 148-78, 148-118.1, 148-118.2, 148-118.4, 148-118.5, 148-118.6, 148-118.8, 153A-221,  
31 153A-230.1, 153A-230.2, 153A-230.3, 153A-230.5, 162-39, and 163-82.20A.

32 **SECTION 19C.9.(m)** The following statutes are amended by deleting the language  
33 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
34 "Division of Prisons": G.S. 14-208.40A, 14-208.40B, 14-208.42, 14-208.44, 20-79.4, 126-23,  
35 143B-1154, 148-10.4, 148-19.2, 148-32.1, 160A-287, 162-39, 164-42, and 164-50.

36 **SECTION 19C.9.(n)** The following statutes are amended by deleting the language  
37 "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears  
38 and substituting "Division of Prisons": G.S. 14-208.6, 14-208.40C, 14-258.2, 66-58, 130A-25,  
39 148-11, and 148-18.

40 **SECTION 19C.9.(o)** The following statutes are amended by deleting the language  
41 "Division of Adult Correction and Juvenile Justice of the Department of Public Safety" wherever  
42 it appears and substituting "Division of Prisons of the Department of Adult Correction, the  
43 Division of Community Supervision and Reentry of the Department of Public Safety":  
44 G.S. 15A-145, 15A-145.1, 15A-145.2, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, and  
45 15A-149.

#### 46 **MODIFICATIONS TO DEPARTMENT OF PUBLIC SAFETY/GENERAL** 47 **PROVISIONS**

48 **SECTION 19C.9.(p)** G.S. 143B-601(10) is repealed.

49 **SECTION 19C.9.(q)** G.S. 143B-604(a) reads as rewritten:  
50

1       "(a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The  
2 SRCC shall include up to two representatives from each of the following:

3       ...

4       (5) The Division of ~~Adult Correction and Juvenile Justice~~ Community  
5 Supervision and Reentry of the Department of Public Safety.

6       ...."

## 8 **CREATE DIVISION OF JUVENILE JUSTICE**

9       **SECTION 19C.9.(r)** Subpart A of Part 3 of Article 13 of Chapter 143B of the  
10 General Statutes reads as rewritten:

11               "Part 3. Division of Juvenile Justice ~~Section Justice.~~

12                       "Subpart A. Creation of Division.

13 **"§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult~~**  
14 **~~Correction and Juvenile Justice~~ of the Department of Public Safety.**

15       There is hereby created and constituted a ~~section~~ division to be known as the "Juvenile  
16 Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of  
17 the Department of Public Safety", with the organization, powers, and duties as set forth in this  
18 Article or as prescribed by the Director of the Division of ~~Adult Correction and Juvenile Justice~~.

19 **"§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile**  
20 **Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the**  
21 **Department of Public Safety.**

22       (a) All (i) statutory authority, powers, duties, and functions, including directives of S.L.  
23 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel  
24 positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,  
25 reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the  
26 Governor are transferred to and vested in the Division of Juvenile Justice ~~Section of the Division~~  
27 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety. This transfer has all  
28 of the elements of a Type I transfer as defined in G.S. 143A-6.

29       (b) The ~~Section~~ Division shall be considered a continuation of the Office of Juvenile  
30 Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office  
31 and of those rights, powers, duties, and obligations exercised by the Office of the Governor on  
32 behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of  
33 Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law,  
34 contract, or other document, that reference shall apply to the Division of Juvenile Justice ~~Section~~  
35 ~~of the Division of Adult Correction and Juvenile Justice~~. Where the Office of the Governor is  
36 referred to by contract or other document, where the Office of the Governor is acting on behalf  
37 of the Office of Juvenile Justice, that reference shall apply to the ~~Section~~ Division.

38       (c) All institutions previously operated by the Office of Juvenile Justice and the ~~present~~  
39 central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies,  
40 personnel, or other properties rented or controlled by the Office or by the Office of the Governor  
41 for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice  
42 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
43 Safety.

44 **"§ 143B-802. Medical costs for juvenile offenders.**

45       (a) The Department of Public Safety shall reimburse those providers and facilities  
46 providing approved medical services to juvenile offenders outside the juvenile facility the lesser  
47 amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge  
48 or two times the then-current Medicaid rate for any given service. The Department shall have the  
49 right to audit any given provider to determine the actual prevailing charge to ensure compliance  
50 with this provision.

1 This section does apply to vendors providing services that are not billed on a fee-for-service  
2 basis, such as temporary staffing. Nothing in this section shall preclude the Department from  
3 contracting with a provider for services at rates that provide greater documentable cost avoidance  
4 for the State than do the rates contained in this section or at rates that are less favorable to the  
5 State but that will ensure the continued access to care.

6 (b) The Department shall make every effort to contain medical costs for juvenile  
7 offenders by making use of health care facilities to provide health care services to juvenile  
8 offenders. To the extent that the Department must utilize other facilities and services to provide  
9 health care services to juvenile offenders, the Department shall make reasonable efforts to make  
10 use of hospitals or other providers with which it has a contract or, if none is reasonably available,  
11 hospitals with available capacity or other health care facilities in a region to accomplish that goal.  
12 The Department shall make reasonable efforts to equitably distribute juvenile offenders among  
13 all hospitals or other appropriate health care facilities.

14 (c) The Department shall report quarterly to the Joint Legislative Oversight Committee  
15 on Justice and Public Safety and the chairs of the House of Representatives and Senate  
16 Appropriations Committees on Justice and Public Safety on:

- 17 (1) The percentage of the total juvenile offenders requiring hospitalization or  
18 hospital services who receive that treatment at each hospital.
- 19 (2) The volume of scheduled and emergent services listed by hospital and, of that  
20 volume, the number of those services that are provided by contracted and  
21 noncontracted providers.
- 22 (3) The volume of scheduled and emergent admissions listed by hospital and, of  
23 that volume, the percentage of those services that are provided by contracted  
24 and noncontracted providers.
- 25 (4) The volume of inpatient medical services provided to Medicaid-eligible  
26 juvenile offenders, the cost of treatment, the estimated savings of paying the  
27 nonfederal portion of Medicaid for the services, and the length of time  
28 between the date the claim was filed and the date the claim was paid.
- 29 (5) The status of the implementation of the claims processing system and efforts  
30 to address the backlog of unpaid claims.
- 31 (6) The hospital utilization, including the amount paid to individual hospitals, the  
32 number of juvenile offenders served, the number of claims, and whether the  
33 hospital was a contracted or noncontracted facility.
- 34 (7) A list of hospitals under contract.
- 35 (8) The reimbursement rate for contracted providers. The Department shall  
36 randomly audit high-volume contracted providers to ensure adherence to  
37 billing at the contracted rate.

38 Reports submitted on August 1 shall include totals for the previous fiscal year for all the  
39 information requested."

40 **SECTION 19C.9.(s)** G.S. 143B-805 reads as rewritten:

41 **"§ 143B-805. Definitions.**

42 In this Part, unless the context clearly requires otherwise, the following words have the listed  
43 meanings:

- 44 (1) Chief court counselor. – The person responsible for administration and  
45 supervision of juvenile intake, probation, and post-release supervision in each  
46 judicial district, operating under the supervision of the Division of Juvenile  
47 Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the  
48 Department of Public Safety.

49 ...

- 50 (9a) Division. – The Division of Juvenile Justice of the Department of Public  
51 Safety.

1 ...

2 (19a) ~~Section.—The Juvenile Justice Section of the Division of Adult Correction~~  
3 ~~and Juvenile Justice of the Department of Public Safety.~~

4 ...."

5 **SECTION 19C.9.(t)** The following statutes are amended by deleting the language  
6 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
7 "Division of Juvenile Justice": G.S. 7B-1501, 7B-2204, 7B-2055, 106-915, 115C-106.3,  
8 115C-107.6, 115C-108.1, 115C-296.2, 115C-325.10, 126-5, and 143B-853.

9 **SECTION 19C.9.(u)** The following statutes are amended by deleting the language  
10 "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it  
11 appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100,  
12 14-239, 14-258.1, 14-316.1, 15-6, 15A-1301, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4,  
13 122C-117, 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391,  
14 148-32.1, 153A-221.1, and 162-60.

15 **SECTION 19C.9.(v)** The following statutes are amended by deleting the language  
16 "Section" wherever it appears and substituting "Division": G.S. 15A-1301, 143B-807, 143B-808,  
17 143B-815, 143B-816, 143B-817, 143B-818, 143B-819, 143B-820, 143B-821, 143B-830,  
18 143B-840, and 143B-851.

## 20 **CREATE DIVISION OF COMMUNITY SUPERVISION AND REENTRY**

21 **SECTION 19C.9.(w)** G.S. 143B-1152 reads as rewritten:

### 22 **"§ 143B-1152. Definitions.**

23 The following definitions apply in this Subpart:

24 ...

25 (2) Division. – The Division of ~~Adult Correction and Juvenile Justice.~~Community  
26 Supervision and Reentry.

27 ...

28 (6) Secretary. – The Secretary of the Department of Public Safety.

29 (6a) ~~Section.—The Section of Community Corrections of the Division of Adult~~  
30 ~~Correction and Juvenile Justice.~~

31 ...."

32 **SECTION 19C.9.(x)** G.S. 143B-1155 reads as rewritten:

### 33 **"§ 143B-1155. Duties of Division of ~~Adult Correction and Juvenile Justice.~~Community** 34 **Supervision and Reentry.**

35 (a) In addition to those otherwise provided by law, the Division of ~~Adult Correction and~~  
36 ~~Juvenile Justice.~~Community Supervision and Reentry shall have the following duties:

37 ...

38 (b) The ~~Section.~~Division of ~~Community Corrections of the Division of Adult Correction~~  
39 ~~and Juvenile Justice.~~Supervision and Reentry shall develop and publish a recidivism reduction  
40 plan for the State that accomplishes the following:

41 ...

42 (c) The Department of Public Safety, ~~Community Correction Section,~~Division of  
43 Community Supervision and Reentry, shall report by March 1 of each year to the Chairs of the  
44 Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety  
45 and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the  
46 programs funded through the Treatment for Effective Community Supervision Program. The  
47 report shall include the following information from each of the following components:

48 ...."

49 **SECTION 19C.9.(y)** G.S. 143B-1161 reads as rewritten:

### 50 **"§ 143B-1161. Justice Reinvestment Council.**

1 (a) The Justice Reinvestment Council is established to act as an advisory body to the  
2 ~~Commissioner of Adult Correction~~ Director of the Division of Community Supervision and  
3 Reentry of the Department of Public Safety with regard to this Subpart. The Council shall consist  
4 of 13 members as follows, to be appointed as provided in subsection (b) of this section:

5 ...  
6 (d) The purpose of the Justice Reinvestment Council in conjunction with the Department  
7 of Public Safety, Division of ~~Adult Correction and Juvenile Justice~~, Community Supervision and  
8 Reentry, is to:

9 ...."  
10 **SECTION 19C.9.(z)** The following statutes are amended by deleting the language  
11 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
12 "Division of Community Supervision and Reentry": G.S. 14-208.40, 14-208.43, 14-208.45,  
13 15-206, 15-209, 15A-534, 15A-534.1, 15A-1332, 15A-1343.3, 15A-1368, 15A-1368.4,  
14 15A-1374, 20-19, 20-28, 20-179, 50-13.2, 135-1, 143B-708, 143B-720, 143B-1156, 148-53,  
15 148-54, and 148-65.7.

16 **SECTION 19C.9.(aa)** The following statutes are amended by deleting the language  
17 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice"  
18 wherever it appears and substituting "Division of Community Supervision and Reentry":  
19 G.S. 7B-3000, 7B-3001, 7B-3100, 14-208.40C, 14-208.41, 15A-837, 15A-1342, 15A-1368.4,  
20 15A-1369.4, 15A-1371, 20-179.3, 105-259, 115C-46.2, 143B-708, and 148-65.6.

## 21 OTHER CONFORMING CHANGES

22 **SECTION 19C.9.(bb)** G.S. 7B-1402(b) reads as rewritten:

23 "(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio  
24 members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by  
25 the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President  
26 Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may  
27 designate representatives from their particular departments, divisions, or offices to represent  
28 them on the Task Force. In making appointments or designating representatives, appointing  
29 authorities and ex officio members shall use best efforts to select members or representatives  
30 with sufficient knowledge and experience to effectively contribute to the issues examined by the  
31 Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial  
32 diversity of this State. The members shall be as follows:

33 ...  
34 (11a) The Director of the Division of Juvenile Justice ~~Section, Division of Adult~~  
35 ~~Correction and Juvenile Justice~~, Justice of the Department of Public Safety.

36 ...."

37 **SECTION 19C.9.(cc)** G.S. 7B-1501 reads as rewritten:

### 38 "§ 7B-1501. Definitions.

39 In this Subchapter, unless the context clearly requires otherwise, the following words have  
40 the listed meanings. The singular includes the plural, unless otherwise specified:

41 (1) Chief court counselor. – The person responsible for administration and  
42 supervision of juvenile intake, probation, and post-release supervision in each  
43 judicial district, operating under the supervision of the Division of ~~Adult~~  
44 ~~Correction and Juvenile Justice~~ of the Department of Public Safety.

45 ...

46 (10a) Division. – The Division of ~~Adult Correction and Juvenile Justice~~ of the  
47 Department of Public Safety created under Article ~~12~~ 13 of Chapter 143B of  
48 the General Statutes.

49 ...."

50 **SECTION 19C.9.(dd)** G.S. 7B-1905(b) reads as rewritten:  
51



1       "(b) Pursuant to G.S. 7B-1903(b), (c), or (d), a juvenile may be temporarily detained in an  
2 approved detention facility. It shall be unlawful for a sheriff or any unit of government to operate  
3 a juvenile detention facility unless the facility meets the standards and rules adopted by the  
4 Department of Public Safety and has been approved by the ~~Juvenile Justice Section of the~~  
5 Division of Juvenile Justice for operation as a juvenile detention facility."

6       **SECTION 19C.9.(ee)** G.S. 14-196.3(b) reads as rewritten:

7       "(b) It is unlawful for a person to:

8       ...

9       (5) Knowingly install, place, or use an electronic tracking device without consent,  
10 or cause an electronic tracking device to be installed, placed, or used without  
11 consent, to track the location of any person. The provisions of this subdivision  
12 do not apply to the installation, placement, or use of an electronic tracking  
13 device by any of the following:

14       a. A law enforcement officer, judicial officer, probation or parole officer,  
15 or employee of the Division of ~~Corrections, Prisons, Department of~~  
16 ~~Public Safety, Adult Correction~~, when any such person is engaged in  
17 the lawful performance of official duties and in accordance with State  
18 or federal law.

19       ...."

20       **SECTION 19C.9.(ff)** G.S. 14-415.10 reads as rewritten:

21       "**§ 14-415.10. Definitions.**

22       The following definitions apply to this Article:

23       ...

24       (4a) Qualified retired correctional officer. – An individual who retired from service  
25 as a State correctional officer, other than for reasons of mental disability, who  
26 has been retired as a correctional officer two years or less from the date of the  
27 permit application and who meets all of the following criteria:

28       a. Immediately before retirement, the individual met firearms training  
29 standards of the Division of Prisons of the Department of Adult  
30 Correction and Juvenile Justice of the Department of Public Safety and  
31 was authorized by the Division of Prisons of the Department of Adult  
32 Correction and Juvenile Justice of the Department of Public Safety to  
33 carry a handgun in the course of assigned duties.

34       b. The individual retired in good standing and was never a subject of a  
35 disciplinary action by the Division of Prisons of the Department of  
36 Adult Correction and Juvenile Justice of the Department of Public  
37 Safety that would have prevented the individual from carrying a  
38 handgun.

39       ...

40       (4c) Qualified retired probation or parole certified officer. – An individual who  
41 retired from service as a State probation or parole certified officer, other than  
42 for reasons of mental disability, who has been retired as a probation or parole  
43 certified officer two years or less from the date of the permit application and  
44 who meets all of the following criteria:

45       a. Immediately before retirement, the individual met firearms training  
46 standards of the Division of ~~Adult Correction and Juvenile Justice~~  
47 Community Supervision and Reentry of the Department of Public  
48 Safety and was authorized by the Division of ~~Adult Correction and~~  
49 ~~Juvenile Justice~~ Community Supervision and Reentry of the  
50 Department of Public Safety to carry a handgun in the course of duty.

- 1                   b.       The individual retired in good standing and was never a subject of a  
2                   disciplinatory action by the Division of ~~Adult Correction and Juvenile~~  
3                   ~~Justice~~ Community Supervision and Reentry of the Department of  
4                   Public Safety that would have prevented the individual from carrying  
5                   a handgun.

6                   ...."

7                   **SECTION 19C.9.(gg)** G.S. 14-258.7(a) reads as rewritten

8                   "(a)   The Department of Public Safety and ~~Juvenile Justice~~ the Department of Adult  
9                   Correction shall each report the following to the chairs of the Joint Legislative Oversight  
10                  Committee on Justice and Public Safety by March 15 of each year:

11                  ...."

12                  **SECTION 19C.9.(hh)** G.S. 14-269(b)(9) reads as rewritten:

13                  "(b)   This prohibition shall not apply to the following persons:

14                  ...

- 15                  (9)   State correctional officers, when off-duty, provided that an officer does not  
16                  carry a concealed weapon while consuming alcohol or an unlawful controlled  
17                  substance or while alcohol or an unlawful controlled substance remains in the  
18                  officer's body. If the concealed weapon is a handgun, the correctional officer  
19                  must meet the firearms training standards of the ~~Division~~ Department of Adult  
20                  ~~Correction and Juvenile Justice of the Department of Public~~  
21                  Safety-Correction."

22                  **SECTION 19C.9.(ii)** G.S. 15A-145.2(c) reads as rewritten:

23                  "(c)   Whenever any person who has not previously been convicted of (i) any felony offense  
24                  under any state or federal laws; (ii) any offense under Chapter 90 of the General Statutes; or (iii)  
25                  an offense under any statute of the United States or any state relating to controlled substances  
26                  included in any schedule of Chapter 90 of the General Statutes or to that paraphernalia included  
27                  in Article 5B of Chapter 90 of the General Statutes, pleads guilty to or has been found guilty of  
28                  a misdemeanor under Article 5 of Chapter 90 of the General Statutes by possessing a controlled  
29                  substance included within Schedules I through VI of Chapter 90, or by possessing drug  
30                  paraphernalia as prohibited by G.S. 90-113.22 or pleads guilty to or has been found guilty of a  
31                  felony under G.S. 90-95(a)(3), the court may, upon application of the person not sooner than 12  
32                  months after conviction, order cancellation of the judgment of conviction and expunction of the  
33                  records of the person's arrest, indictment or information, trial, and conviction. A conviction in  
34                  which the judgment of conviction has been canceled and the records expunged pursuant to this  
35                  subsection shall not be thereafter deemed a conviction for purposes of this subsection or for  
36                  purposes of disqualifications or liabilities imposed by law upon conviction of a crime, except as  
37                  provided in G.S. 15A-151.5. Cancellation and expunction under this subsection may occur only  
38                  once with respect to any person. Disposition of a case under this subsection at the district court  
39                  division of the General Court of Justice shall be final for the purpose of appeal.

40                  ...

41                  The court shall also order all law enforcement agencies, the Division of Prisons of the  
42                  Department of Adult Correction, the Division of Community Supervision and Reentry of the  
43                  Department of Public Safety, the Division of Motor Vehicles, and any other State or local  
44                  agencies identified by the petitioner as bearing records of the conviction and records relating  
45                  thereto to expunge their records of the conviction. The clerk shall notify State and local agencies  
46                  of the court's order as provided in G.S. 15A-150.

47                  ...."

48                  **SECTION 19C.9.(jj)** G.S. 15A-521 reads as rewritten:

49                  "**§ 15A-521. Commitment to detention facility pending trial.**

50                  (a)   Commitment. – Every person charged with a crime and held in custody who has not  
51                  been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order

1 of the judicial official who conducted the initial appearance as provided in Article 24 to an  
 2 appropriate detention facility as provided in this section. If the person being committed by written  
 3 order is under the age of 18, that person must be committed to a detention facility approved by  
 4 the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~  
 5 to provide secure confinement and care for juveniles, or to a holdover facility as defined in  
 6 G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in  
 7 custody, the person shall be transported by personnel of the Juvenile Justice ~~Section of the~~  
 8 Division, or personnel approved by the Juvenile Justice ~~Section, Division,~~ Division, to the custody of the  
 9 sheriff of the county where the charges arose.

10 ...  
 11 (c) Copies and Use of Order, Receipt of Prisoner. –

- 12 (1) The order of commitment must be delivered to a law-enforcement officer, who  
 13 must deliver the order and the prisoner to the detention facility named therein.  
 14 (2) The jailer or personnel of the Juvenile Justice ~~Section~~ Division must receive  
 15 the prisoner and the order of commitment, and note on the order of  
 16 commitment the time and date of receipt. As used in this subdivision, "jailer"  
 17 includes any person having control of a detention facility and "personnel of  
 18 the Juvenile Justice ~~Section~~" Division" includes personnel approved by the  
 19 Juvenile Justice ~~Section~~ Division.  
 20 (3) Upon releasing the prisoner pursuant to the terms of the order, or upon  
 21 delivering the prisoner to the court, the jailer or personnel of the Juvenile  
 22 Justice ~~Section~~ Division must note the time and date on the order and return it  
 23 to the clerk. Personnel of the Juvenile Justice ~~Section, Division,~~ or personnel  
 24 approved by the Juvenile Justice ~~Section, Division,~~ shall transport the person  
 25 under the age of 18 from the juvenile detention facility or holdover facility to  
 26 court and shall transfer the person back to the juvenile detention facility or  
 27 holdover facility.

28 ...."

29 **SECTION 19C.9.(kk)** G.S. 15A-830(a)(3) reads as rewritten:

30 "(a) The following definitions apply in this Article:

31 ...

- 32 (3) Custodial agency. – The agency that has legal custody of an accused or  
 33 defendant arising from a charge or conviction of a crime covered by this  
 34 Article including, but not limited to, local jails or detention facilities, regional  
 35 jails or detention facilities, facilities designated under G.S. 122C-252 for the  
 36 custody and treatment of involuntary clients, the Department of Adult  
 37 Correction, or the ~~Division of Adult Correction and Juvenile Justice of the~~  
 38 Department of Public Safety."

39 **SECTION 19C.9.(ll)** G.S. 15A-832(g) reads as rewritten:

40 "(g) At the sentencing hearing, the prosecuting attorney shall submit to the court a copy  
 41 of a form containing the identifying information set forth in G.S. 15A-831(c) about any victim's  
 42 electing to receive further notices under this Article. The clerk of superior court shall include the  
 43 form with the final judgment and commitment, or judgment suspending sentence, transmitted to  
 44 the ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ Safety,  
 45 the Department of Adult Correction, or other agency receiving custody of the defendant and shall  
 46 be maintained by the custodial agency as a confidential file."

47 **SECTION 19C.9.(mm)** G.S. 15A-1340.14(f) reads as rewritten:

48 "(f) Proof of Prior Convictions. – A prior conviction shall be proved by any of the  
 49 following methods:

- 50 (1) Stipulation of the parties.  
 51 (2) An original or copy of the court record of the prior conviction.

1 (3) A copy of records maintained by the Department of Public Safety, the  
2 Department of Adult Correction, the Division of Motor Vehicles, or of the  
3 Administrative Office of the Courts.

4 (4) Any other method found by the court to be reliable.

5 The State bears the burden of proving, by a preponderance of the evidence, that a prior  
6 conviction exists and that the offender before the court is the same person as the offender named  
7 in the prior conviction. The original or a copy of the court records or a copy of the records  
8 maintained by the Department of Public Safety, the Department of Adult Correction, the Division  
9 of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that  
10 by which the offender is charged, is prima facie evidence that the offender named is the same  
11 person as the offender before the court, and that the facts set out in the record are true. For  
12 purposes of this subsection, "a copy" includes a paper writing containing a reproduction of a  
13 record maintained electronically on a computer or other data processing equipment, and a  
14 document produced by a facsimile machine. The prosecutor shall make all feasible efforts to  
15 obtain and present to the court the offender's full record. Evidence presented by either party at  
16 trial may be utilized to prove prior convictions. Suppression of prior convictions is pursuant to  
17 G.S. 15A-980. If a motion is made pursuant to that section during the sentencing stage of the  
18 criminal action, the court may grant a continuance of the sentencing hearing. If asked by the  
19 defendant in compliance with G.S. 15A-903, the prosecutor shall furnish the defendant's prior  
20 criminal record to the defendant within a reasonable time sufficient to allow the defendant to  
21 determine if the record available to the prosecutor is accurate. Upon request of a sentencing  
22 services program established pursuant to Article 61 of Chapter 7A of the General Statutes, the  
23 district attorney shall provide any information the district attorney has about the criminal record  
24 of a person for whom the program has been requested to provide a sentencing plan pursuant to  
25 G.S. 7A-773.1."

26 **SECTION 19C.9.(nn)** G.S. 15A-1340.16(d) reads as rewritten:

27 "(d) Aggravating Factors. – The following are aggravating factors:

28 ...

29 (6) The offense was committed against or proximately caused serious injury to a  
30 present or former law enforcement officer, employee of the ~~Division of Adult~~  
31 ~~Correction and Juvenile Justice of the~~ Department of Public Safety, the  
32 Department of Adult Correction, jailer, fireman, emergency medical  
33 technician, ambulance attendant, social worker, justice or judge, clerk or  
34 assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness  
35 against the defendant, while engaged in the performance of that person's  
36 official duties or because of the exercise of that person's official duties.

37 ...."

38 **SECTION 19C.9.(oo)** G.S. 15A-1340.18 reads as rewritten:

39 "**§ 15A-1340.18. Advanced supervised release.**

40 ...

41 (b) The Division of Prisons of the Department of Adult Correction ~~and Juvenile Justice~~  
42 ~~of the Department of Public Safety~~ is authorized to create risk reduction incentives consisting of  
43 treatment, education, and rehabilitative programs. The incentives shall be designed to reduce the  
44 likelihood that the prisoner who receives the incentive will reoffend.

45 (c) When imposing an active sentence for an eligible defendant, the court, in its discretion  
46 and without objection from the prosecutor, may order that the Department of Adult Correction  
47 admit the defendant to the ASR program. The Department of Adult Correction shall admit to the  
48 ASR program only those defendants for which ASR is ordered in the sentencing judgment.

49 ...."

50 **SECTION 19C.9.(pp)** G.S. 15A-1340.21(c) reads as rewritten:

1       "(c) Proof of Prior Convictions. – A prior conviction shall be proved by any of the  
2 following methods:

- 3           (1) Stipulation of the parties.
- 4           (2) An original or copy of the court record of the prior conviction.
- 5           (3) A copy of records maintained by the Department of Public Safety, the  
6 Department of Adult Correction, the Division of Motor Vehicles, or of the  
7 Administrative Office of the Courts.
- 8           (4) Any other method found by the court to be reliable.

9       The State bears the burden of proving, by a preponderance of the evidence, that a prior  
10 conviction exists and that the offender before the court is the same person as the offender named  
11 in the prior conviction. The original or a copy of the court records or a copy of the records  
12 maintained by the Department of Public Safety, the Department of Adult Correction, the Division  
13 of Motor Vehicles, or of the Administrative Office of the Courts, bearing the same name as that  
14 by which the offender is charged, is prima facie evidence that the offender named is the same  
15 person as the offender before the court, and that the facts set out in the record are true. For  
16 purposes of this subsection, "copy" includes a paper writing containing a reproduction of a record  
17 maintained electronically on a computer or other data processing equipment, and a document  
18 produced by a facsimile machine. Evidence presented by either party at trial may be utilized to  
19 prove prior convictions. Suppression of prior convictions is pursuant to G.S. 15A-980. If a  
20 motion is made pursuant to that section during the sentencing stage of the criminal action, the  
21 court may grant a continuance of the sentencing hearing."

22           **SECTION 19C.9.(qq)** G.S. 15A-1343 reads as rewritten:

23 **"§ 15A-1343. Conditions of probation.**

24       ...

25       (a1) Community and Intermediate Probation Conditions. – In addition to any conditions a  
26 court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any  
27 one or more of the following conditions as part of a community or intermediate punishment:

28       ...

- 29           (3) Submission to a period or periods of confinement in a local confinement  
30 facility for a total of no more than six days per month during any three separate  
31 months during the period of probation. The six days per month confinement  
32 provided for in this subdivision may only be imposed as two-day or three-day  
33 consecutive periods. When a defendant is on probation for multiple  
34 judgments, confinement periods imposed under this subdivision shall run  
35 concurrently and may total no more than six days per month. If the person  
36 being ordered to a period or periods of confinement is under the age of 18,  
37 that person must be confined in a detention facility approved by the Division  
38 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
39 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
40 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
41 or periods of confinement reaches the age of 18 years while in confinement,  
42 the person may be transported by personnel of the Division of Juvenile Justice  
43 ~~Section of the Division, Justice,~~ or personnel approved by the Division of  
44 Juvenile Justice Section, Justice, to the custody of the sheriff of the applicable  
45 local confinement facility.

46       ...

47       (b) Regular Conditions. – As regular conditions of probation, a defendant must:

48       ...

49       In addition to these regular conditions of probation, a defendant required to serve an active  
50 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or  
51 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and

1 regulations of the Division of Prisons of the Department of Adult Correction and Juvenile Justice  
2 ~~of the Department of Public Safety~~ governing the conduct of inmates while imprisoned and report  
3 to a probation officer in the State of North Carolina within 72 hours of his discharge from the  
4 active term of imprisonment.

5 ...

6 (b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses  
7 Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a  
8 defendant who has been convicted of an offense which is a reportable conviction as defined in  
9 G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

10 ...

11 (9) Submit at reasonable times to warrantless searches by a probation officer of  
12 the probationer's person and of the probationer's vehicle and premises while  
13 the probationer is present, for purposes specified by the court and reasonably  
14 related to the probation supervision, but the probationer may not be required  
15 to submit to any other search that would otherwise be unlawful. For purposes  
16 of this subdivision, warrantless searches of the probationer's computer or other  
17 electronic mechanism which may contain electronic data shall be considered  
18 reasonably related to the probation supervision. Whenever the warrantless  
19 search consists of testing for the presence of illegal drugs, the probationer may  
20 also be required to reimburse the Division of ~~Adult Correction and Juvenile~~  
21 ~~Justice~~ Community Supervision and Reentry of the Department of Public  
22 Safety for the actual cost of drug screening and drug testing, if the results are  
23 positive.

24 ...

25 (b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit  
26 to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART)  
27 or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division  
28 of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
29 of Public Safety must undergo a screening to determine chemical dependency. If the screening  
30 indicates the defendant is chemically dependent, the court shall order an assessment to determine  
31 the appropriate level of treatment. The assessment may be conducted either before or after the  
32 court imposes the condition, but participation in the program shall be based on the results of the  
33 assessment.

34 (b4) Intermediate Conditions. – The following conditions of probation apply to each  
35 defendant subject to intermediate punishment:

36 (1) If required in the discretion of the defendant's probation officer, perform  
37 community service under the supervision of the ~~Section~~ Division of  
38 ~~Community of the Division of Adult Correction and Juvenile Justice~~  
39 Supervision and Reentry and pay the fee required by G.S. 143B-708.

40 ...

41 (c) Statement of Conditions. – A defendant released on supervised probation must be  
42 given a written statement explicitly setting forth the conditions on which the defendant is being  
43 released. If any modification of the terms of that probation is subsequently made, the defendant  
44 must be given a written statement setting forth the modifications.

45 Upon entry of an order of supervised probation by the court, a defendant shall submit to the  
46 Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry for filing  
47 with the clerk of superior court a signed document stating that:

48 ...."

49 **SECTION 19C.9(rr)** G.S. 15A-1343.2 reads as rewritten:

50 **"§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

51 ...

1 (b) Purposes of Probation for Community and Intermediate Punishments. – The Division  
2 of ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
3 of Public Safety shall develop a plan to handle offenders sentenced to community and  
4 intermediate punishments. The probation program designed to handle these offenders shall have  
5 the following principal purposes: to hold offenders accountable for making restitution, to ensure  
6 compliance with the court's judgment, to effectively rehabilitate offenders by directing them to  
7 specialized treatment or education programs, and to protect the public safety.

8 (b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the  
9 probation program developed by the Division of ~~Adult Correction and Juvenile Justice~~  
10 Community Supervision and Reentry of the Department of Public Safety pursuant to subsection  
11 (b) of this section, the Division of ~~Adult Correction and Juvenile Justice~~ Community Supervision  
12 and Reentry of the Department of Public Safety shall use a validated instrument to assess each  
13 probationer for risk of reoffending and shall place a probationer in a supervision level based on  
14 the probationer's risk of reoffending and criminogenic needs.

15 ...

16 (e) Delegation to Probation Officer in Community Punishment. – Unless the presiding  
17 judge specifically finds in the judgment of the court that delegation is not appropriate, the ~~Section~~  
18 Division of Community of the Division of Adult Correction and Juvenile Justice Supervision and  
19 Reentry of the Department of Public Safety may require an offender sentenced to community  
20 punishment to do any of the following:

21 ...

22 If the ~~Section~~ Division imposes any of the above requirements, then it may subsequently reduce  
23 or remove those same requirements.

24 The probation officer may exercise authority delegated to him or her by the court pursuant to  
25 subsection (e) of this section after administrative review and approval by a Chief Probation  
26 Officer. The offender may file a motion with the court to review the action taken by the probation  
27 officer. The offender shall be given notice of the right to seek such a court review. However, the  
28 offender shall have no right of review if he or she has signed a written waiver of rights as required  
29 by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this  
30 subsection only if it first determines that the offender has failed to comply with one or more of  
31 the conditions of probation imposed by the court or the offender is determined to be high risk  
32 based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at  
33 subdivision (5) of this subsection may not be imposed unless the ~~Section~~ Division determines  
34 that the offender failed to comply with one or more of the conditions imposed by the court.  
35 Nothing in this section shall be construed to limit the availability of the procedures authorized  
36 under G.S. 15A-1345.

37 The Division shall adopt guidelines and procedures to implement the requirements of this  
38 section, which shall include a supervisor's approval prior to exercise of the delegation of authority  
39 authorized by this section. Prior to imposing confinement pursuant to subdivision (5) of this  
40 subsection, the probationer must first be presented with a violation report, with the alleged  
41 violations noted and advised of the right (i) to a hearing before the court on the alleged violation,  
42 with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing,  
43 and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have  
44 relevant information concerning the alleged violations; and (iv) to examine any witnesses or  
45 evidence. The probationer may be confined for the period designated on the violation report upon  
46 the execution of a waiver of rights signed by the probationer and by two officers acting as  
47 witnesses. Those two witnesses shall be the probation officer and another officer to be designated  
48 by the ~~Chief Director~~ of the Community ~~Section~~ Supervision and Reentry Division in written  
49 Division policy.

50 (f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding  
51 judge specifically finds in the judgment of the court that delegation is not appropriate, the

1 ~~Section~~ Division of Community of the Division of Adult Correction and Juvenile Justice  
2 Supervision and Reentry of the Department of Public Safety may require an offender sentenced  
3 to intermediate punishment to do any of the following:

4 ...

- 5 (6) Submit to a period or periods of confinement in a local confinement facility  
6 for a total of no more than six days per month during any three separate  
7 months during the period of probation. The six days per month confinement  
8 provided for in this subdivision may only be imposed as two-day or three-day  
9 consecutive periods. When a defendant is on probation for multiple  
10 judgments, confinement periods imposed under this subdivision shall run  
11 concurrently and may total no more than six days per month. If the person  
12 being ordered to a period or periods of confinement is under the age of 18,  
13 that person must be confined in a detention facility approved by the Division  
14 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
15 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
16 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
17 or periods of confinement reaches the age of 18 years while in confinement,  
18 the person may be transported by personnel of the Division of Juvenile Justice  
19 ~~Section of the Division, Justice~~, or personnel approved by the Juvenile Justice  
20 Section, to the custody of the sheriff of the applicable local confinement  
21 facility.

22 ...

23 If the ~~Section~~ Division of Community Supervision and Reentry imposes any of the above  
24 requirements, then it may subsequently reduce or remove those same requirements.

25 The probation officer may exercise authority delegated to him or her by the court pursuant to  
26 subsection (f) of this section after administrative review and approval by a Chief Probation  
27 Officer. The offender may file a motion with the court to review the action taken by the probation  
28 officer. The offender shall be given notice of the right to seek such a court review. However, the  
29 offender shall have no right of review if he or she has signed a written waiver of rights as required  
30 by this subsection. The ~~Section~~ Division may exercise any authority delegated to it under this  
31 subsection only if it first determines that the offender has failed to comply with one or more of  
32 the conditions of probation imposed by the court or the offender is determined to be high risk  
33 based on the results of the risk assessment in G.S. 15A-1343.2, except that the condition at  
34 subdivision (6) of this subsection may not be imposed unless the ~~Section~~ Division determines  
35 that the offender failed to comply with one or more of the conditions imposed by the court.  
36 Nothing in this section shall be construed to limit the availability of the procedures authorized  
37 under G.S. 15A-1345.

38 The Division shall adopt guidelines and procedures to implement the requirements of this  
39 section, which shall include a supervisor's approval prior to exercise of the delegation of authority  
40 authorized by this section. Prior to imposing confinement pursuant to subdivision (6) of this  
41 subsection, the probationer must first be presented with a violation report, with the alleged  
42 violations noted and advised of the right (i) to a hearing before the court on the alleged violation,  
43 with the right to present relevant oral and written evidence; (ii) to have counsel at the hearing,  
44 and that one will be appointed if the probationer is indigent; (iii) to request witnesses who have  
45 relevant information concerning the alleged violations; and (iv) to examine any witnesses or  
46 evidence. The probationer may be confined for the period designated on the violation report upon  
47 the execution of a waiver of rights signed by the probationer and by two officers acting as  
48 witnesses. Those two witnesses shall be the probation officer and another officer to be designated  
49 by the ~~Chief Director~~ of the Division of Community ~~Section~~ Supervision and Reentry in written  
50 Division policy.

51 ...."



1           **SECTION 19C.9.(ss)** G.S. 15A-1344 reads as rewritten:

2   "**§ 15A-1344. Response to violations; alteration and revocation.**

3       ...

4       (c)    Procedure on Altering or Revoking Probation; Returning Probationer to District  
5   Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation  
6   outside the county where the judgment was entered, the clerk must send a copy of the order and  
7   any other records to the court where probation was originally imposed. A court on its own motion  
8   may return the probationer to the district court district as defined in G.S. 7A-133 or superior court  
9   district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was  
10   imposed or where the probationer resides for reduction, termination, continuation, extension,  
11   modification, or revocation of probation. In cases where the probation is revoked in a county  
12   other than the county of original conviction the clerk in that county must issue a commitment  
13   order and must file the order revoking probation and the commitment order, which will constitute  
14   sufficient permanent record of the proceeding in that court, and must send a certified copy of the  
15   order revoking probation, the commitment order, and all other records pertaining thereto to the  
16   county of original conviction to be filed with the original records. The clerk in the county other  
17   than the county of original conviction must issue the formal commitment to the ~~Division of Adult~~  
18   ~~Correction and Juvenile Justice of the Department of Public Safety.~~Prisons of the Department of  
19   Adult Correction.

20       ...

21       (d2)   Confinement in Response to Violation. – When a defendant under supervision for a  
22   felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or  
23   G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to  
24   be served in the custody of the ~~Division of Adult Correction and Juvenile Justice~~ Community  
25   Supervision and Reentry of the Department of Public Safety. The court may not revoke probation  
26   unless the defendant has previously received a total of two periods of confinement under this  
27   subsection. A defendant may receive only two periods of confinement under this subsection. The  
28   90-day term of confinement ordered under this subsection for a felony shall not be reduced by  
29   credit for time already served in the case. Any such credit shall instead be applied to the  
30   suspended sentence. However, if the time remaining on the maximum imposed sentence on a  
31   defendant under supervision for a felony conviction is 90 days or less, then the term of  
32   confinement is for the remaining period of the sentence. Confinement under this section shall be  
33   credited pursuant to G.S. 15-196.1.

34       When a defendant under supervision for a misdemeanor conviction sentenced pursuant to  
35   Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other  
36   than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of  
37   confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of  
38   confinement is under the age of 18, that person must be confined in a detention facility approved  
39   by the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~ to provide  
40   secure confinement and care for juveniles or to a holdover facility as defined in  
41   G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of 18  
42   years while in confinement, the person may be transported by personnel of the Division of  
43   ~~Juvenile Justice Section of the Division, Justice,~~ or personnel approved by the Division of  
44   ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable local confinement  
45   facility. The court may not revoke probation unless the defendant has previously received at least  
46   two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1)  
47   or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to  
48   G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of  
49   confinement must have been imposed for a violation that occurred after the defendant served the  
50   first period of confinement. Confinement under this section shall be credited pursuant to  
51   G.S. 15-196.1.

1 ...  
2 (e) Special Probation in Response to Violation. – When a defendant has violated a  
3 condition of probation, the court may modify the probation to place the defendant on special  
4 probation as provided in this subsection. In placing the defendant on special probation, the court  
5 may continue or modify the conditions of probation and in addition require that the defendant  
6 submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever  
7 time or intervals within the period of probation the court determines. In addition to any other  
8 conditions of probation which the court may impose, the court shall impose, when imposing a  
9 period or periods of imprisonment as a condition of special probation, the condition that the  
10 defendant obey the rules and regulations of the ~~Division of Adult Correction and Juvenile Justice~~  
11 ~~of the Department of Public Safety~~ Prisons of the Department of Adult Correction governing  
12 conduct of inmates, and this condition shall apply to the defendant whether or not the court  
13 imposes it as a part of the written order. If imprisonment is for continuous periods, the  
14 confinement may be in either the custody of the ~~Division of Adult Correction and Juvenile Justice~~  
15 Community Supervision and Reentry of the Department of Public Safety or a local confinement  
16 facility. Noncontinuous periods of imprisonment under special probation may only be served in  
17 a designated local confinement or treatment facility. If the person being ordered to a period or  
18 periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person  
19 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~  
20 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care  
21 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered  
22 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person  
23 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~  
24 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~  
25 of the sheriff of the applicable local confinement facility.

26 ...  
27 (e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a  
28 condition of probation, the court may hold the defendant in criminal contempt as provided in  
29 Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall  
30 not revoke the probation. If the offender serves a sentence for contempt in a local confinement  
31 facility, the ~~Division of Adult Correction and Juvenile Justice~~ Community Supervision and  
32 Reentry of the Department of Public Safety shall pay for the confinement at the standard rate set  
33 by the General Assembly pursuant to G.S. 148-32.1(a) regardless of whether the offender would  
34 be eligible under the terms of that subsection.

35 ...."

36 **SECTION 19C.9.(tt)** G.S. 15A-1351(a) reads as rewritten:

37 "(a) The judge may sentence to special probation a defendant convicted of a criminal  
38 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record  
39 or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment  
40 is authorized for the class of offense of which the defendant has been convicted. A defendant  
41 convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation.  
42 Under a sentence of special probation, the court may suspend the term of imprisonment and place  
43 the defendant on probation as provided in Article 82, Probation, and in addition require that the  
44 defendant submit to a period or periods of imprisonment in the custody of the ~~Division of Adult~~  
45 ~~Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public  
46 Safety or a designated local confinement or treatment facility at whatever time or intervals within  
47 the period of probation, consecutive or nonconsecutive, the court determines, as provided in this  
48 subsection. For probationary sentences for misdemeanors, including impaired driving under  
49 G.S. 20-138.1, all imprisonment under this subsection shall be in a designated local confinement  
50 or treatment facility. If the person being ordered to a period or periods of imprisonment is under  
51 the age of 18, that person must be imprisoned in a detention facility approved by the Division of

1 Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice to provide  
2 secure confinement and care for juveniles or to a holdover facility as defined in  
3 G.S. 7B-1501(11). If the person being ordered to a period or periods of imprisonment reaches  
4 the age of 18 years while imprisoned, the person may be transported by personnel of the Division  
5 of Juvenile Justice Section of the Division, Justice, or personnel approved by the Division of  
6 Juvenile Justice Section, Justice, to the custody of the sheriff of the applicable local confinement  
7 facility. In addition to any other conditions of probation which the court may impose, the court  
8 shall impose, when imposing a period or periods of imprisonment as a condition of special  
9 probation, the condition that the defendant obey the Rules and Regulations of the Division of  
10 Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public  
11 Safety governing conduct of inmates, and this condition shall apply to the defendant whether or  
12 not the court imposes it as a part of the written order. Except for probationary sentences for  
13 misdemeanors, including impaired driving under G.S. 20-138.1, if imprisonment is for  
14 continuous periods, the confinement may be in the custody of either the Division of ~~Adult~~  
15 ~~Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public  
16 Safety or a local confinement facility. Noncontinuous periods of imprisonment under special  
17 probation may only be served in a designated local confinement or treatment facility. If the person  
18 being ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that  
19 person must be imprisoned in a detention facility approved by the Division of Juvenile Justice  
20 ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement  
21 and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being  
22 ordered to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the  
23 person may be transported by personnel of the Division of Juvenile Justice Section of the  
24 ~~Division, Justice,~~ or personnel approved by the Juvenile Justice Section, Division, to the custody  
25 of the sheriff of the applicable local confinement facility. Except for probationary sentences of  
26 impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an  
27 incident of special probation, but not including an activated suspended sentence, may not exceed  
28 one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement  
29 other than an activated suspended sentence may be required beyond two years of conviction. For  
30 probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of  
31 confinement imposed as an incident of special probation, but not including an activated  
32 suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In  
33 imposing a sentence of special probation, the judge may credit any time spent committed or  
34 confined, as a result of the charge, to either the suspended sentence or to the imprisonment  
35 required for special probation. The original period of probation, including the period of  
36 imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but  
37 may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court  
38 may revoke, modify, or terminate special probation as otherwise provided for probationary  
39 sentences."

40 **SECTION 19C.9.(uu)** G.S. 15A-1352 reads as rewritten:

41 "**§ 15A-1352. Commitment to Division of Prisons of the Department of Adult Correction**  
42 **and Juvenile Justice of the Department of Public Safety or local confinement**  
43 **facility.**

44 (a) Except as provided in subsection (f) of this section, a person sentenced to  
45 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction  
46 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by  
47 the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or,  
48 if the period is for 90 days or less, to a local confinement facility, except as provided for in  
49 G.S. 148-32.1(b).

50 If a person is sentenced to imprisonment for a misdemeanor under this Article or for  
51 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding

1 of fact as to whether the person would be suitable for placement in a county satellite jail/work  
2 release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of  
3 fact that the person would be suitable for placement in a county satellite jail/work release unit  
4 and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the  
5 local confinement facility may transfer the misdemeanant to a county satellite jail/work release  
6 unit.

7 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
8 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~  
9 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
10 Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by  
11 the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the  
12 person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may  
13 be transported by personnel of the Juvenile Justice ~~Section of the Division~~, or personnel approved  
14 by the Juvenile Justice ~~Section~~, Division, to the custody of the sheriff of the applicable local  
15 confinement facility.

16 (b) A person sentenced to imprisonment for a felony under this Article or for nonpayment  
17 of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the  
18 term designated by the court to the custody of the Division of Prisons of the Department of Adult  
19 ~~Correction and Juvenile Justice of the Department of Public Safety~~. Correction.

20 ...

21 (f) A person sentenced to imprisonment of any duration for impaired driving under  
22 G.S. 20-138.1, other than imprisonment required as a condition of special probation under  
23 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant  
24 Confinement Program established under G.S. 148-32.1.

25 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
26 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~  
27 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
28 Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of  
29 Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced  
30 to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by  
31 personnel of the Division of Juvenile Justice ~~Section of the Division~~, Justice, or personnel  
32 approved by the Division of Juvenile Justice ~~Section~~, Justice, to the custody of the sheriff of the  
33 applicable local confinement facility."

34 **SECTION 19C.9.(vv)** G.S. 15A-1368.6 reads as rewritten:

35 **"§ 15A-1368.6. Arrest and hearing on post-release supervision violation.**

36 ...

37 (c) Officers to Conduct Preliminary Hearing. – The preliminary hearing on post-release  
38 supervision violation shall be conducted by a judicial official, or by a hearing officer designated  
39 by the Commission. A person employed by the Division of ~~Adult Correction and Juvenile Justice~~  
40 Community Supervision and Reentry of the Department of Public Safety shall not serve as a  
41 hearing officer at a hearing provided by this section unless that person is a member of the  
42 Commission, or is employed solely as a hearing officer.

43 (d) Procedure for Preliminary Hearing. – The Division of ~~Adult Correction and Juvenile~~  
44 Justice ~~Community Supervision and Reentry~~ of the Department of Public Safety shall give the  
45 supervisee notice of the preliminary hearing and its purpose, including a statement of the  
46 violations alleged. At the hearing, the supervisee may appear and speak in the supervisee's own  
47 behalf, may present relevant information, and may, on request, personally question witnesses and  
48 adverse informants, unless the hearing officer finds good cause for not allowing confrontation.  
49 If the person holding the hearing determines there is probable cause to believe the supervisee  
50 violated conditions of supervision, the hearing officer shall summarize the reasons for the  
51 determination and the evidence relied on. Formal rules of evidence do not apply at the hearing.

1 If probable cause is found, the supervisee may be held in the custody of the Division of Prisons  
 2 of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety  
 3 to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing  
 4 under subsection (e) of this section.

5 ...."

6 **SECTION 19C.9.(ww)** G.S. 15A-1369 reads as rewritten:

7 **"§ 15A-1369. Definitions.**

8 For purposes of this Article, the term:

9 ...

10 (1a) "Department" means the Department of Adult Correction.

11 (2) "Division" means the Division of Adult Correction and Juvenile Justice of the  
 12 Department of Public Safety.

13 ...

14 (4) "Inmate" means any person sentenced to the custody of the ~~Division of Adult~~  
 15 ~~Correction and Juvenile Justice of the Department of Public~~  
 16 ~~Safety.~~Department.

17 ...."

18 **SECTION 19C.9.(xx)** G.S. 15A-1369.1 reads as rewritten:

19 **"§ 15A-1369.1. Authority to release.**

20 The Commission shall establish a medical release program to be administered by the  
 21 ~~Department.~~Department in conjunction with the Division of Community Supervision and  
 22 Reentry of the Department of Public Safety. The Commission shall prescribe when and under  
 23 what conditions an inmate may be released for medical release, consistent with the provisions of  
 24 G.S. 15A-1369.4. The Commission may adopt rules to implement the medical release program."

25 **SECTION 19C.9.(yy)** G.S. 15A-1369.4(a) reads as rewritten:

26 "(a) The Commission shall set reasonable conditions upon an inmate's medical release that  
 27 shall apply through the date upon which the inmate's sentence would have expired. These  
 28 conditions shall ~~include:~~include all of the following:

29 (1) That the released inmate's care be consistent with the care specified in the  
 30 medical release plan as approved by the ~~Commission;~~Commission.

31 (2) That the released inmate shall cooperate with and comply with the prescribed  
 32 medical release plan and with reasonable requirements of medical providers  
 33 to whom the released inmate is to be referred to continued  
 34 ~~treatment;~~treatment.

35 (3) That the released inmate shall be subject to supervision by the ~~Section of~~  
 36 ~~Community Corrections of the Division of Adult Correction and Juvenile~~  
 37 ~~Justice.~~Division of Community Supervision and Reentry of the Department of  
 38 Public Safety and shall permit officers from the Division to visit the inmate at  
 39 reasonable times at the inmate's home or ~~elsewhere;~~elsewhere.

40 (4) That the released inmate shall comply with any conditions of release set by  
 41 the ~~Commission;~~ and Commission.

42 (5) That the Commission shall receive periodic assessments from the inmate's  
 43 treating physician."

44 **SECTION 19C.9.(zz)** G.S. 15A-1376 reads as rewritten:

45 **"§ 15A-1376. Arrest and hearing on parole violation.**

46 ...

47 (c) Officers to Conduct Hearing. – The preliminary hearing on parole violation must be  
 48 conducted by a judicial official, or by a hearing officer designated by the Post-Release  
 49 Supervision and Parole Commission. No person employed by the Division of ~~Adult Correction~~  
 50 ~~and Juvenile Justice.~~Community Supervision and Reentry of the Department of Public Safety

1 may serve as a hearing officer at a hearing provided in this section unless he is a member of the  
2 Post-Release Supervision and Parole Commission or is employed solely as a hearing officer.

3 (d) Procedure for Preliminary Hearing on Parole Violation. – The Division of ~~Adult~~  
4 ~~Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department of Public  
5 Safety must give the parolee notice of the preliminary hearing and its purpose, including a  
6 statement of the violations alleged. At the hearing, the parolee may appear and speak in his own  
7 behalf, may present relevant information, and may, on request, personally question witnesses and  
8 adverse informants, unless the hearing officer finds good cause for not allowing confrontation.  
9 If the person holding the hearing determines there is probable cause to believe the parolee  
10 violated his parole, he must summarize the reasons for his determination and the evidence he  
11 relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the  
12 parolee may be held in the custody of the Division of Prisons of the Department of Adult  
13 ~~Correction and Juvenile Justice of the Department of Public Safety~~ to serve the appropriate term  
14 of imprisonment, subject to the outcome of a revocation hearing under subsection (e).

15 ...."

16 **SECTION 19C.9.(aaa)** G.S. 15A-2000(e) reads as rewritten:

17 "(e) Aggravating Circumstances. – Aggravating circumstances which may be considered  
18 are limited to the following:

19 ...

20 (8) The capital felony was committed against a law-enforcement officer,  
21 employee of the Division of Prisons of the Department of Adult ~~Correction~~  
22 ~~and Juvenile Justice~~ Correction, an employee of the Division of Community  
23 Supervision and Reentry of the Department of Public Safety, an employee of  
24 the Division of Juvenile Justice of the Department of Public Safety, jailer,  
25 fireman, judge or justice, former judge or justice, prosecutor or former  
26 prosecutor, juror or former juror, or witness or former witness against the  
27 defendant, while engaged in the performance of his official duties or because  
28 of the exercise of his official duty.

29 ...."

30 **SECTION 19C.9.(bbb)** G.S. 15B-21 reads as rewritten:

31 **"§ 15B-21. Annual report.**

32 The Commission shall, by March 15 each year, prepare and transmit to the chairs of the Joint  
33 Legislative Oversight Committee on Justice and Public Safety and to the chairs of the House and  
34 Senate Appropriations Committees on Justice and Public Safety a report of its activities in the  
35 prior fiscal year and the current fiscal year to date. The report shall include:

36 ...

37 (9) The amount of funds expected to be received in the current fiscal year, as well  
38 as the amount actually received in the current fiscal year on the date of the  
39 report, from ~~the Division of Adult Correction and Juvenile Justice of the~~  
40 ~~Department of Public Safety~~ Safety, the Department of Adult Correction, and  
41 from the compensation fund established pursuant to the Victims Crime Act of  
42 1984, 42 U.S.C. § 10601, et seq.

43 ...."

44 **SECTION 19C.9.(ccc)** G.S. 17C-3 reads as rewritten:

45 **"§ 17C-3. North Carolina Criminal Justice Education and Training Standards Commission**  
46 **established; members; terms; vacancies.**

47 (a) There is established the North Carolina Criminal Justice Education and Training  
48 Standards Commission, hereinafter called "the Commission." The Commission shall be  
49 composed of ~~34~~36 members as follows:

50 ...

1 (3) Departments. – The Attorney General of the State of North Carolina; the  
 2 Secretary of Public Safety; the Secretary of the Department of Adult  
 3 Correction, the Director of the State Bureau of Investigation, the Commander  
 4 of the State Highway Patrol, and the President of the North Carolina  
 5 Community Colleges System.

6 ...

7 (6) ~~Adult Correction Prisons, Community Supervision and Reentry, and Juvenile~~  
 8 ~~Justice. – Four correctional officers in management positions employed by~~  
 9 ~~the Division of Adult Correction and Juvenile Justice of the Department of~~  
 10 ~~Public Safety shall be appointed, two from the Section-Division of~~  
 11 ~~Community Supervision and Reentry of the Department of Public Safety upon~~  
 12 ~~the recommendation of the Speaker of the House of Representatives and two~~  
 13 ~~from the Section of Division of Prisons of the Department of Adult Correction~~  
 14 ~~upon the recommendation of the President Pro Tempore of the Senate.~~  
 15 ~~Appointments by the General Assembly shall be made in accordance with~~  
 16 ~~G.S. 120-122. Appointments by the General Assembly shall serve two-year~~  
 17 ~~terms to conclude on June 30th in odd-numbered years or until the appointee~~  
 18 ~~no longer serves in a management position with the Division of Adult~~  
 19 ~~Correction and Juvenile Justice, Division, whichever occurs first. The~~  
 20 ~~Governor shall appoint one correctional officer employed by the Division of~~  
 21 ~~Prisons of the Department of Adult Correction and Juvenile Justice of the~~  
 22 ~~Department of Public Safety and assigned to the Office of Staff Development~~  
 23 ~~and Training, one employee of the Division of Community Supervision and~~  
 24 ~~Reentry of the Department of Public Safety assigned to the Office of State~~  
 25 ~~Development and Training, and one juvenile justice officer employed by the~~  
 26 ~~Division of Juvenile Justice Section of the Division of Adult Correction and~~  
 27 ~~Juvenile Justice of the Department of Public Safety. The Governor's~~  
 28 ~~appointments shall serve three-year terms or until the appointee is no longer~~  
 29 ~~assigned to the Office of Staff Development and Training or is no longer a~~  
 30 ~~juvenile justice officer, whichever occurs first.~~

31 (b) The members shall be appointed for staggered terms. The initial appointments shall  
 32 be made prior to September 1, 1983, and the appointees shall hold office until July 1 of the year  
 33 in which their respective terms expire and until their successors are appointed and qualified as  
 34 provided hereafter:

35 ...

36 The Attorney General, the President of The University of North Carolina, the Dean of the  
 37 School of Government at the University of North Carolina at Chapel Hill, the President of the  
 38 North Carolina Community Colleges System, the Director of the State Bureau of Investigation,  
 39 the Commander of the State Highway Patrol, the Secretary of Adult Correction, and the Secretary  
 40 of Public Safety shall be continuing members of the Commission during their tenure. These  
 41 members of the Commission shall serve ex officio and shall perform their duties on the  
 42 Commission in addition to the other duties of their offices. The ex officio members may elect to  
 43 serve personally at any or all meetings of the Commission or may designate, in writing, one  
 44 member of their respective office, department, university or agency to represent and vote for  
 45 them on the Commission at all meetings the ex officio members are unable to attend.

46 ...."

47 **SECTION 19C.9.(ddd)** G.S. 90-113.75E(a) reads as rewritten:

48 "(a) There is hereby created the Opioid and Prescription Drug Abuse Advisory  
 49 Committee, to be housed in and staffed by the Department. The Committee shall develop and,  
 50 through its members, implement a statewide strategic plan to combat the problem of opioid and

1 prescription drug abuse. The Committee shall include representatives from the following, as well  
2 as any other persons designated by the Secretary of Health and Human Services:

3 ...

4 (5) ~~The Divisions of Adult Correction and~~ Division of Juvenile Justice of the  
5 Department of Public Safety.

6 (5a) The Division of Community Supervision and Reentry of the Department of  
7 Public Safety.

8 (5b) The Division of Prisons of the Department of Adult Correction.

9 ...."

10 **SECTION 19C.9.(eee)** G.S. 108A-14(a)(9) reads as rewritten:

11 "(a) The director of social services shall have the following duties and responsibilities:

12 ...

13 (9) To assist and cooperate with the Division of ~~Adult Correction and Prisons of~~  
14 the Department of Adult Correction, the Division of Juvenile Justice of the  
15 Department of Public Safety, and the Division of Community Supervision and  
16 Reentry of the Department of Public Safety and their respective  
17 representatives;"

18 **SECTION 19C.9.(fff)** G.S. 115C-112.1(b) reads as rewritten:

19 "(b) The Council shall consist of a minimum of 24 members to be appointed as follows:  
20 four ex officio members; one individual with a disability and one representative of a private  
21 school appointed by the Governor; one member of the Senate and one parent of a child with a  
22 disability between the ages of birth and 26 appointed by the President Pro Tempore of the Senate;  
23 one member of the House of Representatives and one parent of a child with a disability appointed  
24 by the Speaker of the House of Representatives; and 14 members appointed by the State Board  
25 of Education. The State Board shall appoint members who represent individuals with disabilities,  
26 teachers, local school administrative units, institutions of higher education that prepare special  
27 education and related services personnel, administrators of programs for children with  
28 disabilities, charter schools, parents of children with disabilities, a State or local official who  
29 carries out activities under the federal McKinney-Vento Homeless Assistance Act, vocational,  
30 community, or business organizations concerned with the provision of transition services, and  
31 others as required by IDEA. The majority of members on the Council shall be individuals with  
32 disabilities or parents of children with disabilities. The Council shall designate a chairperson  
33 from among its members. The designation of the chairperson is subject to the approval of the  
34 State Board of Education. The Board shall adopt rules to carry out this subsection.

35 Ex officio members of the Council shall be the following:

36 ...

37 (2) The Secretary of Public Safety or the Secretary's designee.

38 (3) The Secretary of ~~Public Safety-Adult Correction~~ or the Secretary's designee.

39 ...."

40 **SECTION 19C.9.(ggg)** G.S. 115D-5 reads as rewritten:

41 "**§ 115D-5. Administration of institutions by State Board of Community Colleges;**  
42 **personnel exempt from North Carolina Human Resources Act; extension**  
43 **courses; tuition waiver; in-plant training; contracting, etc., for establishment**  
44 **and operation of extension units of the community college system; use of existing**  
45 **public school facilities.**

46 ...

47 (b) In order to make instruction as accessible as possible to all citizens, the teaching of  
48 curricular courses and of noncurricular extension courses at convenient locations away from  
49 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
50 portion of the established regular tuition rate charged a full-time student shall be charged a  
51 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of



1 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
 2 registration fees, to be charged students enrolling in extension courses for which instruction is  
 3 financed primarily from State funds. The State Board of Community Colleges may provide by  
 4 general and uniform regulations for waiver of tuition and registration fees for the following:

5 ...  
 6 (2) Courses requested by the following entities that support the organizations'  
 7 training needs and are on a specialized course list approved by the State Board  
 8 of Community Colleges:

9 ...

10 g. The Division of Prisons of the Department of Adult Correction and the  
 11 Division of Juvenile Justice of the Department of Public Safety for the  
 12 training of full-time custodial employees and employees of the  
 13 ~~Division~~ Divisions required to be certified under Article 1 of Chapter  
 14 17C of the General Statutes and the rules of the Criminal Justice and  
 15 Training Standards Commission.

16 ...."

17 **SECTION 19C.9.(hhh)** G.S. 120-12.1 reads as rewritten:

18 "**§ 120-12.1. Reports on vacant positions in the ~~Judicial Department and two other~~ various**  
 19 **departments.**

20 The Judicial Department, the Department of Justice, the Department of Adult Correction, and  
 21 the Department of Public Safety shall each report by February 1 of each year to the Chairs of the  
 22 House and Senate Appropriations Committees and the Chairs of the House and Senate  
 23 Appropriations Subcommittees on Justice and Public Safety on all positions within that  
 24 department that have remained vacant for 12 months or more. The report shall include the original  
 25 position vacancy dates, the dates of any postings or repostings of the positions, and an  
 26 explanation for the length of the vacancies."

27 **SECTION 19C.9.(iii)** G.S. 120-70.94(a) reads as rewritten:

28 "(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall  
 29 examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems  
 30 in North Carolina, in order to make ongoing recommendations to the General Assembly on ways  
 31 to improve those systems and to assist those systems in realizing their objectives of protecting  
 32 the public and of punishing and rehabilitating offenders. In this examination, the Committee  
 33 shall:

34 (1) Study the budget, programs, and policies of the Department of Public Safety  
 35 and the Department of Adult Correction to determine ways in which the  
 36 General Assembly may improve the effectiveness of the  
 37 ~~Department~~ Departments.

38 (2) Examine the effectiveness of the Division of Prisons of the Department of  
 39 Adult Correction and Juvenile Justice of the Department of Public Safety in  
 40 implementing the public policy stated in G.S. 148-26 of providing work  
 41 assignments and employment for inmates as a means of reducing the cost of  
 42 maintaining the inmate population while enabling inmates to acquire or retain  
 43 skills and work habits needed to secure honest employment after their release.

44 ...

45 (2b) Examine the effectiveness of the Division of ~~Adult Correction and Juvenile~~  
 46 Justice of the Department of Public Safety in implementing the duties and  
 47 responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B  
 48 of the General Statutes and the overall effectiveness and efficiency of the  
 49 juvenile justice system in the State.

50 ...

51 (10) Study the needs of juveniles. This study may include, but is not limited to:

- a. Determining the adequacy and appropriateness of services:
  1. To children and youth receiving child welfare ~~services;services.~~
  2. To children and youth in the juvenile court ~~system;system.~~
  3. Provided by the Division of Social Services of the Department of Health and Human Services and the Division of ~~Adult Correction and Juvenile Justice~~ of the Department of Public ~~Safety;Safety.~~
  4. To children and youth served by the Mental Health, Developmental Disabilities, and Substance Abuse Services system.

...."

**SECTION 19C.9.(jjj)** G.S. 122C-22(a) reads as rewritten:

"(a) All of the following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

...

- (10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the ~~Division~~Department of Adult Correction and ~~Juvenile Justice of the Department of Public Safety~~, offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety, as described in G.S. 148-19.1.

...."

**SECTION 19C.9.(kkk)** The title of Part 10 of Article 5 of Chapter 122C of the General Statutes reads as rewritten:

"Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and ~~Parolees, Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~.Parolees."

**SECTION 19C.9.(lll)** G.S. 122C-421(b) reads as rewritten:

"(b) These special police officers may exercise any and all of the powers enumerated in this Part upon or in pursuit from the property formerly occupied by the Black Mountain Center and now occupied by the Division of ~~Adult Correction~~Community Supervision and Reentry of the Department of Public Safety. These special police officers shall exercise said powers upon the property transferred to the Division of ~~Adult Correction~~Community Supervision and Reentry of the Department of Public Safety only by agreement of the Division of ~~Adult Correction~~Community Supervision and Reentry of the Department of Public Safety and the Department of Health and Human Services."

**SECTION 19C.9.(mmm)** G.S. 127A-54(c) reads as rewritten:

"(c) Any defendant whose sentence by a military court includes confinement shall be placed into the custody of the Division of ~~Prisons of the Department of Adult Correction and Juvenile Justice of the Department of Public Safety~~.Correction. The Division of ~~Adult Correction~~Prisons of the Department of ~~Public Safety~~Adult Correction is authorized to transfer physical custody of the defendant to a local confinement facility."

**SECTION 19C.9.(nnn)** G.S. 131E-184(d) reads as rewritten:

"(d) In accordance with, and subject to the limitations of G.S. 148-19.1, the Department shall exempt from certificate of need review the construction and operation of a new chemical dependency or substance abuse facility for the purpose of providing inpatient chemical dependency or substance abuse services solely to inmates of the ~~Division~~Department of Adult Correction and ~~Juvenile Justice~~offenders under the supervision of the Division of Community Supervision and Reentry of the Department of Public Safety. If an inpatient chemical dependency or substance abuse facility provides services ~~both~~ to inmates of the Division of ~~Prisons of the Department of Adult Correction and Juvenile Justice~~Correction, offenders under the supervision

1 of the Division of Community Supervision and Reentry of the Department of Public Safety  
2 Safety, and to members of the general public, only the portion of the facility that serves inmates  
3 and offenders shall be exempt from certificate of need review."

4 SECTION 19C.9.(ooo) G.S. 143-63.1(d) reads as rewritten:

5 "(d) Notwithstanding the provisions of this section, but subject to the provisions of  
6 G.S. 20-187.2, the North Carolina State Highway Patrol, the ~~North Carolina~~ Division of Adult  
7 ~~Correction and~~ Juvenile Justice of the Department of Public Safety, the Division of Community  
8 Supervision and Reentry of the Department of Public Safety, the Division of Prisons of the  
9 Department of Adult Correction, the Alcohol Law Enforcement Division of the Department of  
10 Public Safety, and the North Carolina State Bureau of Investigation may sell, trade, or otherwise  
11 dispose of any or all surplus weapons they possess to any federally licensed firearm dealers. The  
12 sale, trade, or disposal of these weapons shall be in a manner prescribed by the Department of  
13 Administration. Any moneys or property obtained from the sale, trade, or disposal shall go to the  
14 general fund."

15 SECTION 19C.9.(ppp) G.S. 143-138(g) reads as rewritten:

16 "(g) Publication and Distribution of Code. – The Building Code Council shall cause to be  
17 printed, after adoption by the Council, the North Carolina State Building Code and each  
18 amendment thereto. It shall, at the State's expense, distribute copies of the Code and each  
19 amendment to State and local governmental officials, departments, agencies, and educational  
20 institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only  
21 on written request to the Council.)

22 OFFICIAL OR AGENCY	NUMBER OF COPIES
23 ...	
24 Division of <u>Prisons of the Department of Adult Correction</u> .....	1
25 <del>and</del> <u>Division of Juvenile Justice of the</u>	
26 Department of Public Safety .....	1
27 <u>Division of Community Supervision and Reentry</u>	
28 <u>of the Department of Public Safety</u> .....	1
29 ...."	

30 SECTION 19C.9.(qqq) G.S. 143-166.1 reads as rewritten:

31 "§ 143-166.1. Purpose.

32 In consideration of hazardous public service rendered to the people of this State, there is  
33 hereby provided a system of benefits for dependents of law-enforcement officers, firefighters,  
34 rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official  
35 duties, ~~and~~ for dependents of noncustodial employees of the Division of Prisons of the  
36 Department of Adult Correction and Juvenile Justice of the Department of Public Safety killed  
37 by an individual or individuals in the custody of the Division of Prisons of the Department of  
38 Adult Correction Correction, and for dependents of noncustodial employees of the Division of  
39 Juvenile Justice and the Division of Community Supervision and Reentry of the Department of  
40 Public Safety killed by an individual or individuals in the custody of the Division of Juvenile  
41 Justice or the Division of Community Supervision and Reentry of the Department of Public  
42 Safety."

43 SECTION 19C.9.(rrr) G.S. 143-166.2 reads as rewritten:

44 "§ 143-166.2. Definitions.

45 The following definitions apply in this Article:

- 46 (1) Covered person. – This term shall apply to all of the following individuals:
- 47 a. Firefighters.
- 48 b. Law enforcement officers.
- 49 c. Noncustodial employees of either the Division of ~~Adult Correction~~  
50 and Juvenile Justice Community Supervision and Reentry of the

- 1 Department of Public ~~Safety~~-Safety or the Division of Prisons of the  
 2 Department of Adult Correction.  
 3 d. Rescue squad workers.  
 4 e. Senior Civil Air Patrol members.  
 5 (2) Custodial employee. – An employee of either the Division of Prisons of the  
 6 Department of ~~Adult Correction and~~-Correction, the Division of Community  
 7 Supervision and Reentry of the Department of Public Safety, or the Juvenile  
 8 Justice of the Department of Public Safety who is a detention officer or a  
 9 correctional officer or who otherwise has direct care and control over  
 10 individuals in the custody of the Division of Prisons of the Department of  
 11 Adult ~~Correction and~~-Correction, the Division of Community Supervision and  
 12 Reentry of the Department of Public Safety, or the Division of Juvenile Justice  
 13 of the Department of Public Safety.  
 14 ...  
 15 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:  
 16 ...  
 17 c. The death of a noncustodial employee who, while performing his or  
 18 her official duties, is killed in a manner reasonably determined by the  
 19 Industrial Commission to be directly caused by an individual or  
 20 individuals in the custody of either the Division of Prisons of the  
 21 Department of ~~Adult Correction and~~-Correction, ~~Division of~~  
 22 Community Supervision and Reentry of the Department of Public  
 23 Safety, or the Division of Juvenile Justice of the Department of Public  
 24 Safety.  
 25 ...  
 26 (7) Law enforcement officer or officer. – This term shall apply to all of the  
 27 following individuals:  
 28 ...  
 29 b. Full-time custodial employees of the Division of Prisons of the  
 30 Department of ~~Adult Correction and~~ and probation and parole officers of  
 31 the Division of ~~Adult Correction and Juvenile Justice~~-Community  
 32 Supervision and Reentry of the Department of Public Safety.  
 33 c. Full-time institutional and full-time, permanent part-time, and  
 34 temporary detention employees of the Division of Juvenile Justice  
 35 Section of the Division of ~~Adult Correction and Juvenile Justice~~ of the  
 36 Department of Public Safety.  
 37 d. Full-time, permanent part-time, and temporary detention officers  
 38 employed by any sheriff, county or municipality, whether paid or  
 39 unpaid.  
 40 ...  
 41 (8) Noncustodial employee. – An employee of the Division of Prisons of the  
 42 Department of ~~Adult Correction and~~-Correction, the Division of Community  
 43 Supervision and Reentry of the Department of Public Safety, or the Division  
 44 of Juvenile Justice of the Department of Public Safety who is not a custodial  
 45 employee.  
 46 ...."

**SECTION 19C.9.(sss) G.S. 143-166.7 reads as rewritten:**

**"§ 143-166.7. Applicability of Article.**

The provisions of this Article shall apply and be in full force and effect with respect to any law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with

1 respect to full-time, permanent part-time and temporary employees of the North Carolina Forest  
 2 Service of the Department of Agriculture and Consumer Services killed in the line of duty on or  
 3 after July 1, 1975. The provisions of this Article shall apply to county fire marshals and  
 4 emergency services coordinators killed in the line of duty on and after July 1, 1988. The  
 5 provisions of this Article shall apply to noncustodial employees of the Division of ~~Adult Prisons~~  
 6 of the Department of Adult Correction and noncustodial employees of the Division of Juvenile  
 7 Justice of the Department of Public Safety who are killed in the line of duty on and after April 1,  
 8 2017."

9 **SECTION 19C.9.(ttt)** G.S. 143-166.13(a) reads as rewritten:

10 "(a) The following persons who are subject to the Criminal Justice Training and Standards  
 11 Act are entitled to benefits under this Article:

12 ...

13 (2) State Correctional Officers, Division of Prisons of the Department of Adult  
 14 Correction and Juvenile Justice of the Department of Public  
 15 Safety;Correction.

16 (3) State Probation and Parole Officers, Division of ~~Adult Correction and Juvenile~~  
 17 Justice Community Supervision and Reentry of the Department of Public  
 18 Safety;Safety.

19 (4) Sworn State Law-Enforcement Officers with the power of arrest, Division of  
 20 Adult Correction and Juvenile Justice of the Department of Public  
 21 Safety;Safety.

22 ...

23 (9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division~~  
 24 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public  
 25 Safety;Safety.

26 ...."

27 **SECTION 19C.9.(uuu)** G.S. 143B-179(a) reads as rewritten:

28 "(a) The Council on Developmental Disabilities of the Department of Health and Human  
 29 Services shall consist of 32 members appointed by the Governor. The composition of the Council  
 30 shall be as follows:

31 (1) Eleven members from the General Assembly and State government agencies  
 32 as follows: One person who is a member of the Senate, one person who is a  
 33 member of the House of Representatives, one representative of the  
 34 Department of Public Instruction, one representative of the ~~Division~~  
 35 Department of Adult Correction and Juvenile Justice of the Department of  
 36 Public Safety;Correction, and seven representatives of the Department of  
 37 Health and Human Services to include the Secretary or his designee.

38 ...."

39 **SECTION 19C.9.(vvv)** G.S. 143B-394.15(c) reads as rewritten:

40 "(c) Membership. – The Commission shall consist of ~~38~~39 members, who reflect the  
 41 geographic and cultural regions of the State, as follows:

42 ...

43 (4) The following persons or their designees, ex officio:

44 a. The Governor.

45 b. The Lieutenant Governor.

46 c. The Attorney General.

47 d. The Secretary of Administration.

48 e. Repealed by Session Laws 2017-102, s. 24, effective July 12, 2017.

49 f. The Superintendent of Public Instruction.

50 g. The Secretary of Public Safety.

51 g1. The Secretary of the Department of Adult Correction.

- 1 h. The Secretary of Health and Human Services.
- 2 i. The Director of the Office of State Human Resources.
- 3 j. The Chair of the North Carolina Council for Women.
- 4 k. The Dean of the School of Government at the University of North
- 5 Carolina at Chapel Hill.
- 6 l. The Chairman of the Governor's Crime Commission."

7 **SECTION 19C.9.(www)** G.S. 143B-1100 reads as rewritten:

8 "(a) There is hereby created the Governor's Crime Commission of the Department of  
9 Public Safety. The Commission shall consist of ~~37~~38 voting members and five nonvoting  
10 members. The composition of the Commission shall be as follows:

11 (1) The voting members shall be:

- 12 a. The Governor, the Chief Justice of the Supreme Court of North  
13 Carolina (or the Chief Justice's designee), the Attorney General, the  
14 Director of the Administrative Office of the Courts, the Secretary of  
15 the Department of Health and Human Services, the Secretary of Public  
16 Safety (or the Secretary's designee), the Secretary of the Department  
17 of Adult Correction (or the Secretary's designee), and the  
18 Superintendent of Public Instruction;

19 ...

20 (2) The nonvoting members shall be the Director of the State Bureau of  
21 Investigation, the Deputy ~~Chief-Director~~ of the Division of Juvenile Justice  
22 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the  
23 Department of Public Safety who is responsible for Intervention/Prevention  
24 programs, the Deputy ~~Chief-Director~~ of the Division of Juvenile Justice  
25 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the  
26 Department of Public Safety who is responsible for Youth Development  
27 programs, the ~~Section Chief of the Section-Director~~ of Prisons of the ~~Division~~  
28 Department of Adult Correction and Juvenile Justice and Correction, and the  
29 Section Chief-Director of the ~~Section-Division~~ of Community Supervision and  
30 Reentry of the ~~Division of Adult Correction and Juvenile Justice-Department~~  
31 of Public Safety.

32 (b) The membership of the Commission shall be selected as follows:

33 (1) The following members shall serve by virtue of their office: the Governor, the  
34 Chief Justice of the Supreme Court, the Attorney General, the Director of the  
35 Administrative Office of the Courts, the Secretary of the Department of Health  
36 and Human Services, the Secretary of Public Safety, the Secretary of the  
37 Department of Adult Correction, the Director of the State Bureau of  
38 Investigation, the ~~Section Chief of the Section-Director~~ of the Division of  
39 Prisons of the Division of Adult Correction and Juvenile Justice, Department  
40 of Adult Correction, the ~~Section Chief of the Section-Director~~ of the Division  
41 of Community Supervision and Reentry of the ~~Division of Adult Correction~~  
42 ~~and Juvenile Justice, Department of Public Safety,~~ the Deputy ~~Chief-Director~~  
43 who is responsible for Intervention/Prevention of the Juvenile Justice ~~Section~~  
44 Division of the ~~Division of Adult Correction and Juvenile Justice~~ of the  
45 Department of Public Safety, the Deputy ~~Chief-Director~~ who is responsible  
46 for Youth Development of the Division of Juvenile Justice ~~Section of the~~  
47 ~~Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
48 Safety, and the Superintendent of Public Instruction. Should the Chief Justice  
49 of the Supreme Court choose not to serve, his alternate shall be selected by  
50 the Governor from a list submitted by the Chief Justice which list must contain  
51 no less than three nominees from the membership of the Supreme Court.

1 ...."

2 **SECTION 19C.9.(xxx)** G.S. 143B-1311(d) reads as rewritten:

3 "(d) The following office holders or their designee, shall serve as nonvoting ex officio  
4 members of the Commission:

- 5 (1) The Lieutenant Governor.
- 6 (2) Secretary of Public Safety.
- 7 (2a) Secretary of the Department of Adult Correction.
- 8 (3) Secretary of Commerce.
- 9 (4) The Secretary of Transportation.
- 10 (5) The Secretary of Environmental Quality.
- 11 (6) The Commissioner of Agriculture.
- 12 (7) Adjutant General of the North Carolina National Guard.
- 13 (8) The Mayor of Elizabeth City, or designee.
- 14 (9) The Mayor of Fayetteville, or designee.
- 15 (10) The Mayor of Goldsboro, or designee.
- 16 (11) The Mayor of Havelock, or designee.
- 17 (12) The Mayor of Jacksonville, or designee.
- 18 (13) The Assistant Secretary for Veterans Affairs, Department of Administration.
- 19 (14) The President of The University of North Carolina.
- 20 (15) The President of the North Carolina Community College System.
- 21 (16) The Superintendent of Public Instruction."

22 **SECTION 19C.9.(yyy)** G.S. 148-4.1 reads as rewritten:

23 **"§ 148-4.1. Release of inmates.**

24 (a) Whenever the Secretary of ~~Public Safety~~ the Department of Adult Correction  
25 determines from data compiled by the Division of ~~Adult Correction and Juvenile Justice of the~~  
26 ~~Department of Public Safety Prisons~~ that it is necessary to reduce the prison population to a more  
27 manageable level or to meet the State's obligations under law, ~~he shall~~ the Secretary in  
28 consultation with the Secretary of the Department of Public Safety may direct the Post-Release  
29 Supervision and Parole Commission to release on parole over a reasonable period of time a  
30 number of prisoners sufficient to that purpose. From the time the Secretary directs the  
31 Post-Release Supervision and Parole Commission until the prison population has been reduced  
32 to a more manageable level, the Secretary may not accept any inmates ordered transferred from  
33 local confinement facilities to the State prison system under G.S. 148-32.1(b). Further, the  
34 Secretary may return any inmate housed in the State prison system under an order entered  
35 pursuant to G.S. 148-32.1(b) to the local confinement facility from which the inmate was  
36 transferred. In order to meet the requirements of this section, the Parole Commission shall not  
37 parole any person convicted under Article 7B of Chapter 14 of a sex offense, under G.S. 14-39,  
38 14-41, or 14-43.3, under G.S. 90-95(h) of a drug trafficking offense, or under G.S. 14-17, or any  
39 other violent felon as defined in subsection (a1) of this section. The Parole Commission may  
40 continue to consider the suitability for release of such persons in accordance with the criteria set  
41 forth in Articles 85 and 85A of Chapter 15A.

42 (a1) Notwithstanding any other provision of this section, the Division of Prisons of the  
43 Department of Adult Correction and Juvenile Justice of the Department of Public Safety shall at  
44 all times secure the necessary prison space to house any violent felon or habitual felon for the  
45 full active sentence imposed by the court. For purposes of this subsection, the term "violent felon"  
46 means any person convicted of the following felony offenses: first or second degree murder,  
47 voluntary manslaughter, first or second degree rape, first or second degree sexual offense, any  
48 sexual offense involving a minor, robbery, kidnapping, or assault, or attempting, soliciting, or  
49 conspiring to commit any of those offenses.

50 ...."

51 **SECTION 19C.9.(zzz)** G.S. 148-13 reads as rewritten:

1 **"§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

2 (a) The Secretary of ~~Public Safety~~ the Department of Adult Correction may issue  
3 regulations regarding the grades of custody in which State prisoners are kept, the privileges and  
4 restrictions applicable to each custody grade, and the amount of cash, clothing, etc., to be awarded  
5 to State prisoners after their discharge or parole. The amount of cash awarded to a prisoner upon  
6 discharge or parole after being incarcerated for two years or longer shall be at least forty-five  
7 dollars (\$45.00).

8 (a1) The Secretary of ~~Public Safety~~ the Department of Adult Correction shall adopt rules  
9 to specify the rates at, and circumstances under, which earned time authorized by  
10 G.S. 15A-1340.13(d) and G.S. 15A-1340.20(d) may be earned or forfeited by persons serving  
11 activated sentences of imprisonment for felony or misdemeanor convictions. Such rules shall  
12 include any person serving an activated sentence of imprisonment who is confined in a detention  
13 facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction~~  
14 ~~and Juvenile Justice of the Department of Public Safety.~~

15 (b) With respect to prisoners who are serving sentences for impaired driving offenses  
16 under G.S. 20-138.1, the Secretary of ~~Public Safety~~ the Department of Adult Correction may, in  
17 ~~his~~ the Secretary's discretion, issue regulations regarding deductions of time from the terms of  
18 such prisoners for good behavior, meritorious conduct, work or study, participation in  
19 rehabilitation programs, and the like.

20 (c), (d) Repealed by Session Laws 1993, c. 538, s. 32, effective January 1, 1995.

21 (e) The Secretary's regulations concerning earned time and good time credits authorized  
22 by this section shall be distributed to and followed by local jail administrators and by personnel  
23 of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile  
24 Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention  
25 facility approved by the ~~Juvenile Justice Section of the Division of Adult Correction and~~ Division  
26 of Juvenile Justice.

27 (f) The provisions of this section do not apply to persons sentenced to a term of special  
28 probation under G.S. 15A-1344(e) or G.S. 15A-1351(a)."

29 **SECTION 19C.9.(aaaa)** G.S. 148-19.1 reads as rewritten:

30 **"§ 148-19.1. Exemption from licensure and certificate of need.**

31 (a) Inpatient chemical dependency or substance abuse facilities that provide services  
32 exclusively to inmates of the ~~Division~~ Department of Adult Correction and Juvenile Justice or  
33 offenders under the supervision of the Division of Community Supervision and Reentry of the  
34 Department of Public Safety shall be exempt from licensure by the Department of Health and  
35 Human Services under Chapter 122C of the General Statutes. If an inpatient chemical  
36 dependency or substance abuse facility provides services both to inmates of the ~~Division of Adult~~  
37 ~~Correction and Juvenile Justice of the Department of Public Safety~~ or offenders under  
38 supervision and to members of the general public, the portion of the facility that serves inmates  
39 or offenders under supervision shall be exempt from licensure.

40 (b) Any person who contracts to provide inpatient chemical dependency or substance  
41 abuse services to inmates of the ~~Division~~ Department of Adult Correction and Juvenile Justice  
42 or to offenders under the supervision of the Division of Community Supervision and Reentry of  
43 the Department of Public Safety may construct and operate a new chemical dependency or  
44 substance abuse facility for that purpose without first obtaining a certificate of need from the  
45 Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General  
46 Statutes. However, a new facility or addition developed for that purpose without a certificate of  
47 need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit  
48 anyone other than inmates unless the owner or operator first obtains a certificate of need."

49 **SECTION 19C.9.(bbbb)** G.S. 148-29 reads as rewritten:

50 **"§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's**  
51 **expense affidavit.**



1 (a) The sheriff having in charge any prisoner to be taken to the State prison system shall  
2 send the prisoner to the custody of the Division of Prisons of the Department of Adult Correction  
3 ~~and Juvenile Justice of the Department of Public Safety~~ after sentencing and the disposal of all  
4 pending charges against the prisoner, if no appeal has been taken. Beginning on the day after the  
5 ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ has been notified by  
6 the sheriff that a prisoner is ready for transfer and the Division has informed the sheriff that  
7 bedspace is not available for that prisoner, and continuing through the day the prisoner is received  
8 by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice, Division,~~ the  
9 ~~Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall pay  
10 the county:

- 11 (1) A standard sum set by the General Assembly in its appropriations acts for the  
12 cost of providing food, clothing, personal items, supervision, and necessary  
13 ordinary medical services to the prisoner awaiting transfer to the State prison  
14 system; and
- 15 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
16 prisoners awaiting transfer to the State prison system.

17 If the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ determines that  
18 bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner  
19 is ready for transfer, reimbursement under this subsection shall be made beginning on the day  
20 after the sheriff gave the notification.

21 (b) The sheriff having in charge any parolee or post-release supervisee to be taken to the  
22 State prison system shall send the prisoner to the custody of the Division of Prisons of the  
23 Department of Adult Correction and Juvenile Justice of the Department of Public Safety after  
24 preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the day  
25 after the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ has been  
26 notified by the sheriff that a prisoner is ready for transfer and the Division has informed the  
27 sheriff that bedspace is not available for that prisoner, and continuing through the day the prisoner  
28 is received by the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice,~~  
29 Division, the ~~Division of Adult Correction and Juvenile Justice of the Department of Public~~  
30 ~~Safety~~ shall pay the county:

- 31 (1) A standard sum set by the General Assembly in its appropriations acts for the  
32 cost of providing food, clothing, personal items, supervision, and necessary  
33 ordinary medical services to the parolee or post-release supervisee awaiting  
34 transfer to the State prison system; and
- 35 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
36 parolees or post-release supervisees awaiting transfer to the State prison  
37 system.

38 If the ~~Section of Prisons of the Division of Adult Correction and Juvenile Justice~~ determines that  
39 bedspace is not available for a prisoner after the sheriff has notified the Division that the prisoner  
40 is ready for transfer, reimbursement under this subsection shall be made beginning on the day  
41 after the sheriff gave the notification.

42 ...."

43 **SECTION 19C.9.(cccc)** G.S. 148-32.3 reads as rewritten:

44 "**§ 148-32.3. Inmate Construction Program.**

45 Notwithstanding any other provision of law, but subject to the provisions of this Article, the  
46 State Construction Office may utilize inmates in the custody of the Division of ~~Adult Correction~~  
47 Prisons of the Department of Public Safety-Adult Correction through the Inmate Construction  
48 Program for repair and renovation projects on State-owned facilities, with priority given to  
49 Department of ~~Public Safety-Adult Correction~~ Adult Correction construction projects. State agencies utilizing the  
50 Inmate Construction Program shall reimburse the Division of Prisons of the Department of Adult

1 Correction of the Department of Public Safety for the cost of transportation, custody, and wages  
2 for the inmate crews."

3 **SECTION 19C.9.(dddd)** G.S. 148-40 reads as rewritten:

4 **"§ 148-40. Recapture of escaped prisoners.**

5 The rules and regulations for the government of the State prison system may provide for the  
6 recapture of convicts that may escape, or any convicts that may have escaped from the State's  
7 prison or prison camps, or county road camps of this State, and the Division of ~~Adult Correction~~  
8 ~~and Juvenile Justice-Prisons~~ of the Department of ~~Public Safety-Adult Correction~~ may pay to any  
9 person recapturing an escaped convict such reward or expense of recapture as the regulations  
10 may provide. Any citizen of North Carolina shall have authority to apprehend any convict who  
11 may escape before the expiration of ~~his~~ the convict's term of imprisonment whether ~~he~~ the convict  
12 be guilty of a felony or misdemeanor, and retain ~~him~~ the convict in custody and deliver ~~him~~ the  
13 convict to the Division of ~~Adult Correction and Juvenile Justice-Prisons~~ of the Department of  
14 ~~Public Safety-Adult Correction.~~"

15 **SECTION 19C.9.(eeee)** G.S. 148-118.8 reads as rewritten:

16 **"§ 148-118.8. Appointment, salary, and authority of Executive Director and inmate  
17 grievance examiners.**

18 (a) The Grievance Resolution Board, in consultation with the Secretary of ~~Public Safety,~~  
19 ~~the Department of Adult Correction,~~ shall provide the Governor with at least three nominees, and  
20 the Governor shall appoint an Executive Director from those nominees. The Grievance  
21 Resolution Board shall appoint grievance examiners. The Executive Director shall manage the  
22 staff and perform such other functions as are assigned to the Director by the Grievance Resolution  
23 Board. The Executive Director shall serve at the pleasure of the Governor. The grievance  
24 examiners shall serve at the pleasure of the Grievance Resolution Board. The grievance  
25 examiners shall be subject to Article 2 of Chapter 126 of the North Carolina General Statutes for  
26 purposes of salary and leave. Support staff, equipment, and facilities for the Board shall be  
27 provided by the ~~Division-Department~~ of ~~Adult Correction~~ of the ~~Department of Public~~  
28 ~~Safety-Correction.~~

29 (b) The inmate grievance examiners shall investigate inmate grievances pursuant to the  
30 procedures established by the Administrative Remedy Procedure. Examiners shall attempt to  
31 resolve grievances through mediation with all parties. Otherwise, the inmate grievance examiners  
32 shall either (i) order such relief as is appropriate; or (ii) deny the grievance. The decision of the  
33 grievance examiner shall be binding, unless the Secretary of ~~Public Safety-the Department of~~  
34 ~~Adult Correction~~ (i) finds that such relief is not appropriate, (ii) gives a written explanation for  
35 this finding, and (iii) makes an alternative order of relief or denies the grievance."

36 **SECTION 19C.9.(ffff)** G.S. 148-128 reads as rewritten:

37 **"§ 148-128. Authorization for Correction Enterprises.**

38 The ~~Section-Division~~ of Correction Enterprises ~~of the Division of Adult Correction and~~  
39 ~~Juvenile Justice~~ is established as a division of the ~~Division-Department~~ of ~~Adult Correction and~~  
40 ~~Juvenile Justice~~ of the ~~Department of Public Safety-Correction.~~ The ~~Section-Division~~ of  
41 Correction Enterprises ~~of the Division of Adult Correction and Juvenile Justice~~ may develop and  
42 operate industrial, agricultural, and service enterprises that employ incarcerated offenders in an  
43 effort to provide them with meaningful work experiences and rehabilitative opportunities that  
44 will increase their employability upon release from prison. Enterprises operated under this Article  
45 shall be known as "Correction Enterprises.""

46 **SECTION 19C.9.(gggg)** G.S. 148-131 reads as rewritten:

47 **"§ 148-131. Powers and responsibilities.**

48 In order to fulfill the purposes set forth in G.S. 148-129, the ~~Section-Division~~ of Correction  
49 Enterprises of the ~~Division-Department~~ of ~~Adult Correction and Juvenile Justice~~ is authorized  
50 and empowered to take all actions necessary in the operation of its enterprises, including any of  
51 the following actions to:

1 ...."

2 **SECTION 19C.9.(hhhh)** G.S. 148-132 reads as rewritten:

3 **"§ 148-132. Distribution of products and services.**

4 The ~~Section~~Division of Correction Enterprises of the ~~Division~~Department of Adult  
5 Correction and Juvenile Justice is empowered and authorized to market and sell products and  
6 services produced by Correction Enterprises to any of the following entities:

7 ...."

8 **SECTION 19C.9.(iiii)** G.S. 148-134 reads as rewritten:

9 **"§ 148-134. Preference for Division of Prisons of Department of Adult Correction and**  
10 **Juvenile Justice of the Department of Public Safety products.**

11 All departments, institutions, and agencies of this State that are supported in whole or in part  
12 by the State shall give preference to Correction Enterprises products in purchasing articles,  
13 products, and commodities that these departments, institutions, and agencies require and that are  
14 manufactured or produced within the State prison system and offered for sale to them by  
15 Correction Enterprises. No article or commodity available from Correction Enterprises shall be  
16 purchased by any State department, institution, or agency from any other source unless the prison  
17 product does not meet the standard specifications and the reasonable requirements of the  
18 department, institution, or agency as determined by the Secretary of Administration or the  
19 requisition cannot be complied with because of an insufficient supply of the articles or  
20 commodities required. The provisions of Article 3 of Chapter 143 of the General Statutes  
21 respecting contracting for the purchase of all supplies, materials, and equipment required by the  
22 State government or any of its departments, institutions, or agencies under competitive bidding  
23 shall not apply to articles or commodities available from Correction Enterprises. The ~~Section~~  
24 Division of Correction Enterprises of the ~~Division~~Department of Adult Correction and Juvenile  
25 ~~Justice~~ shall be required to keep the price of such articles or commodities substantially in accord  
26 with that paid by governmental agencies for similar articles and commodities of equivalent  
27 quality."

28 **SECTION 19C.9.(jjjj)** G.S. 150B-1(e) reads as rewritten:

29 "(e) Exemptions From Contested Case Provisions. – The contested case provisions of this  
30 Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The  
31 contested case provisions of this Chapter do not apply to the following:

32 ...

- 33 (7) The Division of ~~Adult Correction and Juvenile Justice of the Department of~~  
34 ~~Public Safety~~Prisons of the Department of Adult Correction.

35 ...."

36 **SECTION 19C.9.(kkkk)** G.S. 153A-218 reads as rewritten:

37 **"§ 153A-218. County confinement facilities.**

38 A county may establish, acquire, erect, repair, maintain, and operate local confinement  
39 facilities and may for these purposes appropriate funds not otherwise limited as to use by law.  
40 Subject to the holdover provisions in G.S. 7B-2204, no person under the age of 18 may be held  
41 in a county confinement facility unless there is an agreement between the county confinement  
42 facility and the Division of ~~Adult Correction and Juvenile Justice~~ allowing the housing of persons  
43 under the age of 18 at the facility or a portion of the facility that has been approved as a juvenile  
44 detention facility by the Division of Juvenile Justice~~Section~~Justice. A juvenile detention facility  
45 may be located in the same facility as a county jail provided that the juvenile detention facility  
46 meets the requirements of this Article and G.S. 147-33.40."

47 **SECTION 19C.9.(llll)** G.S. 162-39(b1) reads as rewritten:

48 "(b1) The ~~Department of Public Safety, Health Services~~ Section, Division of Health  
49 Services of the Department of Adult Correction shall maintain records of prisoners transferred to  
50 a unit of the State prison system pursuant to subsection (b) of this section. The records shall

1 utilize unique identifiers for each transferred prisoner and shall include all of the following  
2 information:

3 ...."

4 **SECTION 19C.9.(mmmm)** G.S. 164-40 reads as rewritten:

5 **"§ 164-40. Correction population simulation model; ~~Juvenile Justice Section of the Division~~  
6 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~  
7 juvenile justice facilities population simulation model.**

8 (a) The Commission shall develop a correctional population simulation model, and shall  
9 have first priority to apply the model to a given fact situation, or theoretical change in the  
10 sentencing laws, when requested to do so by the Chairman, the Executive Director, or the  
11 Commission as a whole.

12 The Executive Director or the Chairman shall make the model available to respond to  
13 inquiries by any State legislator, ~~or~~ by the Secretary of the Department of Public Safety, or by  
14 the Secretary of the Department of Adult Correction, in second priority to the work of the  
15 Commission.

16 (b) The Commission shall develop a ~~Juvenile Justice Section of the Division of Adult~~  
17 ~~Correction and Juvenile Justice of the Department of Public Safety facilities~~ population  
18 simulation ~~model,~~ model for juvenile justice facilities and shall have first priority to apply the  
19 model to a given fact situation, or theoretical change in the dispositional laws set forth in Chapter  
20 7B of the General Statutes, when requested to do so by the Chairman, the Executive Director, or  
21 the Commission as a whole.

22 The Executive Director or the Chairman shall make the model available to respond to  
23 inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of~~  
24 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to  
25 the work of the Commission."

26 **SECTION 19C.9.(nnnn)** G.S. 164-43 reads as rewritten:

27 **"§ 164-43. Priority of duties; reports; continuing duties.**

28 ...

29 (d) Once the primary duties of the Commission have been accomplished, it shall have the  
30 continuing duty to monitor and review the criminal justice and corrections systems and the  
31 juvenile justice system in this State to ensure that sentences and dispositions remain uniform and  
32 consistent, and that the goals and policies established by the State are being implemented by  
33 sentencing and dispositional practices, and it shall recommend methods by which this ongoing  
34 work may be accomplished and by which the correctional population simulation model and the  
35 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the~~  
36 ~~Department of Public Safety~~ juvenile justice facilities population simulation model developed  
37 under G.S. 164-40 shall continue to be used by the State.

38 ...

39 (h) The Commission or its successor shall meet within 10 days after the last day for filing  
40 general bills in the General Assembly for the purpose of reviewing bills as described in  
41 subsections (e), (f), and (g). The Commission or its successor shall include in its report on a bill  
42 an analysis based on an application of the correctional population simulation model or the  
43 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice of the~~  
44 ~~Department of Public Safety~~ juvenile justice facilities population simulation model to the  
45 provisions of the bill."

46 **SECTION 19C.9.(oooo)** G.S. 164-47 reads as rewritten:

47 **"§ 164-47. Biennial Report on Recidivism.**

48 The Judicial Department, through the North Carolina Sentencing and Policy Advisory  
49 Commission, the Division of Prisons of the Department of Adult Correction, and the Division of  
50 ~~Adult Correction and Juvenile Justice~~ Community Supervision and Reentry of the Department  
51 of Public Safety shall jointly conduct ongoing evaluations of community corrections programs

1 and in-prison treatment programs and make a biennial report to the General Assembly. The report  
2 shall include composite measures of program effectiveness based on recidivism rates, other  
3 outcome measures, and costs of the programs.

4 During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall  
5 coordinate the collection of all data necessary to create an expanded database containing offender  
6 information on prior convictions, current conviction and sentence, program participation, and  
7 outcome measures. Each program to be evaluated shall assist the Commission in the development  
8 of systems and collection of data necessary to complete the evaluation process. The first  
9 evaluation report shall be presented to the Chairs of the Senate and House Appropriations  
10 Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice  
11 and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each  
12 even-numbered year."  
13

#### 14 **MEMORANDUM OF UNDERSTANDING/REPORTING/EFFECTIVE DATE**

15 **SECTION 19C.9.(pppp)** No later than July 1, 2022, the Department of Public Safety  
16 and the Department of Adult Correction shall enter into a memorandum of understanding (MOU)  
17 related to the transfer of custody of inmates and offenders between the Division of Prisons of the  
18 Department of Adult Corrections and the Division of Community Supervision and Reentry of the  
19 Department of Public Safety. In addition to any other matters necessary for the successful and  
20 timely transfer of custody of inmates and offenders between the divisions, the MOU shall address  
21 specific lines of responsibility, establish official lines of communication, and identify the  
22 mechanisms to be used for sharing of information and records.

23 **SECTION 19C.9.(qqqq)** The Office of State Budget and Management, in  
24 consultation with the Department of Public Safety, shall make an interim report on or before  
25 January 15, 2022, on progress implementing this section to the Joint Legislative Oversight  
26 Committee on Justice and Public Safety. The interim report shall include information regarding  
27 the proposed memorandum of understanding required by subsection (pppp) of this section. The  
28 Office of State Budget and Management, in consultation with the Department of Public Safety  
29 and the Department of Adult Correction, shall make a final report on or before July 15, 2022, on  
30 progress implementing this section to the Joint Legislative Oversight Committee on Justice and  
31 Public Safety. The final report shall include information regarding:

- 32 (1) Any reclassifications of positions or reductions in force.
- 33 (2) Any recommendations for changes to the statutes that organize the  
34 Department of Public Safety or the Department of Adult Correction.
- 35 (3) The memorandum of understanding required by subsection (pppp) of this  
36 section.

37 **SECTION 19C.9.(rrrr)** In addition to the reporting requirements of G.S. 143C-6-9,  
38 the Department of Public Safety shall report for the 2021-2022, the 2022-2023, and the  
39 2023-2024 fiscal years the following information to the chairs of the Joint Legislative Oversight  
40 Committee on Justice and Public Safety and the chairs of the House of Representatives  
41 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
42 Committee on Justice and Public Safety:

- 43 (1) The amount of lapsed salary generated by fund code for the previous six  
44 months.
- 45 (2) An itemized accounting of the use of lapsed salary funds, including:
  - 46 a. Fund code.
  - 47 b. Current certified budget.
  - 48 c. Annual projected expenditure.
  - 49 d. Annual projected shortfall.
  - 50 e. Amount of lapsed salary funds transferred to date.

1 The reports shall be submitted by August 1, November 1, February 1, and May 1 of  
2 each fiscal year. The August report shall also include an annual accounting of this information  
3 for the previous fiscal year.

4 **SECTION 19C.9.(ssss)** In addition to the reporting requirements of G.S. 143C-6-9,  
5 the Department of Adult Correction shall report for the 2022-2023 and the 2023-2024 fiscal years  
6 the following information to the chairs of the Joint Legislative Oversight Committee on Justice  
7 and Public Safety and the chairs of the House of Representatives Appropriations Committee on  
8 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 9 (1) The amount of lapsed salary generated by fund code for the previous six  
10 months.
- 11 (2) An itemized accounting of the use of lapsed salary funds, including:
  - 12 a. Fund code.
  - 13 b. Current certified budget.
  - 14 c. Annual projected expenditure.
  - 15 d. Annual projected shortfall.
  - 16 e. Amount of lapsed salary funds transferred to date.

17 The reports shall be submitted by August 1, November 1, February 1, and May 1 of  
18 each fiscal year. The August report shall also include an annual accounting of this information  
19 for the previous fiscal year.

20 **SECTION 19C.9.(tttt)** This subsection is effective when this act becomes law. The  
21 remainder of this section becomes effective July 1, 2022. On and after that date, any references  
22 or directives in this act to the Division of Adult Correction and Juvenile Justice, the Section of  
23 Adult Correction in the Division of Adult Correction and Juvenile Justice, the Section of Juvenile  
24 Justice of the Division of Adult Correction and Juvenile Justice, or the Section of Community  
25 Corrections of the Division of Adult Correction and Juvenile Justice shall be construed to apply  
26 to the appropriate division of either the Department of Public Safety or the Department of Adult  
27 Correction pursuant to the departmental changes enacted by this section.

## 28 29 **INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF** 30 **UTILIZING INMATE LABOR TO CLEAN ROADWAYS AND REQUIRE** 31 **RELATED REPORTING**

32 **SECTION 19C.10.(a)** G.S. 148-26 is amended by adding a new subsection to read:

33 "(e2) Pursuant to the provisions of this Article that regulate inmate labor, sheriffs having  
34 custody of inmates under the Statewide Misdemeanant Confinement Program may hire those  
35 inmates to maintain the cleanliness of areas along local and State roadways.

36 A sheriff hiring inmates under this subsection shall coordinate with the Department of  
37 Transportation before and after a cleanup project to ensure that cleanup efforts are not  
38 unnecessarily duplicated by either the sheriff's office or the Department of Transportation. The  
39 sheriff shall also ensure that all inmates hired pursuant to this subsection are adequately guarded  
40 while working and that food, water, and bathroom facilities are accessible in reasonable amounts  
41 and times.

42 Sheriffs that utilize inmate labor pursuant to this section for a combined total of 500 work  
43 hours in one calendar month shall submit a record of those work hours to the Department of  
44 Public Safety and shall be reimbursed for caring for and housing the inmates of the Statewide  
45 Misdemeanant Confinement Program at a rate of at least sixty dollars (\$60.00) per day, per  
46 inmate held under the Statewide Misdemeanant Confinement Program for each calendar month  
47 in which 500 work hours were completed."

48 **SECTION 19C.10.(b)** G.S. 148-32.1, as amended by this Part, reads as rewritten:

49 **"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.**

50 ...

1 (b1) It is the intent of the General Assembly to authorize the Division of Adult Correction  
2 and Juvenile Justice to enter into voluntary agreements with counties to provide housing for  
3 misdemeanants serving periods of confinement of more than 90 days and for all sentences  
4 imposed for impaired driving under G.S. 20-138.1, regardless of length. It is further the intent of  
5 the General Assembly that the Division of Adult Correction and Juvenile Justice, in conjunction  
6 with the North Carolina Sheriffs' Association, Inc., establish a program for housing  
7 misdemeanants serving periods of confinement of more than 90 days and for all sentences  
8 imposed for impaired driving under G.S. 20-138.1, regardless of length. It is also the intent of  
9 the General Assembly that the Division of Adult Correction and Juvenile Justice contract with  
10 the North Carolina Sheriffs' Association, Inc., to provide a service that identifies space in local  
11 confinement facilities that is available for housing these misdemeanants.

12 The General Assembly intends that the cost of housing and caring for these misdemeanants,  
13 including, but not limited to, care, supervision, transportation, medical, and any other related  
14 costs, be covered by State funds and not be imposed as a local cost. Therefore, the General  
15 Assembly intends that the funds appropriated for the Statewide Misdemeanant Confinement  
16 Program be used to provide funding to cover the costs of managing a system for providing that  
17 housing of misdemeanants in local confinement facilities as well as reimbursing the counties for  
18 housing and related expenses for those misdemeanants. For the calendar month that a sheriff  
19 utilizes inmate labor pursuant to G.S. 148-26(e2), the payment for housing and caring for those  
20 misdemeanants for that calendar month shall be paid at a rate pursuant to the provisions of that  
21 section.

22 (b2) The Statewide Misdemeanant Confinement Program is established. The Program  
23 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
24 a period of more than 90 days and for all sentences imposed for impaired driving under  
25 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
26 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
27 address methods for the placement and transportation of inmates and reimbursement to counties  
28 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
29 from that county or from other counties pursuant to the Program may enter into a written  
30 agreement with the Division of Adult Correction and Juvenile Justice to do so.

31 The North Carolina Sheriffs' Association shall:

- 32 (1) Report no later than the fifteenth day of each month to the Office of State  
33 Budget and Management and the Fiscal Research Division on the Statewide  
34 Misdemeanant Confinement Program. Each monthly report shall include all  
35 of the following:

36 ...

- 37 h. The counties with sheriffs' offices that utilized inmate labor pursuant  
38 to G.S. 148-26(e2), the number of total hours worked by inmates in  
39 each participating county, and the number of road miles cleaned by  
40 inmates in each participating county.

- 41 (2) Report no later than October 1 of each year to the chairs of the House of  
42 Representatives Appropriations Committee on Justice and Public Safety and  
43 the Senate Appropriations Committee on Justice and Public Safety and the  
44 Joint Legislative Oversight Committee on Justice and Public Safety on the  
45 Statewide Misdemeanant Confinement Program. The report shall include the  
46 following with respect to the prior fiscal year:

47 ...

- 48 g. The counties with sheriffs' offices that utilized inmate labor pursuant  
49 to G.S. 148-26(e2), the number of total hours worked by inmates in  
50 each participating county, and the number of road miles cleaned by  
51 inmates in each participating county.





**"§ 127A-191. Purpose.**

The General Assembly of North Carolina, recognizing that the North Carolina National Guard is the only organized, trained and equipped military force subject to the control of the State, hereby establishes a program of tuition assistance for qualifying guard members for the purpose of encouraging voluntary membership in the North Carolina National Guard, improving the educational level of its members, and thereby benefiting the State as a whole.

**"§ 127A-192. Definitions.**

The following definitions apply in this ~~Part~~Article:

- (1) Academic Year. – The annual enrollment period used by the ~~Authority~~Secretary.
- (2) Private Educational Institutions. – Any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within and licensed by the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of this ~~Part~~Article.
- (3) Proprietary School. – An educational institution that is (i) defined as a proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of Community Colleges, ~~and or~~ (iii) listed by the North Carolina State Approving Agency for Veterans and Military Education as an approved proprietary school for purposes of this ~~Part~~Article.
- (3a) Secretary. – ~~The Secretary of Public Safety or the Secretary's designee.~~
- (4) State Educational Institutions. – Any of the constituent institutions of the University of North Carolina, or any community college operated under the provisions of Chapter 115D of the General Statutes of North Carolina.
- (5) Student Loan. – A loan or loans made to eligible students or parents of students to aid in attaining an education beyond the high school level.

**"§ 127A-193. Benefit.**

The benefit provided under this ~~Part~~Article shall consist of a monetary educational assistance grant not to exceed the highest amount charged by a State educational institution per academic year or a lesser amount, as prescribed by the ~~Authority~~Secretary, to remain within the funds appropriated, to qualifying members of the North Carolina National Guard. Benefits provided under ~~G.S. 116-209.55(g)~~G.S. 127A-195(g) shall be payable for a period of one year at a time, renewable at the option of the ~~Authority~~Secretary. All other benefits provided under this ~~Part~~Article shall be payable for a period of one academic year at a time, renewable at the option of the ~~Authority~~Secretary.

**"§ 127A-194. Eligibility.**

(a) Active members of the North Carolina National Guard who are enrolled or who shall enroll in any proprietary school, private educational institution, or State educational institution shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a minimum obligation of two years remaining as a member of the North Carolina National Guard from the end of the academic period for which tuition assistance is provided or that the applicant commit himself or herself to extended membership for at least two additional years from the end of that academic period.

(b) This tuition assistance benefit shall be applicable to students in the following categories:

- (1) Students seeking to achieve completion of their secondary school education at a community college or technical institute.
- (2) Students seeking trade or vocational training or education.
- (3) Students seeking to achieve a two-year associate degree.

- 1 (4) Students seeking to achieve a four-year baccalaureate degree.
- 2 (5) Students seeking to achieve a graduate degree.
- 3 (6) Students enrolled in a program granting a graduate certificate.
- 4 (7) Students enrolled in a professional certification program recommended by the
- 5 Director of the North Carolina National Guard Education and Employment
- 6 Center and approved by the North Carolina National Guard Education
- 7 Services Officer.

8 (c) The following persons shall be eligible to apply for disbursements to pay outstanding  
9 student loans pursuant to ~~G.S. 116-209.55(g)~~: G.S. 127A-195(g):

- 10 (1) Persons described in subsections (a) and (b) of this section.
- 11 (2) Active members of the North Carolina National Guard who were previously  
12 enrolled in any proprietary school, private educational institution, or State  
13 educational institution, but only if:
  - 14 a. The applicant has a minimum obligation of two years remaining as a  
15 member of the North Carolina National Guard from the time of the  
16 application; or
  - 17 b. The applicant commits himself or herself to extended membership for  
18 at least two additional years from the time of the application.

19 **"§ 127A-195. Administration and funding.**

20 (a) ~~The Authority Secretary~~ is charged with the administration of the tuition assistance  
21 program under this ~~Part Article~~. The Secretary may delegate administrative tasks to other persons  
22 within the Department of Public Safety as the Secretary deems best for the orderly administration  
23 of this program. The Department of Public Safety may also contract with the State Education  
24 Assistance Authority for the administration of these tuition benefit disbursements.

25 (b) ~~The Authority Secretary~~ shall determine the eligibility of applicants, select the benefit  
26 recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the  
27 ~~Authority Secretary~~ finds that the recipient does not maintain an adequate academic status, or if  
28 the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or  
29 otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The  
30 ~~Authority Secretary~~ shall maintain such records and shall promulgate such rules and regulations  
31 as the ~~Authority Secretary~~ deems necessary for the orderly administration of this program. The  
32 ~~Authority Secretary~~ may require of proprietary schools or State or private educational institutions  
33 such reports and other information as the ~~Authority Secretary~~ may need to carry out the  
34 provisions of this ~~Part Article~~ and the ~~Authority Secretary~~ shall disburse benefit payments for  
35 recipients upon certification of enrollment by the enrolling institutions.

36 (c) All tuition benefit disbursements shall be made to the proprietary school or State or  
37 private educational institution concerned, for credit to the tuition account of each recipient. Funds  
38 disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor  
39 concerned to be applied against the outstanding student loans of each North Carolina National  
40 Guard member beneficiary.

41 (d) The participation by any proprietary school or private educational institution in this  
42 program shall be subject to the applicable provisions of this ~~Part Article~~ and to examination by  
43 the State Auditor of the accounts of the benefit recipients attending or having attended such  
44 private schools or institutions. The ~~Authority Secretary~~ may defer making an award or may  
45 suspend an award in any proprietary school or private educational institution which does not  
46 comply with the provisions of this ~~Part Article~~ relating to said institutions. The manner of  
47 payment to any proprietary school or private educational institution shall be as prescribed by the  
48 ~~Authority Secretary~~.

49 (e) Irrespective of other provisions of this ~~Part Article~~, the ~~Authority Secretary~~ may  
50 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of  
51 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority~~,

1 Secretary, may withdraw from any proprietary school or State or private educational institution  
2 prior to the completion of the term, semester, quarter or other academic period being attended at  
3 the time of withdrawal.

4 (f) Any balance of the monetary educational assistance grant up to the maximum for the  
5 academic year remaining after tuition is paid pursuant to subsection (c) of this section may be  
6 disbursed to the recipient as reimbursement for required course books and materials. The manner  
7 of obtaining the reimbursement payment for these required books and materials shall be as  
8 prescribed by the ~~Authority~~Secretary.

9 (g) Any funds not needed to accomplish the other purposes of this ~~Part~~Article may be  
10 used to help members of the North Carolina National Guard repay outstanding student loans in  
11 accordance with rules to be adopted by the ~~Authority~~Secretary. These rules shall provide that  
12 the length of a member's deployment may be considered in determining whether or not, and in  
13 what amount, a member receives assistance pursuant to this subsection. There shall be no  
14 reimbursement under this subsection for payments already made on student loans, and funds shall  
15 not be provided under this subsection for the purpose of paying student loans obtained for courses  
16 from which the member withdrew or for which the member did not receive a passing grade.  
17 Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S.~~  
18 ~~416-209.53~~G.S. 127A-193."

19 **SECTION 19E.1.(d)** This section becomes effective July 1, 2021.

## 20 **TARHEEL CHALLENGE CODIFICATION**

21 **SECTION 19E.2.(a)** Chapter 127A of the General Statutes is amended by adding a  
22 new Article to read:

23 "Article 18.

24 "Tarheel Challenge Academy.

### 25 **"§ 127A-220. Purpose; establishment.**

26 The purpose of this Article is to authorize the North Carolina National Guard's Tarheel  
27 Challenge Academy to operate independently of existing schools. The Tarheel Challenge  
28 Academy is established as a Division of the North Carolina National Guard. The Tarheel  
29 Challenge Academy shall satisfy all of the following:

- 30 (1) Exist as a cost-free program.
- 31 (2) Be housed for administrative purposes within the North Carolina National  
32 Guard.
- 33 (3) Be a community-based school that leads, trains, and mentors at-risk youth.
- 34 (4) Be designated as an approved alternative learning program, as defined in this  
35 Article, and an innovative school option.
- 36 (5) Create at least a 22-week residential program that requires a 12-month  
37 post-residential mentoring period.
- 38 (6) Improve life skills and employment potential of participants by providing  
39 quasi-military based training and supervised work experience.
- 40 (7) Teach the "8 Core Components" of academic excellence, job skills, health and  
41 hygiene, physical fitness, life coping skills, responsible citizenship,  
42 leadership, and service to community.
- 43 (8) Increase opportunity for participants to receive a high school diploma or its  
44 equivalent.
- 45 (9) Enjoy the full cooperation of other State and local agencies in carrying out its  
46 program.

### 47 **"§ 127A-221. Definitions.**

48 The following definitions apply for the purposes of this Article:

- 49 (1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina  
50 National Guard.

- 1           (2) Alternative learning program. – A program offered by the Academy that  
 2 provides specialized services for at-risk students outside of a standard  
 3 classroom setting. Services should be designed to meet the needs of students  
 4 who have not been successful in the traditional school setting.
- 5           (3) Eligible participant. – An individual who meets all of the following criteria:  
 6           a. Is a minimum of 16 years of age and a maximum of 18 years of age at  
 7 the time of entry into the program.  
 8           b. Has failed to complete or has left school for any reason before  
 9 graduation or completion of a program of studies without transferring  
 10 to another school and has not received a certificate from a program of  
 11 equivalency or has not progressed in a traditional high school setting.  
 12           c. A citizen or legal resident of the United States.  
 13           d. Unemployed or underemployed.  
 14           e. Not currently on parole or probation and not accused or convicted of  
 15 a crime that would be considered a felony if the individual was an  
 16 adult.  
 17           f. Free from use of illegal drugs or substances.  
 18           g. Physically and mentally capable to participate in the alternative  
 19 learning program.

20 **"§ 127A-222. Administration; supervision.**

21 The general supervision and administration of the Academy shall be vested in the North  
 22 Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or  
 23 her designee to do all of the following:

- 24           (1) Create a written document that incorporates the terms and conditions imposed  
 25 on the Academy by the Federal Youth Challenge Program.  
 26           (2) Organize and establish all rules and regulations for the Academy, as  
 27 necessary.  
 28           (3) Direct and control all Academy personnel matters.  
 29           (4) Oversee and direct the administration and functioning of the alternative  
 30 learning program offered by the Academy."

31 **SECTION 19E.2.(b)** This section becomes effective October 1, 2021.  
 32

33 **BUTNER TIMBER FUND SALE PROCEEDS**

34 **SECTION 19E.3.(a)** G.S. 146-30 reads as rewritten:

35 **"§ 146-30. Application of net proceeds.**

36           (a) The net proceeds of any disposition made in accordance with this Subchapter shall be  
 37 handled in accordance with the following priority:

- 38           (1) First, in accordance with the provisions of any trust or other instrument of title  
 39 whereby title to real property was acquired.  
 40           (2) Second, as provided by any other act of the General Assembly.  
 41           (3) Third, by depositing the net proceeds with the State Treasurer.

42 Nothing in this section, however, prohibits the disposition of any State lands by exchange for  
 43 other lands, but if the appraised value in fee simple of any property involved in the exchange is  
 44 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without  
 45 consultation with the Joint Legislative Commission on Governmental Operations.

46           ...  
 47           (d) Notwithstanding any other provision of this Subchapter, the following exceptions  
 48 apply:

- 49           ...  
 50           (8) The net proceeds derived from the sale of any portion of the land owned by  
 51 the State in the Camp Butner reservation shall be deposited with the State

Treasurer in a capital improvement account to the credit of the Department of Health and Human Services to make capital improvements on or to property owned by the State in the Camp Butner reservation subject to approval by the Office of State Budget and Management. The net proceeds derived from the sale of timber from land owned by the State in the Camp Butner reservation shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Public Safety to be used to support the North Carolina National Guard's Camp Butner Training Center and other North Carolina National Guard-operated Training Centers. The definition of "Camp Butner reservation" in G.S. 122C-3 applies to this subdivision.

...."

**SECTION 19E.3.(b)** This section becomes effective July 1, 2021.

#### **NORTH CAROLINA NATIONAL GUARD RESERVE JOB ACT**

**SECTION 19E.4.(a)** Article 13 of Chapter 126 of the General Statutes is amended by adding a new section to read:

**"§ 126-80.5. National Guard preference.**

(a) It shall be the policy of the State of North Carolina that, in recognition and appreciation for service to the State and this country, and in recognition of the time and advantage lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined in G.S. 126-81(4) shall be granted preference in employment for positions subject to the provisions of this Chapter with every State department, agency, and institution.

(b) In all evaluations of applicants for positions with this State or any of its departments, agencies, or institutions, a preference shall be awarded to all eligible members of the National Guard who are citizens of the State. This preference applies to initial employment and extends to other employment events, including a subsequent hiring, promotion, reassignment, or horizontal transfer.

(c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter 143B of the General Statutes."

**SECTION 19E.4.(b)** G.S. 126-81 reads as rewritten:

**"§ 126-81. Definitions.**

~~As used in this Article:~~The following definitions apply in this Article:

- (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.
- (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.
- (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:
  - a. A veteran who served during a period of ~~war;~~ or war.
  - b. The spouse of a disabled ~~veteran;~~ or veteran.
  - c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such ~~service;~~ or service.
  - d. A veteran who suffered a service-connected disability during ~~peacetime;~~ or peacetime.

- 1 e. The spouse of a veteran described in ~~subdivision~~sub-subdivision d. of  
2 this ~~subsection~~or subdivision.
- 3 f. The surviving spouse or dependent of a person who served in the  
4 Armed Forces of the United States on active duty, for reasons other  
5 than training, who died for service-related reasons during peacetime.
- 6 (4) Eligible member of the National Guard. – Any of the following:
- 7 a. A resident of North Carolina who is a current member in good standing  
8 of either the North Carolina Army National Guard, the North Carolina  
9 Air National Guard, or the reserves of the Armed Forces of the United  
10 States.
- 11 b. A resident of North Carolina who is a former member of either the  
12 North Carolina Army National Guard, the North Carolina Air National  
13 Guard, or the reserves of the Armed Forces of the United States whose  
14 discharge condition is greater than dishonorable with a minimum of  
15 six years of creditable service.
- 16 c. The surviving spouse and dependent of a member of the North  
17 Carolina Army National Guard or the North Carolina Air National  
18 Guard who dies on State active duty either directly or indirectly as a  
19 result of that service.
- 20 d. The surviving spouse or dependent of a member of the North Carolina  
21 National Guard who died for service-related reasons during  
22 peacetime."

23 **SECTION 19E.4.(c)** G.S. 128-15 reads as rewritten:

24 **"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

25 (a) It shall be the policy of the State of North Carolina that, in appreciation for their  
26 service to this State and this country during a period of war, and in recognition of the time and  
27 advantage lost toward the pursuit of a civilian career, veterans and eligible members of the  
28 National Guard shall be granted preference in employment with every State department, agency,  
29 and institution.

30 (b) As used in this section:

- 31 (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,  
32 through November 11, 1918), World War II (December 7, 1941, through  
33 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,  
34 1955), the period of time between January 31, 1955, and the end of the  
35 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or  
36 engagement for which a campaign badge or medal is authorized by the United  
37 States Department of Defense.
- 38 (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of  
39 the United States on active duty, for reasons other than training, and has been  
40 discharged under other than dishonorable conditions.
- 41 (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:
- 42 a. A veteran who served during a period of ~~war~~war.
- 43 b. The spouse of a disabled ~~veteran~~veteran.
- 44 c. The surviving spouse or dependent of a veteran who dies on active  
45 duty during a period of war either directly or indirectly as the result of  
46 such ~~service~~service.
- 47 d. A veteran who suffered a disabling injury for service-related reasons  
48 during ~~peacetime~~peacetime.
- 49 e. The spouse of a veteran described in ~~subdivision~~sub-subdivision d. of  
50 this ~~subsection~~or subdivision.

- 1 f. The surviving spouse or dependent of a person who served in the  
2 Armed Forces of the United States on active duty, for reasons other  
3 than training, who dies for service-related reasons during peacetime.  
4 (4) Eligible member of the National Guard. – Any of the following:  
5 a. A resident of North Carolina who is a current member in good standing  
6 of either the North Carolina Army National Guard, the North Carolina  
7 Air National Guard, or the reserves of the Armed Forces of the United  
8 States.  
9 b. A resident of North Carolina who is a former member of either the  
10 North Carolina Army National Guard, the North Carolina Air National  
11 Guard, or the reserves of the Armed Forces of the United States whose  
12 discharge condition is greater than dishonorable with a minimum of  
13 six years of credible service.  
14 c. The surviving spouse and dependent of a member of the North  
15 Carolina Army National Guard or the North Carolina Air National  
16 Guard who dies on State active duty either directly or indirectly as a  
17 result of that service.  
18 d. The surviving spouse or dependent of a member of the North Carolina  
19 National Guard who died for service-related reasons during peacetime.

20 (c) Hereafter, in all evaluations of applicants for positions with this State or any of its  
21 departments, institutions or agencies, a preference shall be awarded to all eligible veterans and  
22 eligible members of the National Guard who are citizens of the State and who served the State  
23 or the United States honorably in the military forces of this State or of the United States during  
24 a period of war. This preference applies to initial employment with the State and extends to other  
25 employment events including subsequent hirings, promotions, reassignments, and horizontal  
26 transfers.

27 (d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter  
28 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of  
29 the General Statutes."

30 **SECTION 19E.4.(d)** This section is effective when it becomes law.

## 31 32 **COMPETITIVE EMERGENCY MANAGEMENT GRANTS**

33 **SECTION 19E.5.(a)** The funds appropriated in this act to the Department of Public  
34 Safety, Division of Emergency Management, to provide competitive grants to county emergency  
35 management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to  
36 county emergency management agencies located in either a development tier one area or a  
37 development tier two area, as defined in G.S. 143B-437.08. Grants shall be used to ensure local  
38 emergency management offices are adequately equipped, trained, and prepared for all hazards  
39 and emergencies. The Division shall develop policies and procedures to implement a competitive  
40 grant program consistent with this section.

41 **SECTION 19E.5.(b)** The Division shall report on the awarding of grant funds  
42 pursuant to subsection (a) of this section by January 15, 2022, and by January 15 of each year  
43 thereafter until the funds appropriated by this section are expended.  
44

## 45 **EMERGENCY MANAGEMENT ACT REVISIONS**

46 **SECTION 19E.6.(a)** G.S. 166A-19.3 reads as rewritten:

47 "**§ 166A-19.3. Definitions.**

48 ...

- 49 (2a) Concurrence of the Council of State. – The consensus, within 10 calendar days  
50 of the issuance of an executive order, of a majority of the membership of the  
51 Council of State prior to the Governor exercising a power or authority

1 requiring a concurrence of the Council of State. The Governor shall document  
2 the contact and response of each Council of State member and shall release  
3 the concurrence, nonconcurrence, or no response provided by each member  
4 by name and position on the same website in which the executive order is  
5 published. If consensus is achieved, the release of information by the  
6 Governor shall be prior to, or simultaneously with, exercising the stated  
7 authority.

8 (2b) Council of State. – The Lieutenant Governor, Secretary of State, Auditor,  
9 Treasurer, Superintendent of Public Instruction, Attorney General,  
10 Commissioner of Agriculture, Commissioner of Labor, Commissioner of  
11 Insurance, or any interim officer or acting officer appointed in accordance  
12 with Section 7 of Article III of the State Constitution.

13 ...  
14 (9a) Executive order. – A signed, written, and published directive issued by the  
15 Governor that carries the force of law.

16 ...."

17 **SECTION 19E.6.(b)** G.S. 166A-19.30 reads as rewritten:

18 **"§ 166A-19.30. Additional powers of the Governor during state of emergency.**

19 (a) In addition to any other powers conferred upon the Governor by law, during a  
20 gubernatorially or legislatively declared state of emergency, with the concurrence of the Council  
21 of State, the Governor shall have the following powers:

22 ...

23 (c) In addition to any other powers conferred upon the Governor by law, during a  
24 gubernatorially or legislatively declared state of emergency, if the Governor determines that local  
25 control of the emergency is insufficient to assure adequate protection for lives and property  
26 because (i) needed control cannot be imposed locally because local authorities responsible for  
27 preservation of the public peace have not enacted appropriate ordinances or issued appropriate  
28 declarations as authorized by G.S. 166A-19.31; (ii) local authorities have not taken implementing  
29 steps under such ordinances or declarations, if enacted or declared, for effectual control of the  
30 emergency that has arisen; (iii) the area in which the emergency exists has spread across local  
31 jurisdictional boundaries, and the legal control measures of the jurisdictions are conflicting or  
32 uncoordinated to the extent that efforts to protect life and property are, or unquestionably will  
33 be, severely hampered; or (iv) the scale of the emergency is so great that it exceeds the capability  
34 of local authorities to cope with it, the Governor has the following ~~powers:~~powers, with the  
35 concurrence of the Council of State:

36 ...

37 (c1) Any executive order issued by the Governor that exercises any of the powers granted  
38 under subsections (a), (b), and (c) of this section shall expire 10 calendar days after issuance  
39 unless the Council of State concurs as provided in G.S. 166A-19.3. If the Council of State fails  
40 to concur, the Governor shall not issue a substantially similar executive order arising from the  
41 same events that form the basis to issue the initial executive order that failed to receive a  
42 concurrence of the Council of State.

43 (c2) If the Council of State concurs with the executive order in accordance with subsection  
44 (c1) of this section, the executive order shall expire 45 calendar days from the date of issuance,  
45 unless the General Assembly extends the executive order by the enactment of a general law. If  
46 the General Assembly does not extend the executive order by enactment in accordance with this  
47 subsection, the Governor shall not issue a substantially similar executive order arising from the  
48 same events that formed the basis to issue the initial executive order that was not extended.

49 ...."

50 **SECTION 19E.6.(c)** This section becomes effective September 1, 2021.

51



**NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY**

**SECTION 19E.7.** Section 5.7(a) of S.L. 2018-136, as amended by Section 12.5 of S.L. 2020-78, reads as rewritten:

**"SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects and administer funds provided by the Community Development Block Grant Disaster Recovery program.

**"SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year time limited positions~~ positions if State and federal funds are available to support those positions. The reassigned positions assigned to the Office shall retain the employment status of the positions at the time of the reassignment after implementation of this act is completed. The ~~three-year time limited new positions created in this section shall be temporary positions based upon availability of State and federal funds~~ and are exempt from the provision of the State Human Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

**"SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and public information; citizen outreach and application case management; audit, finance, compliance, and reporting on disaster recovery funds; and program and construction management services. The Office shall also contract for services from vendors specializing in housing, construction, and project management services."

**PART XX. ADMINISTRATION****MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY PORTFOLIO**

**SECTION 20.1.(a)** G.S. 143-341.2 reads as rewritten:

**"§ 143-341.2. Proactive management of State-owned and State-leased real property portfolio.**

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

(1) Development of comprehensive State facilities plan. – ~~No later than December 1, 2018,~~ April 1, 2022, and every five years thereafter, the Department of Administration shall develop and implement a plan to comprehensively manage, acquire, and dispose of the facilities and spaces required to fully support State government operations. The plan shall do all of the following:

...

f. Provide recommendations for disposing of existing State property and facilities, consolidating operations among existing facilities, and relocating State agencies from leased facilities to State-owned facilities.

g. Describe all changes made to space planning standards developed and distributed as provided in subdivision (4) of this subsection.

...

(3) Development of utilization measures. – ~~No later than December 1, 2016,~~ The Department of Administration shall develop and distribute to State agencies procedures to be used to measure the utilization of State-owned and State-leased real property. The procedures developed pursuant to this subdivision shall be all of the following:

...

(4) Development and enforcement of space planning standards. – ~~No later than December 1, 2016,~~ The Department of Administration shall develop and

1 distribute to State agencies space planning standards to be used to determine  
 2 workspace size and to govern the use of shared space. The standards  
 3 developed pursuant to this subdivision shall be based on the Federal GSA's  
 4 Office of Real Property Management Performance Measurement Division  
 5 Workspace Utilization and Allocation Benchmark report unless the  
 6 Department identifies another efficient industry standard upon which to base  
 7 the space planning standards developed pursuant to this subdivision. The  
 8 Department ~~shall annually~~ shall:

- 9 a. Annually perform audits of a portion of State agencies to determine  
 10 each agency's adherence to the space planning standards developed  
 11 pursuant to this subdivision and shall send formal letters of  
 12 admonishment to any agency that fails to justify, in the sole discretion  
 13 of the Department, any deviation from those standards.
- 14 b. Update the space planning standards developed pursuant to this  
 15 subdivision at least once every five years and distribute those changes  
 16 to State agencies.

17 ...

18 (7) Reporting. – The Department of Administration shall make the following  
 19 reports:

20 a. No later than ~~December 1, 2018, April 1, 2022,~~ and every five years  
 21 thereafter, the Department shall report the following to the Joint  
 22 Legislative Commission on Governmental Operations, ~~to the Joint~~  
 23 Legislative Oversight Committee on Capital Improvements, Joint  
 24 Legislative Oversight Committee on General Government, and Fiscal  
 25 Research Division of the General Assembly, and to the Program  
 26 Evaluation Division of the General Assembly; Division:

27 ...

28 b. If any State agency fails to submit the information required by  
 29 subdivision (b)(1) of this section, the Department shall report the  
 30 failure to the chairs of the Joint Legislative Commission on  
 31 Governmental ~~Operations and to Operations,~~ the chairs of the Joint  
 32 Legislative Oversight Committee on Capital Improvements, and the  
 33 chairs of the Joint Legislative Program Evaluation Oversight  
 34 Committee on General Government within 30 days.

35 c. No later than ~~December 1, 2019, April 1, 2023,~~ and each year  
 36 thereafter, the Department shall report to the Joint Legislative  
 37 Commission on Governmental Operations, ~~to the Joint Legislative~~  
 38 Oversight Committee on Capital Improvements, Joint Legislative  
 39 Oversight Committee on General Government, and Fiscal Research  
 40 Division of the General Assembly, and to the Program Evaluation  
 41 Division of the General Assembly on the State's portfolio of real  
 42 property. This report shall include at least the following information:

43 ...

44 8. A list of all audits performed that year pursuant to  
 45 sub-subdivision a. of subdivision (4) of this subsection, a  
 46 summary of the findings of each audit, and the agency's plans  
 47 for addressing the findings of the audit.

48 (b) Duties of Other State Agencies. – Each State agency shall have the following powers  
 49 and duties:

50 (1) Collection and reporting of information on property use. – No later than ~~July~~  
 51 1, 2018, November 1, 2021, and each year thereafter, each State agency shall

1 submit to the Department of Administration all of the information described  
2 in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any  
3 building or facility that the agency occupies. This shall be in addition to any  
4 reports required pursuant to G.S. 143-341(4)h.

5 ...  
6 (4) Development of five-year property management plan. – No later than ~~July 1,~~  
7 ~~2018,~~ November 1, 2021, and every five years thereafter, each State agency  
8 shall develop a five-year real property management plan and shall submit the  
9 plan to the Department of Administration for review. Each plan shall do all of  
10 the following:

11 ...."

12 **SECTION 20.1.(b)** The Department of Administration, State Property Office, shall  
13 include in the April 1, 2022, comprehensive State facilities plan required by G.S. 143-341.2, as  
14 enacted in subsection (a) of this section, a report on any changes to the space needs of State  
15 agencies as a result of employees working from home due to the COVID-19 pandemic. The State  
16 Property Office shall consult with the Office of State Human Resources in preparing the report,  
17 which shall include all of the following:

- 18 (1) The percentage of employees in each State agency that, on average, worked  
19 from home at least one day each week from March 1, 2020, to March 1, 2021.
- 20 (2) The percentage of employees in each State agency that, on average, worked  
21 from home at least four days each week from March 1, 2020, to March 1,  
22 2021.
- 23 (3) Information from State agencies about the continued duration of their  
24 work-from-home policies, including anticipated termination of the policies.
- 25 (4) Recommendations for reducing or consolidating State agency facilities in  
26 response to expanded State agency work-from-home policies.

## 27 **DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT**

28 **SECTION 20.2.** The Department of Administration, Division of Nonpublic  
29 Education (Division), shall report to the Joint Legislative Oversight Committee on General  
30 Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research  
31 Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for  
32 the purpose of ensuring compliance with the provisions of G.S. 115C-552. The report shall be  
33 compiled as follows:  
34

- 35 (1) An initial report submitted no later than February 1, 2022, which shall include  
36 all of the following:
  - 37 a. A description of the increase in home school notice of intent filings as  
38 a result of the COVID-19 pandemic, and the number of those home  
39 schools that have since submitted termination notices.
  - 40 b. The current approach to tracking the number of operational home  
41 schools in the State.
  - 42 c. Challenges in maintaining an accurate count of operational home  
43 schools.
  - 44 d. Efforts underway to determine which home schools are no longer  
45 operational.
  - 46 e. The current methodology for compiling annual statistical reports on  
47 operational home schools, and any planned database improvements  
48 and changes to the statistical report methodology.
  - 49 f. Year-to-date and planned expenditures.

- 1 (2) A final report submitted no later than August 1, 2022, which shall be appended  
 2 to the Division's annual statistical report on home schools and shall include all  
 3 of the following:
- 4 a. An assessment of the long-term impact of the COVID-19 pandemic on  
 5 the number of home schools in the State, including whether the  
 6 increase in the number of home schools experienced during the  
 7 pandemic is likely to continue to rise or decline, and the factors  
 8 contributing to those decisions.
  - 9 b. An assessment of the accuracy of current data on the number of  
 10 operational home schools.
  - 11 c. An update on efforts undertaken to determine which home schools are  
 12 no longer operational.
  - 13 d. Any changes made to the way in which the annual statistical report is  
 14 compiled, including any completed database improvements and  
 15 changes to the statistical report methodology.
  - 16 e. Recommendations on ways in which the collection and compilation of  
 17 data on the number of operational home schools can be further  
 18 improved.

19  
 20 **NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT**  
 21 **DUTIES**

22 **SECTION 20.3.** G.S. 143B-393 reads as rewritten:

23 **"§ 143B-393. North Carolina Council for Women and Youth Involvement – creation;**  
 24 **powers and duties.**

25 (a) There is hereby created the North Carolina Council for Women and Youth  
 26 Involvement of the Department of Administration. The Council shall ~~have~~perform the following  
 27 functions and duties:

- 28 (1) ~~To advise~~Advise the Governor, the principal State departments, and the State  
 29 legislature concerning the education and employment of women in the State  
 30 of North Carolina.
- 31 (1a) ~~To advise~~Advise the Governor or Secretary of Administration upon any  
 32 matter relating to the following programs and organizations:  
 33 a. North Carolina Internship Council and the North Carolina State  
 34 Government Internship Program.  
 35 b. SADD (Students Against Destructive Decisions).  
 36 c. State Youth Councils.
- 37 (2) ~~To advise~~Advise the Secretary of Administration upon any matter the  
 38 Secretary may refer to the Council.
- 39 (3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.
- 40 (4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.
- 41 (5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in  
 42 G.S. 143B-394.21.
- 43 (6) Recommend a person to serve as State Coordinator of the office of  
 44 Coordinator of Services for Victims of Sexual Assault, as provided in  
 45 G.S. 143B-394.2.
- 46 (7) Provide staff support to the Domestic Violence Commission, as provided in  
 47 G.S. 143B-394.16.
- 48 (8) Serve as a member of the North Carolina Child Fatality Task Force, as  
 49 provided in G.S. 7B-1402.

1           (9)    Consult with the Department of Public Safety on a reporting system and  
2           database on certain domestic violence-related homicides, as provided in  
3           G.S. 143B-903.

4           (10) Provide staff support for the North Carolina Internship Council and the State  
5           Youth Advisory Council, as provided in G.S. 143B-394.32 and  
6           G.S. 143B-394.26, respectively.

7           ...."

8  
9    **FACILITY IMPROVEMENT GRANTS FOR ORGANIZATIONS THAT PROVIDE**  
10   **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

11       **SECTION 20.4.(a)** Of the funds appropriated in this act to the Department of  
12 Administration, North Carolina Council for Women and Youth Involvement (hereinafter  
13 "Council"), for the 2022-2023 fiscal year, the sum of four million eight hundred thousand dollars  
14 (\$4,800,000) in nonrecurring funds shall be used to establish a grant program to provide funds to  
15 qualifying domestic violence and sexual assault agencies for the purpose of making one-time  
16 facility upgrades or undertaking construction projects. The following criteria shall apply to the  
17 grant program:

- 18           (1)    Only organizations that qualify for existing domestic violence or sexual  
19 assault grant programs pursuant to G.S. 50B-9 and G.S. 143B-394.21,  
20 respectively, are eligible.  
21           (2)    The maximum amount of each grant shall be forty-five thousand dollars  
22 (\$45,000). Additional grant funds shall be made available during a second  
23 round of applications based on availability of funds. The maximum amount of  
24 second-round grants shall be determined by the Council. The provisions of  
25 this section shall apply if a second round of grants is administered.  
26           (3)    The Council shall establish matching requirements for grants, as it deems  
27 appropriate, and may accept in-kind matching in lieu of cash matching.  
28           (4)    The Council shall establish policies and procedures for the distribution of  
29 grants awarded pursuant to this section.

30       **SECTION 20.4.(b)** The Council shall submit a written report on the administration  
31 of the grants authorized by subsection (a) of this section to the Senate Appropriations Committee  
32 on General Government and Information Technology, the House of Representatives  
33 Appropriations Committee on General Government, the Joint Legislative Oversight Committee  
34 on General Government, and the Fiscal Research Division within 60 days after the grants have  
35 been made. The report shall contain all of the following:

- 36           (1)    The names of the grant recipients, the number of grants awarded, the average  
37 amount of each grant awarded, and the range of the amounts of the grants.  
38           (2)    A description of the facility upgrades and construction projects that were  
39 funded by the grants.

40  
41    **ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE**  
42    **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

43       **SECTION 20.5.** Of the funds appropriated in this act from the State Fiscal Recovery  
44 Fund to the Department of Administration, North Carolina Council for Women and Youth  
45 Involvement (Council), the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds  
46 for the 2021-2022 fiscal year shall be used to reduce the negative economic impact of the  
47 COVID-19 pandemic on organizations that provide domestic violence and sexual assault services  
48 across the State. The Council shall allocate the funds as follows:

- 49           (1)    Seven million five hundred thousand dollars (\$7,500,000) to domestic  
50 violence organizations across the State eligible to receive grants pursuant to

1 G.S. 50B-9(b). Eligible grant recipients shall receive an equal amount as  
2 provided in G.S. 50B-9(b).

- 3 (2) Seven million five hundred thousand dollars (\$7,500,000) to sexual assault  
4 programs and organizations across the State eligible to receive grants pursuant  
5 to G.S. 143B-394.21. Eligible grant recipients shall receive an amount based  
6 on the formula provided in G.S. 143B-394.21.  
7

## 8 NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT 9 REPORTING REQUIREMENTS

10 SECTION 20.6. G.S. 50B-9 reads as rewritten:

### 11 "§ 50B-9. Domestic Violence Center Fund.

12 (a) The Domestic Violence Center Fund is established within the State Treasury. The  
13 fund shall be administered by the Department of Administration, North Carolina Council for  
14 ~~Women, Women and Youth Involvement,~~ and shall be used to make grants to centers for victims  
15 of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This  
16 fund shall be administered in accordance with the provisions of the ~~Executive State Budget Act.~~  
17 The Department of Administration shall make quarterly grants to each eligible domestic violence  
18 center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1,~~  
19 ~~2017, and each fiscal year thereafter, the Violence. The~~ Department of Administration shall send  
20 the contracts to grantees within 10 business days of the date the Current Operations  
21 Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

22 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds  
23 under this section, a domestic violence center must meet the following requirements:

- 24 (1) It shall have been in operation on the preceding July 1 and shall continue to  
25 be in operation.  
26 (2) It shall offer all of the following services: a hotline, transportation services,  
27 community education programs, daytime services, and call forwarding during  
28 the night and it shall fulfill other criteria established by the Department of  
29 Administration.  
30 (3) It shall be a nonprofit corporation or a local governmental entity.

31 (c) ~~The On or before September 1, the~~ North Carolina Council for Women and Youth  
32 Involvement shall report on the quarterly distributions of the grants from the Domestic Violence  
33 Center Fund to the House and Senate chairs of the General Government Appropriations  
34 Committee ~~within five business days of distribution, and the Fiscal Research Division.~~ The report  
35 shall include the ~~date,~~ following:

- 36 (1) Date, amount, and recipients of the fund disbursements. ~~The report shall also~~  
37 ~~include any eligible~~  
38 (2) Eligible programs which are ineligible to receive funding during the relative  
39 reporting cycle as well as the reason of the ineligibility for that relative  
40 reporting cycle."  
41

## 42 GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO 43 VICTIMS OF HUMAN TRAFFICKING

44 SECTION 20.7.(a) Of the funds appropriated in this act to the Department of  
45 Administration, North Carolina Council for Women and Youth Involvement (Council), the sum  
46 of five hundred ninety-five thousand dollars (\$595,000) in nonrecurring funds for each year of  
47 the 2021-2023 fiscal biennium shall be used to develop, strengthen, or expand human trafficking  
48 victim service programs. These funds shall be allocated each fiscal year as follows:

- 49 (1) Two hundred fifty thousand dollars (\$250,000) to Compassion to Act, Inc.  
50 (2) Three hundred twenty thousand dollars (\$320,000) to the North Carolina  
51 Institute Against Human Trafficking.

1 (3) Up to twenty-five thousand dollars (\$25,000) to the Council for administrative  
2 costs.

3 **SECTION 20.7.(b)** Each grantee shall submit to the Council a detailed proposal of  
4 its human trafficking service program which shall, at a minimum, include all of the following:

5 (1) A description of the geographic area the organization serves and the needs of  
6 victims of human trafficking in that area.

7 (2) A plan to address the needs of victims, including the goals and objectives of  
8 each proposed initiative.

9 (3) The time line for implementing each proposed initiative to achieve the desired  
10 objective and the names of any partners with whom the organization will be  
11 working and the role of those partners in the proposed initiative.

12 (4) A list of the specific services each proposed initiative will deliver, which may  
13 include case management, client safety, client well-being, and other services,  
14 including health, transportation, housing, education, and employment  
15 assistance.

16 (5) The anticipated planning and administrative costs for each proposed initiative,  
17 sorted by type, including staffing, fixed costs, contracts, and information  
18 technology.

19 (6) A description of the organization's capacity to implement its plan to address  
20 the needs of victims, including the organization's staffing level, systems,  
21 partnerships, existing funding, and existing programs.

22 (7) A description of the applicant's plans and capability to continue each proposed  
23 initiative beyond June 30, 2023, if the applicant plans to do so.

24 (8) Any additional information deemed appropriate by the Council.

25 **SECTION 20.7.(c)** The Council shall review each proposal submitted and, if it  
26 determines it meets the requirements of subsection (b) of this section, shall enter into a contract  
27 with the grantees to provide the human trafficking services. If the Council determines a proposal  
28 does not contain all of the information required by subsection (b) of this section, the Council  
29 shall notify the grantee of the deficiency, which shall be corrected before any funds for the  
30 2021-2022 fiscal year are disbursed. Funds appropriated for the 2021-2022 fiscal year shall be  
31 disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed  
32 proposal. Funds appropriated for the 2022-2023 fiscal year shall be disbursed by the Council to  
33 the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal  
34 required by subsection (b) of this section in the 2021-2022 fiscal year. The Council shall post on  
35 its website the detailed proposal required by subsection (b) of this section and the report required  
36 by subsection (d) of this section. Grant recipients shall comply with all reporting requirements in  
37 G.S. 143C-6-23 and the contract between the recipient and the Council.

38 **SECTION 20.7.(d)** On or before March 1 and September 1 of 2022 and 2023, each  
39 grantee shall submit a report to the Council that includes all of the following:

40 (1) Progress on the development and implementation of each of its program  
41 initiatives.

42 (2) Progress on meeting goals and objectives for each program initiative.

43 (3) The number of human trafficking victims assisted through each program  
44 initiative.

45 (4) A description and explanation of any delays in implementation of program  
46 initiatives.

47 (5) A description and explanation of any changes in the proposal submitted  
48 pursuant to subsection (b) of this section.

49 (6) Planning and administrative costs to date for each program initiative, sorted  
50 by type, including staffing, fixed costs, contracts, and information technology.

51 (7) Any additional information required by the Council.

1           **SECTION 20.7.(e)** On or before March 1 and September 1 of 2022 and 2023, the  
2 Council shall submit a report on the grants awarded pursuant to subsection (a) of this section to  
3 the Senate Appropriations Committee on General Government and Information Technology, the  
4 House of Representatives Appropriations Committee on General Government, the Joint  
5 Legislative Oversight Committee on General Government, and the Fiscal Research Division that  
6 contains all of the following:

- 7           (1) The number of applications received.
- 8           (2) The number of grants awarded.
- 9           (3) The names and locations of the grant recipients.
- 10          (4) The amount of each grant awarded.
- 11          (5) A description of the human trafficking program initiatives that were funded  
12 by each grant awarded, including the geographic area in which services were  
13 provided.
- 14          (6) The total number of victims of human trafficking that were served, to date, by  
15 each grant recipient.

16  
17 **GRANT PROGRAM FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES**  
18 **TO VICTIMS OF HUMAN TRAFFICKING**

19           **SECTION 20.8.(a)** Of the funds appropriated in this act to the Department of  
20 Administration, North Carolina Council for Women and Youth Involvement (Council), the sum  
21 of one million eight hundred five thousand dollars (\$1,805,000) in nonrecurring funds for the  
22 2021-2022 fiscal year and the sum of one million four hundred five thousand dollars (\$1,405,000)  
23 in nonrecurring funds for the 2022-2023 fiscal year shall be used to award and administer grants  
24 to organizations that provide direct services to victims of human trafficking. The Council shall  
25 develop the grant program and, in consultation with the North Carolina Human Trafficking  
26 Commission, establish program guidelines. The following criteria shall apply to the grant  
27 program:

- 28          (1) Each applicant shall submit a detailed proposal of its human trafficking  
29 service program as provided in subsection (b) of this section.
- 30          (2) The Council shall establish matching requirements for grants, as it deems  
31 appropriate, and shall accept in-kind matching in lieu of cash matching.
- 32          (3) The Council shall post the program guidelines on its website and distribute  
33 them directly to the eligible nonprofit organizations.
- 34          (4) Grant recipients shall comply with all reporting requirements in  
35 G.S. 143C-6-23 and the contract between the recipient and the Council.
- 36          (5) Only the following nonprofit organizations are eligible to participate in the  
37 grant program:
  - 38           a. A Fresh Start CLT, Inc.
  - 39           b. Safe Place, Inc.
  - 40           c. AbolitionNC
  - 41           d. Beloved Haven, Inc.
  - 42           e. Christian Recovery Centers, Inc. (Brunswick Christian Recovery  
43 Center)
  - 44           f. Changing Destinies Ministry
  - 45           g. CrossRoads: Sexual Assault Response & Resource Center, Inc.
  - 46           h. Wayne Pregnancy Care Center, Inc. (Cry Freedom Missions)
  - 47           i. Five 14 Revolution, Inc.
  - 48           j. Haven House, Inc.
  - 49           k. Help, Incorporated: Center Against Violence
  - 50           l. Ministry Seven (Hendersonville Rescue Mission)
  - 51           m. Hyde County Hotline, Inc.



- n. JusticeMatters, Inc.
- o. Lily Pad Haven, Inc.
- p. On Eagles Wings
- q. The Outer Banks Hotline, Inc.
- r. Randolph County Family Crisis Center, Inc.
- s. Resources, Education, Assistance, Counseling and Housing of Macon County, Inc. (REACH of Macon and Jackson)
- t. The Salvation Army (Salvation Army Project Fight)
- u. Onslow County Partnership for Children, Inc. (The One Place Child Advocacy Center)
- v. Triad Ladder of Hope
- w. World Relief Corporation of National Association of Evangelicals (World Relief Triad)

**SECTION 20.8.(b)** Each grantee shall submit to the Council a detailed proposal of its human trafficking service program which shall, at a minimum, include all of the following:

- (1) A description of the geographic area the organization serves and the needs of victims of human trafficking in that area.
- (2) A plan to address the needs of victims, including the goals and objectives of each proposed initiative.
- (3) The time line for implementing each proposed initiative to achieve the desired objective and the names of any partners with whom the organization will be working and the role of those partners in the proposed initiative.
- (4) A list of the specific services each proposed initiative will deliver, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.
- (5) The anticipated planning and administrative costs for each proposed initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.
- (6) A description of the organization's capacity to implement its plan to address the needs of victims, including the organization's staffing level, systems, partnerships, existing funding, and existing programs.
- (7) A description of the applicant's plans and capability to continue each proposed initiative beyond June 30, 2023, if the applicant plans to do so.
- (8) Any additional information deemed appropriate by the Council.

**SECTION 20.8.(c)** The Council shall review each proposal submitted and, if it determines it meets the requirements of subsection (b) of this section, shall enter into a contract with the grantees to provide the human trafficking services. If the Council determines a proposal does not contain all of the information required by subsection (b) of this section, the Council shall notify the grantee of the deficiency, which shall be corrected before any funds for the 2021-2022 fiscal year are disbursed. Funds appropriated for the 2021-2022 fiscal year shall be disbursed to each grantee in a lump sum only after the grantee has submitted a complete detailed proposal. Funds appropriated for the 2022-2023 fiscal year shall be disbursed by the Council to the grantees on a quarterly basis so long as the grantees have submitted the detailed proposal required by subsection (b) of this section in the 2021-2022 fiscal year. The Council shall post on its website the detailed proposal required by subsection (b) of this section and the report required by subsection (d) of this section.

**SECTION 20.8.(d)** On or before March 1 and September 1 of 2022 and 2023, each grantee shall submit a report to the Council that includes all of the following:

- (1) Progress on the development and implementation of each of its program initiatives.

- 1 (2) Progress on meeting goals and objectives for each program initiative.
- 2 (3) The number of human trafficking victims assisted through each program
- 3 initiative.
- 4 (4) A description and explanation of any delays in implementation of program
- 5 initiatives.
- 6 (5) A description and explanation of any changes in the proposal submitted
- 7 pursuant to subsection (b) of this section.
- 8 (6) Planning and administrative costs to date for each program initiative, sorted
- 9 by type, including staffing, fixed costs, contracts, and information technology.
- 10 (7) Any additional information required by the Council.

11 **SECTION 20.8.(e)** On or before March 1 and September 1 of 2022 and 2023, the  
 12 Council shall submit a report on the grant program established pursuant to this section to the  
 13 Senate Appropriations Committee on General Government and Information Technology, the  
 14 House of Representatives Appropriations Committee on General Government, the Joint  
 15 Legislative Oversight Committee on General Government, and the Fiscal Research Division that  
 16 contains all of the following:

- 17 (1) The number of applications received.
- 18 (2) The number of grants awarded.
- 19 (3) The names and locations of the grant recipients.
- 20 (4) The amount of each grant awarded.
- 21 (5) A description of the human trafficking program initiatives that were funded
- 22 by the grant awarded, including the geographic area in which services were
- 23 provided.
- 24 (6) The total number of victims of human trafficking that were served, to date, by
- 25 each grant recipient.

26 **SECTION 20.8.(f)** Of the funds appropriated for the grant program in this section,  
 27 the Council may use up to twenty-five thousand dollars (\$25,000) in each fiscal year of the  
 28 2021-2023 fiscal biennium for administrative costs.

29  
 30 **COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED**  
 31 **MOTOR VEHICLES**

32 **SECTION 20.9.** G.S. 143-341 reads as rewritten:

33 **"§ 143-341. Powers and duties of Department.**

34 The Department of Administration has the following powers and duties:

- 35 ...
- 36 (8) General Services:
- 37 ...
- 38 i. To establish and operate a central motor fleet and such subsidiary
- 39 related facilities as the Secretary may deem necessary, and to that end:
- 40 ...
- 41 7a. ...

42 Every individual who uses a State-owned passenger motor  
 43 vehicle, pickup truck, or van to drive between the individual's  
 44 official work station and his or her home, shall reimburse the  
 45 State for these trips at a rate computed by the Department. This  
 46 rate shall ~~approximate~~ be derived from a method that  
 47 approximates the benefit derived from the use of the vehicle as  
 48 prescribed by federal ~~law~~ law, which may include the lease  
 49 value rule described in Publication 15-B of the Internal  
 50 Revenue Service. Reimbursement for a member of the Council  
 51 of State shall be for the actual number of days the member uses

1                    the vehicle to commute during the month. Reimbursement for  
2                    any other individual shall be for 20 days per month regardless  
3                    of how many days the individual uses the vehicle to commute  
4                    during the month. Reimbursement shall be made by payroll  
5                    deduction. Funds derived from reimbursement on vehicles  
6                    owned by the Motor Fleet Management Division shall be  
7                    deposited to the credit of the Division; funds derived from  
8                    reimbursements on vehicles initially purchased with  
9                    appropriations from the Highway Fund and not owned by the  
10                   Division shall be deposited in a Special Depository Account in  
11                   the Department of Transportation, which shall revert to the  
12                   Highway Fund; funds derived from reimbursement on all other  
13                   vehicles shall be deposited in a Special Depository Account in  
14                   the Department of Administration which shall revert to the  
15                   General Fund. Commuting, for purposes of this  
16                   sub-sub-subdivision, does not include those individuals whose  
17                   office is in their home, as determined by the Department of  
18                   Administration, Division of Motor Fleet Management. Also,  
19                   this sub-sub-subdivision does not apply to the following  
20                   vehicles: (i) clearly marked police and fire vehicles, (ii)  
21                   delivery trucks with seating only for the driver, (iii) flatbed  
22                   trucks, (iv) cargo carriers with over a 14,000 pound capacity,  
23                   (v) school and passenger buses with over 20 person capacities,  
24                   (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix)  
25                   cranes and derricks, (x) forklifts, (xi) cement mixers, (xii)  
26                   dump trucks, (xiii) garbage trucks, (xiv) specialized utility  
27                   repair trucks (except vans and pickup trucks), (xv) tractors,  
28                   (xvi) unmarked law-enforcement vehicles that are used in  
29                   undercover work and are operated by full-time, fully sworn  
30                   law-enforcement officers whose primary duties include  
31                   carrying a firearm, executing search warrants, and making  
32                   arrests, and (xvii) any other vehicle exempted under Section  
33                   274(d) of the Internal Revenue Code of 1954, and Federal  
34                   Internal Revenue Service regulations based thereon. The  
35                   Department of Administration, Division of Motor Fleet  
36                   Management, shall report quarterly to the Joint Legislative  
37                   Commission on Governmental Operations and to the Fiscal  
38                   Research Division of the Legislative Services Office on  
39                   individuals who use State-owned passenger motor vehicles,  
40                   pickup trucks, or vans between their official work stations and  
41                   their homes, who are not required to reimburse the State for  
42                   these trips.

43                   ...."

#### 45                   **DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA**

46                   **SECTION 20.10.** The Department of Administration (Department) may lease to the  
47                   United States Department of Agriculture, Agricultural Research Service (USDA ARS), for  
48                   nominal monetary consideration, up to 15 acres of real property owned by the State and allocated  
49                   to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City  
50                   of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for  
51                   a term of up to 40 years, including renewals, and may permit the construction, as well as the use

1 and operation, by USDA ARS of an interdisciplinary plant research facility and related  
2 improvements to facilitate, encourage, and strengthen collaboration with university researchers  
3 in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related  
4 to the construction, use, and operation of the facility. Notwithstanding the provisions of  
5 G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions  
6 precedent to its effectiveness stated in the lease. The Department shall comply with the reporting  
7 requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.

## 8 9 **PART XXI. ADMINISTRATIVE HEARINGS**

### 10 11 **OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN 12 RELATIONS SPECIALIST POSITION**

13 **SECTION 21.1.** Of the funds appropriated in this act to the Office of Administrative  
14 Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred  
15 dollars (\$2,500) in FY 2021-22 may be used for start-up costs, including the purchase of furniture  
16 and other necessary equipment.

## 17 18 **PART XXII. AUDITOR [RESERVED]**

## 19 20 **PART XXIII. BUDGET AND MANAGEMENT**

### 21 22 **EVIDENCE-BASED GRANTS**

23 **SECTION 23.1.** Of the funds appropriated in this act to the Office of State Budget  
24 and Management (OSBM), the sum of three hundred thousand dollars (\$300,000) in nonrecurring  
25 funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State  
26 agencies to, in partnership with research institutions, evaluate the outcomes of one or more  
27 programs administered by the State agency. OSBM shall develop guidelines and procedures for  
28 the administration and distribution of these funds to State agencies through a competitive process  
29 and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and use of  
30 the funds to the Joint Legislative Oversight Committee on General Government and the Fiscal  
31 Research Division. Each report shall include the following information:

- 32 (1) The criteria used by OSBM to evaluate applications from State agencies for  
33 grant funds.
- 34 (2) The number of applications received.
- 35 (3) The number of applications accepted and rejected.
- 36 (4) The names of the research institutions that partnered with State agencies to  
37 conduct evaluations of State program outcomes.
- 38 (5) The name of each State agency program that was evaluated and a description  
39 of the program.
- 40 (6) The amount of funds spent for each evaluation.
- 41 (7) A description of the data used to perform the evaluation and the evaluation  
42 methodology.
- 43 (8) The findings of each evaluation conducted in the fiscal year.

### 44 45 **NCPRO/EXTENSION OF OPERATIONS**

46 **SECTION 23.2.** Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L.  
47 2021-1, reads as rewritten:

48 **"SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery  
49 Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery  
50 Legislation. This Office shall also provide technical assistance and ensure coordination of federal  
51 funds received by State agencies and local governments and ensure proper reporting and

1 accounting of all funds. The authorization set forth in this section expires on ~~December 31, 2021,~~  
2 June 30, 2023, and the Office shall cease to operate upon expiration of the authorization."  
3

#### 4 **LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE**

5 **SECTION 23.3.** Of the funds appropriated in this act from the State Fiscal Recovery  
6 Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of  
7 thirty million dollars (\$30,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
8 allocated equally to the North Carolina League of Municipalities, North Carolina Association of  
9 County Commissioners, and North Carolina Association of Regional Councils of Government to  
10 provide guidance and technical assistance to units of local government in the administration of  
11 funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of S.L. 2021-25.  
12

#### 13 **FUNDING FOR STATE RECOGNIZED INDIAN TRIBES**

14 **SECTION 23.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
15 Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten  
16 million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
17 allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds  
18 shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.  
19

### 20 **PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**

#### 21 **SYMPHONY CHALLENGE GRANT**

22 **SECTION 24.1.(a)** Of the funds appropriated in this act to the Office of State Budget  
23 and Management – Special Appropriations, the sum of two million dollars (\$2,000,000) in  
24 recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North  
25 Carolina Symphony as provided in this section. It is the intent of the General Assembly that the  
26 North Carolina Symphony raise at least five million dollars (\$5,000,000) in non-State funds for  
27 the 2021-2022 fiscal year and nine million dollars (\$9,000,000) in non-State funds for the  
28 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the  
29 organization's endowment to its operating budget to achieve the fundraising targets set out in  
30 subsections (b) and (c) of this section.  
31

32 **SECTION 24.1.(b)** For the 2021-2022 fiscal year, the North Carolina Symphony  
33 shall receive allocations from the Office of State Budget and Management as follows:

- 34 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
35 funding, the North Carolina Symphony shall receive the sum of six hundred  
36 thousand dollars (\$600,000).
- 37 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
38 non-State funding for a total amount of four million dollars (\$4,000,000) in  
39 non-State funds, the North Carolina Symphony shall receive the sum of seven  
40 hundred thousand dollars (\$700,000).
- 41 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in  
42 non-State funding for a total amount of five million dollars (\$5,000,000) in  
43 non-State funds, the North Carolina Symphony shall receive the final sum of  
44 seven hundred thousand dollars (\$700,000) in the 2021-2022 fiscal year.

45 **SECTION 24.1.(c)** For the 2022-2023 fiscal year, the North Carolina Symphony  
46 shall receive allocations from the Office of State Budget and Management as follows:

- 47 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
48 funding, the North Carolina Symphony shall receive the sum of six hundred  
49 thousand dollars (\$600,000).
- 50 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
51 non-State funding for a total amount of six million dollars (\$6,000,000) in

1 non-State funds, the North Carolina Symphony shall receive the sum of seven  
2 hundred thousand dollars (\$700,000).

- 3 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
4 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
5 non-State funds, the North Carolina Symphony shall receive the final sum of  
6 seven hundred thousand dollars (\$700,000) in the 2022-2023 fiscal year.  
7

## 8 REGISTER OF DEEDS GRANT PROGRAM

9 SECTION 24.2. Of the funds appropriated in this act to the Office of State Budget  
10 and Management – Special Appropriations for the 2021-2022 fiscal year, the sum of one hundred  
11 thousand dollars (\$100,000) in nonrecurring funds shall be used to create a grant program for  
12 county register of deeds offices. The Office of State Budget and Management (OSBM) shall  
13 administer the program and disburse grant funds as follows:

- 14 (1) County register of deeds offices shall apply for the funds in the manner  
15 prescribed by OSBM.  
16 (2) Applicants shall use grant funds for the preservation of historic records and  
17 files. Allowable uses of the funds include, but are not limited to, document  
18 restoration, reparation, deacidification, and placement in protected archival  
19 binders.  
20 (3) Funds may be used for document digitization only if the original documents  
21 will continue to be maintained and preserved.  
22 (4) The maximum grant amount to each office shall be one thousand dollars  
23 (\$1,000). Additional grant funds shall be disbursed in a second round of  
24 applications based on availability of funds. The maximum amount of the  
25 second-round grants shall be determined by OSBM. The provisions of this  
26 section shall apply if a second round of grants is administered.  
27 (5) Grantees must provide a one hundred percent (100%) match for all grant funds  
28 awarded.  
29

## 30 PART XXV. CONTROLLER

### 31 OVERPAYMENT AUDITS

32 SECTION 25.1.(a) During the 2021-2023 fiscal biennium, receipts generated by the  
33 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
34 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
35 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as  
36 required by G.S. 147-86.22(c).  
37

38 SECTION 25.1.(b) Of the funds appropriated in this act from the Special Reserve  
39 Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty  
40 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for  
41 data processing, debt collection, or e-commerce costs.

42 SECTION 25.1.(c) The State Controller shall report annually to the Joint Legislative  
43 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
44 deposited into Special Reserve Account 24172 and the disbursement of that revenue.  
45

## 46 PART XXVI. ELECTIONS [RESERVED]

## 47 PART XXVII. GENERAL ASSEMBLY

## 48 FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON 49 LEGISLATURE 50 51

1           **SECTION 27.1.** Of the funds appropriated in this act from the State Fiscal Recovery  
2 Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars  
3 (\$21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023  
4 fiscal biennium shall be allocated as follows:

- 5           (1) Two million three hundred fifty thousand dollars (\$2,350,000) for premium  
6 pay and bonuses for essential workers.
- 7           (2) Eleven million dollars (\$11,000,000) for staff resources dedicated to support  
8 legislative activities, including research and analysis, developing and drafting  
9 legislation, monitoring spending and compliance with State and federal  
10 requirements, and related activities.
- 11           (3) Four hundred fifty thousand dollars (\$450,000) for replacing revenue lost by  
12 legislative food services due to the negative impact of the COVID-19  
13 pandemic.
- 14           (4) Eight million dollars (\$8,000,000) for making broadband and other  
15 information technology improvements in the legislative complex and for  
16 making improvements in the functionality of committee rooms.

17  
18 **PART XXVIII. GOVERNOR [RESERVED]**

19  
20 **PART XXIX. HOUSING FINANCE AGENCY**

21  
22 **STUDY MODIFYING QUALIFIED ALLOCATION PLAN AND PILOT PROGRAM**  
23 **FOR LOW-INCOME HOUSING DEVELOPMENT**

24           **SECTION 29.1.(a)** The Housing Finance Agency (hereinafter "Agency") shall study  
25 potential modifications to the amenities policies in the Qualified Allocation Plan it uses to  
26 establish selection criteria and application requirements for housing credits to allow for siting of  
27 development projects in high-opportunity neighborhoods, downtowns, and other areas and the  
28 rehabilitation or renovation of historic properties. In conducting the study, the Agency shall, at a  
29 minimum, consider all of the following:

- 30           (1) Eliminating or deprioritizing and redefining the "shopping," "grocery," and  
31 "pharmacy" categories in the amenity scoring model to include a more diverse  
32 range of retail and commercial businesses, including locally owned  
33 businesses.
- 34           (2) Eliminating the distinction between primary and secondary amenities in the  
35 scoring model.
- 36           (3) Establishing a threshold score to include amenities and measures of  
37 opportunity.
- 38           (4) Removing the cap on construction costs for historic rehabilitation projects.
- 39           (5) Using best practices from programs in other states.

40           **SECTION 29.1.(b)** No later than July 1, 2022, the Agency shall submit the results  
41 of the study required by subsection (a) of this section, and any proposed modifications to the  
42 amenities policies in the Qualified Allocation Plan, to the North Carolina Federal Tax Reform  
43 Allocation Committee (hereinafter "Committee"), established pursuant to Article 51B of Chapter  
44 143 of the General Statutes, and the Fiscal Research Division. The Committee may propose any  
45 recommended modifications resulting from the study as part of the 2023 Qualified Allocation  
46 Plan.

47           **SECTION 29.1.(c)** In the 2022 and 2023 housing credit award cycle, the Agency  
48 shall set aside ten percent (10%) of the State's federal tax credit allocation for low-income  
49 housing for (i) development projects located within 1 mile of a municipality's downtown and (ii)  
50 historic property rehabilitation or renovation projects located anywhere in the State. If, in either  
51 the 2022 or 2023 award cycle, the tax credits are not allocated as a result of a lack of eligible

1 projects under this subsection, the Agency shall, in that same award cycle, reallocate the unused  
2 tax credits to eligible developers of projects that do not meet the criteria provided in (i) and (ii)  
3 of this subsection.

4 **SECTION 29.1.(d)** Of the funds appropriated in this act to the Agency, the sum of  
5 three million five hundred thousand dollars (\$3,500,000) in nonrecurring funds for each year of  
6 the 2021-2023 fiscal biennium shall be used by the Agency to make loans to developers of  
7 low-income housing who also receive a share of the State's federal tax credit allocation for  
8 low-income housing set aside as required by subsection (c) of this section. The amount of the  
9 loans shall be based on the income level of the county in which the property is being developed.  
10 The loan funds shall be used by developers for low-income housing development projects  
11 described in subsection (c) of this section.

12 **SECTION 29.1.(e)** For purposes of this section, the following definitions apply:

- 13 (1) Downtown. – An area of a municipality that has been zoned a "central  
14 business district," as that district is defined by the governing body of the  
15 municipality, or an area that has been designated a municipal service district  
16 pursuant to Article 23 of Chapter 160A of the General Statutes.
- 17 (2) Historic property. – A building or structure (i) designated as a local historic  
18 landmark, (ii) listed in the National Register of Historic Places, (iii) located in  
19 a locally designated historic district, (iv) located in a historic district listed in  
20 the National Register of Historic Places, (v) named on the North Carolina  
21 study list for the National Register of Historic Places, or (vi) otherwise  
22 deemed eligible for listing in the National Register of Historic Places.  
23

## 24 BUDGETING AND REPORTING REQUIREMENTS

25 **SECTION 29.2.(a)** Chapter 122A of the General Statutes is amended by adding a  
26 new section to read:

### 27 **"§ 122A-16.1. Budgeting requirements.**

28 In addition to the requirements set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the Agency  
29 shall include in the report required under G.S. 122A-16 a recommended base budget for  
30 operations of, and programs administered by, the Agency showing accounting detail  
31 corresponding to the Agency budget recommendation for each budget code and purpose or  
32 program. The recommended base budget required under this subsection shall meet all of the  
33 following requirements:

- 34 (1) Employ the North Carolina Accounting System Uniform Chart of Accounts  
35 adopted by the State Controller to show both uses and sources of funds by  
36 line-item detail and shall display in separate parallel columns all of the  
37 following: (i) actual expenditures and receipts for the most recent fiscal year  
38 for which actual information is available, (ii) the certified budget for the  
39 preceding fiscal year, (iii) the currently authorized budget for the preceding  
40 fiscal year, (iv) program base budget requirements for the upcoming fiscal  
41 year, (v) proposed expenditures and receipts for the upcoming fiscal year, and  
42 (vi) proposed increases and decreases.
- 43 (2) Identify all budget and fund code titles.
- 44 (3) Include accurate projections of receipts, expenditures, and fund balances.  
45 Estimated receipts, including federal funds, shall be adjusted to reflect actual  
46 collections from the previous fiscal year, unless there is a more reasonable  
47 basis upon which to accurately project receipts. Revenue and expenditure  
48 detail provided in the Budget Support Document shall be no less detailed than  
49 the two-digit level in the North Carolina Accounting System Uniform Chart  
50 of Accounts as prescribed by the State Controller.



- 1           (4) Clearly identify all proposed expenditures supported by existing or proposed  
2           appropriations, including statutory appropriations.  
3           (5) Include a list of budget adjustments made during the prior fiscal year that are  
4           included in the proposed base budget for the upcoming fiscal year. The list of  
5           budget adjustments shall identify the revision number, revision type, revision  
6           title, the purpose or programs affected, the amount of funds moving between  
7           the purpose or programs, and the justification for the adjustment."

8           **SECTION 29.2.(b)** G.S. 143C-1-1(b) reads as rewritten:

9           "(b) The provisions of this Chapter shall apply to every State agency, unless specifically  
10          exempted herein, and to every non-State entity that receives or expends any State funds. No State  
11          agency or non-State entity shall expend any State funds except in accordance with an act of  
12          appropriation and the requirements of this Chapter. Except for the provisions set forth in  
13          G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall  
14          continue to apply to the North Carolina Housing Finance Agency created under Chapter 122A of  
15          the General Statutes and to control its expenditures and, in the event of a conflict with the sections  
16          of this Chapter other than G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of  
17          the General Statutes shall control. The provisions of Chapter 120 of the General Statutes shall  
18          continue to apply to the General Assembly and to control its expenditures and in the event of a  
19          conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control.  
20          Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive,  
21          or judicial branch."

22          **SECTION 29.2.(c)** G.S. 143C-3-3 is amended by adding a new subsection to read:

23          "(f) Applicability to Housing Finance Agency. – The provisions of this section apply to  
24          the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes.  
25          Nothing in this section shall be construed as requiring the Housing Finance Agency to receive  
26          approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

27          **SECTION 29.2.(d)** G.S. 143C-3-5(d) reads as rewritten:

28          "(d) Funds Included in Budget. – Consistent with requirements of the North Carolina  
29          Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with  
30          the Recommended Base Budget and Recommended Capital Improvements Budget Support  
31          Document, shall include recommended expenditures of State funds from all Governmental and  
32          Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for  
33          (i) The University of North Carolina and its constituent institutions that are subject to this  
34          Chapter. Chapter and (ii) the North Carolina Housing Finance Agency created under Chapter  
35          122A of the General Statutes that are appropriated from the State Treasury. Except where  
36          provided otherwise by federal law, funds received from the federal government become State  
37          funds when deposited in the State treasury and shall be classified and accounted for in the  
38          Governor's budget recommendations no differently than funds from other sources. Nothing in  
39          this section shall be construed as requiring the Housing Finance Agency to receive approval for  
40          the exercise of any of the powers granted by Chapter 122A of the General Statutes."

41          **SECTION 29.2.(e)** G.S. 122A-16 reads as rewritten:

42          "**§ 122A-16. Oversight by committees of General Assembly; annual reports, report; audit;**  
43          **construction of Chapter.**

44          (a) Oversight. – The Finance Committee of the House of Representatives and  
45          Representatives, the Finance Committee of the Senate-Senate, and the Joint Legislative Oversight  
46          Committee on General Government shall exercise continuing oversight of the Agency in order  
47          to assure that the Agency is effectively fulfilling its statutory purpose; ~~provided, however, that~~  
48          ~~nothing in this Chapter shall be construed as required by the Agency to receive legislative~~  
49          ~~approval for the exercise of any of the powers granted by this Chapter purpose.~~

50          (b) Comprehensive Report. – The Agency shall, promptly following the close of each  
51          fiscal year, on or before December 1 of each year, submit an annual comprehensive report of its

1 activities for the preceding year to the Governor, the Office of State Budget and Management,  
2 State Auditor, ~~the aforementioned committees of the General Assembly and the Local~~  
3 ~~Government Commission. Each such Commission, the Joint Legislative Oversight Committee~~  
4 ~~on General Government, and the Fiscal Research Division. The comprehensive report required~~  
5 ~~under this subsection shall set forth a complete operating and financial statement of the Agency~~  
6 ~~during such year. include at least all of the following:~~

7 (1) The goals and objectives of each program administered by the Agency.

8 (2) The number and types of activities funded by the Agency.

9 (3) The number of individuals or families served for each program administered  
10 by the Agency.

11 (4) The information required under G.S. 45-104, 122A-5.14, 122A-5.15,  
12 122A-16.1, and Section 20.1 of S.L. 2005-276.

13 (c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least  
14 once in each year by an independent certified public accountant and the cost thereof may be paid  
15 from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each~~  
16 ~~year submit a written report of its activities to the Joint Legislative Commission on Governmental~~  
17 ~~Operations. The Agency shall also at the end of each fiscal year submit a written report of its~~  
18 ~~budget expenditures by line item to the Joint Legislative Commission on Governmental~~  
19 ~~Operations.~~

20 (d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to  
21 receive legislative approval for the exercise of any of the powers granted by this Chapter."

22 **SECTION 29.2.(f)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

23 "**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the  
24 federal HOME Program shall be used to match federal funds appropriated for the HOME  
25 Program. In allocating State funds appropriated to match federal HOME Program funds, the  
26 Agency shall give priority to HOME Program projects, as follows:

27 (1) First priority to projects that are located in counties designated as Tier One,  
28 Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

29 (2) Second priority to projects that benefit persons and families whose incomes  
30 are fifty percent (50%) or less of the median family income for the local area,  
31 with adjustments for family size, according to the latest figures available from  
32 the United States Department of Housing and Urban Development.

33 ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency shall~~  
34 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~  
35 ~~concerning on the status of the HOME Program and shall include in the report information on~~  
36 ~~priorities met, types of activities funded, and types of activities not funded."~~

37 **SECTION 29.2.(g)** G.S. 45-104(f) reads as rewritten:

38 "(f) ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency~~  
39 ~~shall report to the General Assembly describing on the operation of the program established by~~  
40 ~~this act not later than May 1 of each year until the funds are completely disbursed from the State~~  
41 ~~Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in~~  
42 ~~aggregate form and may include the number of clients helped, the effectiveness of the funds in~~  
43 ~~preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,~~  
44 ~~and provide any other aggregated information the Housing Finance Agency determines is~~  
45 ~~pertinent or that the General Assembly requests."~~

46 **SECTION 29.2.(h)** G.S. 122A-5.14(d) reads as rewritten:

47 "(d) Annual Report. – ~~By April 1 of each year, the As part of the report required under~~  
48 ~~G.S. 122A-16, the Agency shall report to the House Appropriations Subcommittee on General~~  
49 ~~Government and Senate Appropriations Subcommittee on General Government and Information~~  
50 ~~Technology on the effectiveness of the Program in accomplishing its purposes and provide any~~  
51 ~~other information the Agency determines is pertinent or that the General Assembly requests."~~

1           **SECTION 29.2.(i)** G.S. 122A-5.15(d) reads as rewritten:  
2           "(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16,  
3 ~~the Agency shall report to the Joint Legislative Commission on Governmental Operations and~~  
4 ~~the Fiscal Research Division~~ on the number of loans made under this section, the amount of each  
5 loan, and whether the low-income housing development is located in a low-, moderate-, or  
6 high-income county, as designated by the Agency."

7           **SECTION 29.2.(j)** Subsections (b) through (d) of this section become effective July  
8 1, 2021, and apply beginning with the 2022-2023 fiscal year. Subsections (b) and (c) of  
9 G.S. 122A-16, as amended by subsection (e) of this section, and subsections (f) through (i) of  
10 this section become effective July 1, 2021, and apply to reports due on or after that date. The  
11 remainder of this section becomes effective July 1, 2021.

## 12           **STATE HOMEOWNER ASSISTANCE FUND**

13           **SECTION 29.3.(a)** The North Carolina Housing Finance Agency shall establish and  
14 administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships  
15 associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible  
16 homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss  
17 of utilities or home energy services, and displacements of homeowners experiencing financial  
18 hardship after January 21, 2020. The Agency shall do all of the following:

- 19           (1) Develop and submit a plan for the use of federal Housing Assistance Fund  
20 (HAF) funding in accordance with the guidelines established by the United  
21 States Department of the Treasury (Treasury).
- 22           (2) Upon submission of the plan described in subdivision (1) of this subsection,  
23 submit a copy of the plan to the Joint Legislative Oversight Committee on  
24 General Government, the Senate Appropriations Committee on General  
25 Government and Information Technology, the House of Representatives  
26 Appropriations Committee on General Government, and the Fiscal Research  
27 Division.
- 28           (3) Promptly notify the entities listed in subdivision (2) of this section upon  
29 receipt of decisions from the Treasury approving the plan, making  
30 recommendations to improve weaknesses in the plan prior to its approval, or  
31 any other decisions involving the receipt of federal funds for the purposes  
32 described in this section, including the schedule of disbursements of federal  
33 funds.
- 34           (4) Prior to adopting or amending procedures for administering the Fund, (i)  
35 publish the proposed procedures in the North Carolina Register at least 30  
36 days prior to the adoption of the final procedures, (ii) accept oral and written  
37 comments on the proposed procedures, and (iii) hold at least one public  
38 hearing on the proposed procedures. For purposes of this section, the Agency  
39 is exempt from the requirements of Article 2A of Chapter 150B of the General  
40 Statutes.
- 41           (5) Allocate or expend funds from the Fund only in accordance with section 3206  
42 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the  
43 Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as  
44 amended from time to time, and any other guidance issued by the Treasury  
45 regarding the HAF.
- 46           (6) Beginning in 2022, on or before March 1 and September 1, and on those dates  
47 in each year thereafter until the federal HAF funds are fully expended, report  
48 to the entities listed in subdivision (2) of this section for each program  
49 administered under the Fund by providing, at a minimum, all of the following:
  - 50           a. An overview and description of program goals.
  - 51

- b. The date the program was established and the duration of the program.
- c. The program's target population and geographic area.
- d. Homeowner eligibility requirements.
- e. The number of participating homeowners, type and amount of assistance provided to those homeowners, and the duration of the assistance.
- f. Progress in meeting program goals to date.
- g. Interaction with other programs administered under the Fund.
- h. Agency planning and administrative costs, sorted by type, including staffing, fixed costs, contracts, and information technology.
- i. Total of federal HAF funds spent to date, amount obligated, and amount unobligated.

**SECTION 29.3.(b)** This section expires on September 30, 2025, unless the period of performance under the federal HAF program is amended or extended by federal law.

**WORKFORCE HOUSING LOAN PROGRAM/REVOLVING LOANS**

**SECTION 29.4.1.(a)** G.S. 122A-5.15 reads as rewritten:

**"§ 122A-5.15. Workforce Housing Loan Program.**

(a) The North Carolina Housing Finance Agency shall establish and administer the Workforce Housing Loan Program for the purpose of making revolving loans for qualified low-income housing development in the State. Funds appropriated to the North Carolina Housing Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as provided in this section.

...."

**SECTION 29.4.1.(b)** This section is effective when it becomes law.

**SECTION 29.4.2.** Unless otherwise prohibited by federal law or guidelines, loans made from the Workforce Housing Loan Program using funds appropriated to the Program from the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making revolving loans as authorized by G.S. 122A-5.15.

**PART XXX. INSURANCE**

**REGULATORY FEE & INSURANCE REGULATORY FUND**

**SECTION 30.1.(a)** Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is five percent (5%) for the 2022 calendar year.

**SECTION 30.1.(b)** G.S. 58-6-25 reads as rewritten:

**"§ 58-6-25. Insurance regulatory charge.**

...

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve fund, ~~and (ii) that the amount of the reserve not exceed one-third of the estimated cost of operating the Department for each upcoming fiscal year.~~ that shall be used to provide for unanticipated expenditures requiring a budget adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Department

1 or a possible unanticipated increase or decrease in North Carolina premiums or other charge  
2 revenue.

3 ...

4 (d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury,~~  
5 ~~under the control of the Office of State Budget and Management. The~~ as an interest-bearing  
6 special fund to which the proceeds of the charge levied in this section and all fees collected under  
7 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General  
8 Statutes shall be ~~credited to the Fund. The Fund shall be placed in an interest-bearing account~~  
9 ~~and any interest or other income derived from the Fund shall be credited to the Fund.~~ credited.  
10 Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly  
11 Assembly, and in accordance with the line item budget enacted by the General Assembly. The  
12 the Fund is subject to the provisions of the State Budget Act, ~~except that no unexpended surplus~~  
13 ~~of the Fund shall revert to the General Fund. Act.~~ All money credited to the Fund shall be used  
14 to reimburse the General Fund for the following:

15 ...."

## 17 VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES

18 **SECTION 30.2.(a)** Grants Authorized. – Notwithstanding the provisions of  
19 G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire  
20 Department Fund to provide grants to eligible fire departments in accordance with this section.  
21 The Commissioner may use up to one percent (1%) of the Fund for staff and resources to  
22 administer the grant programs authorized by this section. For purposes of this section, the term  
23 "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

24 **SECTION 30.2.(b)** Base Allocation Grants. – Of the funds appropriated in this act  
25 to the Department of Insurance, the sum of five million dollars (\$5,000,000) from the State Fiscal  
26 Recovery Fund and the sum of three million dollars (\$3,000,000) in funds transferred to the  
27 Volunteer Fire Department Fund pursuant to G.S. 105-228.5 shall be used to provide eligible fire  
28 departments base allocation grants for purposes consistent with G.S. 58-87-1(a1)(3). An eligible  
29 fire department may apply to the Commissioner and shall be awarded a base allocation of ten  
30 thousand dollars (\$10,000) for the 2021-2022 fiscal year to help mitigate the financial impact of  
31 the COVID-19 pandemic and its impact on the department's ability to conduct fundraising and  
32 generate revenue. Base allocations do not require a match and shall be made as soon as  
33 practicable, but not later than August 1, 2021.

34 **SECTION 30.2.(c)** Supplemental Grants. – An eligible fire department may apply  
35 to the Commissioner for a supplemental grant to be used to purchase equipment, make capital  
36 improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be  
37 awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars  
38 (\$35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire  
39 departments in single lump sum payments. The Commissioner shall award and release grant  
40 funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants  
41 across the State.

42 **SECTION 30.2.(d)** Emergency Reserve Grants. – The Commissioner shall reserve  
43 up to one million dollars (\$1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to  
44 provide grants to eligible fire departments in the event of an emergency. For purposes of this  
45 subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency  
46 reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes  
47 consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on  
48 June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire  
49 Department Fund. If an eligible fire department is awarded an emergency reserve grant and  
50 thereafter receives a monetary settlement from its insurance carrier for the same loss or damages

1 for which the grant was awarded, the fire department shall reimburse the State for the amount of  
2 the grant.

3 **SECTION 30.2.(e)** Report. – Within 60 days after all grants have been awarded  
4 under this section, the Commissioner shall submit a written report to the Senate Appropriations  
5 Committee on General Government and Information Technology, the House of Representatives  
6 Appropriations Committee on General Government, the Joint Legislative Oversight Committee  
7 on General Government, and the Fiscal Research Division which shall be posted on the  
8 Department of Insurance's website and shall contain all of the following:

- 9 (1) For base allocation grants under subsection (b) of this section, the total number  
10 of grants awarded.
- 11 (2) For supplemental grants under subsection (c) of this section:
- 12 a. The total number of grants awarded, the average amount of the grants  
13 awarded, and the range of the amounts of the grants awarded.
- 14 b. A description of the types of purchases made using grant funds and the  
15 other ways in which grant funds were used.
- 16 (3) For emergency reserve grants under subsection (d) of this section:
- 17 a. A list of the eligible fire departments that were awarded grants.
- 18 b. The amount of the grant award to each eligible fire department.
- 19 c. A description of the emergency for which grant funds were awarded.
- 20

## 21 **WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE** 22 **WORKERS**

23 **SECTION 30.3.** Notwithstanding the provisions of G.S. 58-87-10, for the  
24 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall  
25 not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined  
26 in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created  
27 pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no  
28 eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission  
29 any payment to participate in the Fund.

30

## 31 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

## 32 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

## 33 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

### 34 **ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS**

35 **SECTION 33.1.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
36 appropriated in this act to the Department of Military and Veterans Affairs (Department), the  
37 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022  
38 fiscal year shall be used by the Department, in consultation with the Department of Health and  
39 Human Services (DHHS), to assess the long-term care needs of veterans across the State for the  
40 purpose of developing a plan to guide the State in enhancing long-term care and other services  
41 for veterans. The assessment and plan shall incorporate the following principles and objectives:

- 42 (1) Use State-specific veterans' demographic information, including the  
43 geographical distribution of veterans across the State.
- 44 (2) Allow for the fact that the needs of veterans are complex and broader than the  
45 traditional, institutional-based system of care.
- 46 (3) Take into account the needs of pre- and post-Gulf War veterans in planning  
47 services and support.
- 48
- 49
- 50

- 1 (4) Incorporate the presence and location of current State Veterans Homes, and  
2 the services they provide, in a larger long-term system of care to meet the  
3 needs of veterans in both rural and urban areas.
- 4 (5) Enhance and develop new partnerships, including with the existing nursing  
5 home industry, to encourage and promote the location and certification of  
6 nursing homes in target areas so that those facilities can qualify for  
7 reimbursement from the U.S. Department of Veterans Affairs.
- 8 (6) Explore partnerships with a broader system of nursing homes across the State  
9 to expand State resources.
- 10 (7) Encourage partnerships of home- and community-based services with existing  
11 providers and the U.S. Department of Veterans Affairs for enhanced services.
- 12 (8) Evaluate State planning to explore financially feasible and sustainable options  
13 for meeting veterans' needs.
- 14 (9) Evaluate current resources by determining programmatic approaches to avoid  
15 new construction of State veterans' homes.
- 16 (10) Consider alternate models of care prior to expanding veterans nursing homes.

17 **SECTION 33.1.(b)** To lead the assessment and develop the plan required by this  
18 section, the Department shall issue a request for proposals for an independent consultant with  
19 subject matter expertise in the field of long-term care planning for veterans. The provisions of  
20 Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

21 **SECTION 33.1.(c)** The Department, in consultation with DHHS, shall issue a  
22 progress report on the implementation of this section no later than December 1, 2021, and April  
23 1, 2022, and a final report, including the results of the assessment and the plan required by this  
24 section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General  
25 Government, the Senate Appropriations Committee on General Government and Information  
26 Technology, the House of Representatives Appropriations Committee on General Government,  
27 and the Fiscal Research Division.

## 28 **REPORT ON STATE VETERANS HOMES**

29 **SECTION 33.2.** Part 10 of Article 14 of Chapter 143B of the General Statutes is  
30 amended by adding a new section to read:

### 31 **"§ 143B-1301. Detailed annual report.**

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

- 39 (1) Facility location and date opened, which shall be included in the first report  
40 only, unless the information has changed.
- 41 (2) Services available, including specialty services offered.
- 42 (3) Staffing levels, including resident-to-nursing ratios.
- 43 (4) Partnerships with outside organizations and governments in delivery of  
44 services.
- 45 (5) Average daily census.
- 46 (6) Number of beds, by type.
- 47 (7) Admission eligibility, admission by type, such as long-term care and  
48 rehabilitation, and admissions by referral.
- 49 (8) Description of residents, including:
  - 50 a. Demographics by age, race, ethnicity, and gender.
  - 51

- 1                    b. Resident's home county where domiciled prior to admission to facility.  
2                    c. Number of admissions, discharges, and deaths.  
3                    (9) Results of resident and family satisfaction surveys.  
4                    (10) Waiting list data, including average length of wait time and priority for  
5                    admission.  
6                    (11) Certification and quality rating by independent organizations and State and  
7                    federal government.  
8                    (12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private  
9                    pay, or any other source.  
10                   (13) Average out-of-pocket payment per resident.  
11                   (14) State administrative costs, sorted by type, including staffing, fixed costs,  
12                   facility operation, and maintenance.  
13                   (15) Total receipts collected, by source, including Medicare, Medicaid, Veterans  
14                   Affairs, private pay, or any other source."  
15

## 16 SERVICES FOR VETERANS

17                    **SECTION 33.3.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
18 appropriated in this act to the Department of Military and Veterans Affairs, the sum of one  
19 million dollars (\$1,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be  
20 allocated as a directed grant to Purple Hearts Homes, Inc., to provide personalized housing  
21 solutions for service-connected disabled veterans and their families. These funds shall be  
22 distributed equally to the Charlotte office, Piedmont Chapter, High Country Chapter, and North  
23 Wake Chapter. By September 1, 2023, Purple Heart Homes, Inc., shall provide a report to the  
24 Senate Appropriations Committee on General Government and Information Technology, the  
25 House of Representatives Appropriations Committee on General Government, the Joint  
26 Legislative Oversight Committee on General Government, and the Fiscal Research Division on  
27 the use of these funds, including the number of individuals served and the type of services  
28 provided to those individuals.

29                    **SECTION 33.3.(b)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
30 appropriated in this act to the Department of Military and Veterans Affairs, the sum of five  
31 hundred thousand dollars (\$500,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
32 be allocated as a directed grant to Veterans Life Center, a nonprofit organization, for the Veterans  
33 Life Center located in Butner, North Carolina. By September 1, 2022, Veterans Life Center shall  
34 report to the Senate Appropriations Committee on General Government and Information  
35 Technology, the House of Representatives Appropriations Committee on General Government,  
36 the Joint Legislative Oversight Committee on General Government, and the Fiscal Research  
37 Division on the use of these funds, including the number of individuals served and the type of  
38 services provided to those individuals.

## 39 REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

40                    **SECTION 33.4.** Part 2 of Article 14 of Chapter 143B of the General Statutes is  
41 amended by adding a new section to read:

### 42 **"§ 143B-1228. Report on scholarships.**

43                    By September 1 of each year, the Department of Military and Veterans Affairs shall report  
44 to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations  
45 Committee on General Government and Information Technology, the House of Representatives  
46 Appropriations Committee on General Government, and the Fiscal Research Division the  
47 following data on the Scholarships for Children of Wartime Veterans program:  
48

- 49                    (1) Description of the scholarship program, by year, including statutory  
50                    establishment, purpose, and eligibility.



- 1           (2) Number of scholarships awarded, by year, beginning with the 2017-2018  
 2 fiscal year, and sorted by:  
 3           a. Number of full-time students receiving scholarships and grouped by  
 4 public, private, and community colleges.  
 5           b. Number of new applicants for scholarships.  
 6           c. Number of new scholarship awards offered, denied, and accepted.  
 7           d. Range and average amount of scholarships awarded.  
 8           e. Actual amount of award provided.  
 9           f. Scholarship awards offered and accepted by county.  
 10          g. Total expenditures for scholarship awards classified by source,  
 11 including State funds and Escheats Fund.  
 12          h. Total costs of administering the scholarship program."

## 14 PART XXXIV. REVENUE

### 16 TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND

17 SECTION 34.1. G.S. 105-243.1 reads as rewritten:

#### 18 "§ 105-243.1. Collection of tax debts.

19 ...

20 (e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of~~  
 21 ~~collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be~~  
 22 ~~credited to a special account within the Department and may be expended only as provided in~~  
 23 ~~this subsection. The proceeds of the fee may not be used for any purpose that is not directly and~~  
 24 ~~primarily related to collecting and reducing the incidence of overdue tax debts. The Department~~  
 25 ~~may apply the proceeds of the fee for the purposes listed in this subsection. The remaining~~  
 26 ~~proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The~~  
 27 ~~fee proceeds do not revert but remain in the special account until spent for the purposes listed in~~  
 28 ~~this subsection. The Department and the Office of State Budget and Management must account~~  
 29 ~~for all expenditures using accounting procedures that clearly distinguish costs allocable to the~~  
 30 ~~purposes listed in this subsection from costs allocable to other purposes and must demonstrate~~  
 31 ~~that none of the fee proceeds are used for any other purpose pursuant to appropriation by the~~  
 32 General Assembly.

33 ~~The Department may apply the fee proceeds for the following purposes:~~

- 34 (1) ~~To pay (i) contractors for collecting overdue tax debts under subsection (b) of~~  
 35 ~~this section and (ii) auditors responsible for identifying overdue tax debts.~~  
 36 (2) ~~To pay the fee the United States Department of the Treasury charges for setoff~~  
 37 ~~to recover tax owed to North Carolina.~~  
 38 (3) ~~To pay for taxpayer locator services, not to exceed three hundred fifty~~  
 39 ~~thousand dollars (\$350,000) a year.~~  
 40 (4) ~~To pay for postage or other delivery charges for correspondence directly and~~  
 41 ~~primarily relating to collecting overdue tax debts, not to exceed seven hundred~~  
 42 ~~fifty thousand dollars (\$750,000) a year.~~  
 43 (5) ~~To pay for operating expenses for Project Collection Tax and the Taxpayer~~  
 44 ~~Assistance Call Center.~~  
 45 (6) ~~To pay for expenses of the Examination and Collection Division directly and~~  
 46 ~~primarily relating to collecting overdue tax debts.~~  
 47 (7) ~~To pay the direct and indirect expenses of information technology upgrades~~  
 48 ~~to the Department of Revenue computer systems that are intended to upgrade~~  
 49 ~~Department of Revenue capabilities to (i) allow for electronic filing of returns~~  
 50 ~~by taxpayers and the electronic issuance of refunds by the Department for all~~  
 51 ~~remaining tax schedules and (ii) accomplish other mission-critical information~~

1 technology tasks of the Department as approved by the Office of State Budget  
2 and Management in consultation with the State CIO.

3 ...."  
4

## 5 COVID-19 PANDEMIC RECOVERY GRANT PROGRAMS

6 **SECTION 34.2A.(a)** Purpose; Use. – The purpose of this section is to use funds  
7 from the American Rescue Plan Act to provide financial support to businesses in the State that  
8 suffered substantial economic damage from the COVID-19 pandemic for which they were not  
9 otherwise fully compensated.

10 **SECTION 34.2A.(b)** JOBS Grant Program. – There is created the Job Opportunity  
11 and Business Saving Grant Program (the Program) to be administered by the Department of  
12 Revenue. The Department may provide a one-time grant for each award amount to a qualifying  
13 business. Each grant awarded under the Program must include a description of the award amount  
14 used to calculate the grant. The Department's grant determinations are final.

15 **SECTION 34.2A.(c)** Grant Amount. – The grant amount a qualifying business may  
16 receive per award amount is equal to seven and one-half percent (7.5%) of the award amount,  
17 not to exceed eighteen thousand seven hundred fifty dollars (\$18,750).

18 **SECTION 34.2A.(d)** Grant Program Limits. – The total of all funds granted under  
19 the Program, including the amount the Department of Revenue may use for administration of the  
20 Program, may not exceed the sum of one billion dollars (\$1,000,000,000) plus any amount used  
21 for the Program pursuant to Section 34.2C(a) of this act.

22 **SECTION 34.2A.(e)** Automatic Award. – The Department of Revenue shall use  
23 currently available data from the Department, the Small Business Administration, and any other  
24 available sources to identify qualifying businesses in this State that have been approved for an  
25 award amount on or before June 30, 2021. The Department must award a grant under this  
26 subsection to the last known address of an identified qualifying business for each ascertainable  
27 award amount by September 30, 2021.

28 **SECTION 34.2A.(f)** Initial Application; Award. – A qualifying business that was  
29 approved for an award amount on or before June 30, 2021, but does not receive a grant under  
30 subsection (e) of this section by September 30, 2021, for that award amount may apply to the  
31 Department of Revenue for a grant on a form prescribed by the Department. The applicant must  
32 include any supporting documentation required by the Department, and the Department must  
33 confirm that the applicant did not previously receive a grant under the Program for the applicable  
34 award amount. Grants will be paid on a rolling basis to qualifying businesses that submit their  
35 applications on or before November 19, 2021.

36 **SECTION 34.2A.(g)** Secondary Application; Award. – If the limit under subsection  
37 (d) of this section has not been met by December 31, 2021, the Department of Revenue must  
38 reopen the Program for additional applications. A qualifying business that was approved for an  
39 award amount but did not receive a grant for that award amount under subsection (e) or (f) of this  
40 section may file an application with the Department to receive a grant under this subsection. The  
41 applicant must include any supporting documentation required by the Department, and the  
42 Department must confirm that the applicant did not previously receive a grant under the Program  
43 for the applicable award amount. The application must be filed with the Department on or before  
44 February 18, 2022. The Department may not accept late applications. The Department may not  
45 award grants under this subsection until the application deadline has passed. If the total amount  
46 to be awarded for applications submitted pursuant to this subsection, when added to the amounts  
47 awarded under subsections (e) and (f) of this section, exceeds the maximum amount of funds  
48 available under subsection (d) of this section, the Department must reduce each grant awarded  
49 under this subsection on a proportionate basis so the maximum amount is not exceeded. The  
50 Department must award grants under this subsection as soon as practicable after the application  
51 deadline has passed.

1           **SECTION 34.2A.(h)** Clawback. – For grants awarded under the Program pursuant  
2 to an application, the Department shall require a business to apply, under oath, on a form  
3 prescribed by the Department that includes (i) a certification that the business was approved for  
4 the applicable award amount, (ii) a certification that the business will promptly inform the  
5 Department of any reduction or recapture of the award amount and return any grant amount  
6 calculated on the reduced or recaptured award amount, and (iii) any information necessary for  
7 the Department to evaluate the application. The Department shall include with every grant  
8 awarded under the Program a notice that (i) the award must be returned or forfeited by a business  
9 to the extent the calculation of the award is premised on an award amount the qualifying business  
10 did not receive or did receive that was subsequently recaptured and (ii) a business is responsible  
11 for returning or forfeiting any amount improperly received.

12           **SECTION 34.2A.(i)** Definitions. – The following definitions apply in this section:

13           (1) Award amount. – Amount awarded from any of the following:

- 14           a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L.  
15           2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.
- 16           b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined  
17           in any of the following:
  - 18           1. 15 U.S.C. § 9009(e).
  - 19           2. Section 331 of the Economic Aid to Hard-Hit Small  
20           Businesses, Nonprofits, and Venues Act, Title III of Division  
21           N of Public Law 116–260.
  - 22           3. Section 5002 of the American Rescue Plan Act of 2021, P.L.  
23           117-2.
- 24           c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).
- 25           d. Restaurant Revitalization Fund. – Defined in section 5003 of the  
26           American Rescue Plan Act of 2021, P.L. 117-2.
- 27           e. Shuttered Venue Operators Grant Program. – Defined in section 324  
28           of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and  
29           Venues Act, Title III of Division N of Public Law 116–260.

30           (2) Qualifying business. – A business that (i) listed a North Carolina address as  
31           its business address on the application for an award amount and (ii) was  
32           approved for that award amount.

33           **SECTION 34.2A.(j)** Outreach. – The Office of Historically Underutilized  
34           Businesses, Department of Administration, is directed to inform and educate minority-owned  
35           businesses that may be eligible to apply for the grants provided by the Program as soon as  
36           practicable so they may have the opportunity to access the grants provided by it.

37           **SECTION 34.2A.(k)** Allocation of Funds for JOBS Grant Program. – Of the funds  
38           appropriated in this act from the State Fiscal Recovery Fund to the Department of Revenue, the  
39           sum of one billion dollars (\$1,000,000,000) in nonrecurring funds for the 2021-2022 fiscal year  
40           is allocated for the JOBS Grant Program to be used as provided in this section. The Department  
41           of Revenue may use up to one-quarter of one percent (0.25%) of the funds in this subsection for  
42           the administration of the Program under this section. The Department shall remit any funds  
43           remaining after disposition of all timely filed applications under subsection (g) of this section to  
44           the Office of State Budget and Management which shall deposit the funds into the State Fiscal  
45           Recovery Reserve. Amounts deposited into the Reserve under this section are receipts that do  
46           not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V  
47           of the North Carolina Constitution.

48           **SECTION 34.2A.(l)** This section is effective when it becomes law.

49           **SECTION 34.2B.(a)** Allocation of Funds for the Small Business Pandemic  
50           Recovery Grant Program; Transfer to JOBS Grant Program. – Of the funds appropriated in this  
51           act from the State Fiscal Recovery Fund to the Department of Revenue, the sum of five hundred

1 million dollars (\$500,000,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated  
2 for the Small Business Pandemic Recovery Grant Program to be used as provided in this section.  
3 The Department of Revenue may use up to one-quarter of one percent (0.25%) of the funds  
4 allocated in this subsection for the administration of this section. The Department shall use any  
5 funds remaining after disposition of all timely filed applications under this section for the Job  
6 Opportunity and Business Saving Grant Program as provided in Section 34.2A of this act.

7 **SECTION 34.2B.(b)** Purpose; Use. – The purpose of this section is to use funds  
8 from the American Rescue Plan Act to aid small businesses in North Carolina that suffered  
9 substantial economic damage from the COVID-19 pandemic for which they were not otherwise  
10 compensated.

11 **SECTION 34.2B.(c)** Small Business Pandemic Recovery Grant Program. – There is  
12 created the Small Business Pandemic Recovery Grant Program (Program) to be administered by  
13 the Department of Revenue. The Department may provide one-time grants to a business that  
14 suffered economic damage from the COVID-19 pandemic and meets the conditions of this  
15 section.

16 **SECTION 34.2B.(d)** Eligibility. – A business is eligible for a grant under this  
17 Program if it meets all of the following conditions:

- 18 (1) It is a small business.
- 19 (2) It demonstrates that its sales for the taxable year 2020 are at least twenty  
20 percent (20%) below its sales for the taxable year 2019.
- 21 (3) It did not participate in a loan or grant program created or funded through the  
22 CARES Act, the Consolidated Appropriations Act, or the American Rescue  
23 Plan Act.

24 **SECTION 34.2B.(e)** Application. – A business must apply to the Department of  
25 Revenue for a grant on a form prescribed by the Department and must include any supporting  
26 documentation required by the Department. The application must be filed with the Department  
27 on or before November 19, 2021. The Department may not accept late applications.

28 **SECTION 34.2B.(f)** Grant Amount. – The grant amount is equal to the applicant's  
29 economic loss, not to exceed eighteen thousand seven hundred fifty dollars (\$18,750).

30 **SECTION 34.2B.(g)** Grant Program Limit. – The total of all funds granted under  
31 this Program, including the amount the Department of Revenue may use for administration of  
32 the Program, may not exceed five hundred million dollars (\$500,000,000). The Department must  
33 calculate the total amount of grants requested from the applications timely filed under subsection  
34 (e) of this section. If the total amount of grants requested exceeds the maximum amount of funds  
35 available under this subsection, the Department must reduce each grant award on a proportionate  
36 basis. The Department's grant determinations based on applications timely filed are final.

37 **SECTION 34.2B.(h)** Clawback. – If a business receives a grant under this program  
38 for which it is ineligible, the business forfeits the grant awarded under this section and is liable  
39 for the amounts received.

40 **SECTION 34.2B.(i)** Definitions. – The following definitions apply in this section:

- 41 (1) Business. – An entity subject to income tax under Article 4 of Chapter 105 of  
42 the General Statutes.
- 43 (2) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security  
44 Act, P.L. 116-136.
- 45 (3) Consolidated Appropriations Act of 2021. – The Consolidated Appropriations  
46 Act of 2021, P.L. 116-260.
- 47 (4) Economic loss. – The economic damage experienced in connection with the  
48 COVID-19 pandemic determined as the difference between the business's  
49 sales for the taxable year 2020 and its sales for the taxable year 2019.
- 50 (5) Sales. – Defined in G.S. 105-130.4.
- 51 (6) Small business. – Defined in section 35.3 of 31 C.F.R. Part 35.

1           **SECTION 34.2B.(j)** Outreach. – The Office of Historically Underutilized  
2 Businesses, Department of Administration, is directed to inform and educate minority-owned  
3 businesses that may be eligible to apply for the grants provided by the Small Business Pandemic  
4 Recovery Grant Program as soon as practicable so they may have the opportunity to access the  
5 grants provided by it.

6           **SECTION 34.2B.(k)** This section is effective when it becomes law.

7           **SECTION 34.2C.(a)** G.S. 105-130.5(b) reads as rewritten:

8           "(b) The following deductions from federal taxable income shall be made in determining  
9 State net income:

10           ...

11           (31a) To the extent included in federal taxable income, the amount received by a  
12 taxpayer under the following:

13           a. The Job Opportunity and Business Saving Grant Program.

14           b. The Small Business Pandemic Recovery Grant Program."

15           **SECTION 34.2C.(b)** G.S. 105-153.5(b) reads as rewritten:

16           "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
17 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
18 the taxpayer's adjusted gross income:

19           ...

20           (14a) The amount received by a taxpayer under the following:

21           a. The Job Opportunity and Business Saving Grant Program.

22           b. The Small Business Pandemic Recovery Grant Program."

23           **SECTION 34.2C.(c)** This section is effective for taxable years beginning on or after  
24 January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

## 25           **TAX FRAUD ANALYTICS**

26           **SECTION 34.3.** Of the funds appropriated in this act to the Department of Revenue,  
27 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each  
28 fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the  
29 Department's tax fraud analysis contract through the Government Data Analytics Center  
30 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information  
31 reporting, collections case management, collections optimization, managed services, and  
32 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC  
33 and utilize the subject matter expertise and technical infrastructure available through existing  
34 GDAC public-private partnerships for fraud detection and analytics infrastructure.

## 35           **PART XXXV. SECRETARY OF STATE [RESERVED]**

## 36           **PART XXXVI. TREASURER**

### 37           **IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL** 38 **GOVERNMENT UNITS**

39           **SECTION 36.1.(a)** The Department of State Treasurer, State and Local Government  
40 Finance Division, in consultation with the Local Government Commission (hereinafter  
41 "Commission"), shall evaluate the State's current system for monitoring the financial operations  
42 of local government units (hereinafter "unit" or "units") and approving their requests to issue new  
43 debt and amend current debt. For purposes of this section, the term "unit" has the same meaning  
44 as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for  
45 monitoring the financial operations of units that does all of the following:

46           (1) Uses a "value added" approach to reviewing the State's current practices and  
47 policies.  
48  
49  
50  
51

- 1 (2) Directs current Commission staffing resources to the units in greatest need  
2 and away from units with adequate governance, staff, resources, and technical  
3 expertise.  
4 (3) Implements a schedule of reporting to the Commission based on a unit's  
5 financial health.  
6 (4) Standardizes training of unit officials and staff, as deemed appropriate by the  
7 Commission.  
8 (5) Authorizes the Commission to compel units to comply with Commission  
9 directives.  
10 (6) Incorporates a clear definition of the term "fiscal distress."  
11 (7) Implements a new fiscal warning system for units at risk of fiscal distress.  
12 (8) Expands the criteria and parameters for measuring a unit's fiscal health to  
13 incorporate economic and demographic factors.  
14 (9) Incorporates factors impacting a unit's fiscal health, including changes in  
15 population, tax base, and business and economic indicators.

16 **SECTION 36.1.(b)** The Department shall submit an interim report on the  
17 implementation of this section no later than December 15, 2021, and a final report and plan by  
18 April 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations  
19 Committee on General Government and Information Technology, House Appropriations  
20 Committee on General Government, and Fiscal Research Division. The reports shall contain any  
21 recommendations for legislation deemed appropriate to implement the provisions of this section.  
22

## 23 **ELIMINATE REPORT ON CHIEF INVESTMENT OFFICER**

24 **SECTION 36.2.** G.S. 147-69.3 reads as rewritten:

25 "**§ 147-69.3. Administration of State Treasurer's investment programs.**

26 ...  
27 ~~(1) The State Treasurer shall report the incentive bonus paid to the Chief Investment~~  
28 ~~Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each~~  
29 ~~year.~~  
30 ...."  
31

## 32 **PART XXXVII. GENERAL GOVERNMENT**

### 33 **GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS**

#### 34 **DEPARTMENT OF ADMINISTRATION**

35 **SECTION 37.1.(a)** G.S. 116D-4 reads as rewritten:

36 "**§ 116D-4. Minority and historically underutilized business participation.**

37 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
38 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
39 under this section. The following State agencies shall monitor compliance with this requirement  
40 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General  
41 Government by January 1 of each year on the participation by minority businesses in these  
42 projects. The State Construction Office, Department of Administration, shall monitor compliance  
43 with regard to projects funded by the proceeds of university improvement general obligation  
44 bonds and notes and special obligation bonds and notes; the Board of Governors of The  
45 University of North Carolina shall provide the State Construction Office any information  
46 required by the State Construction Office to monitor compliance. The Community Colleges  
47 System Office shall monitor compliance with regard to projects funded by the proceeds of  
48 community college general obligation bonds and notes.  
49  
50  
51

...."

1           **SECTION 37.1.(b)** G.S. 143-48 reads as rewritten:

2   "**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**  
3   **contractors, physically handicapped contractors, and women contractors;**  
4   **purpose; required annual reports.**

5       ...

6       (d)   The Department of Administration shall collect and compile the data described in this  
7   section and report it annually to the ~~General Assembly~~Joint Legislative Oversight Committee  
8   on General Government.

9       ...."

10           **SECTION 37.1.(c)** G.S. 143-128.3 reads as rewritten:

11   "**§ 143-128.3. Minority business participation administration.**

12       (a)   All public entities subject to G.S. 143-128.2 shall report to the Department of  
13   Administration, Office of Historically Underutilized Business, the following with respect to each  
14   building project:

15       ...

16       The reports shall be in the format and contain the data prescribed by the Secretary of  
17   Administration. The University of North Carolina and the State Board of Community Colleges  
18   shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
19   Department of Administration shall make reports every six months to the Joint Legislative  
20   Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
21   General Government on information reported pursuant to this subsection.

22       ...

23       (c)   The Secretary shall study and recommend to the ~~General Assembly~~Joint Legislative  
24   Oversight Committee on General Government and other State agencies ways to improve the  
25   effectiveness and efficiency of the State capital facilities development, minority business  
26   participation program and good faith efforts in utilizing minority businesses as set forth in  
27   G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
28   utilization of minority businesses.

29       (d)   The Secretary shall appoint an advisory board to develop recommendations to  
30   improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
31   its advisory board, shall review the State's programs for promoting the recruitment and utilization  
32   of minority businesses involved in State capital projects and shall recommend to the ~~General~~  
33   ~~Assembly~~Joint Legislative Oversight Committee on General Government, the State  
34   Construction Office, The University of North Carolina, and the community colleges system  
35   changes in the terms and conditions of State laws, rules, and policies that will enhance  
36   opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
37   guidance to these agencies on identifying types of projects likely to attract increased participation  
38   by minority businesses and breaking down or combining elements of work into economically  
39   feasible units to facilitate minority business participation.

40       ...

41       (g)   ~~The~~Annually, on or before September 1, beginning September 1, 2022, the Secretary  
42   shall report findings and ~~recommendations~~recommendations, as required under this ~~section~~  
43   section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~  
44   June 1, beginning June 1, 2002and the Joint Legislative Oversight Committee on General  
45   Government and shall post the report findings and recommendations on the Department's  
46   website."

47           **SECTION 37.1.(d)** G.S. 143-341 reads as rewritten:

48   "**§ 143-341. Powers and duties of Department.**

49       The Department of Administration has the following powers and duties:

50       ...

51       (8)   General Services:

1 ...  
 2 i. To establish and operate a central motor fleet and such subsidiary  
 3 related facilities as the Secretary may deem necessary, and to that end:

4 ...  
 5 11. To report annually to the ~~General Assembly~~ Joint Legislative  
 6 Oversight Committee on General Government on any rules  
 7 adopted, amended or repealed under sub-sub-subdivisions 3.,  
 8 7., or 7a. of this sub-subdivision.

9 ...  
 10 (12) Report on Vehicles Managed. – Beginning on September 1, 2021, and  
 11 semiannually thereafter, the Department of Administration shall provide a  
 12 report to the Joint Legislative Oversight Committee on General Government  
 13 and the Joint Legislative Oversight Committee on Justice and Public Safety  
 14 on the status of all motor vehicles managed by the Department of  
 15 Administration for the Department of Public Safety. The report shall include  
 16 all of the following information:

- 17 a. The number of motor vehicles managed by the Department of  
 18 Administration for the Department of Public Safety.  
 19 b. The condition of each motor vehicle, including the mileage on each  
 20 motor vehicle.  
 21 c. The average amount of time taken to repair or replace a motor vehicle.  
 22 d. The number and condition of any backup motor vehicles managed by  
 23 the Department of Administration and available for use by the  
 24 Department of Public Safety, including the location and condition of  
 25 each motor vehicle."

26 **SECTION 37.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

27 **SECTION 37.1.(f)** G.S. 143-747 reads as rewritten:

28 "**§ 143-747. Council of Internal Auditing.**

29 ...  
 30 (c) The Council shall:

31 ...  
 32 (12) ~~Issue an annual report including, but not limited to, No later than November~~  
 33 ~~1 of each year, issue a report that shall include, but not be limited to, service~~  
 34 ~~efforts and accomplishments of State agency internal auditors and to propose~~  
 35 ~~proposed legislation for consideration by the Governor and General~~  
 36 ~~Assembly. The annual report shall be prepared by the Office of State Budget~~  
 37 ~~and Management and shall be submitted to the Joint Legislative Oversight~~  
 38 ~~Committee on General Government."~~

39 **SECTION 37.1.(g)** G.S. 143B-394.16(b) reads as rewritten:

40 "(b) Report. – The Commission shall report its findings and recommendations, including  
 41 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight  
 42 Committee on General Government no later than April 1 each year."

43 **SECTION 37.1.(h)** G.S. 143B-394.21 is amended by adding a new subsection to  
 44 read:

45 "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
 46 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs  
 47 of the General Government Appropriations Committee within five business days of distribution.  
 48 The report shall include the date, amount, and recipients of the fund disbursements. The report  
 49 shall also include any eligible programs which are ineligible to receive funding during the relative  
 50 reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

51 **SECTION 37.1.(i)** G.S. 143B-409 reads as rewritten:



1 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

2 The Commission shall prepare a written annual report giving an account of its proceedings,  
3 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
4 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.  
5 The report will become a matter of public record and will be maintained in the State Historical  
6 Archives. It may also be furnished to such other persons or agencies as the Commission may  
7 deem proper."

8 **SECTION 37.1.(j)** G.S. 143B-410 reads as rewritten:

9 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
10 **staff.**

11 Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
12 a part of the annual report and will be submitted in accordance with the regulations governing  
13 preparation and submission of the annual report. The Commission shall submit the annual report  
14 to the Joint Legislative Oversight Committee on General Government."

15 **SECTION 37.1.(k)** G.S. 143B-411.2 reads as rewritten:

16 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
17 **purpose or creation; powers and duties.**

18 The purpose of the Council is to study on a continuing basis the relationship between the  
19 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
20 concern to the State or the Tribe. It shall be the duty of the Council:

- 21 (1) Identify existing and potential conflicts between the State of North Carolina  
22 and the Eastern Band of Cherokee ~~Indians;~~ Indians.
- 23 (2) Propose State and federal legislation and agreements between the State of  
24 North Carolina and the Cherokee Tribe to resolve existing and potential  
25 ~~conflicts;~~ conflicts.
- 26 (3) To study and make recommendations concerning any issue referred to the  
27 Council by any official of the Eastern Band of the Cherokee, the State of North  
28 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
29 Cherokee Counties.
- 30 (4) Study other issues of mutual concern to the Eastern Band of the  
31 ~~Cherokee;~~ Cherokee.
- 32 (5) ~~Make a report with recommendations as needed, but not less often than~~  
33 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~  
34 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
35 ~~Cherokee."~~

36 **SECTION 37.1.(l)** The North Carolina Farmworker Council, enacted as Part 26 of  
37 Article 9 of Chapter 143B of the General Statutes, is repealed.

38  
39 **ETHICS COMMISSION**

40 **SECTION 37.2.** G.S. 138A-10 reads as rewritten:

41 **"§ 138A-10. Powers and duties.**

- 42 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:

- 43 ...
- 44 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight  
45 Committee on General Government and the Governor on the Commission's  
46 activities and generally on the subject of public disclosure, ethics, and  
47 conflicts of interest, including recommendations for administrative and  
48 legislative action, as the Commission deems appropriate.

49 ...."

50  
51 **OFFICE OF STATE HUMAN RESOURCES**

1           **SECTION 37.3.** G.S. 143-583 reads as rewritten:

2   "**§ 143-583. Model program; technical assistance; reports.**

3       ...

4       (c)   Reports. – The Office of State Human Resources shall report annually to the Joint  
5   Legislative Commission on Governmental Operations and the Joint Legislative Oversight  
6   Committee on General Government on the safety, health, and workers' compensation activities  
7   of State agencies, compliance with this Article, and the fines levied against State agencies  
8   pursuant to Article 16 of Chapter 95 of the General Statutes."

9  
10 **OFFICE OF STATE AUDITOR**

11           **SECTION 37.4.** G.S. 147-64.11 reads as rewritten:

12   "**§ 147-64.11. Review of office.**

13       The Auditor may, on ~~his~~the Auditor's own initiative and as often as ~~he~~the Auditor deems  
14   necessary, or as requested by the General ~~Assembly~~Assembly or the Joint Legislative Oversight  
15   Committee on General Government, cause to be made a quality review audit of the operations of  
16   ~~his~~the Auditor's office. Such a "peer review" shall be conducted in accordance with standards  
17   prescribed by the accounting profession. Upon the recommendation of the Joint Legislative  
18   Commission on Governmental ~~Operations~~Operations, the Auditor may contract with an  
19   independent public accountant, qualified management consultant, or other professional person to  
20   conduct a financial and compliance, economy and efficiency, and program result audit of the  
21   State Auditor."

22  
23 **OFFICE OF STATE BUDGET AND MANAGEMENT**

24           **SECTION 37.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by  
25   adding a new section to read:

26   "**§ 143C-6-13. Results first annual report.**

27       By October 1 of each year, the Office of State Budget and Management shall submit an  
28   annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative  
29   Oversight Committee on General Government, and Joint Legislative Program Evaluation  
30   Oversight Committee on the progress in implementing the cost-benefit analysis model for use in  
31   crafting policy and budget decisions. The report may include recommendations for legislation."

32           **SECTION 37.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

33           **SECTION 37.5.(c)** G.S. 143C-6-23 reads as rewritten:

34   "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

35       ...

36       (h)   Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~  
37   ~~by May 1 of every succeeding year, the~~The Office of State Budget and Management shall report  
38   ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
39   ~~Division on~~post online at regular intervals a list of all grantees or subgrantees that failed to  
40   comply with this section with respect to grant funds received in the prior fiscal year.

41       ...."

42           **SECTION 37.5.(d)** G.S. 143-194 is repealed.

43  
44 **STATE BOARD OF ELECTIONS**

45           **SECTION 37.6.(a)** G.S. 66-58 reads as rewritten:

46   "**§ 66-58. Sale of merchandise or services by governmental units.**

47       ...

48       (c)   The provisions of subsection (a) of this section shall not prohibit:

49       ...

50       (17)   The sale by the State Board of Elections to political committees and candidate  
51       committees of computer software designed by or for the State Board of

1 Elections to provide a uniform system of electronic filing of the campaign  
 2 finance reports required by Article 22A of Chapter 163 of the General Statutes  
 3 and to facilitate the State Board's monitoring of compliance with that Article.  
 4 ~~This computer software for electronic filing of campaign finance reports shall~~  
 5 ~~not exceed a cost of one hundred dollars (\$100.00) to any political committee~~  
 6 ~~or candidate committee without the State Board of Elections first notifying in~~  
 7 ~~writing the Joint Legislative Commission on Governmental Operations.~~

8 ...."

9 **SECTION 37.6.(b)** G.S. 163-165.9 reads as rewritten:

10 **"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

11 ...

12 (b) After the acquisition of any voting system, the county board of elections shall comply  
 13 with any requirements of the State Board of Elections regarding training and support of the voting  
 14 system by completing all of the following:

15 ...

16 (2) The county board of elections shall annually maintain software license and  
 17 maintenance agreements necessary to maintain the warranty of its voting  
 18 system. A county board of elections may employ qualified personnel to  
 19 maintain a voting system in lieu of entering into maintenance agreements  
 20 necessary to maintain the warranty of its voting system. State Board of  
 21 Elections is not required to provide routine maintenance to any county board  
 22 of elections that does not maintain the warranty of its voting system. If the  
 23 State Board of Elections provides any maintenance to a county that has not  
 24 maintained the warranty of its voting system, the county shall reimburse the  
 25 State for the cost. The State Board of Elections shall ~~annually~~ report annually  
 26 by January 15 to the House and Senate Committees on Appropriations, to the  
 27 Fiscal Research Division, to the Joint Legislative Oversight Committee on  
 28 General Government, and to the Joint Legislative Commission on  
 29 Governmental Operations on implementation of this subdivision. If requested  
 30 by the county board of elections, the State Board of Elections may enter into  
 31 contracts on behalf of that county under this subdivision, but such contracts  
 32 must also be approved by the county board of elections. Any contract entered  
 33 into under this subdivision shall be paid from non-State funds. Neither a  
 34 county nor the State Board of Elections shall enter into any contract with any  
 35 vendor for software license and maintenance agreements unless the vendor  
 36 agrees to (i) operate a training program for qualification of county personnel  
 37 under this subsection with training offered within the State of North Carolina  
 38 and (ii) not dishonor warranties merely because the county is employing  
 39 qualified personnel to maintain the voting system as long as the county:

40 ...."

41  
 42 **DEPARTMENT OF INSURANCE**

43 **SECTION 37.7.(a)** G.S. 58-2-120 reads as rewritten:

44 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

45 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~  
 46 the Joint Legislative Oversight Committee on General Government any change or changes that  
 47 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects  
 48 pertaining to the Department."

49 **SECTION 37.7.(b)** G.S. 58-42-45 reads as rewritten:

50 **"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

51 ...

1 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
2 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
3 ~~and to Committee~~, the Joint Legislative Commission on Governmental ~~Operations~~-Operations,  
4 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall  
5 provide the ~~Committee~~-Committees and Commission with copies of any plan promulgated by or  
6 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

7 **SECTION 37.7.(c)** G.S. 58-79-20 reads as rewritten:

8 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

9 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
10 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
11 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
12 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
13 such officers find in any building or upon any premises overcrowding in violation of occupancy  
14 limits established pursuant to the North Carolina State Building Code, combustible material or  
15 inflammable conditions dangerous to the safety of such building or premises they shall order the  
16 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
17 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,  
18 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be  
19 at once investigated by ~~his~~-the Commissioner's direction, and unless by ~~his~~-the Commissioner's  
20 authority the order of the officer above named is revoked it remains in force and must be forthwith  
21 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building  
22 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an  
23 immediate investigation as to the presence of combustible material or the existence of  
24 inflammable conditions in any building or upon any premises under their jurisdiction upon  
25 complaint of any person having an interest in such building or premises or property adjacent  
26 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and  
27 make such inspections alone or in company with the local officer. The Commissioner shall  
28 submit annually, as early as consistent with full and accurate preparation, and not later than the  
29 first day of June, a detailed report of ~~his~~-the Commissioner's official action under this Article,  
30 and it shall be embodied in ~~his~~-the report to the ~~General Assembly~~-Joint Legislative Oversight  
31 Committee on General Government."

32 **SECTION 37.7.(d)** G.S. 58-87-1 reads as rewritten:

33 "**§ 58-87-1. Volunteer Fire Department Fund.**

34 ...

35 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
36 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
37 have been made. This report must contain the following:

38 ...."

39 **SECTION 37.7.(e)** G.S. 58-87-5 reads as rewritten:

40 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

41 ...

42 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
43 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
44 have been made. This report must contain the following:

45 ...."

46 **SECTION 37.7.(f)** G.S. 58-92-15(n) reads as rewritten:

47 "(n) The Commissioner shall review the effectiveness of this section and report every three  
48 years to the ~~General Assembly~~-Joint Legislative Oversight Committee on General Government  
49 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the  
50 effectiveness of this Article. The report and legislative recommendations shall be submitted no  
51 later than June 30 following the conclusion of each three-year period."

**INDUSTRIAL COMMISSION**

**SECTION 37.8.(a)** G.S. 97-78 reads as rewritten:

**"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners, and other staff assistance; annual report.**

...

(e) No later than October 1 of each year, the Commission shall publish annually for free distribution a report of the administration of this Article, together with such recommendations as the Commission deems advisable. No later than October 1 of each year, the Commission shall submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources.~~ General Government, the Senate Appropriations Committee on General Government and Information Technology, and the House Appropriations Committee on General Government.

(f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the Commission shall prepare and implement a strategic plan for accomplishing all of the following:

...

(g) The Commission shall demonstrate its success in implementing its strategic plan under subsection (f) of this section by including all of the following in its annual report under subsection (e) of this section:

(1) The total number of claims made during the preceding ~~calendar~~ fiscal year, the total number of claims in which compliance was not timely made, and, for each claim, the date the claim was filed, the date by which compliance was required, the date of actual compliance, and any sanctions or other remedial action imposed by the Commission.

(2) The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made within 75 days of the filing of the motion with the Commission, and, for each such request or dispute, the date the motion or other initial pleading was filed, the date on which final disposition was ~~made and, where reasonably ascertainable, the date on which any ordered medical treatment was actually provided.~~ made."

**SECTION 37.8.(b)** G.S. 143-788(b) reads as rewritten:

"(b) No later than October 1 of each year, the Section shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Section deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number of cases referred to each State agency, the number and amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed, and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.~~ collected."

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

**SECTION 37.9.(a)** G.S. 144-9 reads as rewritten:

**"§ 144-9. Retirement of a flag of the United States of America or the State of North Carolina.**

...

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall

1 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
2 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
3 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
4 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
5 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
6 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
7 ~~Governmental Operations.~~

8 ...."

9 **SECTION 37.9.(b)** G.S. 143B-1300(a) reads as rewritten:

10 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
11 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
12 on General Government on the activities of the State Veterans Homes Program. This report shall  
13 contain an accounting of all monies received and expended, statistics on residents in the homes  
14 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
15 to the program, and such other matters as may be deemed pertinent."

16 **SECTION 37.9.(c)** G.S. 143B-1310 reads as rewritten:

17 "**§ 143B-1310. Commission established; purpose; transaction of business.**

18 ...

19 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
20 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
21 Veterans Affairs ~~and to the General Assembly Affairs and the Joint Legislative Oversight~~  
22 Committee on General Government at least every six months. Prior to the start of a Regular  
23 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~  
24 Legislative Oversight Committee on General Government with recommendations, if any, for  
25 legislation. Priority actions or issues may be submitted at any time.

26 ...."

## 27 DEPARTMENT OF REVENUE

28 **SECTION 37.10.** G.S. 105-256 reads as rewritten:

29 "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
30 **progress.**

31 (a) Publications. – The Secretary shall prepare and publish the following:

32 ...

33 (6) On an annual basis, a report on the quality of services provided to taxpayers  
34 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
35 education. The report must be submitted to the Joint Legislative Commission  
36 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight  
37 Committee on General Government.

38 ...

39 (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual  
40 report on the Department's activities listed in this subdivision. The report must  
41 be submitted to the Joint Legislative Commission on Governmental  
42 ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on  
43 General Government, and to the Revenue Laws Study Committee.

44 ...."

## 45 SECRETARY OF STATE

46 **SECTION 37.11.(a)** G.S. 64-1.1 is repealed.

47 **SECTION 37.11.(b)** G.S. 147-54.5 reads as rewritten:

48 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
49 **use of the Fund.**

1 ...  
2 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
3 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~  
4 the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint  
5 Legislative Oversight Committee on General Government on the expenditures from the Investor  
6 Protection and Education Trust Fund and on the effectiveness of investor awareness education  
7 efforts of the Department of the Secretary of State."  
8

## 9 DEPARTMENT OF STATE TREASURER

10 SECTION 37.12.(a) G.S. 147-68 reads as rewritten:

11 "**§ 147-68. To receive and disburse moneys; to make reports.**

12 ...  
13 ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~  
14 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
15 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
16 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
17 ~~Department's investment banking operations system, retirement payroll systems, and other~~  
18 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~  
19 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~  
20 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~  
21 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~  
22 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~  
23

24 ...."

25 SECTION 37.12.(b) G.S. 147-69.2A reads as rewritten:

26 "**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

27 ...  
28 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
29 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
30 applicable provisions of the General Statutes protecting confidential information.

31 The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
32 statement for the Fund.

33 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
34 of interests such that (i) the designees of the State Treasurer and Governor who selected the  
35 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
36 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
37 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
38 within two years after the end of their service to the Fund, to any entity in which an investment  
39 from the Fund was made.

40 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~  
41 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~  
42 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~  
43 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~  
44 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

45 ...."

46 SECTION 37.12.(c) G.S. 147-69.12 reads as rewritten:

47 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

48 (a) No later than the tenth day of February, May, August, and November of each year,  
49 the State Treasurer shall report on all investments for which the State Treasurer is in any way  
50 responsible, including investments made from the Escheat Fund and return on  
investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu

1 of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each  
2 of the following:

3 ...  
4 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~  
5 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,  
6 with a summary of the receipts and payments of the treasury during the preceding fiscal year,  
7 and so far as practicable an account of the same down to the termination of the current calendar  
8 year.

9 ...."

10 **SECTION 37.12.(d)** G.S. 147-86.45 is repealed.

11 **SECTION 37.12.(e)** G.S. 147-86.62 is repealed.

12 **SECTION 37.12.(f)** G.S. 147-86.84 is repealed.

13 **SECTION 37.13.** This Part is effective when this act becomes law and applies to  
14 reports submitted on or after that date.

## 15 **PART XXXVIII. INFORMATION TECHNOLOGY**

### 16 **DIT/GREAT ACT CHANGES**

17  
18 **SECTION 38.1.** G.S. 143B-1373 reads as rewritten:

19 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

20 (a) As used in this section, the following definitions apply:

21 ...

22  
23 (5) Eligible economically distressed ~~county~~-area. – A county designated as a  
24 development tier one or tier two area, as defined in ~~G.S. 143B-437.08.~~  
25 G.S. 143B-437.08, or a rural census tract, as defined in G.S. 143B-472.127,  
26 in any other county with total employment of less than 500,000, as of January  
27 1, 2020, as measured pursuant to G.S. 143B-437.52(c)(3). For the purposes of  
28 this section, the tier designation that is in effect as of the beginning of a fiscal  
29 year shall be applied for all grants awarded for that fiscal year.

30 (6) Eligible project. – An eligible project is a discrete and specific project located  
31 in an unserved economically distressed area ~~of an economically distressed~~  
32 ~~county~~-seeking to provide broadband service to homes, businesses, and  
33 community anchor points not currently served. Eligible projects do not include  
34 middle mile, backhaul, and other similar projects not directed at broadband  
35 service to end users. If a contiguous project area crosses from one eligible  
36 county into one or more eligible adjacent counties, for the purposes of this  
37 section, the project shall be deemed to be located in the county where the  
38 greatest number of unserved households are proposed to be served. ~~To qualify~~  
39 ~~for an award under this section, no more than an incidental number of~~  
40 ~~households or businesses, not to exceed ten percent (10%) of the total~~  
41 ~~households or businesses within the boundaries of the project area submitted~~  
42 ~~by the applicant, may have terrestrially deployed Internet access service with~~  
43 ~~transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

44 ...

45 (14) Unserved area. – A designated geographic area that is presently without access  
46 to broadband service, as defined in this section, offered by a wireline or fixed  
47 wireless provider. Areas where a private provider has been designated to  
48 receive funds through other ~~State~~-State- or federally funded programs  
49 designed specifically for broadband deployment shall be considered served if  
50 such funding is intended to result in construction of broadband in the area  
51 within ~~18 months.~~months or for the duration of the federal funding program



1 for that area, or if the funding recipient is otherwise in good standing with the  
2 funding agency's regulations governing the funding program.

3 ...

4 (c) ~~Project areas comprised of census blocks, or portions thereof, within which a~~  
5 ~~broadband provider is receiving matching funds to deploy broadband service within the next 18~~  
6 ~~months are ineligible for the GREAT program. It is essential for the Office to know the location~~  
7 ~~of census blocks, or portions thereof, comprising these areas so it can determine project~~  
8 ~~eligibility. A private provider receiving Universal Service or Connect America Phase II, or~~  
9 ~~nonfederal State or federal funds to deploy broadband service in unserved areas may qualify such~~  
10 ~~area for protection by submitting within 60 days of the application period a listing of the census~~  
11 ~~blocks, or portions thereof, comprising the State- or federally funded project areas meeting this~~  
12 ~~requirement and nothing more to in a manner prescribed by the Office. In future program years,~~  
13 ~~the cutoff date for submitting this census block data shall be established by the Office, but shall~~  
14 ~~be not less than 60 days prior to the beginning date of the application period. This will enable the~~  
15 ~~office to update maps and advise applicants as to the unserved areas of the State that are eligible~~  
16 ~~for consideration in that program year. The Office shall only utilize this data to update maps of~~  
17 ~~census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the~~  
18 ~~part of a provider to submit the listing of census blocks by the cutoff date shall result in those~~  
19 ~~areas being eligible for inclusion under this program during the upcoming subsequent program~~  
20 ~~year years. The Office shall use the census block data provided only for mapping of unserved~~  
21 ~~areas. Upon expiration of the 18-month reservation period described in this subsection, A project~~  
22 ~~area shall remain protected for a period of 18 months from the submission of the listing~~  
23 ~~information required under this subsection; provided, however, a private provider that has~~  
24 ~~received a reservation of census blocks protection for a project area shall submit written~~  
25 ~~documentation by April 30 of the year following the program year that broadband deployment~~  
26 ~~has begun or been completed-completed, or is otherwise in good standing, in the census blocks,~~  
27 ~~or portions thereof, that have been deemed ineligible by the Office due to the existence of a~~  
28 ~~federally funded project area. under this subsection. Upon submission of documentation~~  
29 ~~satisfactory to the Office, a protected project area shall remain protected until project completion.~~  
30 ~~A project area where a private provider has forfeited or otherwise defaulted on an agreement in~~  
31 ~~connection with receipt of funds to deploy broadband service shall be eligible for inclusion in~~  
32 ~~this program in subsequent program years. Information provided to the Office pursuant to this~~  
33 ~~subsection is not a public record, as that term is defined in G.S. 132-1.~~

34 ...

35 (d1) An application submitted pursuant to this section shall include a project area map that  
36 provides location-specific data in a format required by the Office. A provider submitting an  
37 application pursuant to this section shall bear the burden of proof that the proposed area to be  
38 served can, in fact, be served using the proposed technology. The burden of proof may be  
39 satisfied by the submission of data, maps, and any other information satisfactory to the Office,  
40 demonstrating that the area and number of prospective broadband recipients proposed to be  
41 served can be provided the minimum upload and download speeds indicated in the application.

42 (e) Applications shall be made publicly available by posting on the Web site of the  
43 Department of Information Technology for a period of at least ~~30~~20 calendar days prior to award.  
44 During the ~~30-day~~20-day period, any interested party may submit comments to the Secretary  
45 concerning any pending application. A broadband service provider of broadband services  
46 currently providing broadband service in a project area proposed in an application may submit a  
47 protest of any application on the grounds the proposed project covers an area that is not an eligible  
48 a protected area under subsection (c) of this section-section, or that the proposed project area  
49 contains ten percent (10%) or more of total households with access to broadband service as  
50 defined in this section. Protests shall be submitted in writing, accompanied by all credible and  
51 relevant supporting documentation, and including specific addresses, and detailed mapping

1 demonstrating that the protesting broadband provider has installed infrastructure sufficient to  
2 provide broadband service to the specific addresses provided in the protest, along with an  
3 attestation that broadband service is available in the public right-of-way at the specific addresses  
4 indicated. The protest shall be considered by the Office in connection with the review of the  
5 application. Upon submission of evidence satisfactory to the Office that the proposed project area  
6 includes a protected area or prospective broadband recipients that are presently served, as  
7 measured using a methodology satisfactory to the Office, the Office may work with an applicant  
8 to amend an application to reduce the number of unserved prospective broadband recipients in  
9 the project area to reflect an accurate level of current broadband service. The Office may revise  
10 application scores in accordance with amended applications; however, the Office may reject any  
11 amended application resulting in a lower application score to the extent that the lower score  
12 would have impacted the ranking of the application in the initial scoring process. For applications  
13 with filed protests, the Secretary shall issue a written decision to the protesting party at least 15  
14 days prior to the approval of that application. Following a protest that is granted for a portion of  
15 the application, the Office may release to an applicant the locations or areas declared ineligible.  
16 The information released to the applicant is not a public record, as that term is defined under  
17 G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the  
18 information in the protest is accurate and that the protest is submitted in good faith. The Office  
19 may deny any protest or application that contains inaccurate information.

20 As a means of resolving a protest, the Office may utilize speed tests to determine if the  
21 protested area or individual households or businesses currently have access to broadband service  
22 as defined in this section. The Department shall publish the speed test methodology it uses to  
23 assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized  
24 and the manner by which the speed tests are applied shall be made by the Secretary or the  
25 Secretary's designee.

26 ...

27 (g) Applications shall be scored based upon a system that awards a single point for criteria  
28 considered to be the minimum level for the provision of broadband service with additional points  
29 awarded to criteria that exceed minimum levels. The Office shall score project applications in  
30 accordance with the following:

- 31 (1) Partnership. – Projects involving partnership shall be given points in their  
32 application score. For the purposes of scoring under this subdivision, a-an  
33 application utilizing a partner's infrastructure shall be awarded one point and  
34 an application utilizing one or more partners' financial contribution shall be  
35 awarded up to three points in accordance with this subdivision. A county may  
36 enter into an agreement as an infrastructure partner or a financial contribution  
37 partner with one or more applicants. A county that ~~provides a portion of the~~  
38 ~~match required by this section or that~~ has entered into an agreement with the  
39 applicant to make available its infrastructure that has been installed for the  
40 county's enterprise, nonconsumer broadband purposes, or any other property,  
41 buildings, or structures owned by the county, for a proposed project under this  
42 section shall be considered a partnership. A-an infrastructure partnership for  
43 the purposes of this subdivision. Notwithstanding Article 8 of Chapter 143 of  
44 the General Statutes or any provision of law to the contrary, a county that has  
45 entered into an agreement for a financial partnership with the applicant for a  
46 proposed project under this section may provide a portion of the match  
47 required by this section pursuant to G.S. 153A-349.60. Projects involving  
48 partnerships shall be given six points in their application score.  
49 section with  
50 unrestricted general funds or federal funding allocated to the county for the  
51 purpose of broadband infrastructure improvements; provided, however,  
nothing in this subdivision shall be construed to authorize a county to provide

broadband service to consumers. Points shall be awarded to applications for projects using county funds for a portion of the required match as follows:

<u>% of Match</u>	<u>Points Given</u>
10%, up to 20%	1
20%, up to 30%	2
30%, up to 50%	3

- (2) Unserved households. – The Office shall give additional points to projects based upon the estimated number of unserved households within the eligible economically distressed county, as determined by the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that will be located in counties with estimated unserved households as follows:

<b>Unserved Households</b>	<b>Points Given</b>
500 or less	1
501-1400	2
Over 1400	3

- (3) Unserved households to be served. – The Office shall give additional points to projects that will provide broadband service based upon the percentage of the total unserved households within the eligible economically distressed county that the project will serve. The number of unserved households shall be determined using the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that will serve a percentage of unserved households within the project area as follows:

<b>% Unserved Households To Be Served</b>	<b>Points Given</b>
<del>Under</del> Less than 15%	1
15% to 25%	2
Over 25%	3

- (4) Unserved businesses. – The Office shall give additional points to projects that will provide broadband service to unserved businesses located within the eligible economically distressed county, as determined by the most recent data published by the Federal Communications Commission or any other information available to the Office. Points shall be given to projects that serve unserved businesses within the project area as follows:

- a. Projects proposing to serve between 1 and 4 businesses shall receive 1 point.
- b. Projects proposing to serve between 5 and 10 businesses shall receive 2 points.
- c. Projects proposing to serve either (i) more than 10 businesses or (ii) a business with 31 or more full-time employees shall receive 3 points.

- (5) Cost per household or business. – The Office shall give additional points to projects that minimize the infrastructure cost of the proposed project per household or business, based upon information available to the Office. Points shall be given to projects based upon the estimated cost per household or business as follows:

<b>Est. Cost per Household/Business</b>	<b>Partnership-Using Infrastructure</b>	<b>Private Provider Only</b>
Up to \$1,700	4	9
<del>\$1,701-2,200</del> \$1,700, up to \$2,200	3	8
<del>\$2,201-2,700</del> \$2,200, up to \$2,700	2	7

1	<del>\$2,701-3,200</del> <u>\$2,700, up to \$3,200</u>	1	6
2	b. For projects located in the Mountain Region:		
3	<b>Est. Cost per Household/Business</b>	<b>Partnership-Using Infrastructure</b>	<b>Private Provider Only</b>
4			
5	Up to \$2,500	4	9
6	<del>\$2,501-3,300</del> <u>\$2,500, up to \$3,300</u>	3	8
7	<del>\$3,301-3,800</del> <u>\$3,300, up to \$3,800</u>	2	7
8	<del>\$3,801-4,300</del> <u>\$3,800, up to \$4,300</u>	1	6

9 (6) Base speed multiplier. – Projects that will provide minimum download and  
 10 minimum upload speeds shall have the aggregate points given under  
 11 subdivisions (1) through (5) of this subsection multiplied by a factor at the  
 12 level indicated in the table below:

13	<b>Minimum Download:</b>		
14	<b>Minimum Upload</b>		<b>Score Multiplier</b>
15			
16	25:3 Mbps. up to 100:10 Mbps.		1.35
17	100:10 Mbps. up to 200:20 Mbps.		1.75
18	200:20 Mbps. <del>or greater.</del> <u>up to 1 Gbps.</u>		2.00
19	<u>1 Gbps. or greater.</u>		<u>3.25</u>

20 (h) The Office shall score applications based upon the metrics provided in subsection (g)  
 21 of this section. In ~~awarding grants~~ scoring applications based upon the scoring metrics, the Office  
 22 shall also award ~~an additional point~~ points to projects as follows:

- 23 (1) ~~where One point if~~ a county has a Community Broadband Planning Playbook  
 24 that meets the guidelines established by the Office.
- 25 (2) Three points to projects where the county has used federal funds received from  
 26 the American Rescue Plan Act of 2021 (P.L. 117-2) to provide a portion of  
 27 the match required by this section.

28 (i) **(Effective until July 1, 2021)** Applications receiving the highest score shall receive  
 29 priority status for the awarding of grants pursuant this section. As a means of breaking a tie for  
 30 applications receiving the same score, the Office shall give priority to the application proposing  
 31 to serve the highest number of new households at the lowest cost per household or business.  
 32 Applicants awarded grants pursuant to this section shall enter into an agreement with the Office.  
 33 The agreement shall contain all of the elements outlined in subsection (d) of this section and any  
 34 other provisions the Office may require. The agreement shall contain a provision governing the  
 35 time line and minimum requirements and thresholds for disbursement of grant funds measured  
 36 by the progress of the project. Grant funds shall be disbursed only upon verification by the Office  
 37 that the terms of the agreement have been fulfilled according to the progress milestones contained  
 38 in the agreement. At project completion, the grant recipient shall certify and provide to the Office  
 39 evidence consistent with Federal Communications Commission attestation that either speeds  
 40 greater than those identified in the application guidelines or the proposed upstream and  
 41 downstream broadband speeds identified in the application guidelines, and for which a base speed  
 42 multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available  
 43 throughout the project area prior to any end user connections. ~~A single grant award shall not~~  
 44 ~~exceed two million dollars (\$2,000,000). No more than one grant may be awarded per fiscal year~~  
 45 ~~for a project in any one eligible economically distressed county; except that if funds remain~~  
 46 ~~available after all top scoring projects have been awarded a grant, then the next highest scoring~~  
 47 ~~projects may be awarded a grant even if the project is located in a county where a grant has been~~  
 48 ~~awarded in that fiscal year provided the total award associated with that county does not exceed~~  
 49 ~~two million dollars (\$2,000,000) in that fiscal year.~~

50 No more than one-third of the funds appropriated to the fund established in subsection (b) of  
 51 this section shall be disbursed for projects located in a development tier two county.

(i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. Information provided to the Office in connection with project progress milestones that would otherwise be considered confidential information under G.S. 132-1.1 shall not be deemed a public record, as that term is defined under G.S. 132-1. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. ~~A single grant award shall not exceed two million dollars (\$2,000,000). No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if funds remain available after all top scoring projects have been awarded a grant, then the next highest scoring projects may be awarded a grant even if the project is located in a county where a grant has been awarded in that fiscal year provided the total award associated with that county does not exceed two million dollars (\$2,000,000) in that fiscal year.~~

No more than one-half of the funds appropriated to the fund established in subsection (b) of this section shall be disbursed for projects located in a development tier two or tier three county. If the Office has not received enough grant applications for projects located in a development tier one county to disburse one-half of the funds appropriated to the fund established in subsection (b) of this section as of March 1 of each year, then the Office may allocate any unencumbered funds in the fund for projects located in a development tier two or tier three county.

(j) Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

<b>Score</b>	<b>Matching Requirement</b>
12.0 points or less	<del>55%</del> <u>50%</u>
Greater than 12.0 points, but less than 17.5 points	<del>50%</del> <u>45%</u>
17.5 points, up to 22.0 points	<del>45%</del> <u>40%</u>
Greater than 22.0 points	<del>35%</del> <u>30%</u>

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding including ~~funds from federal and other grant programs. Funds from the Universal Service Fund shall not be used for any portion of the required matching funds. Any other current or future federal funds may be used, including any future phase of the Connect America Fund, for the required matching funds within the parameters of this program.~~ programs to the extent that the applicable grant program rules permit application of grant funds for that purpose.

...."

**INTERNAL SERVICE FUND RATE SUBMISSION**

**SECTION 38.2.** G.S. 143B-1333 reads as rewritten:

**"§ 143B-1333. Internal Service Fund.**

1 (a) The Internal Service Fund is established within the Department as a fund to provide  
2 goods and services to State agencies on a cost-recovery basis. The Department shall establish  
3 fees for subscriptions and chargebacks for consumption-based services. The Information  
4 Technology Strategic Sourcing Office shall be funded through a combination of administrative  
5 fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using  
6 their services. The State CIO shall establish and annually update consistent, fully transparent,  
7 easily understandable fees and rates that reflect industry standards for any good or service for  
8 which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be~~  
9 ~~approved by the Office of State Budget and Management, and submitted by the Department to~~  
10 the Office of State Budget and Management and Fiscal Research Division on the date agreed  
11 upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall  
12 be approved by the Office of State Budget and Management. The Office of State Budget and  
13 Management shall ensure that State agencies have the opportunity to adjust their budgets based  
14 on any rate or fee changes prior to submission of those budget recommendations to the General  
15 Assembly. The approved Information Technology Internal Service Fund budget and associated  
16 rates shall be included in the Governor's budget recommendations to the General Assembly.

17 (b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

18 (c) Receipts shall be used solely for the purpose for which they were collected. In  
19 coordination with the Office of the State Controller and the Office of State Budget and  
20 Management, the State CIO shall ensure processes are established to manage federal receipts,  
21 maximize those receipts, and ensure that federal receipts are correctly utilized."  
22

## 23 **CYBERSECURITY REPORTING**

24 **SECTION 38.3.(a)** The Department of Information Technology shall develop a plan  
25 for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the  
26 Department shall include the following:

- 27 (1) A summary of all cybersecurity funds received and how those funds have been  
28 and will be utilized.
- 29 (2) The scope of activities and services planned to (i) prevent cybersecurity  
30 incidents and significant cybersecurity incidents in the State and (ii) mitigate  
31 and address cybersecurity incidents and significant cybersecurity incidents  
32 that have occurred.
- 33 (3) Potential funding, partnerships, and other resources available to the  
34 Department to assist in its role of preventing, mitigating, and addressing  
35 cybersecurity issues in the State.

36 **SECTION 38.3.(b)** The Department shall submit the cybersecurity plan outlined in  
37 this section to the Joint Legislative Oversight Committee on Information Technology and the  
38 Fiscal Research Division on or before October 1, 2021.  
39

## 40 **STATE RECOVERY FUNDS/BROADBAND GRANTS**

41 **SECTION 38.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
42 Fund to the Department of Information Technology for broadband infrastructure grants, the  
43 Department shall utilize those funds pursuant to G.S. 143B-1373, subject to applicable federal  
44 guidelines. In the event federal guidelines conflict with the provisions of G.S. 143B-1373, the  
45 federal guidelines shall control and the Department shall adapt the grant program to the extent  
46 necessary to give effect to the controlling federal guidelines.  
47

## 48 **STATE RECOVERY FUNDS/BROADBAND STOPGAP SOLUTIONS**

49 **SECTION 38.5.** Of the funds appropriated in this act from the State Fiscal Recovery  
50 Fund to the Department of Information Technology for broadband stopgap solutions, the  
51 Department shall utilize thirty million dollars (\$30,000,000) each fiscal year through the

1 2023-2024 fiscal year to provide grants to internet service providers, local government entities,  
2 and nonprofits for the provision and installation of infrastructure, as that term is defined in  
3 G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and  
4 underserved households in this State. The Department shall ensure that grant funds are awarded  
5 and utilized in compliance with applicable federal guidelines.

## 6 7 **PART XXXIX. SALARIES AND BENEFITS**

### 8 9 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 10 **INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022**

11 **SECTION 39.1.(a)** Effective July 1, 2021, except as provided by subsection (b) of  
12 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
13 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
14 position on June 30, 2021, is awarded:

15 (1) A legislative salary increase in the amount of one and one-half percent (1.5%)  
16 of annual salary in the 2021-2022 fiscal year.

17 (2) Any salary adjustment otherwise allowed or provided by law.

18 **SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of  
19 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
20 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
21 position on June 30, 2022, is awarded:

22 (1) A legislative salary increase in the amount of one and one-half percent (1.5%)  
23 of annual salary in the 2022-2023 fiscal year.

24 (2) Any salary adjustment otherwise allowed or provided by law.

25 **SECTION 39.1.(b)** For the 2021-2023 fiscal biennium, the following persons are  
26 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
27 section:

28 (1) Employees of local boards of education.

29 (2) Local community college employees.

30 (3) Employees of The University of North Carolina.

31 (4) Clerks of superior court compensated under G.S. 7A-101.

32 (5) Correctional employees to which Section 39.14 of this Part applies.

33 (6) Law enforcement officers to which Section 39.15 of this Part applies.

34 (7) Employees of schools operated by the Department of Health and Human  
35 Services, the Department of Public Safety, and the State Board of Education  
36 who are paid based on the Teacher Salary Schedule.

37 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by  
38 this section on a prorated and equitable basis.

39 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from  
40 receiving the full salary increases provided in this section solely because the employee's salary  
41 after applying the legislative increase is above the maximum of the salary range prescribed by  
42 the State Human Resources Commission.

### 43 44 **BONUSES AWARDED TO STATE EMPLOYEES FOR WORK DURING THE** 45 **PANDEMIC**

46 **SECTION 39.2.(a)** The General Assembly finds that North Carolina's response  
47 efforts to the COVID-19 pandemic have included the extraordinary work of State employees and  
48 local school employees at all levels and in all agencies. Essential services were continuously  
49 provided throughout the pandemic to the citizens of North Carolina, including, but not limited  
50 to, public health, public safety, transportation, education, and public recreation. Therefore, it is  
51 appropriate that State employees and local education employees who worked to continue the

1 operations and services of government during the pandemic receive additional pay for their  
2 efforts during the emergency.

3 **SECTION 39.2.(b)** Further, the General Assembly finds that certain employees were  
4 at increased risk of exposure to COVID-19 due to job duties that required significant in-person  
5 interaction. These employees should receive additional pay due to the increased personal risk  
6 involved in providing the essential services associated with their job duties.

7 **SECTION 39.2.(c)** By October 31, 2021, employers of State employees and local  
8 education employees shall administer a one-time, lump sum bonus of one thousand dollars  
9 (\$1,000) to all permanent full-time State employees and local education employees who are  
10 employed as of October 1, 2021.

11 **SECTION 39.2.(d)** By October 31, 2021, employers of State employees and local  
12 education employees shall provide an additional one-time, lump sum bonus of five hundred  
13 dollars (\$500.00) to all permanent full-time State employees and local education employees who  
14 are employed as of October 1, 2021, and who meet at least one of the following eligibility criteria  
15 for the additional bonus:

- 16 (1) The employee earns an annual salary that does not exceed seventy-five  
17 thousand dollars (\$75,000).
- 18 (2) The employee is employed as a law enforcement officer.
- 19 (3) The employee is an employee in the Division of Adult Correction and Juvenile  
20 Justice of the Department of Public Safety with job duties requiring frequent  
21 in-person contact.
- 22 (4) The employee is employed in a position at a 24-hour residential or treatment  
23 facility operated by the Department of Health and Human Services.

24 **SECTION 39.2.(e)** The following definitions apply for the purposes of the bonuses  
25 authorized in subsections (c) and (d) of this section:

- 26 (1) The term "State employee" includes all State employees in all State agencies,  
27 departments, and institutions regardless of funding source.
- 28 (2) The term "local education employee" includes all employees of community  
29 colleges, local school administrative units, innovative schools, regional  
30 schools, and public charter schools regardless of funding source.

31 **SECTION 39.2.(f)** Of the funds appropriated in this act from the State Fiscal  
32 Recovery Fund, the sum of five hundred forty-five million dollars (\$545,000,000) for the  
33 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this  
34 section to State employees and local education employees for work performed during the  
35 COVID-19 pandemic.

36 **SECTION 39.2.(g)** The premium pay bonuses awarded by this section:

- 37 (1) Are in addition to any regular wage or other bonuses the employee receives  
38 or is scheduled to receive.
- 39 (2) Are not considered compensation for any retirement system administered by  
40 the State.

41 **SECTION 39.2.(h)** Permanent part-time employees shall receive the bonuses  
42 authorized in this section on a prorated and equitable basis.

43 **SECTION 39.2.(i)** The Office of State Budget and Management shall ensure that the  
44 funds for the bonuses authorized by this section are used only for the purposes set forth in this  
45 section. If the Director of the Budget determines that funds appropriated to a State agency for  
46 these bonuses exceed the amount required by that agency, the Director may reallocate those funds  
47 to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9, funds  
48 appropriated for these bonuses in excess of the amounts required for implementation shall not be  
49 credited to the Pay Plan Reserve.

50 **SECTION 39.2.(j)** Any funds remaining after these bonuses are awarded in  
51 accordance with this section shall be credited to the State Fiscal Recovery Fund.



**GOVERNOR AND COUNCIL OF STATE**

**SECTION 39.3.(a)** Effective July 1, 2021, G.S. 147-11 reads as rewritten:

"§ 147-11. **Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.**

(a) The salary of the Governor shall be ~~one hundred fifty four thousand seven hundred forty three dollars (\$154,743)~~ one hundred fifty-seven thousand sixty-four dollars (\$157,064) annually, payable monthly.

(b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred dollars (\$11,500) as an expense allowance in attending to the business for the State and for expenses out of the State and in the State in representing the interest of the State and people, incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

(c) In addition to the foregoing allowance, the actual expenses of the Governor while traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn on the State Treasurer. Whenever a person who is not a State official or employee is designated by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel expense shall conform to the provisions of the biennial appropriation act in effect at the time the payment is made."

**SECTION 39.3.(a1)** Effective July 1, 2022, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred fifty seven thousand sixty four dollars (\$157,064)~~ one hundred fifty-nine thousand four hundred twenty dollars (\$159,420) annually, payable monthly."

**SECTION 39.3.(b)** Effective July 1, 2021, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$138,749
Attorney General	138,749
Secretary of State	138,749
State Treasurer	138,749
State Auditor	138,749
Superintendent of Public Instruction	138,749
Agriculture Commissioner	138,749
Insurance Commissioner	138,749
Labor Commissioner	138,749

**SECTION 39.3.(b1)** Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$140,831
Attorney General	140,831
Secretary of State	140,831
State Treasurer	140,831
State Auditor	140,831
Superintendent of Public Instruction	140,831
Agriculture Commissioner	140,831
Insurance Commissioner	140,831
Labor Commissioner	140,831

**CERTAIN EXECUTIVE BRANCH OFFICIALS**

1           **SECTION 39.4.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for  
2 the following executive branch officials for the 2021-2022 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$124,593
State Controller	173,491
Commissioner of Banks	139,837
Chair, Board of Review, Division of Employment Security	137,165
Members, Board of Review, Division of Employment Security	135,488
Chairman, Parole Commission	137,165
Full-Time Members of the Parole Commission	126,822
Chairman, Utilities Commission	155,485
Members of the Utilities Commission	139,837
Executive Director, North Carolina Agricultural Finance Authority	121,324

18           **SECTION 39.4.(a1)** Effective July 1, 2022, the annual salaries, payable monthly,  
19 for the following executive branch officials for the 2022-2023 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$126,462
State Controller	176,093
Commissioner of Banks	141,934
Chair, Board of Review, Division of Employment Security	139,223
Members, Board of Review, Division of Employment Security	137,521
Chairman, Parole Commission	139,223
Full-Time Members of the Parole Commission	128,725
Chairman, Utilities Commission	157,817
Members of the Utilities Commission	141,934
Executive Director, North Carolina Agricultural Finance Authority	123,154

### 36 JUDICIAL BRANCH

37           **SECTION 39.5.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for  
38 the following judicial branch officials for the 2021-2022 fiscal year are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$163,251
Associate Justice, Supreme Court	159,014
Chief Judge, Court of Appeals	156,499
Judge, Court of Appeals	152,437
Judge, Senior Regular Resident Superior Court	148,324
Judge, Superior Court	144,213
Chief Judge, District Court	131,059
Judge, District Court	126,947
Chief Administrative Law Judge	128,035
District Attorney	139,460
Assistant Administrative Officer of the Courts	134,298
Public Defender	139,460

1	Director of Indigent Defense Services	143,736
2	<b>SECTION 39.5.(a1)</b> Effective July 1, 2022, the annual salaries, payable monthly,	
3	for the following judicial branch officials for the 2022-2023 fiscal year are as follows:	
4	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
5	Chief Justice, Supreme Court	\$165,699
6	Associate Justice, Supreme Court	161,399
7	Chief Judge, Court of Appeals	158,846
8	Judge, Court of Appeals	154,723
9	Judge, Senior Regular Resident Superior Court	150,549
10	Judge, Superior Court	146,376
11	Chief Judge, District Court	133,025
12	Judge, District Court	128,851
13	Chief Administrative Law Judge	129,956
14	District Attorney	141,552
15	Assistant Administrative Officer of the Courts	136,312
16	Public Defender	141,552
17	Director of Indigent Defense Services	145,892

18 **SECTION 39.5.(b)** The district attorney or public defender of a judicial district, with  
 19 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
 20 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
 21 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 22 or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed  
 23 eighty-three thousand eight hundred thirty-two dollars (\$83,832) and the minimum salary of any  
 24 assistant district attorney or assistant public defender is at least forty-four thousand nine hundred  
 25 ninety-four dollars (\$44,994), effective July 1, 2021.

26 **SECTION 39.5.(b1)** The district attorney or public defender of a judicial district,  
 27 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
 28 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
 29 public defenders, respectively, in that district such that the average salaries of assistant district  
 30 attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed  
 31 eighty-five thousand eighty-nine dollars (\$85,089) and the minimum salary of any assistant  
 32 district attorney or assistant public defender is at least forty-five thousand six hundred sixty-nine  
 33 dollars (\$45,669), effective July 1, 2022.

34  
 35 **CLERKS OF SUPERIOR COURT**

36 **SECTION 39.6.(a)** Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

37 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 38 annual salary, payable in equal monthly installments, based on the number of State-funded  
 39 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 40 workload formula, according to the following schedule:

41	Assistants and Deputies	Annual Salary
42	0-19	<del>\$97,375</del> <u>\$98,836</u>
43	20-29	<del>107,625</del> <u>109,239</u>
44	30-49	<del>117,875</del> <u>119,643</u>
45	50-99	<del>128,125</del> <u>130,047</u>
46	100 and above	<del>130,688</del> <u>132,648.</u>

47 If the number of State-funded assistant and deputy clerks of court as determined by the  
 48 Administrative Office of Court's workload formula changes, the salary of the clerk shall be  
 49 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate  
 50 for that new number, except that the salary of an incumbent clerk shall not be decreased by any  
 51 change in that number during the clerk's continuance in office."

1           **SECTION 39.6.(a1)** Effective July 1, 2022, G.S. 7A-101(a), as amended by  
 2 subsection (a) of this section, reads as rewritten:

3           "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 4 annual salary, payable in equal monthly installments, based on the number of State-funded  
 5 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 6 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	<del>\$98,836</del> <u>\$100,318</u>
20-29	<del>109,239</del> <u>110,878</u>
30-49	<del>119,643</del> <u>121,438</u>
50-99	<del>130,047</del> <u>131,998</u>
100 and above	<del>132,648</del> <u>134,638.</u>

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13           If the number of State-funded assistant and deputy clerks of court as determined by the  
 14 Administrative Office of Court's workload formula changes, the salary of the clerk shall be  
 15 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate  
 16 for that new number, except that the salary of an incumbent clerk shall not be decreased by any  
 17 change in that number during the clerk's continuance in office."

18  
19 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

20           **SECTION 39.7.(a)** Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

21           "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 22 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 23 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$34,780</del> <u>\$35,302</u>
Maximum	<del>64,258</del> <u>65,222</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,200</del> <u>\$31,666</u>
Maximum	<del>50,466</del> <u>51,223."</u>

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32           **SECTION 39.7.(a1)** Effective July 1, 2022, G.S. 7A-102(c1), as amended by  
 33 subsection (a) of this section, reads as rewritten:

34           "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 35 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 36 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$35,302</del> <u>\$35,831</u>
Maximum	<del>65,222</del> <u>66,200</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,666</del> <u>\$32,143</u>
Maximum	<del>51,223</del> <u>51,991."</u>

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46 **MAGISTRATES**

47           **SECTION 39.8.(a)** Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:

48           "(a) The Administrative Officer of the Courts, after consultation with the chief district  
 49 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 50           (1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 51 out in this subdivision. A full-time magistrate is a magistrate who is assigned

1 to work an average of not less than 40 hours a week during the term of office.  
 2 The Administrative Officer of the Courts shall designate whether a magistrate  
 3 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 4 shall increase to the next step every two years on the anniversary of the date  
 5 the magistrate was originally appointed for increases to Steps 1 through 3, and  
 6 every four years on the anniversary of the date the magistrate was originally  
 7 appointed for increases to Steps 4 through 6.

8  
 9 Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$40,576</del> <u>\$41,185</u>
Step 1	<del>\$43,571</del> <u>\$44,225</u>
Step 2	<del>\$46,802</del> <u>\$47,504</u>
Step 3	<del>\$50,222</del> <u>\$50,975</u>
Step 4	<del>\$54,322</del> <u>\$55,137</u>
Step 5	<del>\$59,259</del> <u>\$60,148</u>
Step 6	<del>\$64,792</del> <u>\$65,764.</u> "

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 18 **SECTION 39.8.(a1)** Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by  
 19 subsection (a) of this section, reads as rewritten:

20 "(a) The Administrative Officer of the Courts, after consultation with the chief district  
 21 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 22 (1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 23 out in this subdivision. A full-time magistrate is a magistrate who is assigned  
 24 to work an average of not less than 40 hours a week during the term of office.  
 25 The Administrative Officer of the Courts shall designate whether a magistrate  
 26 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 27 shall increase to the next step every two years on the anniversary of the date  
 28 the magistrate was originally appointed for increases to Steps 1 through 3, and  
 29 every four years on the anniversary of the date the magistrate was originally  
 30 appointed for increases to Steps 4 through 6.

31  
 32 Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$41,185</del> <u>\$41,802</u>
Step 1	<del>\$44,225</del> <u>\$44,888</u>
Step 2	<del>\$47,504</del> <u>\$48,217</u>
Step 3	<del>\$50,975</del> <u>\$51,740</u>
Step 4	<del>\$55,137</del> <u>\$55,964</u>
Step 5	<del>\$60,148</del> <u>\$61,050</u>
Step 6	<del>\$65,764.</del> <u>\$66,750.</u> "

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 42 **LEGISLATIVE EMPLOYEES**

43 **SECTION 39.9.(a)** Effective July 1, 2021, the annual salaries of the Legislative  
 44 Services Officer and of nonelected employees of the General Assembly in effect on June 30,  
 45 2021, shall be legislatively increased by one and one-half percent (1.5%).

46 **SECTION 39.9.(a1)** Effective July 1, 2022, the annual salaries of the Legislative  
 47 Services Officer and of nonelected employees of the General Assembly in effect on June 30,  
 48 2022, shall be legislatively increased by one and one-half percent (1.5%).

49 **SECTION 39.9.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

50  
 51 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

1           **SECTION 39.10.(a)** Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

2           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
3 to other benefits available to permanent legislative employees and shall be paid an annual salary  
4 of ~~one hundred sixteen thousand seven hundred thirty two dollars (\$116,732)~~, one hundred  
5 eighteen thousand four hundred eighty-three dollars (\$118,483), payable monthly. Each principal  
6 clerk shall also receive such additional compensation as approved by the Speaker of the House  
7 of Representatives or the President Pro Tempore of the Senate, respectively, for additional  
8 employment duties beyond those provided by the rules of their House. The Legislative Services  
9 Commission shall review the salary of the principal clerks prior to submission of the proposed  
10 operating budget of the General Assembly to the Governor and shall make appropriate  
11 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
12 shall be by amendment to this paragraph."

13           **SECTION 39.10.(b)** Effective July 1, 2022, G.S. 120-37(c), as amended by  
14 subsection (a) of this section, reads as rewritten:

15           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
16 to other benefits available to permanent legislative employees and shall be paid an annual salary  
17 of ~~one hundred eighteen thousand four hundred eighty three dollars (\$118,483)~~, one hundred  
18 twenty thousand two hundred sixty dollars (\$120,260), payable monthly. Each principal clerk  
19 shall also receive such additional compensation as approved by the Speaker of the House of  
20 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
21 employment duties beyond those provided by the rules of their House. The Legislative Services  
22 Commission shall review the salary of the principal clerks prior to submission of the proposed  
23 operating budget of the General Assembly to the Governor and shall make appropriate  
24 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
25 shall be by amendment to this paragraph."  
26

## 27 **SERGEANTS-AT-ARMS/READING CLERKS**

28           **SECTION 39.11.(a)** Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

29           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
30 ~~hundred sixty dollars (\$460.00)~~ four hundred sixty-seven dollars (\$467.00) per week plus  
31 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
32 at the rate provided for members of the General Assembly for one round trip only from their  
33 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
34 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
35 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
36 shall serve during sessions only."

37           **SECTION 39.11.(b)** Effective July 1, 2022, G.S. 120-37(b), as amended by  
38 subsection (a) of this section, reads as rewritten:

39           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
40 ~~hundred sixty seven dollars (\$467.00)~~ four hundred seventy-four dollars (\$474.00) per week plus  
41 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
42 at the rate provided for members of the General Assembly for one round trip only from their  
43 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
44 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
45 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
46 shall serve during sessions only."  
47

## 48 **COMMUNITY COLLEGES**

49           **SECTION 39.12.(a)** Community college personnel shall receive the following  
50 legislative salary increases:

(1) Effective July 1, 2021, the State Board of Community Colleges shall provide community college personnel with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

(2) Effective July 1, 2022, the State Board of Community Colleges shall provide community college personnel with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

**SECTION 39.12.(b)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2022 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u> <u>2021-2022</u>
Vocational Diploma/Certificate or Less	\$38,145
Associate Degree or Equivalent	38,675
Bachelor's Degree	40,977
Master's Degree or Education Specialist	43,018
Doctoral Degree	45,961

**SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u> <u>2022-2023</u>
Vocational Diploma/Certificate or Less	\$38,717
Associate Degree or Equivalent	39,225
Bachelor's Degree	41,591
Master's Degree or Education Specialist	43,663
Doctoral Degree	46,651

**SECTION 39.12.(c)** No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**SECTION 39.12.(d)** No State-funded community college employee shall earn less than thirteen dollars (\$13.00) per hour.

**THE UNIVERSITY OF NORTH CAROLINA**

**SECTION 39.13.(a)** Employees of The University of North Carolina shall receive the following legislative salary increases:

(1) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide employees with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

(2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide employees with an across-the-board salary increase in the amount of one and one-half percent (1.5%).

**SECTION 39.13.(b)** All university employees, whether exempt or nonexempt from the State Human Resources Act, are eligible to receive the legislative salary increases awarded by subsection (a) of this section.

**CORRECTIONAL OFFICER SALARY SCHEDULE**

**SECTION 39.14.(a)** State employees serving as correctional officers in the Department of Public Safety, Division of Adult Correction, shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

1           **SECTION 39.14.(b)** The following annual salary schedule applies under subsection  
 2 (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and  
 3 July 1, 2022, respectively:

Experience	FY 2021-22			FY 2022-23		
	COI	COII	COIII	COI	COII	COIII
0	\$33,130	\$34,220	\$36,598	\$33,627	\$34,733	\$37,147
1	\$35,449	\$36,615	\$39,160	\$35,981	\$37,164	\$39,747
2	\$37,576	\$38,812	\$41,510	\$38,140	\$39,394	\$42,133
3	\$39,455	\$40,753	\$43,586	\$40,047	\$41,364	\$44,240
4	\$41,033	\$42,383	\$45,329	\$41,648	\$43,019	\$46,009
5	\$42,264	\$43,654	\$46,689	\$42,898	\$44,309	\$47,389
6+	\$43,109	\$44,527	\$47,623	\$43,756	\$45,195	\$48,337

14  
 15 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

16           **SECTION 39.15.(a)** Law enforcement officers of the State Highway Patrol, Alcohol  
 17 Law Enforcement, and the State Bureau of Investigation compensated pursuant to an  
 18 experience-based salary schedule shall be compensated based on the officer's respective work  
 19 experience pursuant to the salary schedule in subsection (b) of this section.

20           **SECTION 39.15.(b)** The following annual salary schedule applies under subsection  
 21 (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for  
 22 each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	46,921	47,625
1	49,971	50,721
2	53,219	54,018
3	56,678	57,529
4	60,362	61,268
5	64,286	65,250
6+	68,465	69,491

32  
 33 **MOST STATE EMPLOYEES**

34           **SECTION 39.16.** Unless otherwise expressly provided by this Part, the annual  
 35 salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be  
 36 legislatively increased as provided by Section 39.1 of this act:

- 37           (1) Permanent, full-time State officials and persons whose salaries are set in  
 38 accordance with the State Human Resources Act.
- 39           (2) Permanent, full-time State officials and persons in positions exempt from the  
 40 State Human Resources Act.
- 41           (3) Permanent, part-time State employees.
- 42           (4) Temporary and permanent hourly State employees.

43  
 44 **ALL STATE-SUPPORTED PERSONNEL**

45           **SECTION 39.17.(a)** The legislative salary increases provided by this act in each  
 46 year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to  
 47 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to  
 48 June 30, 2021, for the 2021-2022 fiscal year or June 30, 2022, for the 2022-2023 fiscal year.

49           **SECTION 39.17.(b)** For the 2021-2023 fiscal biennium, payroll checks issued to  
 50 employees after July 1, 2021, and July 1, 2022, respectively, that represent payment of services



1 provided prior to July 1 of each year shall not be eligible for salary increases provided for in this  
2 act.

3 **SECTION 39.17.(c)** This section applies to all employees paid from State funds,  
4 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
5 employees of public schools, community colleges, and The University of North Carolina.  
6

#### 7 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

8 **SECTION 39.18.(a)** The Office of State Budget and Management shall ensure that  
9 the appropriations made by this act for legislatively mandated salary increases and employee  
10 benefits are used only for those purposes.

11 **SECTION 39.18.(b)** If the Director of the Budget determines that funds appropriated  
12 to a State agency for legislatively mandated salary increases and employee benefits exceed the  
13 amount required by that agency for those purposes, the Director may reallocate those funds to  
14 other State agencies that received insufficient funds for legislatively mandated salary increases  
15 and employee benefits.

16 **SECTION 39.18.(c)** Funds appropriated for legislatively mandated salary and  
17 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
18 to provide salary increases in excess of those required by the General Assembly, or to increase  
19 the budgeted salary of filled positions to the minimum of the position's respective salary range.

20 **SECTION 39.18.(d)** Any funds appropriated for legislatively mandated salary and  
21 employee benefit increases in excess of the amounts required to implement the increases shall be  
22 credited to the Pay Plan Reserve.

23 **SECTION 39.18.(e)** No later than May 1, 2022, for the 2021-2022 fiscal year, and  
24 subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and  
25 Management shall report to the Joint Legislative Commission on Governmental Operations and  
26 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary  
27 increases and employee benefits. This report shall include at least the following information for  
28 each State agency for each year of the 2021-2023 fiscal biennium:

- 29 (1) The total amount of funds that the agency received for legislatively mandated  
30 salary increases and employee benefits.
- 31 (2) The total amount of funds transferred from the agency to other State agencies  
32 pursuant to subsection (b) of this section. This section of the report shall  
33 identify the amounts transferred to each recipient State agency.
- 34 (3) The total amount of funds used by the agency for legislatively mandated salary  
35 increases and employee benefits.
- 36 (4) The amount of funds credited to the Pay Plan Reserve.  
37

#### 38 **PAY PLAN RESERVE/CORRECTIONAL OFFICERS**

39 **SECTION 39.19.** Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

40 "(a) **Creation.** – The Pay Plan Reserve is established within the General Fund. The General  
41 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other  
42 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to  
43 fund statutory and scheduled pay expenses authorized by:

- 44 (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant  
45 to an experience-based salary schedule.
- 46 (2) G.S. 7A-102.
- 47 (3) G.S. 7A-171.1.
- 48 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 49 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General  
50 Assembly.

- 1 (6) The Act, for law enforcement officers of the State Bureau of Investigation and  
2 Alcohol Law Enforcement.  
3 (7) The Act, for correctional officers compensated pursuant to the Correctional  
4 Officer Salary Schedule."  
5

## 6 STATE AGENCY TEACHERS

7 **SECTION 39.20.** Employees of schools operated by the Department of Health and  
8 Human Services, the Department of Public Safety, and the State Board of Education who are  
9 paid on the Teacher Salary Schedule shall be paid as authorized under this act.  
10

## 11 ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE 12 WORKERS

13 **SECTION 39.21.(a)** One-Time Bonus. – Of the funds appropriated in this act to the  
14 Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one  
15 hundred million dollars (\$100,000,000) shall be used to distribute a one-time payment to eligible  
16 providers to be passed along as a one-time bonus payment to each of the eligible direct care  
17 workers employed by the eligible provider for continuing to provide critical services during the  
18 COVID-19 pandemic. Up to one million dollars (\$1,000,000) of these funds may be used by  
19 DHHS to administer this one-time bonus payment program.

20 **SECTION 39.21.(b)** Eligible Provider. – For the purposes of this section, the term  
21 "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice  
22 program in any of the following provider categories:

- 23 (1) Providers who provide services through the following Medicaid waiver  
24 programs:  
25 a. The Community Alternatives Program for Children (CAP/C).  
26 b. The Community Alternatives Program for Disabled Adults  
27 (CAP/DA).  
28 c. The North Carolina Innovations waiver.  
29 d. The Traumatic Brain Injury (TBI) waiver.  
30 (2) Personal care services (PCS) providers.  
31 (3) Intermediate care facilities for individuals with intellectual disabilities  
32 (ICF/IIDs), including ICF/IID-level group homes.  
33 (4) Home health providers.  
34 (5) Nursing homes.  
35 (6) Behavioral health residential facilities, including Level III and Level IV  
36 residential treatment facilities, psychiatric residential treatment facilities  
37 (PRTFs), medical management and crisis stabilization facilities, and facilities  
38 providing inpatient substance use disorder treatment.

39 **SECTION 39.21.(c)** Eligible Direct Care Workers. – An eligible provider shall  
40 designate its employees who are direct care workers eligible for the one-time bonus payment  
41 program authorized by this section. Only employees who meet all of the following criteria may  
42 be so designated by an eligible provider:

- 43 (1) The employee is a direct care worker, as defined by DHHS, who interacts  
44 directly with patients or clients.  
45 (2) The employee has been employed by the same eligible provider since March  
46 10, 2020, through August 1, 2021.  
47 (3) The employee has worked at least 1,000 hours providing direct care services  
48 between March 10, 2020, and August 1, 2021.  
49 (4) The employee is not an employee of the State or otherwise eligible for any  
50 employment-related bonus under this act.

1           **SECTION 39.21.(d)** Procedure to Participate. – To participate in the one-time bonus  
2 payment program, each eligible provider shall submit the number of direct care workers the  
3 provider has designated as eligible, including a description of the position held by any direct care  
4 worker the provider has designated as eligible that supports designation that the position meets  
5 the criteria of direct care worker, to DHHS by no later than September 1, 2021. Prior to receiving  
6 any funds, the eligible provider shall submit an attestation that any funds received in accordance  
7 with this section shall be provided directly to designated eligible direct care workers by no later  
8 than November 1, 2021.

9           Upon receipt of the information and attestation required by this subsection from an  
10 eligible provider, and no later than October 1, 2021, DHHS shall review the submitted  
11 information provided against historical Medicaid and NC Health Choice claims data of that  
12 eligible provider to evaluate the reasonableness of the submitted number of direct care workers  
13 designated as eligible for the one-time bonus payment under this section. No payment shall be  
14 made to an eligible employer until all information submitted is reviewed and the total number of  
15 potential eligible direct care workers is ascertained. If, based upon the information submitted by  
16 a provider, DHHS determines that the number of direct care workers designated is not correct or  
17 that the provider is not an eligible provider, then, by no later than October 15, 2021, DHHS shall  
18 provide notice to the provider and include the reason for the determination and the number of  
19 eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes  
20 any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to  
21 make full payment as was applied for in case that determination is later modified.

22           No later than October 15, 2021, DHHS shall issue a one-time payment, including  
23 associated payroll costs, to each eligible provider in the amount required to provide bonuses to  
24 eligible direct workers, subject to the other requirements of this section.

25           **SECTION 39.21.(e)** Bonus Amount Calculation. – Subject to the requirements of  
26 subsection (d) of this section, the amount of the one-time bonus available for eligible direct care  
27 workers shall be calculated as the lesser of the following amounts:

- 28           (1) One hundred million dollars (\$100,000,000) minus both the amount used by  
29 DHHS for administration of this one-time bonus payment program and the  
30 amount determined to be necessary to cover the associated payroll costs for  
31 each eligible provider divided by the total number of direct care workers  
32 designated by eligible providers as eligible employees.

- 33           (2) One thousand five hundred dollars (\$1,500).

34           **SECTION 39.21.(f)** Any funds remaining after all payments are made to eligible  
35 providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

36           **SECTION 39.21.(g)** Nothing in this section shall be construed to create an  
37 entitlement to the distribution of funds by DHHS under this section.

## 38 **SALARY-RELATED CONTRIBUTIONS**

39           **SECTION 39.22.(a)** Effective for the 2021-2023 fiscal biennium, required employer  
40 salary-related contributions for employees whose salaries are paid from department, office,  
41 institution, or agency receipts shall be paid from the same source as the source of the employee's  
42 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in  
43 part from department, office, institution, or agency receipts, required employer salary-related  
44 contributions may be paid from the General Fund or Highway Fund only to the extent of the  
45 proportionate part paid from the General Fund or Highway Fund in support of the salary of the  
46 employee, and the remainder of the employer's requirements shall be paid from the source that  
47 supplies the remainder of the employee's salary. The requirements of this section as to source of  
48 payment are also applicable to payments on behalf of the employee for hospital medical benefits,  
49 longevity pay, unemployment compensation, accumulated leave, workers' compensation,  
50 severance pay, separation allowances, and applicable disability income benefits.  
51

SECTION 39.22.(b) Effective July 1, 2021, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	15.74%	15.74%	6.84%	38.70%	27.15%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.31%	6.31%	6.31%	6.31%	6.31%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>22.27%</b>	<b>27.27%</b>	<b>13.24%</b>	<b>45.01%</b>	<b>33.46%</b>

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.22.(c) Effective July 1, 2022, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	16.09%	16.09%	6.84%	39.31%	26.55%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.71%	6.71%	6.71%	6.71%	6.71%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>23.02%</b>	<b>28.02%</b>	<b>13.64%</b>	<b>46.02%</b>	<b>33.26%</b>

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.22.(d) Effective July 1, 2021, the maximum annual employer contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and the average covered retiree are as follows:

- (1) For employees, seven thousand forty-six dollars (\$7,046).
- (2) For retirees, four thousand eight hundred seventy-five dollars (\$4,875). In applying this subdivision, the annual employer contribution for the average retiree shall be calculated assuming the retiree enrollment counts remain at the April 2021 level throughout the 2021-2022 fiscal year.

SECTION 39.22.(e) Effective July 1, 2022, the maximum annual employer contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee or retiree are as follows:

- 1 (1) For employees, seven thousand four hundred ninety-eight dollars (\$7,498).  
 2 (2) For retirees, five thousand one hundred eighty-eight dollars (\$5,188).  
 3

4 **PART XL. CAPITAL**

5  
 6 **CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS**

7 **SECTION 40.1.(a)** The following agency capital improvement projects have been  
 8 assigned a project code for reference to allocations in this Part, past allocations, and for intended  
 9 project support by the General Assembly for future fiscal years:

10 <b>Agency Capital Improvement Project</b>	11 <b>Project Code</b>
12 Administrative Office of the Courts–	
13     Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
14 Department of Agriculture and Consumer Services	
15     Eaddy Building–Addition & Renovation	DACS21-1
16     Tidewater Research Station–Swine Unit Replacements	DACS21-2
17     NCFS–County Offices	DACS21-3
18     NCFS–Region 1 Headquarters	DACS21-4
19	
20 Department of Health and Human Services	
21     New Broughton Hospital–	
22         New Maintenance Facility	DHHS21-1
23	
24 Department of Environmental Quality	
25     Water Resources Development Projects	DEQ-WRD21
26	
27 Department of Natural and Cultural Resources	
28     NC Museum of Art–Light Control	DNCR21-1
29     NC Museum of Art–Amphitheater Restoration	DNCR21-2
30     NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3
31     Fort Fisher Historic Site–New Visitor Center	DNCR21-4
32     Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
33     NC Zoo–Asia/Australia Exhibits	DNCR21-6
34     NC Zoo–Parking/Trams	DNCR21-7
35     NC Transportation Museum	DNCR21-8
36     Thomas Day House	DNCR21-9
37     Graveyard of the Atlantic	DNCR21-10
38     Historic Sites	DNCR21-11
39     Pisgah View State Park	DNCR21-12
40	
41 Department of Administration	
42     DHHS/Dix Campus Relocation	DOA21-1
43     Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2
44     State Gov't. Complex Chiller Plant	DOA21-3
45	
46 Department of Justice	
47     Edneyville Justice Academy Repairs & Renovations	DOJ21-1
48     Salemberg Justice Academy Repairs & Renovations	DOJ21-2
49	
50 Department of Insurance	
51     Office of State Fire Marshal–	

1	Land Development & Training Center	DOI21-1
2		
3	Department of Public Instruction	
4	Center for the Advancement of Teaching	DPI21-1
5		
6	Department of Public Safety	
7	Richmond Regional JDC–Raise the Age Renovations	DPS21-1
8	National Guard–	
9	Federal Match Funding Pool	NG21-1
10		
11	General Assembly	
12	Renovations/Elevator Repair	NCGA21-1
13	Downtown Government Complex	NCGA21-2
14		
15	The University of North Carolina	
16	North Carolina State University–	
17	Apiculture Facility	UNC/NCS21-1
18	S.T.E.M. Building	UNC/NCS20-1
19	Elizabeth City State University–	
20	New Residence Hall	UNC/ECS21-1
21	Sky Bridge	UNC/ECS21-2
22	New Dining Facility	UNC/ECS21-3
23	Flight School	UNC/ECS21-4
24	Appalachian State University–	
25	Peacock Hall/Business	UNC/ASU21-1
26	North Carolina School of Science and Math-Morganton–	
27	Repair & Renovation and Wellness Center	UNC/SSM21-1
28	North Carolina Central University	
29	Lab Equipment	UNC/NCC21-1
30	East Carolina University	
31	Brody School of Medicine	UNC/ECU21-1
32	University of North Carolina at Pembroke	
33	Health Sciences Center	UNC/PEM21-1
34	Fayetteville State University	
35	Dormitories	UNC/FSU21-1
36	Winston-Salem State University	
37	K.R. Williams Auditorium	UNC/WSS21-1
38		
39	Repairs and Renovations-The University of North Carolina	UNC/R&R21
40	Repairs and Renovations-State Agencies (non-UNC)	R&R21
41	Community College Capital Projects	CC21
42	Stream Debris Removal	SDR21
43	Courthouse Funds	CF21
44	K-12 Athletic Facility Funds	K-12F21
45	Airport Fund	AP21
46	Dam Fund	DAM21
47	Connect NC Bond Funds	CNC21

48 **SECTION 40.1.(b)** This subsection authorizes the following capital projects and  
49 allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the  
50 authorized projects. The authorizations provided in this subsection represent the maximum  
51 amount of funding from the State Capital and Infrastructure Fund that may be expended on each

1 project. An additional action by the General Assembly is required to increase the maximum  
2 authorization for any of the projects listed.

3 There is allocated from the State Capital and Infrastructure Fund to the Office of State  
4 Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital  
5 improvement project codes, as defined in subsection (a) of this section:

6 **Capital Improvements–**

7	<b>State Capital and</b>	<b>Total</b>	<b>FY</b>	<b>FY</b>
8	<b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>2021-2022</b>	<b>2022-2023</b>
9	AOC21-1	\$135,000	\$135,000	–
10	DACS21-1	1,632,000	1,632,000	–
11	DACS21-2	3,518,000	3,518,000	–
12	DACS21-3	4,000,000	4,000,000	–
13	DACS21-4	8,000,000	4,000,000	–
14	DHHS21-1	1,600,000	1,600,000	–
15	DEQ-WRD21	N/A	44,469,664	35,231,560
16	DNCR21-1	1,000,000	1,000,000	–
17	DNCR21-2	2,448,102	2,448,102	–
18	DNCR21-3	2,500,000	2,500,000	–
19	DNCR21-4	8,000,000	4,000,000	4,000,000
20	DNCR21-5	15,000,000	5,000,000	5,000,000
21	DNCR21-6	75,000,000	41,233,563	33,766,437
22	DNCR21-7	5,000,000	5,000,000	–
23	DNCR21-8	4,000,000	4,000,000	–
24	DNCR21-9	800,000	800,000	–
25	DNCR21-10	4,200,000	4,200,000	–
26	DNCR21-11	15,000,000	15,000,000	–
27	DNCR21-12	12,200,000	9,000,000	3,200,000
28	DOA21-1	244,000,000	50,000,000	60,500,000
29	DOA21-2	13,700,000	13,700,000	–
30	DOA21-3	21,875,000	10,286,748	11,588,252
31	DOI21-1	3,500,000	3,500,000	–
32	DOJ21-1	1,673,500	1,673,500	–
33	DOJ21-2	2,836,952	2,836,952	–
34	DPI21-1	23,416,952	19,482,815	3,934,137
35	DPS21-1	10,702,952	10,702,952	–
36	NG21-1	N/A	3,569,696	–
37	NCGA21-1	2,000,000	2,000,000	–
38	NCGA21-2	13,191,316	1,800,000	11,391,316
39	UNC/NCS21-1	4,000,000	4,000,000	–
40	UNC/NCS20-1	160,000,000	18,250,000	36,500,000
41	UNC/ECS21-1	40,000,000	10,000,000	30,000,000
42	UNC/ECS21-2	2,500,000	2,500,000	–
43	UNC/ECS21-3	7,500,000	7,500,000	–
44	UNC/ECS21-4	34,000,000	4,000,000	10,000,000
45	UNC/ASU21-1	25,000,000	12,500,000	12,500,000
46	UNC/SSM21-1	12,000,000	12,000,000	–
47	UNC/NCC21-1	3,011,000	3,011,000	–
48	UNC/ECU21-1	215,000,000	21,500,000	53,750,000
49	UNC/PEM21-1	91,000,000	9,100,000	22,750,000
50	UNC/FSU21-1	20,000,000	2,000,000	5,000,000
51	UNC/WSS21-1	57,000,000	5,700,000	14,250,000

1	UNC/R&R21	N/A	250,000,000	250,000,000
2	R&R21	N/A	200,000,000	200,000,000
3	CC21	400,000,000	100,000,000	100,000,000
4	SDR21	100,000,000	50,000,000	50,000,000
5	CF21	64,957,500	32,478,750	32,478,750
6	K-12F21	41,000,000	20,500,000	20,500,000
7	AP21	69,650,000	34,825,000	34,825,000
8	DAM21	35,300,000	17,650,000	17,650,000
9	CNC21	400,000,000	200,000,000	200,000,000

10 **SECTION 40.1.(c)** Of the funds in the State Capital and Infrastructure Fund  
 11 allocated in subsection (b) of this section for the 2021-2023 fiscal biennium for repairs and  
 12 renovations pursuant to G.S. 143C-8-13, the following allocations are made to the following  
 13 agencies:

- 14 (1) Of the amount allocated for project code UNC/R&R21 from the State Capital  
 15 and Infrastructure Fund, the Board of Governors is encouraged to allocate the  
 16 sum of one hundred twenty-five million dollars (\$125,000,000) in each fiscal  
 17 year of the 2021-2023 fiscal biennium for comprehensive renovation and  
 18 facility modernization projects.
- 19 (2) Of the amount allocated for project code R&R21 from the State Capital and  
 20 Infrastructure Fund, the Office of State Budget and Management is  
 21 encouraged to allocate the sum of fifty million dollars (\$50,000,000) in each  
 22 fiscal year of the 2021-2023 fiscal biennium for comprehensive renovation  
 23 projects for State agencies, excluding The University of North Carolina.

24 The Office of State Budget and Management shall consult with or report to the Joint  
 25 Legislative Commission on Governmental Operations, as appropriate, in accordance with  
 26 G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on  
 27 Governmental Operations in accordance with G.S. 143C-8-13(b).

28 **SECTION 40.1.(d)** The Board of Governors of The University of North Carolina  
 29 shall utilize the funds allocated for project code UNC/R&R21 in subsection (b) of this section  
 30 for the projects listed in this subsection. The Board of Governors may prioritize funding for the  
 31 following listed projects that the General Assembly intends to fund through the 2023-2025 fiscal  
 32 biennium:

33	<b>UNC Constituent Institution</b>	<b>Authorized Project Cost</b>
34	Appalachian State University–	
35	Wey Hall Envelope & Roof Repair	\$5,000,000
36	Wey Hall Partial Renovation–Building Systems	10,000,000
37	Walker Hall HVAC Repair & Upgrades	500,000
38	Walker Hall Envelope & Structural Repair	1,300,000
39	Campus-Wide Electronic Door Access Installation	1,500,000
40	Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
41	Smith Wright Hall Roof Repair & Replacement	1,000,000
42	Holmes Convocation Center Chiller	200,000
43	BB Dougherty Chiller Repair	100,000
44	Facilities Operations/Motorpool Wall Repairs	300,000
45	John E. Thomas Chiller Compressor Upgrades	250,000
46	Anne Belk Hall Hot Water Piping Replacement	500,000
47	Edwin Duncan Hall HVAC & Lighting Improvements	800,000
48	John E. Thomas Envelope	300,000
49	Howard Street Hall Road Opening	200,000
50	Holmes Convocation Center VAV Replacement	150,000
51	Peacock Elevator Upgrade	200,000



1	University Hall Sprinkler System	250,000
2	Duncan Hall Renovation	20,000,000
3	East Carolina University–	
4	Brody High-Rise Code Compliance, Phase 2	6,000,000
5	Main Campus-College Hill Drive Steam, Phase 3	2,500,000
6	Whichard Building Comprehensive Renovation	10,000,000
7	Speight Building Roof, Window, & Envelope Replacement	4,000,000
8	Chilled Water Extension to Whichard & Graham	6,475,000
9	Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
10	Health Science Building Envelope Infiltration Repairs	5,000,000
11	Brody Building Freight Elevators-Emergency Power	250,000
12	Science & Technology–Replace Roof	400,000
13	Old Cafeteria Building–Install Steam Manhole & Replace Piping	300,000
14	Health Science Campus Catwalks/Central Utility Plant	225,000
15	Warren Life Sciences–Replace Roof–Section B	300,000
16	Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
17	Bate Upgrade Elevators (2)	350,000
18	Rivers–Replace Roof	300,000
19	Christenbury–Replace Roof	410,000
20	Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
21	Brody Chilled Water Loop Valve Replacement	100,000
22	Jenkins Art North Building Envelope Repairs	1,750,000
23	McGinnis Scene Shop–Replace Roof	100,000
24	Brody–Inline Fan Replacement, Phase 1	200,000
25	Jenkins Art–Replace Distribution Sub Panels, Westside Jenkins Art	225,000
26	Messick–Upgrade/Replace Elevator	150,000
27	Building 127–Upgrade/Replace Elevator	150,000
28	Coastal Studies Annex–Repair & Coat Siding & Roofing	100,000
29	School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades	
30	(HVAC & Indoor Air Quality)	203,000
31	Main Campus Steam Plant–Install Steam Blanket for Boilers	100,000
32	McGinnis Auditorium–Upgrade/Replace Elevator	300,000
33	Brewster–HVAC Controls Optimization/D Wing	400,000
34	Greenville Centre–HVAC Controls Upgrade	
35	(Specific Remote Terminal Unit Variable Air Volumes)	300,000
36	Plate & Frame Heat Exchanger for Science & Technology/	
37	Central Chiller Plant w/Controls Upgrade	300,000
38	Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000
39	Carol Belk Building–HVAC System (Specific Variable Air Volume Integration)	300,000
40	Rivers Building–HVAC System (Specific Variable Air Volume)	300,000
41	Austin Building–Air Handlers Replacement	1,500,000
42	Warren Life Sciences–Extend Sprinkler System to Original Section	181,000
43	Building 43–Upgrade Freight Elevator/Replace Shaft and Jack	230,000
44	Main Campus–Replace Power Distribution System Steam Plant	250,000
45	Biotechnology Building–Upgrade Laboratory Exhaust System	452,000
46	Biotechnology Building–Replace Exhaust Fans	130,134
47	Repair & Repave Service Drive at West End Dining/	
48	Behind White Residence Hall	150,000
49	Wright Building/Wright Auditorium–Fire Alarm System Upgrade	300,000
50	Old Cafeteria & Ragsdale Annex–Replace Roof	240,000
51	Brody School of Medicine–Replace Computer Room Air Conditioning Units	200,000

1	Cotanche Data Center–Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
2	Howell Science Building South	30,000,000
3	Elizabeth City State University–	
4	Repair Campus Main Switch	700,000
5	Repair Campus Pump Station	650,000
6	Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
7	Emergency Generator Power–Operations	4,900,000
8	Emergency Generator Power–Residence Halls	2,100,000
9	Campus-Wide Lockdown System	2,000,000
10	Building Demolition (4 Buildings)	1,500,000
11	Butler Residence Hall Renovations	2,500,000
12	Underground Infrastructure–	
13	(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
14	Underground Infrastructure–	
15	(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
16	Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
17	Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
18	(Pool, flooring, ceilings & building envelope)	550,000
19	Fine Arts–Roof Replacement	200,000
20	Dixon Hall–Classroom & Laboratory Renovations	400,000
21	ITC–Air Handler Replacement	300,000
22	Lester Hall–Demolition	495,000
23	Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
24	Fayetteville State University–	
25	Lyons Science Renovation	1,500,000
26	Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
27	A.B. Rosenthal Building–Targeted Renovation	10,000,000
28	Campus-Wide Utility Infrastructure	9,950,000
29	Barber/Collins Admin Complex–Roof Replacement	200,000
30	Campus-Wide Exterior Lighting Retrofit	400,000
31	Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
32	Telecom–Roof Replacement	150,000
33	Butler–Roof Replacement	650,000
34	Chesnutt–MEP (Generator)	400,000
35	Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
36	University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000
37	FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
38	Harris CBE–Precast Concrete Structural Repair	100,000
39	Cook–Exterior Stairs & Patio Repairs	100,000
40	J. Knuckles Science Annex–Roof Replacement	150,000
41	H.T. Chick–Targeted Renovation	9,500,000
42	North Carolina Agricultural & Technical State University–	
43	Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
44	Price Hall–Renovation, Phase 1	8,000,000
45	Marteen Hall Renovation	9,100,000
46	General Classroom, B Side–Roof Repairs	1,241,107
47	Boiler Replacement	1,459,200
48	Hines Hall–HVAC Modifications	300,000
49	Waterproofing Buildings	600,000
50	IRC Building–HVAC Repairs/Replacement	705,274
51	Dudley–HVAC Repairs/Controls	403,305

1	McNair Hall–HVAC Repairs	250,000
2	Elevator Repairs/Replacement	450,000
3	Campus-Wide Steam Leaks	500,000
4	Building Steam System Repairs	200,000
5	Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
6	Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
7	Window Replacement	200,000
8	1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
9	Asbestos Abatement	150,000
10	Campus-Wide–Back Flow Preventors	300,000
11	Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
12	Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
13	Price Hall Renovation, Phase 2	8,500,000
14	North Carolina Central University–	
15	Lee Biology Renovation	8,100,000
16	B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
17	Art Museum–Roof Replacement	250,000
18	Campus-Wide Steam System Repairs	
19	(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
20	Robinson Science Building–Repair & Restore Brick Façade	300,000
21	Hubbard Totton Building–Elevator Replacement	350,000
22	Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
23	William Jones Building–HVAC Upgrades	450,000
24	Walker PE Complex–Elevator Replacement	350,000
25	Sanitary Sewer System–	
26	(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
27	Roof Gutters & Vent Repairs	310,000
28	Taylor Building–Repair & Restore Brick Façade	161,000
29	Water System–Re-route South and East Sides/Increase Capacity	135,000
30	Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
31	Fire Alarm Systems Upgrades & Repairs	250,000
32	Steam Plant–Roof Repair	40,000
33	Asbestos/Mold Remediation & Contaminants Removal	300,000
34	Shepard Library–ITS/NOC/HVAC Upgrades	230,000
35	Fine Arts Building–Fire Alarm System Replacement	495,000
36	Miller Morgan Building–VFDs Replacement	80,000
37	B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
38	Edmonds Building–Brick Façade Repair & ADA Access	
39	(Ease of Entry & Code Compliant Steps and Handrails)	245,300
40	Taylor Education Building Renovation	13,750,000
41	North Carolina School of Science and Mathematics–	
42	Campus-Wide HVAC Renovations	2,000,000
43	Chiller Replacement	3,000,000
44	Building Envelope Repairs	5,850,000
45	Cafeteria Renovation	2,500,000
46	Academic Commons & Dining Hall Renovation	12,400,000
47	North Carolina State University–	
48	Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
49	Scott Hall–HVAC Renovation	5,000,000
50	Mann Hall–HVAC & Plumbing Renovation	10,000,000
51	Kilgore Hall–HVAC Renovation	10,000,000

1	North & Central Campus–Domestic Water Line Replacement	4,303,000
2	Poe Hall–Fire Protection Systems	3,500,000
3	Thomas Hall–HVAC Renovation	4,000,000
4	Research Building III–HVAC Upgrades	900,000
5	Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
6	Dabney Labs–Renovation	1,500,000
7	Polk–2nd Floor Overhang Structural Repair	150,000
8	Scott Hall Labs–Renovation	2,500,000
9	Brooks Hall–Renovation, Phase 1	1,500,000
10	Mann Hall–Electrical Upgrades	950,000
11	Thomas Hall Labs–Renovation	1,000,000
12	CVM Equine AHU Replacement	300,000
13	McKimmon–ADA Improvements/Restrooms	500,000
14	Morrill Drive Domestic Water Line Replacement	661,000
15	Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research–	
16	Fire Alarm Panel Replacement	250,000
17	Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
18	Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
19	Polk Hall Labs–Renovation, Phase 1	1,500,000
20	Campus-Wide Asbestos Removal Steam System	650,000
21	Caldwell Hall–Pointing & Caulking	100,000
22	Research Building I–AHU Replacement	850,000
23	Research Building IV–HVAC Upgrades	1,100,000
24	Centennial Campus–Repair Steam Leaks	550,000
25	CVM Main–Fire Alarm Upgrade, Phase 3	400,000
26	Mann Hall–Fire Sprinkler System	500,000
27	Campus Steam Leak Repair–MH13	200,000
28	Gardner Labs–Renovation	480,000
29	Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
30	Campus Cooling Tower Refurbish at CBC	250,000
31	Polk Hall–Fire Alarm Upgrade	600,000
32	Biltmore–Code Deficiencies	2,000,000
33	Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
34	Campus Chilled Water System Improvements	575,000
35	Kilgore–Foundation Waterproofing	350,000
36	Cox–Pointing & Caulking	300,000
37	Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
38	Yarborough–Chiller Controls Upgrade	146,000
39	Campus Sewer Line Replacement/Court of NC	175,000
40	111 Lampe Drive Renovation	42,000,000
41	University of North Carolina at Asheville–	
42	Campus Safety Improvements, Access Control, Cameras	2,300,000
43	Campus Roadway Repairs	4,400,000
44	Campus-Wide–Arc Flash Compliance, Phase II	150,000
45	Replace & Upgrade Fueling Station/Compliant Storage Tanks & System	
46	(FCAP #31053)	150,000
47	Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
48	Replace Walkways in Tennent Park/ADA Accessible Path to	
49	Main Quadrangle/Carmichael Hall	250,000
50	Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
51	Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000

1	Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
2	Rework Intersection at Edgewood & University Heights	250,000
3	Utility Location Survey/Installation of Underground Utility Markers	200,000
4	Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
5	Underground Waterline Repairs–	
6	(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
7	Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
8	Campus-Wide–Install Sub-Metering in all Buildings:	
9	(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
10	Replace Sidewalks at Zageir Hall	150,000
11	Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
12	118 W.T. Weaver–HVAC Replacement	
13	(Replace Major HVAC Equip./Update Controls)	518,974
14	Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
15	Lipinsky Renovation	10,000,000
16	University of North Carolina at Chapel Hill–	
17	Wilson Library–Means of Egress	9,300,000
18	Swain Hall–Targeted Renovation	5,800,000
19	Phillips Hall–1958 Central HVAC System	6,000,000
20	Hamilton Hall–Central HVAC System	8,800,000
21	Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
22	Wilson Library–1953 Central HVAC System AHU 3	4,000,000
23	462 Art Studio Bldg.–Steel Roof	219,772
24	12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
25	209 First Dental–Replace Roofing/Slate Roof	565,120
26	166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
27	625 ITS Building–Manning–Replace Roofing/Built-Up Roof	672,719
28	27 Memorial Hall–Replace Barrel Roof	330,000
29	226 Old Clinic–Replace Built-Up Roof	283,355
30	5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
31	228 Brinkhous-Bullitt Building–Electrical Service & Distribution	
32	(Replace Main/Sub-Distribution)	4,843,986
33	12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
34	12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
35	41 Coastal Process Environmental Health Lab Building–	
36	System Cumulative Deficiencies	675,000
37	13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
38	13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
39	3 Ackland Art Museum–Install Bldg. Automation System	236,625
40	13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
41	14 Dey Hall–Repair & Renovate Elevator #4576	407,206
42	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
43	AHU 01/Office, 1st Floor	255,456
44	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
45	AHU 02/Mail/Book Room, 1st Floor	272,402
46	462 Art Studio Building–Install Fire Sprinkler System	326,540
47	211 Brauer Hall–Fire Alarm Systems:	
48	Replace Fire Alarm Initiating Devices & Control Panel	565,868
49	13 Davie Hall–Fire Alarm Systems:	
50	Replace Fire Alarm Control Panel	135,985
51	498 Kenan Center–Fire Alarm Systems:	

1	Replace Initiating Devices & Control Panel	200,000
2	3 Ackland Art Museum–Air Handling Units:	
3	(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
4	24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
5	3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
6	328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
7	228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
8	229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
9	University of North Carolina at Charlotte–	
10	Atkins Library Tower–ADA & Elev.	10,000,000
11	Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
12	Atkins Library Tower–Fire & Smoke Systems	3,840,000
13	Woodward–Controls & Lab HVAC Modernization	2,700,000
14	Friday–HVAC, Controls & Electrical Upgrade	9,700,000
15	Atkins–Roof	911,250
16	Reese–Roof	226,100
17	Reese–Fire Systems	773,500
18	Memorial Hall–Fire Systems	327,250
19	Duke–HVAC & Controls	654,500
20	Friday–Roof	1,011,000
21	RUP-2–HVAC & Controls	416,500
22	King–Fire Systems & Abatement	729,000
23	Fretwell–HVAC & Controls	1,574,009
24	Memorial Hall–Envelope	120,311
25	Memorial Hall–Roof	188,792
26	Reese–Envelope	995,269
27	King–Envelope	839,459
28	Grigg–HVAC & Controls	561,202
29	Friday–Fire Systems	631,072
30	Rowe–Elevators	156,334
31	Rowe–Electrical	154,042
32	Fretwell–Fire Systems	362,670
33	Cameron–Second Floor Renovation	19,100,000
34	Burson–Renovation	25,900,000
35	University of North Carolina at Greensboro–	
36	Coleman–Fire Alarm Replacement	2,440,000
37	Steam Distribution Replacement, Phase IV-B	1,550,000
38	Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
39	Petty Bldg.–Portico Waterproofing	712,031
40	MHRA Building–Fire Alarm System Replacement	985,327
41	Mossman Bldg.–Roof Replacement	773,128
42	Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
43	UNCG State Building–Exterior Envelope Repairs	762,000
44	Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
45	Replace Generator Diesel Fuel Tank	839,175
46	Campus-Wide–Replace Property-Line Fences/Replace Underground	
47	Piping for Roof Drainage	230,000
48	Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
49	Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
50	Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
51	Campus-Wide Walks and Hardscape Improvements	240,000

1	Campus-Wide Asbestos & Lead Abatement	240,000
2	Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
3	Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
4	Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
5	996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–	
6	Fire Alarm Upgrade	250,000
7	Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
8	Jackson Library–Renovation/Addition	81,000,000
9	University of North Carolina at Pembroke–	
10	Jacobs Hall–Demolition/Site Restoration	1,250,000
11	Campus Roof Replacements	1,500,000
12	Campus Safety & Regional Emergency Response Center	4,480,000
13	Campus Gas Line Replacement	550,000
14	Jones Pool–HVAC Replacement	1,300,000
15	Livermore & Jones–Generator	424,500
16	Honors College–Renovation	250,000
17	Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
18	Education–Boiler Replacement	110,000
19	Chavis–Air Handlers	390,000
20	Moore Hall & Chavis–Boiler Replacement	190,000
21	Lumbee Hall & Old Main–Elevator Replacement	465,000
22	Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
23	Jones–Ceiling Repaint	110,000
24	Business Administration Renovation	12,500,000
25	School of the Arts–	
26	Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
27	Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
28	Performance Place/Workplace/WPV–Roof Replacements	2,435,000
29	Gray Building–New Electrical Service Main	256,000
30	Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
31	Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille–	
32	Install Exit/Egress Lighting	115,000
33	Workplace–Renovate Drama Studios	448,000
34	Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
35	Workplace–Renovate Drama Administrative Offices	323,000
36	Facilities Management–Install Shop Exhaust & Heating System	95,000
37	Gray Building–Remove Boilers	123,000
38	Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
39	Film Archives Building–A/C & Controls	485,000
40	Performance Place, Film 2–	
41	Provide Heating/Cooling to Control Booth and Foley Booth	87,000
42	Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
43	Film School–Paint Rooftop Components	81,000
44	Facilities Management–Resurface Drives/Vehicle Staging	75,000
45	Design & Production–Renovate Administrative/Faculty Offices	162,000
46	Design & Production–Mechanical System Retrocommissioning	134,000
47	Campus-Wide ADA/Misc. Improvements	39,000
48	Chapel St. Buildings–Roof Replacement	34,000
49	300 Waughtown–Exterior Waterproofing & Repairs	73,000
50	Film School, Building 3–Theater Dimmers	232,000
51	Hanes Student Commons–Motor Control Center	150,000

1	Commons Building–Upgrade Air Distribution & Controls	93,000
2	Commons–Partial Interior Renovation	75,000
3	Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
4	Stevens Center Renovation, Phase 1	25,000,000
5	University of North Carolina at Wilmington–	
6	Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
7	West Side Energy Plant Modernization	3,926,440
8	Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
9	Warehouse/Receiving–Replace Fire Alarm System	161,000
10	Telecommunications–Replace Fire Alarm System	62,000
11	Kenan Auditorium–Fire/Life Safety Improvements	75,000
12	Isaac Bear Bldg.–Fire Sprinkler	410,000
13	Alderman Hall–Replace Windows	280,000
14	Randall Library Renovation & Expansion	61,500,000
15	Western Carolina University–	
16	Killian Building–HVAC Upgrades/Window Replacement	3,570,000
17	Reid Building–Roof Replacement	2,520,000
18	Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
19	Moore Building–Infrastructure & Accessibility	4,200,000
20	HFR Building–Roof Replacement	660,000
21	Campus-Wide Fire Alarm System Upgrades	300,000
22	Reid Building–Gym Floor Replacement	275,000
23	Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
24	Facilities Management Building–Roof Replacement	193,000
25	Highlands Biological Station–Structural Repairs	250,000
26	Ramsey Activities Center–Elevator Replacement	250,000
27	HFR Building–Chiller Replacement	200,000
28	Old Student Union–Foundation & Exterior Repair	450,000
29	Hunter Library–Cooling Tower Replacement	175,000
30	Campus-Wide Egress Lighting/Exit Light Replacement	100,000
31	Moore Building Renovation	15,000,000
32	Winston-Salem State University–	
33	Hauser Hall Renovations–Restore the Core	9,500,000
34	Computer Science–Roof Repair	120,000
35	Gaines Complex–Roof Replacement	660,000
36	Computer Science–Exterior Wall Repairs	110,000
37	W.B. Atkinson–Exterior Wall Repairs	125,000
38	Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000
39	O’Kelly Library–Upgrade HVAC Make-Up Air System	375,000
40	1600 Lowery St.–Add Fire Alarm System	125,000
41	Campus-Wide Fire Alarm System Upgrades	750,000
42	R.J. Reynolds–Roof Replacement	205,000
43	Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
44	O’Kelly Library–Upgrade Electrical System	250,000
45	Hauser Hall–Renovation, Phase 2	7,500,000
46	PBS North Carolina–	
47	Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
48	Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
49	Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
50	North Carolina Arboretum–	
51	Infrastructure Restoration & Road Projects	1,000,000



1           **SECTION 40.1.(e)** Of the funds in the State Capital and Infrastructure Fund  
 2 allocated in subsection (b) of this section for project code CC21, the following amounts are  
 3 allocated for capital improvement projects at community colleges in this State in the aggregate  
 4 amount of four hundred million dollars (\$400,000,000). Funds allocated pursuant to this  
 5 subsection shall be used for the purpose of issuing allotted proceeds to community colleges for  
 6 new construction or rehabilitation of existing facilities and repairs and renovations in accordance  
 7 with the following:

<b>Community College</b>	<b>Proceeds Allotment</b>
9 Alamance CC	\$ 7,938,704
10 Asheville-Buncombe TCC	\$ 8,265,643
11 Beaufort County CC	\$ 4,149,414
12 Bladen CC	\$ 3,520,119
13 Blue Ridge CC	\$ 2,905,574
14 Brunswick CC	\$ 2,278,736
15 Caldwell CC and TI	\$ 6,909,954
16 Cape Fear CC	\$ 9,986,372
17 Carteret CC	\$ 3,375,700
18 Catawba Valley CC	\$ 8,655,880
19 Central Carolina CC	\$10,031,233
20 Central Piedmont CC	\$20,000,000
21 Cleveland CC	\$ 7,598,247
22 Coastal Carolina CC	\$ 8,460,455
23 College of the Albemarle	\$ 6,376,529
24 Craven CC	\$ 5,765,056
25 Davidson County CC	\$ 6,755,089
26 Durham TCC	\$ 6,188,478
27 Edgecombe CC	\$ 5,417,837
28 Fayetteville TCC	\$20,000,000
29 Forsyth TCC	\$14,572,113
30 Gaston College	\$ 9,009,858
31 Guilford TCC	\$19,525,968
32 Halifax CC	\$ 2,996,526
33 Haywood CC	\$ 2,105,434
34 Isothermal CC	\$ 5,007,321
35 James Sprunt CC	\$ 3,144,017
36 Johnston CC	\$ 5,111,793
37 Lenoir CC	\$11,826,322
38 Martin CC	\$ 2,190,242
39 Mayland CC	\$ 3,829,850
40 McDowell TCC	\$ 2,173,649
41 Mitchell CC	\$ 3,397,210
42 Montgomery CC	\$ 1,860,231
43 Nash CC	\$ 7,753,111
44 Pamlico CC	\$ 1,222,332
45 Piedmont CC	\$ 3,001,442
46 Pitt CC	\$14,535,241
47 Randolph CC	\$ 5,418,451
48 Richmond CC	\$ 7,526,958
49 Roanoke Chowan CC	\$ 2,217,281
50 Robeson CC	\$ 6,555,976
51 Rockingham CC	\$ 4,407,523

1	Rowan-Cabarrus CC	\$12,614,170
2	Sampson CC	\$ 5,203,976
3	Sandhills CC	\$ 4,970,448
4	Southeastern CC	\$ 6,701,009
5	South Piedmont CC	\$ 5,560,411
6	Southwestern CC	\$ 5,020,226
7	Stanly CC	\$ 5,610,190
8	Surry CC	\$ 7,888,312
9	Tri-County CC	\$ 2,055,656
10	Vance-Granville CC	\$ 7,394,217
11	Wake TCC	\$20,000,000
12	Wayne CC	\$ 9,149,360
13	Western Piedmont CC	\$ 3,947,229
14	Wilkes CC	\$ 5,514,320
15	Wilson CC	\$ 4,402,607

16           **SECTION 40.1.(f)** There is created within the Community Colleges System Office  
17 the Community Colleges Building Fund as an interest-bearing capital project fund. At the  
18 beginning of each fiscal year, the Office of State Budget and Management shall transfer an  
19 amount equal to the amount allocated for community college capital projects in the most recent  
20 Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds  
21 disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities,  
22 repairs and renovations, building of technology infrastructure, and the purchase of measures to  
23 ensure building security. Projects for facilities for centralized administration, trailers, relocatable  
24 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such  
25 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life  
26 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or  
27 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and  
28 capital needs to administer the proceeds from the Community Colleges Building Fund and shall  
29 prioritize allocation of funds among projects for new construction and repairs and renovations  
30 by ranking the projects for the various community colleges according to greatest need and the  
31 ability for disbursed funds to be expended and projects completed expeditiously.

32           As of the effective date of this section, a county that is a development tier three area,  
33 as defined in G.S. 143B-437.08, shall provide local matching funds from county funds, other  
34 non-State funds, or a combination of these sources for such proceeds in the amount of one dollar  
35 (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds. The provisions of  
36 G.S. 115D-31, or any other provision of law permitting prior expenditures to be used for match  
37 purposes, do not apply for purposes of meeting the matching funds requirements of this section.  
38 For rehabilitation of existing facilities and repairs and renovations, community colleges are not  
39 required to match proceeds allocated in this section. Each community college receiving the  
40 proceeds allocated pursuant to subsection (e) of this section shall report by January 1, and  
41 quarterly thereafter, to the Community Colleges System Office on the projects funded from those  
42 allocations, and the Community Colleges System Office shall combine the reports and submit  
43 them in accordance with G.S. 143C-8-14. Allocations from the fund shall not be used to retire  
44 debt issued or authorized prior to July 1, 2021. The amount distributed to any single community  
45 college shall not exceed the amount listed in the allocation schedule in subsection (e) of this  
46 section. Interest credited to the Community Colleges Building Fund shall revert to the State  
47 Capital and Infrastructure Fund.

48           **SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office  
49 shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government  
50 Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with a focus on

1 potential remodeling expenditures and the use of leasing alternatives to more effectively renovate  
 2 and remodel State-owned property for the following:

- 3 (1) The Department of Public Instruction/Education Building.
- 4 (2) Dobbs Building.
- 5 (3) Bath Building.
- 6 (4) Albemarle Building.
- 7 (5) The Department of Administration Building.

8 The expanded Government Facilities Master Plan outlined in this subsection shall  
 9 also consider available options for consolidating the facilities of the Department of Commerce,  
 10 The University of North Carolina System Office, the Community Colleges System Office, and  
 11 the Department of Public Instruction into a single location located in the downtown government  
 12 complex.

13 **SECTION 40.1.(h)** In connection with the expanded Government Facilities Master  
 14 Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the  
 15 Alternative Workplace Requirements methodology developed for the State of North Carolina  
 16 during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct  
 17 a study of the Albemarle Building to determine the necessary space to house the Office of the  
 18 State Auditor, considering the necessary amount of square footage that employees, or groups of  
 19 employees, need in order to perform the required tasks for their positions. The cost of the study  
 20 described in this subsection shall not exceed one hundred thousand dollars (\$100,000) and shall  
 21 be funded utilizing funds available to the Department of Insurance.

22 **SECTION 40.1.(i)** For project code NCGA21-2, and notwithstanding  
 23 G.S. 143-135.26 or any other provision of law to the contrary, the Legislative Services Office  
 24 shall utilize the funds appropriated for the 2022-2023 fiscal year to initiate advance planning, full  
 25 planning, and design for the location of The University of North Carolina System Office in the  
 26 downtown government complex, including any facility consolidation identified using the study  
 27 conducted pursuant to subsection (g) of this section.

28 **SECTION 40.1.(j)** Of the funds allocated in this Part for project code CF21, the  
 29 Administrative Office of the Courts (AOC) shall provide funds in the form of aggregate grants  
 30 in the following amounts to the following counties for courthouse repair and renovation:

<b>County Courthouse</b>	<b>Grant Amount</b>
31 Alleghany County	\$2,000,000
32 Burke County	\$1,000,000
33 Cabarrus County	\$4,500,000
34 Caldwell County	\$4,500,000
35 Cleveland County	\$4,500,000
36 Columbus County	\$2,000,000
37 Davie County	\$1,000,000
38 Hoke County	\$31,000,000
39 Jones County	\$250,000
40 Lenoir County	\$550,000
41 Lincoln County	\$4,500,000
42 Madison County	\$3,800,000
43 Pender County	\$250,000
44 Rutherford County	\$3,107,500
45 Stokes County	\$2,000,000

46 **SECTION 40.1.(k)** Of the funds allocated in this Part for project code K-12F21, the  
 47 Department of Public Instruction (DPI) shall provide funds during the 2021-2022 fiscal year in  
 48 the form of aggregate grants for repair and renovation of athletic facilities and related activities  
 49 in the form of grants as follows:

<b>Facility/Project</b>	<b>Amount</b>
-------------------------	---------------

1	Alexander Central High School–	
2	Track	\$300,000
3	Tennis Courts	\$330,000
4	North Lincoln High School–	
5	Field Turf	\$400,000
6	Mitchell High School–	
7	Football Field Turf	\$1,100,000
8	Mountain Heritage High School–	
9	Field Turf	\$1,100,000
10	Madison High School–	
11	Repairs	\$2,500,000
12	Bethel Middle School–	
13	Sports Field	\$1,500,000
14	Lincoln County–	
15	Lincoln Rescue Park Soccer Fields	\$1,100,000

16 DPI shall distribute the remaining funds allocated for project code K-12F21 in the  
 17 form of grants during the 2021-2023 fiscal biennium to local school administrative units for the  
 18 repair and renovation of athletic facilities at public schools located in this State. DPI shall  
 19 prioritize the provision of grants to low-wealth public school units.

20 **SECTION 40.1.(j)** Of the funds allocated in this Part for project code AP21, the  
 21 Division of Aviation in the Department of Transportation (Division) shall provide funding for  
 22 the repair and renovation of public use airport facilities in the form of grants in aggregate amounts  
 23 as follows:

24	<b>Airport Facility</b>	<b>Amount</b>
25	Rockingham County NC Shiloh Airport	\$7,000,000
26	Stanly County Airport	\$28,000,000
27	Gastonia Municipal Airport	\$250,000
28	Statesville Regional Airport	\$500,000
29	Johnston County Airport	\$7,500,000
30	Mt. Airy/Surry County Airport	\$2,900,000
31	Cape Fear Regional Jetport	\$3,500,000
32	Smith Reynolds Airport	\$20,000,000

33 **SECTION 40.1.(m)** Of the funds allocated in this Part for project code DAM21, the  
 34 Division of Energy, Mineral, and Land Resources in the Department of Environmental Quality  
 35 (Division) shall provide funding for the repair of dams and related structures in the form of grants  
 36 in aggregate amounts as follows:

37	<b>Dam/Structure</b>	<b>Amount</b>
38	Lake Lure Dam	\$16,500,000
39	Boiling Springs Dam	\$12,200,000
40	Lake Adger Dam	\$6,500,000
41	Fair Lake Dam	\$100,000

42 **SECTION 40.1.(n)** For the Gaston Aquatics Center (Center) grant allocated in this  
 43 Part, Gaston Aquatics, Inc., a nonprofit organization, shall match the sum of two million dollars  
 44 (\$2,000,000) to the Center for pool construction on a one-to-one basis. The Center shall have  
 45 four years in which to raise the matching funds. Upon raising the initial sum of one million dollars  
 46 (\$1,000,000) in non-State funding, the Center shall receive the sum of one million dollars  
 47 (\$1,000,000). Upon raising an additional sum of one million dollars (\$1,000,000), the Center  
 48 shall receive the sum of one million dollars (\$1,000,000). Funds allocated in this Part to the  
 49 Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and  
 50 Infrastructure Fund.

1           **SECTION 40.1.(o)** For the Gaston Community Foundation grant allocated in this  
2 Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars  
3 (\$2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the  
4 matching funds. Upon raising the initial sum of one million dollars (\$1,000,000) in non-State  
5 funding, the Foundation shall receive the sum of one million dollars (\$1,000,000). Upon raising  
6 an additional sum of one million dollars (\$1,000,000), the Foundation shall receive the sum of  
7 one million dollars (\$1,000,000). Funds allocated in this Part to the Foundation that have not  
8 been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

9           **SECTION 40.1.(p)** From the funds allocated in this Part to the Gaston County  
10 Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred  
11 thousand dollars (\$500,000) upon raising matching funds in the sum of five hundred thousand  
12 dollars (\$500,000) in non-State funds. Funds allocated in this Part that have not been disbursed  
13 by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

14           **SECTION 40.1.(q)** For project code DACS21-4, the Department of Agriculture and  
15 Consumer Services shall select a site located in Duplin County for the construction of the new  
16 Region 1 headquarters for the North Carolina Forestry Service.

17           **SECTION 40.1.(q1)** Section 3.9 of S.L. 2020-97 reads as rewritten:

18           **"SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision  
19 (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those  
20 purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used  
21 by the Department of Agriculture and Consumer Services for the following purposes:

- 22           (1)    ~~The purchase and renovation of an existing facility for use as a regional~~  
23                   ~~headquarters and training facility construction authorization and partial~~  
24                   support of construction of a Region One headquarters and training facility for  
25                   the North Carolina Forest Service. The facility shall include, but is not limited  
26                   to, an office building with classrooms, an equipment maintenance facility, and  
27                   multi-bay equipment shelters.  
28           (2)    Support of operations and other receipt-supported activities such as  
29                   maintenance and repairs at the North Carolina State Fair and the Western  
30                   North Carolina Agriculture Center."

31           **SECTION 40.1.(r)** For project code DNCR21-11, notwithstanding  
32 G.S. 143-341(4)d. and Article 6 of Chapter 146 of the General Statutes, the Department of  
33 Natural and Cultural Resources may utilize the funds allocated in this Part for Historic Sites for  
34 the following:

- 35           (1)    An amount not exceeding six million one hundred thousand dollars  
36                   (\$6,100,000) for the purchase of approximately 194 acres containing Hayes  
37                   Manor and the Samuel Johnston Historic Farm in Chowan County, to be added  
38                   to Edenton State Historic Site.  
39           (2)    An amount not exceeding one hundred twenty-five thousand dollars  
40                   (\$125,000) for the purchase of approximately 48 acres adjacent to the Moore's  
41                   Creek National Battlefield in Pender County. The Department shall seek to  
42                   enter into a Memorandum of Agreement with the National Park Service to  
43                   manage the site.  
44           (3)    An amount not exceeding thirty-seven thousand dollars (\$37,000) for the  
45                   purchase of approximately 2.35 acres near the Alamance Battleground State  
46                   Historic Site in Alamance County, to be added to the Historic Site.  
47           (4)    An amount not exceeding one million dollars (\$1,000,000) for the purchase  
48                   of approximately 100 acres adjacent to the Charlotte Hawkins Brown State  
49                   Historic Site in Guilford County, to be added to the Historic Site.  
50           (5)    An amount not exceeding one million eight hundred thousand dollars  
51                   (\$1,800,000) for the purchase of approximately 245 acres at the Shallow Ford

1 of the Yadkin in Forsyth County, to be managed in conjunction with other  
2 nearby historic sites.

3 (6) An amount not exceeding one hundred thousand dollars (\$100,000) for the  
4 purchase of a conservation and preservation easement for an approximately  
5 40-acre tract at the site of the Cherokee settlement of Watauga Town in Macon  
6 County.

7 (7) An amount not exceeding seven hundred thirteen thousand four hundred  
8 dollars (\$713,400) for the purchase of two sites totaling approximately 2.6  
9 acres and of a conservation and preservation easement at a third site of  
10 approximately 0.7 acres at the site of the Cherokee settlement of Nikwasi  
11 Town in the Town of Franklin in Macon County.

12 (8) An amount not exceeding ninety thousand dollars (\$90,000) for the purchase  
13 of Wyse Fork Battlefield, consisting of approximately 46.65 acres known as  
14 the McQuiston Tract at Wyse Fork, as a match to American Battlefield Trust  
15 and federal Battlefield Land Acquisition Grant funds. The site is to be  
16 maintained by the Historical Preservation Group of Wyse Fork.

17 (9) Four hundred twenty-five thousand dollars (\$425,000) for the construction of  
18 a parking lot at the Shallow Ford of the Yadkin in Forsyth County.

19 (10) Forty-two thousand dollars (\$42,000) to be placed into the stewardship  
20 endowment to cover the cost of stewardship for the Moore's Creek National  
21 Battlefield in Pender County and the Cherokee settlements of Watauga Town  
22 in Macon County and Nikwasi Town in the Town of Franklin in Macon  
23 County.

24 (11) An amount not exceeding four hundred sixty-seven thousand five hundred  
25 dollars (\$467,500) for the purchase of two tracts situated in Harnett and  
26 Cumberland Counties as a match for federal Battlefield Land Acquisition  
27 Grant funds to ultimately be transferred to the Averagesboro Battlefield  
28 Commission.

29 (12) Fifty thousand dollars (\$50,000) to be used for the Road to Freedom program.

30 (13) An amount not exceeding one million twenty thousand dollars (\$1,020,000)  
31 for the purchase of six tracts situated in Johnston and Wayne Counties related  
32 to the Bentonville Battlefield as a match for federal Battlefield Land  
33 Acquisition Grant funds.

34 (14) One million dollars (\$1,000,000) to be used for Horne Creek Historic Farm.

35 Notwithstanding G.S. 143-341(4)e. and Article 6 of Chapter 146 of the General  
36 Statutes, the Department of Natural and Cultural Resources may enter into a memorandum of  
37 understanding or a lease agreement with a nonprofit entity for the operation of the Hayes Manor  
38 facility and the Wyse Fork Battlefield, and other activities related to the operation of those sites.

39 At each of the sites described in this subsection, the Department of Natural and  
40 Cultural Resources shall seek to partner with nonprofit organizations to provide funds and in-kind  
41 contributions for site development, preservation, or operational support in order to minimize the  
42 use of public funds. The Department of Natural and Cultural Resources shall report to the Joint  
43 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
44 Fiscal Research Division no later than April 1, 2022, with an estimate of any additional recurring  
45 costs associated with acquisition, maintenance, and operation of the sites acquired pursuant to  
46 this subsection.

47 The Department of Natural and Cultural Resources shall utilize the remaining funds  
48 allocated for project code DNCR21-11 for repair and renovation projects at Historic Sites located  
49 in this State.

50 **SECTION 40.1.(s)** For the Holy Angels grant allocated in this Part, Holy Angels  
51 Services, Inc., a nonprofit, shall utilize funds received to pay for costs associated with the

1 construction of up to three new group homes with up to a combined total of 20 intermediate care  
 2 facility for individuals with intellectual disabilities (ICF/IID) beds operating these new homes.  
 3 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General  
 4 Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc., shall be  
 5 exempt from certificate of need review for the construction of each group home, including up to  
 6 a combined total of 20 new ICF/IID beds operating in the group homes, for which funding was  
 7 received under this Part. These group homes and beds shall be subject to existing licensure laws  
 8 and requirements.

9 **SECTION 40.1.(t)** For the Harnett Health Systems grant allocated in this Part,  
 10 Harnett Health Systems, Inc., shall utilize funds received for the same purpose and subject to the  
 11 same guidelines and limitations set forth in Section 9F.9(a) of this act.  
 12

13 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

14 **SECTION 40.2.** It is the intent of the General Assembly to fund capital improvement  
 15 projects on a cash flow basis and to plan for future project funding based upon projected  
 16 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed  
 17 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for  
 18 the projects listed in future years. The following schedule lists capital improvement projects that  
 19 will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated  
 20 amounts (in thousands) needed for completion of those projects:  
 21

22	<b>Project Code</b>	<b>FY21-22</b>	<b>FY22-23</b>	<b>FY23-24</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>
24	UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
25	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
26	DOA21-1	50,000	60,500	54,000	64,500	–	–
27	NCGA21-2	1,800	11,391.3	38,000	51,000	–	–
28	UNC/ECU21-1	21,500	53,750	86,000	53,750	–	–
29	UNC/NCS20-1	18,250	36,500	18,250	–	–	–
30	UNC/PEM21-1	9,100	22,750	36,400	22,750	–	–
31	UNC/ECS21-4	4,000	10,000	10,000	10,000	–	–
32	UNC/FSU21-1	2,000	5,000	8,000	5,000	–	–
33	UNC/WSS21-1	5,700	14,250	22,800	14,250	–	–
34	CC	100,000	100,000	100,000	100,000	–	–

35  
 36 **WATER RESOURCES DEVELOPMENT PROJECTS**

37 **SECTION 40.3.(a)** The Department of Environmental Quality shall allocate funds  
 38 for water resources development projects in accordance with the schedule that follows. The  
 39 amounts set forth in the schedule include funds appropriated in this act for water resources  
 40 development projects and funds carried forward from previous fiscal years. These funds will  
 41 provide a State match for an estimated two hundred twenty million five hundred twenty-six  
 42 thousand dollars (\$220,526,000) in federal funds.  
 43

44	<b>Name of Project</b>	<b>2021-2022</b>	<b>2022-2023</b>
46	(1) Princeville Flood Damage Reduction	\$5,197,500	\$5,197,500
47	(2) Carolina Beach CSDM	4,750,000	1,083,333
48	(3) Wilmington Harbor DA Maintenance	3,663,642	7,334,000
49	(4) Kure Beach CSDM	4,889,423	825,641
50	(5) Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
51	(6) Ocean Isle CSDM	494,599	1,534,615

1	(7)	WRD Grant Program–State & Local Projects	2,750,000	1,500,000
2	(8)	WRD Grant Program–EQIP Projects	2,000,000	2,750,000
3	(9)	Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
4	(10)	Wrightsville Beach CSDM	3,487,500	469,471
5		<b>TOTALS</b>	<b>\$44,469,664</b>	<b>\$35,231,560</b>

SECTION 40.3.(b) Part 8A of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-215.73B. Water resources development grants administration.**

(a) Fund Creation. – There is established the Water Resources Development Grants Special Fund, a special fund within the Department of Environmental Quality to be used in accordance with this section.

(b) Fund Uses; Flexibility. – Monies within the Water Resources Development Grants Special Fund shall be used for water resources development projects as directed by an act of the General Assembly. Where the actual project costs are different from the authorized estimated project costs, the Department may adjust the allocations among projects as needed. If any funded projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.
- (3) State-local water resources development projects.
- (4) NRCS-EQIP stream restoration projects.

(c) Reports – The Department shall submit semiannual reports on the use of funds from the Water Resource Development Grant Special Fund to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

- (1) The project name.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule.

(d) Maximum Share. – Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of the funds for the project. The limitation on fund use shall only apply to projects in which a local government participates."

SECTION 40.3.(c) The following project funds shall be transferred to the Water Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
47 4T17	DWR – State & Local Projects	\$187,438.98
48 4U07	DWR – State & Local Water Res Develop Grant	317,000.00
49 4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
50 4U10	DWR – Environmental Qual Incent Prog	259,732.98
51 4V11	DWR – NRCS EQUIP	53,123.81



1	4V12	DWR – State & Local Projects	465,701.71
2	4Y13	DWR – NRCS EQUIP	881,757.48
3	4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
4	4Y16	DWR – State & Local Projects	1,857,851.47
5	4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
6	4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
7	4Y26	DWR – Town of Rutherfordton Stream	500,000.00
8	4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
9	4O01	DWR – Princeville Flood Damage Reduction	
10		(Pre-Contr/Design)	3,465,000.00
11	4O02	DWR – Carolina Beach CSRM	1,754,946.65
12	4O03	DWR – Kure Beach CSRM	2,187,500.37
13	4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
14	4O05	DWR – Ocean Isle CSRM	1,040,016.76
15	4O06	DWR – Planning Assistance to Communities	244,613.13
16	4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
17	4O08	DWR – Morehead City Maintenance	1,980,627.09
18	4O09	DWR – Surf City/ North Topsail CSRM	12,500,000.00
19	4O10	DWR – Dan River Regional Water Supply Project	34,000.00
20	4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
21	4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project	
22		Mods. (50/50)	333,500.00
23	4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem	
24		Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
25	4O14	DWR – Lumberton 205, CAP, Flood Damage	
26		Reduction (50/50)	125,000.00
27	4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
28	4O16	DWR – North Topsail Beach Shoreline Protection –	
29		Phase 2	1,500,000.00
30	4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
31	4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
32	4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
33	<b>TOTALS</b>		<b>\$50,151,639.23</b>

### NATIONAL GUARD PROJECTS

**SECTION 40.4.(a)** From the funds allocated in this Part for Project Code NG21-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding three million five hundred sixty-nine thousand six hundred ninety-six dollars (\$3,569,696) during the 2021-2022 fiscal year.

**SECTION 40.4.(b)** No later than June 1, 2023, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) The status of all projects undertaken pursuant to this section.
- (2) The estimated total cost of each project.
- (3) The date that work on each project began or is expected to begin.

- 1 (4) The date that work on each project was completed or is expected to be
- 2 completed.
- 3 (5) The actual cost of each project, including federal matching funds.
- 4 (6) Facilities planned for closure or reversion.
- 5 (7) A list of projects advanced in schedule, those projects delayed in schedule,
- 6 and an estimate of the amount of funds expected to revert to the General Fund.
- 7

**NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

**SECTION 40.5.(a)** The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	<b>Amount of Non-General Fund Funding Authorized</b>	
	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Department of Natural and Cultural Resources		
Edenton State Historic Site–		
Frinks House Renovations	\$300,000	–
USS NC Battleship–		
Mast Repairs	1,000,000	–
Bentonville State Historic Site–		
Harper House Renovations	115,000	–
NC Museum of Art–		
Terrace & Green Project	2,500,000	–
Brunswick Town State Historic Site–		
Shoreline Stabilization	3,000,000	–
Charlotte Hawkins Brown Museum–		
Memorial Galen Stone Hall	1,100,000	–
Department of Agriculture and Consumer Services		
State Fair–Repairs & Improvements	5,000,000	–
NC Forest Service–		
Design & Install New Bridges	25,000	\$100,000
Equipment Shelters	500,000	500,000
Parking Lot Expansions	500,000	250,000
Picnic Shelters	25,000	50,000
Restrooms	25,000	125,000
Storage Buildings	125,000	–
Viewing Platforms	25,000	125,000
State Research Stations–		
Equipment Storage Shelter	500,000	–
Dilapidated Building Demolition	100,000	–
Livestock & Mission Critical Facility Improvements	–	500,000
Irrigation Improvements at Research Stations	–	500,000
Department of Military and Veterans Affairs		
New State Veterans Home–Raleigh	85,700,000	–
Department of Public Safety		
Alcoholic Beverage Control–		
Office Roof Replacement	864,000	–
Warehouse Office Renovation	480,000	–
Warehouse Storage	313,000	–
Wildlife Resources Commission		

1	Land Acquisition	10,000,000	6,000,000
2	Setzer Hatchery Revision	18,500,000	–
3	Samarcand Training Facility	7,500,000	–
4	New Bern Depot Boat Storage Facility	275,000	–
5	Marion Aquaculture Building	360,000	–
6	Elizabethtown Depot Storage Shed	200,000	–
7	McKinney Lake Residence	300,000	–
8	Sandhills Depot Pole Shed	200,000	–
9	District 7 Storage Building–Wilkesboro	140,000	–
10	Burnsville Depot	500,000	–
11	Balsam Depot Renovation	400,000	–
12	Game Land Improvements	1,000,000	–
13	Morganton Pole Shed	–	130,000
14	Mills River Depot Pole Shed	–	150,000
15	Caswell Depot Storage Building	–	440,000
16	Rhems Depot Storage Building	–	230,000

**TOTAL AMOUNT OF NON-GENERAL  
FUND CAPITAL PROJECTS  
AUTHORIZED**

**\$141,572,000                      \$9,100,000**

**SECTION 40.5.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021-2022 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022-2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**SECTION 40.5.(c)** Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars (\$29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State match for federal funding for the construction of a new State veterans nursing facility in Wake County. Any federal funds received for this purpose are hereby appropriated.

**STATE CONSTRUCTION CHANGES**

**SECTION 40.6.** G.S. 143-341 reads as rewritten:

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

The Department of Administration has the following powers and duties:

...

(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of the following:

1. All State buildings or buildings located on State lands, except those buildings over which a local building code inspection department has and exercises jurisdiction. For the purposes of this sub-sub-subdivision, buildings, facilities, or projects located on State lands that are (i) privately owned or privately

- 1 leased and (ii) located within the North Carolina Global  
 2 TransPark are exempt.
- 3 2. All community college buildings requiring the estimated  
 4 expenditure of public money for construction or repair work  
 5 ~~for which public bidding is required under G.S. 143-129~~ of two  
 6 million dollars (\$2,000,000) or more prior to the awarding of a  
 7 contract for such work; and to examine and approve all  
 8 changes in those plans and specifications made after the  
 9 contract for such work has been awarded.
- 10 ...
- 11 c. To supervise the letting of all contracts for the design, construction or  
 12 renovation of all State buildings and all community college buildings  
 13 whose plans and specifications must be examined and approved under  
 14 a.2. of this subdivision.
- 15 d. To supervise and inspect all work done and materials used in the  
 16 construction or renovation of all State buildings and all community  
 17 college buildings whose plans and specifications must be examined  
 18 and approved under a.2. of this subdivision; to act as the appropriate  
 19 official inspector or inspection department for purposes of  
 20 G.S. 143-143.2; and no such work may be accepted by the State or by  
 21 any State agency until it has been approved by the Department.  
 22 ...."

23  
 24 **STREAM DEBRIS REMOVAL**

25 **SECTION 40.7.(a)** For project code SDR21, the Division of Soil and Water  
 26 Conservation of the Department of Agriculture and Consumer Services shall develop a schedule  
 27 for the removal and disposal of waterway debris from waters of the State located in a targeted  
 28 river basin. The Department shall contract with one or more appropriate and qualified private  
 29 entities to carry out the debris removal and disposal activities.

30 **SECTION 40.7.(b)** Stream debris removal projects funded under this section shall  
 31 be exempt from the requirements of Articles 1, 4, and 7 of Chapter 113 of the General Statutes,  
 32 as well as requirements for stormwater or water quality permits under Article 21 of Chapter 143  
 33 of the General Statutes. The Department of Environmental Quality is directed to waive any right  
 34 of certification under section 401 of the federal Clean Water Act with respect to projects funded  
 35 by this act.

36 **SECTION 40.7.(c)** Funds allocated by this section for the 2021-2023 fiscal biennium  
 37 shall not revert but shall remain available for nonrecurring expenses until the funds have been  
 38 spent or encumbered.

39 **SECTION 40.7.(d)** The Department of Agriculture and Consumer Services shall  
 40 report within 30 days of the end of each fiscal quarter in which funds are expended to the chairs  
 41 of the Joint Legislative Oversight Committee on Agriculture and Environment and Natural  
 42 Resources and the Fiscal Research Division regarding uses of the funds appropriated by this  
 43 section. The report shall include a cumulative and quarterly listing of projects funded, counties  
 44 where funded projects were located, and linear feet of streams cleared.

45 **SECTION 40.7.(e)** Definitions. – The following definitions apply in this section:

- 46 (1) Acute incident. – A natural event such as a hurricane, tornado, or extreme rain  
 47 event that results in the release of large amounts of waterway debris.
- 48 (2) Targeted river basins. – The Neuse River basin, the Cape Fear River basin,  
 49 the Lumber River basin, the Tar-Pamlico River basin, and the White Oak  
 50 River basin.

- 1 (3) Vegetative debris. – Vegetative matter resulting from landscaping,  
2 maintenance, right-of-way or land-clearing operations, including whole trees,  
3 tree limbs, tree stumps, limbs or leaves, shrubbery, grass clippings, and other  
4 plant material.
- 5 (4) Waters of the State. – Any surface body or accumulation of water, whether  
6 publicly or privately owned and whether naturally occurring or artificially  
7 created, which is contained within, flows through, or borders upon any part of  
8 this State.
- 9 (5) Waterway debris. – Any solid material, including, but not limited to,  
10 vegetative debris and debris exposed to or that has the potential to release oil,  
11 hazardous substances, pollutants, or contaminants, that enters a waterway in a  
12 targeted basin following an acute incident and poses a threat to the natural or  
13 man-made environment or has the potential to increase the risk or severity of  
14 future flood events. This may include shoreline and wetland debris and debris  
15 in inland, non-tidal waterways of a targeted river basin.
- 16

## 17 GRANTS TO NON-STATE ENTITIES

18 **SECTION 40.8.(a)** Definitions. – For purposes of this Part, nonrecurring funds  
19 allocated from the State Capital and Infrastructure Fund as grants are subject to all of the  
20 following requirements:

- 21 (1) Grants are subject to the provisions of subsections (b) through (f) and (f2)  
22 through (k) of G.S. 143C-6-23.
- 23 (2) Grants of one hundred thousand dollars (\$100,000) or less may be made in a  
24 single annual payment in the discretion of the Director of the Budget. Grants  
25 of more than one hundred thousand dollars (\$100,000) shall be made in  
26 quarterly or monthly payments in the discretion of the Director of the Budget.  
27 A State agency administering a grant shall begin disbursement of funds to a  
28 non-State entity, as defined in G.S. 143C-1-1(d), that meets all applicable  
29 requirements as soon as practicable, but no later than 100 days after the date  
30 this act becomes law.
- 31 (3) Grants shall be disbursed upon a demonstration by the grantee that the  
32 intended project or purpose is ready to receive funding.
- 33 (4) Beginning on the first day of a quarter following the deadline provided in  
34 subdivision (2) of this subsection and quarterly thereafter, the Office of State  
35 Budget and Management shall report to the Fiscal Research Division on the  
36 status of funds disbursed for each grant until all funds are fully disbursed. At  
37 a minimum, the report required under this subdivision shall include updates  
38 on (i) the date of the initial contract, (ii) the date the contract was sent to the  
39 entity receiving the funds, (iii) the date the disbursing agency received the  
40 fully executed contract back from the entity, (iv) the contract execution date,  
41 and (v) the payment date.
- 42 (5) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless  
43 otherwise indicated, nonrecurring funds appropriated in this Part as grants  
44 shall not revert until expended or the particular project has been completed.
- 45 (6) Grants to nonprofit organizations are for nonsectarian, nonreligious purposes  
46 only.

47 **SECTION 40.8.(b)** This section expires on June 30, 2023.

48

## 49 CONNECT NC BOND CHANGES

50 **SECTION 40.9.(a)** The General Assembly finds the following:

- 1 (1) The use of general obligation bonds can be an efficient method for financing  
2 needs of the State.
- 3 (2) Debt service, even on general obligation bonds, is a cost that can be avoided  
4 if the State has funds to directly pay for capital needs.
- 5 (3) Where the State provides a general obligation bond question to the voters, it  
6 is tantamount to representing both that capital improvements covered by the  
7 debt question are needed by the State and that the incurrence of debt for those  
8 purposes is the most responsible, cost-effective way of meeting those needs.
- 9 (4) If subsequent economic changes affect the validity of those representations,  
10 including where, as here, management of State resources has resulted in  
11 having sufficient funding for such capital improvements, thereby obviating  
12 the need to incur debt service costs, then such changes also affect the  
13 representations and assumptions on which the voters rely in voting for the  
14 issuance of the debt. Stated alternatively, voters make assumptions on the need  
15 for debt based on the amount and uses set forth in the ballot question, and, if  
16 circumstances change those assumptions, the State has an obligation to avoid  
17 associated costs if it would be inefficient to incur them.
- 18 (5) This section allocates funds to satisfy the needs and purposes for which  
19 indebtedness was originally authorized by the voters of this State pursuant to  
20 S.L. 2015-280. Accordingly, funding and debt service costs using the general  
21 obligation debt for such purposes would be redundant and would frustrate the  
22 assumptions made by (and the representations made to) the voters of this State  
23 at the time the debt obligation was approved by the voters as to the State's  
24 need.

25 **SECTION 40.9.(b)** For project code CNC21, the Office of State Budget and  
26 Management shall allocate the sum of four hundred million dollars (\$400,000,000) for the  
27 purposes described in Section 1(f) of S.L. 2015-280. Funds allocated pursuant to this subsection  
28 will be used to fully fund all projects authorized and listed in S.L. 2015-280, and further debt  
29 authorized by that Session Law may not be used to increase the total funding for any project  
30 authorized above the applicable project amount provided in S.L. 2015-280.

31 **SECTION 40.9.(c)** The State Treasurer shall not issue more than an aggregate  
32 principal amount of one billion six hundred million dollars (\$1,600,000,000) of general  
33 obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to  
34 issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount  
35 provided in this subsection is repealed, and the bond referendum authorized by and held pursuant  
36 to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds,  
37 authorized by that act.

38 **SECTION 40.9.(d)** Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

39 **SECTION 40.9.(e)** Section 4(b) of S.L. 2015-280 reads as rewritten:

40 "**SECTION 4.(b)** Any funds retained by the Office of State Budget and Management  
41 pursuant to subsection (a) of this section at the time a project is completed shall be retained by  
42 the Office of State Budget and Management ~~until reallocated for other purposes by the General~~  
43 ~~Assembly Management.~~ The Office of State Budget and Management shall report to the Joint  
44 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to  
45 this subsection within 90 days of a project's completion."  
46

#### 47 **CAPITAL PROJECT REPORTING**

48 **SECTION 40.10.(a)** Article 8 of Chapter 143C of the General Statutes is amended  
49 by adding the following new section to read:

#### 50 **"§ 143C-8-14. Capital project reporting.**

- 51 (a) **Definitions.** – The following definitions apply in this section:

- 1           (1)   Capital project. – Any capital improvement, as that term is defined in  
2           G.S. 143C-1-1, that is (i) funded in whole or in part with State funds, including  
3           receipts, non-General Fund sources, or statutorily or constitutionally  
4           authorized indebtedness of any kind, (ii) not complete, and (iii) authorized by  
5           the General Assembly for a total project cost of at least ten million dollars  
6           (\$10,000,000).
- 7           (2)   Construction phase. – The status of a particular capital project as described  
8           using the terms customarily employed in the design and construction  
9           industries.
- 10       (b)   Reporting. – The following reports on capital projects are required:
- 11           (1)   By October 1 and April 1 of each year, the following reports shall be submitted  
12           to the Joint Legislative Oversight Committee on Capital Improvements and  
13           the Fiscal Research Division:
- 14           a.     The Office of State Budget and Management shall report on the status  
15           of capital projects funded from the State Capital and Infrastructure  
16           Fund or other State funds.
- 17           b.     The Department of Administration shall provide a consolidated report  
18           on the status of agency capital projects funded from non-State funds.
- 19           (2)   Beginning January 1, and quarterly thereafter, each State agency shall report  
20           on the status of agency capital projects to the Office of State Budget and  
21           Management.
- 22       (c)   Report Contents. – The reports required by subsection (b) of this section shall include  
23       at least the following information about every agency capital project:
- 24           (1)   The current construction phase of the project.
- 25           (2)   The anticipated time line from the current construction phase to project  
26           completion.
- 27           (3)   Information about expenditures that have been made in connection with the  
28           project, regardless of source of the funds expended.
- 29           (4)   Information about the adequacy of funding to complete the project, including  
30           estimates of how final expenditures will relate to initial estimates of  
31           expenditures, and whether or not scope reductions will be necessary in order  
32           to complete the project within its budget.
- 33           (5)   For capital projects authorized within the most recent fiscal year only, an  
34           estimate of the operating costs for the project for the first five fiscal years of  
35           its operation.
- 36       (d)   Additional Requirements. – In addition to the other reports required by this section,  
37       the State Construction Office shall submit a report on April 1 of each year to the Joint Legislative  
38       Oversight Committee on Capital Improvements and the Fiscal Research Division that contains  
39       the following:
- 40           (1)   The status of the Facilities Condition Assessment Program (FCAP), including  
41           (i) summary information about the average length of time that passes between  
42           FCAP assessments for an average State building, (ii) detailed information  
43           about when the last FCAP assessment was for each State building complex,  
44           and (iii) detailed information about the condition and repairs and renovations  
45           needs of each State building complex.
- 46           (2)   The status of plan review, approval, and permitting for each State capital  
47           improvement project and community college capital improvement project  
48           over which the Office exercises plan review, approval, and permitting  
49           authority, including (i) summary information about the workload of the Office  
50           during the previous quarter, including information about the average length of  
51           time spent by the State Construction Office on each major function it performs

1 that is related to capital project approval, and (ii) detailed information about  
 2 the amount of time spent engaged in those functions for each project that the  
 3 State Construction Office worked on during the previous quarter."

4 **SECTION 40.10.(b)** It is the intent of the General Assembly to consolidate reporting  
 5 for capital improvement projects. To that end, reporting requirements imposed on capital  
 6 improvement projects authorized by a previous act of the General Assembly are hereby repealed  
 7 and replaced with the reporting requirements imposed under subsection (a) of this section.

8 **SECTION 40.10.(c)** G.S. 143C-8-13 reads as rewritten:

9 **"§ 143C-8-13. Repairs and Renovations.**

10 ...

11 (b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are  
 12 allocated to the Board of Governors of The University of North Carolina or to the Office of State  
 13 Budget and Management may be allocated or reallocated ~~by~~ at the discretion of those agencies  
 14 for repairs and renovations projects so long as all of the following conditions are satisfied:

15 (1) Any project that receives an allocation or reallocation satisfies the  
 16 requirements of subsection (a) of this section.

17 (2) ~~If the allocation or reallocation of funds from one project to another under this~~  
 18 ~~section is two million five hundred thousand dollars (\$2,500,000) or more for~~  
 19 ~~a particular project, the~~ The Office of State Budget and Management or the  
 20 Board of Governors, as appropriate, consults with ~~shall report to the Joint~~  
 21 Legislative Commission on Governmental Operations and the Fiscal Research  
 22 Division on the initial allocation prior to the expenditure or reallocation of  
 23 funds.

24 (3) ~~If the allocation or reallocation of funds from one project to another under this~~  
 25 ~~section is less than two million five hundred thousand dollars (\$2,500,000) for~~  
 26 ~~a particular project, On or before August 1 each year, the Office of State~~  
 27 Budget and Management or the Board of Governors, as appropriate shall  
 28 submit a final report showing the allocation or reallocation of funds is  
 29 reported during the preceding fiscal year to the Joint Legislative Commission  
 30 on Governmental Operations—Operations, the Joint Legislative Capital  
 31 Improvements Oversight Committee, and the Fiscal Research Division, within  
 32 60 days of the expenditure or reallocation.

33 (4) If the funds were previously allocated for a repairs and renovations project  
 34 that was not specifically authorized by an act of the General Assembly;  
 35 provided, however, if a project specifically authorized by the General  
 36 Assembly has been completed, then funds may be reallocated pursuant to this  
 37 subsection.

38 ...."

39  
 40 **PART XLI. TRANSPORTATION**

41  
 42 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

43 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are  
 44 repealed.

45 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated  
 46 revenues for the Highway Fund as follows:

47	For Fiscal Year 2023-2024	\$2,628.0 million
48	For Fiscal Year 2024-2025	\$2,724.2 million
49	For Fiscal Year 2025-2026	\$2,814.8 million
50	For Fiscal Year 2026-2027	\$2,833.6 million
51	For Fiscal Year 2027-2028	\$2,875.9 million



1           **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated  
2 revenues for the Highway Trust Fund as follows:

3           For Fiscal Year 2023-2024       \$1,758.1 million

4           For Fiscal Year 2024-2025       \$1,797.5 million

5           For Fiscal Year 2025-2026       \$1,809.0 million

6           For Fiscal Year 2026-2027       \$1,843.8 million

7           For Fiscal Year 2027-2028       \$1,878.7 million

8           **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the  
9 Office of State Budget and Management, shall develop a five-year revenue forecast. The  
10 five-year revenue forecast developed under this subsection shall be used (i) to develop the  
11 five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic  
12 Transportation Improvement Program, and (iii) by the Department of the State Treasurer to  
13 compute transportation debt capacity.

#### 14 15 **DOT/BUDGET REORGANIZATION**

16           **SECTION 41.2.(a)** It is the intent of the General Assembly that the Department of  
17 Transportation have a transparent budget that is representative of the Department's mission and  
18 goals and aligns to the internal organization of the Department.

19           **SECTION 41.2.(b)** The Department shall create within the Financial Management  
20 Division of the Department of Transportation the Budget Section dedicated to the management  
21 of the budget for the Department. The Budget Section shall be separate from the other sections  
22 in the Financial Management Division and shall directly report to the Chief Financial Officer of  
23 the Department. The initial duty of the Budget Section, with the assistance of the Office of State  
24 Budget and Management, shall be to reorganize the entire budget of the Department of  
25 Transportation using the following criteria:

- 26           (1) The Highway Fund Budget Code shall contain Fund Codes representative of  
27           divisional organizational units within the Department of Transportation. The  
28           Divisions include: Highway Division, Ferry Division, Rail Division, Public  
29           Transportation, Bicycle and Pedestrian, Secretary's Office, Board of  
30           Transportation, Facilities Management, and others determined by the Office  
31           of State Budget and Management in conjunction with the Department of  
32           Transportation and in consultation with the Fiscal Research Division.
- 33           (2) The current Fund Codes shall be combined to create a budget message  
34           indicative of the divisions and units within the Department.
- 35           (3) The Fund Codes shall be developed as prescribed in the State Budget Manual  
36           to include the six account groups. All relevant full-time equivalent (FTE)  
37           positions shall be correctly assigned to the Fund Code and Organizational  
38           Unit.
- 39           (4) The Department shall work with its accounting system vendor to develop a  
40           report to depict the funding and cost associated with the Intermodal, Rail,  
41           Aviation, Ferry and Highways divisions. Employees of the Department, the  
42           Office of State Budget and Management, and the Fiscal Research Division  
43           shall be able to generate the report. The report shall include the Certified and  
44           Authorized budgets and expenditures. The report shall group fund codes  
45           associated with specific programs to ensure transparency with associated  
46           activities.
- 47           (5) The Fund Codes shall include any receipts collected and used for the units,  
48           including federal receipts.
- 49           (6) The Highway Division's Fund Code shall include distinct responsible cost  
50           centers for specific programs and grants established by the General Assembly.

1 The Accounts shall include relevant personal services, purchased services,  
2 grants-in-aid, leases, and the entire operating budgets for the Division.

- 3 (7) The Department shall develop options for groupings of projects within the  
4 Highway Trust Fund – Strategic Transportation Investments and consider  
5 identifying funded projects by the project's first year of funding. The  
6 Department shall work with OSBM in developing the comprehensive budget  
7 structure for the Highway Trust Fund.

8 **SECTION 41.2.(c)** Notwithstanding any other provision of law to the contrary, the  
9 Department of Transportation shall reclassify four vacant full-time equivalent positions, pursuant  
10 to the classification system established by the State Human Resources Commission, to the  
11 Financial Management Division, with one Budget Manager and three Budget Analysts, for the  
12 Budget Section.

13 **SECTION 41.2.(d)** No later than November 1, 2021, and March 31, 2022, the  
14 Department shall submit a report to the Joint Legislative Transportation Oversight Committee  
15 and the Fiscal Research Division on the status of the creation of the Budget Office. The report  
16 shall include the identification of the positions to be reclassified to the Budget Office and the  
17 schedule and status for advertising and filling positions.

### 18 **BUILD NC BONDS/MAX CASH BALANCE EXCEPTION**

19 **SECTION 41.3.** G.S. 142-97(2)a. shall not apply to the issuance and sale of Build  
20 NC Bonds during the fiscal year ending June 30, 2022.

### 21 **SPEND PLAN TECHNICAL REVISION**

22 **SECTION 41.4.** G.S. 143C-6-11.1(a) reads as rewritten:

23 "(a) The Department of Transportation shall develop a comprehensive cash-spending  
24 plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly,  
25 to spend money from any source, including federal funds and bond proceeds, for programs,  
26 functions, activities or objects, by the Department."  
27  
28  
29

### 30 **INDEMNIFY WILMINGTON FOR MAP ACT**

31 **SECTION 41.5.(a)** The Department of Transportation shall defend, indemnify, and  
32 hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members  
33 against any claims, civil actions, and proceedings arising out of the filing or amendment of a  
34 transportation corridor official map in accordance with Article 2E of Chapter 136 of the General  
35 Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends  
36 from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

37 **SECTION 41.5.(b)** The Department of Transportation shall defend, indemnify, and  
38 hold harmless the City of Wilmington and its members and employees against any claims, civil  
39 actions, and proceedings arising out of the filing or amendment of all transportation corridor  
40 official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr  
41 Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter  
42 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

43 **SECTION 41.5.(c)** This section is effective when it becomes law and applies  
44 retroactively to June 13, 2019.

### 45 **DMV PERFORMANCE DASHBOARD EXPANSION**

46 **SECTION 41.6.(a)** Expand Performance Dashboard. – No later than October 1,  
47 2021, the Department of Transportation shall expand the performance dashboard available on the  
48 Department's website to display the total number of transactions completed by the Division of  
49 Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the  
50

1 transactions by type and indicate whether the transactions were conducted in person, by mail, or  
2 by online application.

3 **SECTION 41.6.(b)** Establish Performance Dashboard Archive. – No later than  
4 October 1, 2021, the Department shall maintain and make available from the performance  
5 dashboard an archive of all prior performance dashboard reports.

6 **SECTION 41.6.(c)** Paperless Operations Report. – By March 15, 2022, the Division  
7 of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight  
8 Committee and the Fiscal Research Division. The report shall contain all of the following:

- 9 (1) A list of services provided by the Division that currently involve paper  
10 correspondence of any kind.
- 11 (2) A list of services provided by the Division involving paper correspondence  
12 that could be made paperless.
- 13 (3) A description of requirements to implement paperless transactions for the  
14 services identified in subdivision (2) of this subsection, including one-time  
15 and recurring costs.
- 16 (4) A description of the processes the Division is currently pursuing to implement  
17 paperless transactions for the services identified in subdivision (2) of this  
18 subsection.
- 19 (5) An estimate of when the processes described in subdivision (4) of this  
20 subsection will be fully implemented.

## 21 22 **DMV MOBILE UNIT DEPLOYMENT AND REOPENING CLOSED DRIVERS** 23 **LICENSE OFFICES**

24 **SECTION 41.7.(a)** The Division of Motor Vehicles shall utilize mobile units on a  
25 rotating basis to drivers license offices closed due to the COVID-19 pandemic. The deployment  
26 of mobile units shall continue until Executive Order No. 116 (2020), Declaration of a State of  
27 Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19,  
28 is rescinded. The mobile units deployed pursuant to this subsection shall (i) operate five days per  
29 week between the hours of 9:00 A.M. and 5:00 P.M. and (ii) not require appointments for service.  
30 The Division shall make a reasonable effort to notify the public of the operation of mobile units.

31 **SECTION 41.7.(b)** The Division shall open drivers license offices closed due to the  
32 COVID-19 pandemic 14 days after the rescission of Executive Order No. 116 or August 15,  
33 2021, whichever is earlier.

34 **SECTION 41.7.(c)** Subsection (a) of this section is effective 14 days after it becomes  
35 law. The remainder of this section is effective when it becomes law.

## 36 37 **EXTEND DURATION OF DEALER PLATES AND DEALER LICENSES**

38 **SECTION 41.9.(a)** G.S. 20-79 reads as rewritten:

### 39 **"§ 20-79. Dealer license plates.**

40 (a) How to Get a Dealer Plate. – The Division may issue a person licensed under Article  
41 12 of this Chapter the appropriate classification of dealer license plate. A person eligible for a  
42 dealer license plate may obtain one by filing an application with the Division and paying the  
43 required fee. An application must be filed on a form provided by the Division. The required fee  
44 is three times the amount set by G.S. 20-87(7).

45 ...

46 (c) Form and Duration. – A dealer license plate is subject to G.S. 20-63, except for the  
47 requirement that the plate display the registration number of a motor vehicle and the requirement  
48 that the plate be a "First in Flight" plate, a "First in Freedom" plate, or a "National/State Mottos"  
49 plate. A dealer license plate must have a distinguishing symbol identifying the plate as a dealer  
50 license plate. The symbol may vary depending upon the classification of dealer license plate

1 issued. The Division must provide suitably reduced sized license plates for motorcycle dealers  
2 and manufacturers.

3 A dealer license plate is issued for a period of ~~one year~~ three years. The Division shall vary  
4 the expiration dates of dealer registration renewals so that an approximately equal number expires  
5 at the end of each month, quarter, or other period consisting of one or more months. A dealer  
6 license plate may be transferred from one vehicle to another. When the Division issues a dealer  
7 plate, it may issue a registration that expires at the end of any monthly interval. When one of the  
8 following occurs, a dealer must surrender to the Division all dealer license plates issued to the  
9 dealer:

- 10 (1) The dealer surrenders the license issued to the dealer under Article 12 of this  
11 Chapter.
- 12 (2) The Division suspends or revokes the license issued to the dealer under Article  
13 12 of this Chapter.
- 14 (3) The Division rescinds the dealer license plates because of a violation of the  
15 restrictions on the use of a dealer license plate.

16 To obtain a dealer license plate after it has been surrendered, the dealer must file a new  
17 application for a dealer license plate and pay the required fee for the plate.

18 ...."

19 **SECTION 41.9.(b)** G.S. 20-288 reads as rewritten:

20 "**§ 20-288. Application for license; license requirements; expiration of license; bond.**

21 ...

22 (c) All licenses that are granted shall be for a period of ~~one year~~ three years unless sooner  
23 revoked or suspended. The Division shall vary the expiration dates of all licenses that are granted  
24 so that an equal number of licenses expire at the end of each month, quarter, or other period  
25 consisting of one or more months to coincide with G.S. 20-79(c).

26 ...."

27 **SECTION 41.9.(c)** G.S. 20-289 reads as rewritten:

28 "**§ 20-289. License fees.**

29 (a) The license fee for each ~~fiscal year~~, three-year period, or part thereof, shall be as  
30 follows:

- 31 (1) For motor vehicle dealers, distributors, distributor branches, and wholesalers,  
32 ~~ninety dollars (\$90.00)~~ two hundred ninety-one dollars (\$291.00) for each  
33 place of business.
- 34 (2) For manufacturers, ~~one hundred ninety-five dollars (\$195.00)~~ six hundred  
35 thirty dollars and seventy-five cents (\$630.75) and for each factory branch in  
36 this State, ~~one hundred thirty dollars (\$130.00)~~ four hundred twenty-five  
37 dollars and seventy-five cents (\$425.75).
- 38 (3) For motor vehicle sales representatives, ~~twenty dollars (\$20.00)~~ sixty-four  
39 dollars and fifty cents (\$64.50).
- 40 (4) For factory representatives, or distributor representatives, ~~twenty dollars~~  
41 ~~(\$20.00)~~ sixty-four dollars and fifty cents (\$64.50).

42 ...."

43 **SECTION 41.9.(d)** By March 31, 2022, the Division of Motor Vehicles shall submit  
44 a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research  
45 Division. The report shall contain the following information:

- 46 (1) The number of dealers, as defined in G.S. 20-79(h), affected by this section.
- 47 (2) Changes to the Division's operations and operational costs caused by the  
48 implementation of this section.

49 **SECTION 41.9.(e)** Subsections (a), (b), and (c) of this section become effective  
50 January 1, 2022, and apply to all applications for dealer plates, new licenses, or license renewals  
51 submitted on or after that date. The remainder of this section is effective when it becomes law.

**DMV SALARY ADJUSTMENT FUND**

**SECTION 41.10.(a)** For the 2021-2023 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary adjustment of Division of Motor Vehicle personnel. To be eligible for a salary increase under this section, a DMV employee must not have any active disciplinary action and must not have received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.

**SECTION 41.10.(b)** No later than January 1 and June 30 of each year of the 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the actions taken pursuant to this section. The report shall contain all of the following:

- (1) The total amount of salary adjustments implemented pursuant to this section.
- (2) The average percentage increase in salary for each employee whose salary was increased pursuant to this section.
- (3) The total number of employees whose salaries were increased pursuant to this section.
- (4) The methodology used by the Department to calculate salary adjustments pursuant to this section.
- (5) A description of any proposed future salary adjustments.

**AVIATION/DIVISION ANNUAL REPORT**

**SECTION 41.11.** Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

**"§ 63-74.5. Division of Aviation annual report.**

Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report containing the following information from the prior fiscal year:

- (1) A list of all public use airports within the State, their municipality and county, status as commercial services or general aviation, airport code, and the following corresponding information:
  - a. Total amount of funds allocated to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development and State Transportation Improvement Program dollars, and total number of projects receiving allocations.
  - b. Total amount of funds disbursed to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development and State Transportation Improvement Program dollars, and total number of projects receiving disbursements.
  - c. Total amount of unallocated State appropriations for Commercial Services, State Aid to Airports, Special Projects, and Economic Development.
- (2) Summary of activities related to unmanned aircraft systems, including total number of drones owned subtotalled by units of the Department of Transportation and by other State agencies, purposes and uses of drones in each unit and agency, a list describing each private sector partnership to which the Division of Aviation is a party, and any other activities of this unit.
- (3) Total number of trips and flight hours by each manned aircraft owned by the Department of Transportation, subtotalled by agency, fees charged to each agency, and total cost of providing services to each agency.

1           (4) Summary of activities related to Safety and Education, including total  
 2           expenditures, number and description of programs, and number of  
 3           participants."  
 4

5 **QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL**  
 6 **AIRPORTS**

7           **SECTION 41.12.(a)** G.S. 136-176(b3) reads as rewritten:

8           "(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway  
 9 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on  
 10 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An  
 11 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement  
 12 by the State to pay the funds appropriated to the State Ports Authority within the meaning of  
 13 G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that  
 14 the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the  
 15 issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner  
 16 constitute a pledge of the faith and credit and taxing power of the State, and nothing contained  
 17 herein shall prohibit the General Assembly from amending an appropriation made to the State  
 18 Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State  
 19 Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in  
 20 this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of  
 21 Transportation shall disburse funds appropriated under this subsection to the State Ports  
 22 Authority on a quarterly basis, beginning September 30 of each fiscal year."

23           **SECTION 41.12.(b)** G.S. 63-74(d) reads as rewritten:

24           "(d) Permissible Uses, Reporting, and Return of Funds. – The Department of  
 25 Transportation shall not allocate funds to an airport under this section until that airport has  
 26 provided a report outlining how the airport will use the funds in conformance with the purposes  
 27 of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year.  
 28 No later than 45 days from the date the Department receives the report required under this  
 29 subsection, the Department shall ~~make a determination~~ determine whether the intended use of  
 30 the funds matches the purposes of the program and, if so, allocate funds under this section to the  
 31 compliant airport. The Department of Transportation shall disburse funds appropriated under this  
 32 section on a quarterly basis, beginning September 30 of the fiscal year. An airport that receives  
 33 funds under this section shall return the funds to the Department if the funds are in the possession  
 34 or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year  
 35 following the fiscal year in which the Department makes the allocation. All funds returned to the  
 36 Department under this section, or retained by the Department for failure of an eligible airport to  
 37 submit a report under this subsection, shall be credited to the fund from which they were  
 38 appropriated and shall remain unexpended and unencumbered until appropriated by the General  
 39 Assembly."  
 40

41 **AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS**

42           **SECTION 41.13.(a)** The following positions shall not be paid for by funds  
 43 appropriated to the State Aid to Airports grant program:

44	60015627	Airport Preservation Engineer
45	60016342	Technical Trainer II
46	60020073	Business Officer II
47	60020271	Engineer III
48	60026296	Program Manager II
49	60015619	Aviation Safety Specialist
50	60027110	Engineer II
51	60015609	Engineering Supervisor III

1           60015610     Engineer III  
2           60015612     Engineer III  
3           60015613     Engineer II  
4           60015621     Engineer II  
5           60015622     Engineer III  
6           60029095     Engineer III

7           **SECTION 41.13.(b)** Article 7 of Chapter 63 of the General Statutes is amended by  
8 adding a new section to read:

9           "**§ 63-74.2. Division of Aviation grant funded positions prohibited.**

10           The Department of Transportation shall not create or authorize any Division of Aviation  
11 positions that are paid for using State funds appropriated for State Aid to Airports or any other  
12 airport aid program."

13  
14           **AVIATION/STATE PLANE COST OF USE RATE ANALYSIS**

15           **SECTION 41.14.(a)** The Division of Aviation shall conduct a rates and charges  
16 analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall  
17 contain a comparison of the market rates of private aircraft providers in North Carolina and  
18 surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of  
19 Aviation shall submit the results of the study, including a recommended rate, to the Joint  
20 Legislative Transportation Oversight Committee and the Fiscal Research Division by December  
21 1, 2021.

22           **SECTION 41.14.(b)** The Department of Transportation shall charge one thousand  
23 two hundred dollars (\$1,200) per hour to State agencies, excluding the Department of  
24 Transportation, for use of the King Air.

25  
26           **FERRY CAPITAL SPECIAL FUND**

27           **SECTION 41.15.(a)** G.S. 136-82 reads as rewritten:

28           "**§ 136-82. Department of Transportation to establish and maintain ferries.**

29           ...

30           (c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a  
31 special fund separate from the Highway Fund within the Department of Transportation.

32           (d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit~~ deposit the  
33 proceeds from tolls collected on North Carolina Ferry System routes and ~~certain route-generated~~  
34 receipts ~~generated~~ authorized under subsection (f) of this section to ~~reserve accounts fund codes~~  
35 within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which  
36 system terminals are located and fares are earned. For the purposes of this subsection, fares are  
37 earned based on the terminals from which a passenger trip originates and terminates. Commuter  
38 pass receipts shall be ~~credited~~ deposited proportionately to each ~~reserve account fund code~~ based  
39 on the distribution of trips originating and terminating in each Highway Division. The proceeds  
40 ~~credited~~ deposited to each ~~reserve account fund code~~ shall be used exclusively for prioritized  
41 North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which  
42 the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement  
43 projects or supplement funds allocated for ferry passenger vessel replacement projects approved  
44 in the Transportation Improvement Program.

45           ...

46           (f) Authority to Generate Certain Receipts. – The Department of Transportation,  
47 notwithstanding any other provision of law, may operate or contract for the following  
48 receipt-generating activities and, ~~except as otherwise provided in subsection (f1) of this section,~~  
49 ~~use the proceeds for ferry passenger vessel replacement projects in the manner set forth in~~  
50 ~~subsection (d) of this section~~ activities. The proceeds collected on North Carolina Ferry System  
51 routes from receipts generated under this subsection shall be deposited and used in accordance

1 with subsection (d) of this section. The proceeds collected from receipts generated from the  
2 Shipyards shall be deposited and used in accordance with subsection (f1) of this section.

- 3 (1) Operation of, concessions on the ferries and at ferry facilities to provide to  
4 passengers on the ferries food, drink, and other refreshments, personal comfort  
5 items, Internet access, and souvenirs publicizing the ferry system.
- 6 (2) Sponsorships, including, but not limited to, the sale of naming rights to any  
7 ferry vessel, ferry route, or ferry facility.
- 8 (3) Advertising on or within any ferry vessel or at any ferry facility, including,  
9 but not limited to, display advertising and advertising delivered to passengers  
10 through the use of video monitors, public address systems installed in  
11 passenger areas, and other electronic media.
- 12 (4) Any other receipt-generating activity not otherwise forbidden by applicable  
13 law pertaining to public health or safety.

14 The Department may issue rules to implement this subsection.

15 (f1) Use of Receipts Generated From Shipyards. – The Department of Transportation shall  
16 ~~credit-deposit~~ the proceeds from receipts generated under subsection (f) of this section from  
17 activities performed by the North Carolina State Shipyards to a ~~reserve account-fund code~~ within  
18 the ~~Highway Fund-Ferry Capital Special Fund~~ to be used exclusively for improvements to the  
19 Shipyards, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on~~  
20 ~~the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a~~  
21 ~~proportional amount of the proceeds credited to each reserve account described in subsection (d)~~  
22 ~~of this section to replace or repair equipment in accordance with this subsection if there is an~~  
23 ~~insufficient amount of funds in the reserve account within the Highway Fund for the Shipyards.~~

24 (f2) ~~Reserve Account-Ferry Systemwide Fund Code~~ and Disposition of Marine Vessels. –  
25 There is created in the ~~Highway Fund-Ferry Capital Special Fund~~ a Ferry Systemwide ~~reserve~~  
26 ~~account-fund code~~. The funds in the ~~account-this fund code~~ shall be used for the acquisition or  
27 construction of marine vessels to maintain existing service capacity by replacing marine vessels  
28 that have reached the end of their useful life, as determined by the Department of Transportation.  
29 The Department of Transportation shall decommission and dispose of a marine vessel subject to  
30 replacement in a timely manner after the replacement marine vessel is operationalized.  
31 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition  
32 of a marine vessel shall be ~~credited-deposited~~ to the ~~reserve account-fund code~~ established under  
33 this subsection. Nothing in this subsection shall be construed as prohibiting the Department of  
34 Transportation from using funds held in the ~~reserve account-fund code~~ established under this  
35 subsection to supplement funds ~~credited-deposited~~ to a ~~reserve account-fund code~~ under  
36 subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger  
37 vessel replacement projects in the Highway Division in which the funds ~~credited-deposited~~ to the  
38 ~~reserve account-fund code~~ under subsection (d) of this section are earned. For purposes of this  
39 subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than  
40 passenger-only vessels.

41 ...

42 (h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any  
43 other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45  
44 days after the first day of the fiscal year, the Department of Transportation shall transfer from the  
45 Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all  
46 unexpended funds for the Ferry Division's budget from the prior fiscal year.

47 (i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry  
48 Division shall submit a report to the Joint Legislative Transportation Oversight Committee and  
49 the Fiscal Research Division that contains the total cost to operate each ferry route."

50 **SECTION 41.15.(b)** G.S. 136-16.10 reads as rewritten:

51 "**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**



1 The Chief Financial Officer of the Department of Transportation shall allocate at the  
2 beginning of each fiscal year from the various appropriations made to the Department of  
3 Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State~~  
4 ~~Maintenance, and Ferry Operations, and State Maintenance~~ sufficient funds to eliminate all  
5 overdrafts on State maintenance and construction projects, and these allocations shall not be  
6 diverted to other purposes."

7 **SECTION 41.15.(c)** G.S. 136-44.2(f1)(2) reads as rewritten:

8 "(2) The unallotted and unencumbered balances on the last day of the fiscal year  
9 for the following:

- 10 a. Funds appropriated from the Highway Fund for the multimodal  
11 programs of the Department, consisting of funds for bicycle and  
12 pedestrian, ~~ferry~~, railroad, aviation, and public transportation  
13 programs, excluding funds deposited in the Freight Rail & Rail  
14 Crossing Safety Improvement Fund.
- 15 b. Funds appropriated from the Highway Fund for the construction  
16 programs of the Department, consisting of funds for secondary  
17 construction, access and public service roads, spot safety  
18 improvement, small urban construction, and economic development  
19 programs."

20 **SECTION 41.15.(d)** Subdivision (2) of subsection (b) of Section 35.1 of S.L.  
21 2016-94 is repealed.

## 22 **DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS**

23 **SECTION 41.16.** Notwithstanding any other provision of law to the contrary, the  
24 Department of Transportation shall reclassify vacant positions, pursuant to the classification  
25 system established by the State Human Resources Commission, to the following positions:

- 26 (1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.  
27 (2) Up to seven FTE positions in the Purchasing Division to manage the  
28 procurement and contractual needs of the Department.  
29

## 30 **DOT/FACILITIES PLAN**

31 **SECTION 41.17.(a)** The Department of Transportation shall develop a 10-year  
32 Facilities Plan for the Department's current and future facility needs. The plan shall identify the  
33 need for replacement and major renovations of all DOT-owned buildings and include the  
34 following components: complete facility inventory, condition analysis, building and site usage,  
35 building capacity analysis with square footage, staff replacement, renovation cost estimates, and  
36 proposed 10-year replacement and renovations schedule. The Department shall seek input from  
37 all units of the Department to develop the holistic plan of the Department.

38 **SECTION 41.17.(b)** The Department shall submit a report to the Joint Legislative  
39 Transportation Oversight Committee and the Fiscal Research Division. The report shall include  
40 all components of the plan, including the proposed 10-year schedule, estimated costs, and the  
41 status of all building replacements and renovations underway by the Department. The report is  
42 due no later than March 1, 2022.  
43

## 44 **REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS**

45 **SECTION 41.18.(a)** The Facilities Division of the Department of Transportation  
46 shall develop a preventive maintenance program for all buildings owned by the Department. The  
47 plan shall include a schedule to examine the building systems, including lighting and electrical,  
48 safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for  
49 repair and maintenance.  
50

1           **SECTION 41.18.(b)** No later than March 1, 2022, the Facilities Division shall  
 2 submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal  
 3 Research Division on the plan, schedule, and an estimate of recurring funds needed for  
 4 maintenance and repair.

5  
 6 **CAPITAL, REPAIRS, AND RENOVATIONS**

7           **SECTION 41.19.** For the 2021-2023 fiscal biennium, the funds appropriated in this  
 8 act from the Highway Fund to the Department of Transportation for capital, repairs, and  
 9 renovations shall be used as follows:

11 <b>Item</b>	12 <b>FY 2021-22</b>	13 <b>FY 2022-23</b>
14 Polk Maintenance Shop	\$745,285	
15 Currituck Equipment and Maintenance Storage Facility	\$447,544	
16 Northampton Sub Shop	\$3,000,000	
17 Alamance County Sub Shop		\$1,792,764
18 Edgecombe Maintenance and Storage		\$1,751,208
19 Alleghany Equipment Shop		\$162,000
20 Ferry Facilities – Hatteras Dolphins and Exterior Door, 21 Silver Lake Dolphins and Gantries, Minnesott Gantry 22 and Ramp, and Cedar Island Ticket Booth	\$860,000	
23 Other Statewide – Repairs	\$1,637,500	\$1,681,250
24 Shipyard Water Tower	\$771,015	
25 <b>Total</b>	<b>\$7,461,344</b>	<b>\$5,387,222</b>

26 **DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS**

27           **SECTION 41.20.(a)** Notwithstanding G.S. 143-135.26(1), or any other provision of  
 28 law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall  
 29 have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and  
 30 contracting for the construction of the capital replacement projects listed in Section 41.19 of this  
 31 act and shall not be subject to the jurisdiction of the Department of Administration, if the  
 32 estimated cost of the design and construction of the replacement building is less than two million  
 33 dollars (\$2,000,000). The Department of Transportation shall advertise and award contracts in  
 34 the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon  
 35 request, the Department of Administration shall assist the Department of Transportation in  
 36 advertising and awarding a contract under this section.

37           **SECTION 41.20.(b)** No later than 30 days after the end of each fiscal quarter, the  
 38 Department of Transportation shall report to the Joint Legislative Transportation Oversight  
 39 Committee and the Fiscal Research Division on the status of all contracts awarded by the  
 40 Department of Transportation under subsection (a) of this section. The report shall include for  
 41 each capital replacement project:

- 42           (1) The estimated cost of the design and construction of the replacement structure.
- 43           (2) The method for replacement, to include design phase through construction.
- 44           (3) Any assistance provided by the Department of Administration.
- 45           (4) The issued request for proposal, selection criteria, bid amounts, and selected  
46 contractor.
- 47           (5) The status of project, total contract cost, amount paid-to-date, and anticipated  
48 completion date.

49  
 50 **REVISE CASH WATCH REPORT**

51           **SECTION 41.21.** G.S. 143C-6-11(n) reads as rewritten:

"(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for public review a weekly report of the Department's cash position, which shall be entitled "NCDOT Cash Watch Numbers." The report shall be issued as a press release to all interested parties, posted on the Department's Web site, and submitted to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the Department determines is beneficial to include, the report shall contain the following:

- (1) Total Cash and Bond Proceeds
- (2) Add Receipts
  - a. Add subcategory of federal receipts
  - b. Add subcategory of federal receipts (declared disaster reimbursements)
- (3) Less Disbursements
  - a. Payroll
  - b. Debt Service
  - c. STI Construction Costs
  - d. General Operating Costs
  - e. Map Act Claims/Settlements
  - f. State Aid Payments
  - g. Disaster-Related Costs
  - h. Other
- (4) Reserved Cash
  - a. GARVEE/Federal Repayment Reserve
  - b. Transportation Emergency Reserve
  - c. Trustee Accounts – Build NC proceeds
  - d. Trustee Accounts – GARVEE
  - e. Trustee Accounts – Other Bonds
  - f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
  - g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
- (5) Unreserved Cash Balance Total
  - a. Highway Fund Total
  - b. Highway Trust Fund Total
  - c. Statutory Cash Requirement"

### HIGHWAY DIVISIONS ANNUAL REPORT

**SECTION 41.22.** G.S. 143C-6-11 is amended by adding a new subsection to read:

"(s) No later than September 1 of each year, the Department of Transportation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an annual report on the prior fiscal year allocations and expenditures for each highway division that contains the following information:

- (1) A chart detailing all Highway Fund allocations allotted to each highway division by category and purpose, the actual amount spent by each division, and any funds remaining for each division for the fiscal year.
- (2) The amount of funds reallocated between divisions under G.S. 136-44.6 by division source and recipient.
- (3) The overdrafts and carryforward amounts in total and by division."

### REST AREAS

**SECTION 41.23.(a)** No later than August 15, 2021, the Department of Transportation shall open and fully operate all rest areas owned or maintained by the Department.

**SECTION 41.23.(b)** Article 7 of Chapter 136 of the General Statutes is amended by adding a new section to read:

1 **"§ 136-102.10. Rest areas report.**

2 No later than October 1 of each year, the Department shall submit an annual report to the  
 3 Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that  
 4 contains the following information:

- 5 (1) Total inventory of rest areas.
- 6 (2) Location and description of each rest area to include condition of the rest area  
 7 buildings, parking, landscape, ingress and egress roads, restrooms, lighting,  
 8 vending, whether collocated with a welcome center, and availability of Wi-Fi  
 9 and cell phone service strength.
- 10 (3) Most recent reopening date and the reason and length of closure before  
 11 reopening.
- 12 (4) Actual expenditures by categories to include staff, contracts, building  
 13 operations, and other maintenance.
- 14 (5) Number of estimated visitors and how estimated visitors are calculated.
- 15 (6) Planned renovations and closures for renovations."

17 **PART XLII. FINANCE**

18 **PERSONAL INCOME TAX REDUCTION**

19 **SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

20 "(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 21 of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and~~  
 22 ~~one quarter percent (5.25%)~~ a percentage of the taxpayer's North Carolina taxable  
 23 ~~income~~ income computed as follows:

24	<u>Taxable Years Beginning</u>	<u>Tax</u>
25	<u>In 2022</u>	<u>4.99%</u>
26	<u>In 2023</u>	<u>4.7%</u>
27	<u>In 2024</u>	<u>4.6%</u>
28	<u>In 2025</u>	<u>4.5%</u>
29	<u>After 2025</u>	<u>3.99%."</u>

30 **SECTION 42.1.(b)** G.S. 105-153.5(a)(1) reads as rewritten:

31 "(1) Standard deduction amount. – The standard deduction amount is zero for a  
 32 person who is not eligible for a standard deduction under section 63 of the  
 33 Code. For all other taxpayers, the standard deduction amount is equal to the  
 34 amount listed in the table below based on the taxpayer's filing status:

35	<b>Filing Status</b>	<b>Standard Deduction</b>
36	Married, filing jointly/surviving spouse	<del>\$21,500</del> <u>\$25,500</u>
37	Head of Household	<del>16,125</del> <u>19,125</u>
38	Single	<del>10,750</del> <u>12,750</u>
39	Married, filing separately	<del>10,750</del> <u>12,750."</u>

40 **SECTION 42.1.(c)** G.S. 105-153.5(a1) reads as rewritten:

41 "(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under  
 42 section 24 of the Code for the taxable year is allowed a deduction under this subsection for each  
 43 qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the  
 44 deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross  
 45 income, as calculated under the Code:

46	<b>Filing Status</b>	<b>AGI</b>	<b>Deduction Amount</b>
47	Married, filing jointly/ surviving spouse	Up to \$40,000	<del>\$2,500.00</del> <u>\$3,000</u>
48		Over \$40,000	
49		Up to \$60,000	<del>2,000.00</del> <u>2,500</u>
50		Over \$60,000	

1		Up to \$80,000	<del>1,500.00</del> <u>2,000</u>
2		Over \$80,000	
3		Up to \$100,000	<del>1,000.00</del> <u>1,500</u>
4		Over \$100,000	
5		Up to \$120,000	<del>500.00</del> <u>1,000</u>
6		Over \$120,000	0
7		<u>Up to \$140,000</u>	<u>500.00</u>
8		<u>Over \$140,000</u>	<u>0</u>
9			
10	Head of Household	Up to \$30,000	<del>\$2,500.00</del> <u>\$3,000</u>
11		Over \$30,000	
12		Up to \$45,000	<del>2,000.00</del> <u>2,500</u>
13		Over \$45,000	
14		Up to \$60,000	<del>1,500.00</del> <u>2,000</u>
15		Over \$60,000	
16		Up to \$75,000	<del>1,000.00</del> <u>1,500</u>
17		Over \$75,000	
18		Up to \$90,000	<del>500.00</del> <u>1,000</u>
19		Over \$90,000	0
20		<u>Up to \$105,000</u>	<u>500.00</u>
21		<u>Over \$105,000</u>	<u>0</u>
22			
23	Single	Up to \$20,000	<del>\$2,500.00</del> <u>\$3,000</u>
24		Over \$20,000	
25		Up to \$30,000	<del>2,000.00</del> <u>2,500</u>
26		Over \$30,000	
27		Up to \$40,000	<del>1,500.00</del> <u>2,000</u>
28		Over \$40,000	
29		Up to \$50,000	<del>1,000.00</del> <u>1,500</u>
30		Over \$50,000	
31		Up to \$60,000	<del>500.00</del> <u>1,000</u>
32		Over \$60,000	0
33		<u>Up to \$70,000</u>	<u>500.00</u>
34		<u>Over \$70,000</u>	<u>0</u>
35			
36	Married, filing separately	Up to \$20,000	<del>\$2,500.00</del> <u>\$3,000</u>
37		Over \$20,000	
38		Up to \$30,000	<del>2,000.00</del> <u>2,500</u>
39		Over \$30,000	
40		Up to \$40,000	<del>1,500.00</del> <u>2,000</u>
41		Over \$40,000	
42		Up to \$50,000	<del>1,000.00</del> <u>1,500</u>
43		Over \$50,000	
44		Up to \$60,000	<del>500.00</del> <u>1,000</u>
45		Over \$60,000	0.
46		<u>Up to \$70,000</u>	<u>500.00</u>
47		<u>Over \$70,000</u>	<u>0."</u>

48 **SECTION 42.1.(d)** This section is effective for taxable years beginning on or after  
 49 January 1, 2022.

50  
 51 **PHASE OUT CORPORATE INCOME TAX**

1           **SECTION 42.2.(a)** G.S. 105-130.3 reads as rewritten:

2   "**§ 105-130.3. Corporations.**

3       A tax is imposed on the State net income of every C Corporation doing business in this State  
 4 ~~at the rate of two and one-half percent (2.5%).~~ State. An S Corporation is not subject to the tax  
 5 levied in this section. The tax is a percentage of the taxpayer's State net income computed as  
 6 follows:

<u>Taxable Years Beginning</u>	<u>Tax</u>
7 <u>In 2024</u>	8 <u>2%</u>
9 <u>In 2025</u>	10 <u>1.5%</u>
11 <u>In 2026</u>	12 <u>1%</u>
13 <u>In 2027</u>	14 <u>0.5%</u>
15 <u>After 2027</u>	16 <u>0%."</u>

17           **SECTION 42.2.(b)** This section is effective for taxable years beginning on or after  
 18 January 1, 2024.

19   **FRANCHISE TAX REDUCTION AND SIMPLIFICATION**

20           **SECTION 42.3.(a)** G.S. 105-122(d) reads as rewritten:

21       "(d) Tax Base. – A corporation's tax base is the ~~greatest of the following:~~

- 22       (1) ~~The proportion of its net worth as set out in subsection (c1) of this section.~~
- 23       (2) ~~Fifty five percent (55%) of the corporation's appraised value as determined~~  
 24 ~~for ad valorem taxation of all the real and tangible personal property in this~~  
 25 ~~State. For purposes of this subdivision, the appraised value of tangible~~  
 26 ~~property, including real estate, is the ad valorem valuation for the calendar~~  
 27 ~~year next preceding the due date of the franchise tax return.~~
- 28       (3) ~~(Effective for taxable years beginning on or after January 1, 2020, and~~  
 29 ~~applicable to the calculation of franchise tax reported on the 2019 and later~~  
 30 ~~corporate income tax returns) The corporation's total actual investment in~~  
 31 ~~tangible property in this State. For purposes of this subdivision, the total actual~~  
 32 ~~investment in tangible property in this State is the total original purchase price~~  
 33 ~~or consideration to the reporting taxpayer of its tangible properties, including~~  
 34 ~~real estate, in this State plus additions and improvements thereto less (i)~~  
 35 ~~reserve for depreciation as permitted for income tax purposes and (ii) any~~  
 36 ~~indebtedness specifically incurred and existing solely for and as the result of~~  
 37 ~~the purchase of any real estate and any permanent improvements made on the~~  
 38 ~~real estate."~~

39           **SECTION 42.3.(b)** G.S. 105-114.1(b) reads as rewritten:

40       "(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns  
 41 more than fifty percent (50%) of the capital interests in a noncorporate limited liability company,  
 42 the corporation or group of corporations must include in its ~~three tax bases~~ base pursuant to  
 43 G.S. 105-122 the same percentage of ~~(i) the noncorporate limited liability company's net worth;~~  
 44 ~~(ii) fifty five percent (55%) of the noncorporate limited liability company's appraised ad valorem~~  
 45 ~~tax value of property; and (iii) the noncorporate limited liability company's actual investment in~~  
 46 ~~tangible property in this State, as appropriate worth."~~

47           **SECTION 42.3.(c)** G.S. 105-120.2(b) reads as rewritten:

48       "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the  
 49 Secretary of Revenue, at the time the return is due, ~~the greater of the following:~~

- 50       (1) ~~A~~ a franchise or privilege tax at the rate of one dollar and fifty cents (\$1.50)  
 per one thousand dollars (\$1,000) of the amount determined under subsection  
 (a) of this section, but in no case shall the tax be more than one hundred fifty  
 thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).

1           (2) ~~If the tax calculated under this subdivision exceeds the tax calculated under~~  
2 ~~subdivision (1) of this subsection, then the tax is levied at the rate of one dollar~~  
3 ~~and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the~~  
4 ~~following:~~

5           a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~  
6 ~~valorem taxation of all the real and tangible personal property in this~~  
7 ~~State of each such corporation plus the total appraised value of~~  
8 ~~intangible property returned for taxation of intangible personal~~  
9 ~~property as computed under G.S. 105-122(d).~~

10          b. ~~The total actual investment in tangible property in this State of such~~  
11 ~~corporation as computed under G.S. 105-122(d)."~~

12           **SECTION 42.3.(d)** This section is effective for taxable years beginning on or after  
13 January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later  
14 corporate income tax return.

## 15 16 **IRC UPDATE**

17           **SECTION 42.4.(a)** G.S. 105-228.90(b)(7) reads as rewritten:

18           "(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020, April 1,~~  
19 ~~2021,~~ including any provisions enacted as of that date that become effective  
20 either before or after that date."

21           **SECTION 42.4.(b)** G.S. 105-153.5(a)(2)b. reads as rewritten:

22           "b. Mortgage Expense and Property Tax. – The amount allowed as a  
23 deduction for interest paid or accrued during the taxable year under  
24 section 163(h) of the Code with respect to any qualified residence plus  
25 the amount allowed as a deduction for property taxes paid or accrued  
26 on real estate under section 164 of the Code for that taxable year. For  
27 taxable years 2014 through ~~2020, 2021,~~ the amount allowed as a  
28 deduction for interest paid or accrued during the taxable year under  
29 section 163(h) of the Code with respect to any qualified residence shall  
30 not include the amount for mortgage insurance premiums treated as  
31 qualified residence interest. The amount allowed under this  
32 sub-subdivision may not exceed twenty thousand dollars (\$20,000).  
33 For spouses filing as married filing separately or married filing jointly,  
34 the total mortgage interest and real estate taxes claimed by both  
35 spouses combined may not exceed twenty thousand dollars (\$20,000).  
36 For spouses filing as married filing separately with a joint obligation  
37 for mortgage interest and real estate taxes, the deduction for these  
38 items is allowable to the spouse who actually paid them. If the amount  
39 of the mortgage interest and real estate taxes paid by both spouses  
40 exceeds twenty thousand dollars (\$20,000), these deductions must be  
41 prorated based on the percentage paid by each spouse. For joint  
42 obligations paid from joint accounts, the proration is based on the  
43 income reported by each spouse for that taxable year."

44           **SECTION 42.4.(c)** G.S. 105-153.5(c2) reads as rewritten:

45           "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
46 must make the following adjustments to the taxpayer's adjusted gross income:

47           (1) For taxable years 2014 through ~~2020, 2025,~~ the taxpayer must add the amount  
48 excluded from the taxpayer's gross income for the discharge of qualified  
49 principal residence indebtedness under section 108 of the Code. The purpose  
50 of this subdivision is to decouple from the income exclusion available under  
51 federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3) of

1 the Code, then the addition required under this subdivision is limited to the  
 2 amount of discharge of qualified principal residence indebtedness excluded  
 3 from adjusted gross income under section 108(a)(1)(E) of the Code that  
 4 exceeds the amount of discharge of indebtedness that would have been  
 5 excluded under section 108(a)(1)(B) of the Code.

6 ...

7 (18) For taxable year 2020, years 2020 through 2025, a taxpayer must add the  
 8 amount excluded from the taxpayer's gross income for payment by an  
 9 employer, whether paid to the taxpayer or to a lender, of principal or interest  
 10 on any qualified education loan, as defined in section 221(d)(1) of the Code,  
 11 incurred by the taxpayer for education of the taxpayer. The purpose of this  
 12 subdivision is to decouple from the exclusion for certain employer payments  
 13 of student loans under section 2206 of the CARES Act. ~~Act~~ or under the  
 14 Consolidated Appropriations Act, 2021, P.L. 116-260.

15 ...

16 (20) A taxpayer must add the amount of any expense deducted under the Code to  
 17 the extent that payment of the expense results in forgiveness of a covered loan  
 18 pursuant to section 1106(b) of the CARES Act, and the income associated  
 19 with the forgiveness is excluded from gross income pursuant to section  
 20 1106(i) of the CARES Act. The term "covered loan" has the same meaning as  
 21 defined in section 1106 of the CARES Act. ~~the expense is allocable to income~~  
 22 that is either wholly excluded from gross income or wholly exempt from the  
 23 taxes imposed by this Part.

24 (21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the  
 25 amount by which the taxpayer's deduction under section 274(n) of the Code  
 26 exceeds the deduction that would have been allowed under the Internal  
 27 Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision  
 28 is to decouple from the increased deduction under the Consolidated  
 29 Appropriations Act, 2021, P.L. 116-260, for business-related expenses for  
 30 food and beverages provided by a restaurant.

31 (22) For taxable years 2021 through 2025, a taxpayer must add the amount  
 32 excluded from the taxpayer's gross income for the discharge of a student loan  
 33 under section 108(f)(5) of the Code. The purpose of this subdivision is to  
 34 decouple from the exclusion from income for the discharge of a student loan  
 35 under section 9675 of the American Rescue Plan Act of 2021.

36 (23) For taxable year 2020, a taxpayer must add the amount excluded from the  
 37 taxpayer's gross income for unemployment compensation received by the  
 38 taxpayer under section 85(c) of the Code. The purpose of this subdivision is  
 39 to decouple from the exclusion from income for unemployment compensation  
 40 under section 9042 of the American Rescue Plan Act of 2021."

41 **SECTION 42.4.(d)** G.S. 105-130.5(a)(32) reads as rewritten:

42 "(32) The amount of any expense deducted under the Code to the extent that  
 43 payment of the expense results in forgiveness of a covered loan pursuant to  
 44 section 1106(b) of the CARES Act and the income associated with the  
 45 forgiveness is excluded from gross income pursuant to section 1106(i) of the  
 46 CARES Act. The term "covered loan" has the same meaning as defined in  
 47 section 1106 of the CARES Act. ~~the expense is allocable to income that is~~  
 48 either wholly excluded from gross income or wholly exempt from the taxes  
 49 imposed by this Part."

50 **SECTION 42.4.(e)** This section is effective when it becomes law.  
 51



1 **REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN**  
2 **PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL**

3 **SECTION 42.5.(a)** G.S. 105-131(b) reads as rewritten:

4 "(b) For the purpose of this Part, unless otherwise required by the context:

5 ...

6 (11) "Taxed S Corporation" means an S Corporation for which a valid election  
7 under G.S. 105-131.1A(a) is in effect."

8 **SECTION 42.5.(b)** G.S. 105-131.1 reads as rewritten:

9 **"§ 105-131.1. Taxation of an S Corporation and its shareholders.**

10 (a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed  
11 S Corporation shall be subject to tax under G.S. 105-131.1A.

12 (b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share  
13 of an S Corporation's income attributable to the State and each resident shareholder's pro rata  
14 share of income not attributable to the State, shall be taken into account by the shareholder in the  
15 manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366  
16 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

17 **SECTION 42.5.(c)** Part 1A of Article 4 of Chapter 105 of the General Statutes is  
18 amended by adding a new section to read:

19 **"§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

20 (a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed  
21 annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S  
22 Corporation for any taxable period covered by the return. An S Corporation may not revoke the  
23 election after the due date of the return including extensions.

24 (b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on  
25 the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected,  
26 and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in  
27 G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as  
28 follows:

29 (1) The North Carolina taxable income of a taxed S Corporation with respect to  
30 such taxable period shall be equal to the sum of the following:

31 a. Each shareholder's pro rata share of the taxed S Corporation's income  
32 or loss, subject to the adjustments provided in G.S. 105-153.5 and  
33 G.S. 105-153.6, attributable to the State.

34 b. Each resident shareholder's pro rata share of the taxed S Corporation's  
35 income or loss, subject to the adjustments provided in G.S. 105-153.5  
36 and G.S. 105-153.6, not attributable to the State with respect to such  
37 taxable period.

38 (2) Separately stated items of deduction are not included when calculating each  
39 shareholder's pro rata share of the taxed S Corporation's taxable income. For  
40 purposes of this subdivision, separately stated items are those items described  
41 in section 1366 of the Code and the regulations under it.

42 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the  
43 calculation of the taxed S Corporation's taxable income.

44 (c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each  
45 shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata  
46 share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S  
47 Corporation must pass through to its shareholders any credit required to be taken in installments  
48 by this Chapter if the first installment was taken in a taxable period that the election under  
49 subsection (a) of this section was not in effect. An S Corporation shall not pass through to its  
50 shareholders any of the following:

1           (1) Any credit allowed under this Chapter for any taxable period the S  
2           Corporation makes the election under subsection (a) of this section and the  
3           carryforward of the unused portion of such credit.

4           (2) Any subsequent installment of such credit required to be taken in installments  
5           by this Chapter after the S Corporation makes an election under subsection (a)  
6           of this section and the carryforward of any unused portion of such installment.

7           (d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident  
8           shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section  
9           for income taxes imposed by and paid to another state or country on income taxed under this  
10           section. The credit allowed by this subsection is administered in accordance with the provisions  
11           of G.S. 105-153.9.

12           (e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders  
13           of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This  
14           adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection  
15           (g) of this section.

16           (f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of  
17           a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

18           (g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount  
19           of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary  
20           within the time allowed for filing the return. In the case of any overpayment by a taxed S  
21           Corporation of the tax imposed under this section, only the taxed S Corporation may request a  
22           refund of the overpayment. If the taxed S Corporation files a return showing an amount due with  
23           the return and does not pay the amount shown due, the Department may collect the tax from the  
24           taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of  
25           collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the  
26           Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation,  
27           the shareholders of the S Corporation are not allowed the deduction provided in  
28           G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed  
29           assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax  
30           debt" has the same meaning as defined in G.S. 105-243.1(a).

31           (h) Basis. – The basis of both resident and nonresident shareholders of a taxed S  
32           Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if  
33           the election under subsection (a) of this section had not been made and each of the shareholders  
34           of the taxed S Corporation had properly taken into account each shareholder's pro rata share of  
35           the taxed S Corporation's items of income, loss, and deduction in the manner required with  
36           respect to an S Corporation for which no such election is in effect."

37           **SECTION 42.5.(d)** G.S. 105-131.7 is amended by adding a new subsection to read:

38           "(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an  
39           S Corporation with respect to any taxable period for which it is a taxed S Corporation under  
40           G.S. 105-131.1A."

41           **SECTION 42.5.(e)** G.S. 105-131.8(a) reads as rewritten:

42           "(a) ~~For~~ Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S  
43           Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is  
44           considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's  
45           pro rata share of any net income tax paid by the S Corporation to a state that does not measure  
46           the income of S Corporation shareholders by the income of the S Corporation. For purposes of  
47           the preceding sentence, the term "net income tax" means any tax imposed on or measured by a  
48           corporation's net income."

49           **SECTION 42.5.(f)** G.S. 105-153.3 reads as rewritten:

50           "**§ 105-153.3. Definitions.**

51           The following definitions apply in this Part:

1 ...

2 (18a) Taxed partnership. – A partnership for which a valid election under  
3 G.S. 105-154.1 is in effect.

4 (18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

5 (18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

6 ...."

7 **SECTION 42.5.(g)** G.S. 105-154(d) reads as rewritten:

8 "(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted  
9 in this State is owned by a nonresident individual or by a partnership having one or more  
10 nonresident members, the manager of the business shall report information concerning the  
11 earnings of the business in this State, the distributive share of the income of each nonresident  
12 owner or partner, and any other information required by the Secretary. The distributive share of  
13 the income of each nonresident partner includes any guaranteed payments made to the partner.  
14 The manager of the business shall pay with the return the tax on each nonresident owner or  
15 partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7.  
16 The business may deduct the payment for each nonresident owner or partner from the owner or  
17 partner's distributive share of the income of the business in this State. If the nonresident partner  
18 is not an individual and the partner has executed an affirmation that the partner will pay the tax  
19 with its corporate, partnership, trust, or estate income tax return, the manager of the business is  
20 not required to pay the tax on the partner's share. In this case, the manager shall include a copy  
21 of the affirmation with the report required by this subsection. The affirmation must be annually  
22 filed by the nonresident partner and submitted by the manager by the due date of the report  
23 required in this subsection. Otherwise, the manager of the business is required to pay the tax on  
24 the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the  
25 manager of the business may not request a refund of an overpayment made on behalf of a  
26 nonresident owner or partner if the manager of the business has previously filed the return and  
27 paid the tax due. The nonresident owner or partner may, on its own income tax return, request a  
28 refund of an overpayment made on its behalf by the manager of the business within the provisions  
29 of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable  
30 period for which it is a taxed partnership."

31 **SECTION 42.5.(h)** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
32 amended by adding a new section to read:

33 **"§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

34 (a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual  
35 return required under G.S. 105-154(c), to have the tax under this Article imposed on the  
36 partnership for any taxable period covered by the return. A partnership may not revoke the  
37 election after the due date of the return, including extensions. This election cannot be made by a  
38 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership  
39 that has at any time during the taxable year a partner who is not one of the following:

40 (1) An individual.

41 (2) An estate.

42 (3) A trust described in section 1361(c)(2) of the Code.

43 (4) An organization described in section 1361(c)(6) of the Code.

44 (b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on  
45 the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and  
46 paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in  
47 G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as  
48 follows:

49 (1) The North Carolina taxable income of a taxed partnership with respect to such  
50 taxable period shall be equal to the sum of the following:

- 1           a.     Each partner's distributive share of the taxed partnership's income or  
2                 loss, subject to the adjustments provided in G.S. 105-153.5 and  
3                 G.S. 105-153.6, attributable to the State.
- 4           b.     Each resident partner's distributive share of the taxed partnership's  
5                 income or loss, subject to the adjustments provided in G.S. 105-153.5  
6                 and G.S. 105-153.6, not attributable to the State with respect to such  
7                 taxable period.
- 8           (2)    Separately stated items of deduction are not included when calculating each  
9                 partner's distributive share of the taxed partnership's taxable income. For  
10                purposes of this subdivision, separately stated items are those items described  
11                in section 702 of the Code and the regulations adopted under it.
- 12           (3)    The adjustments required by G.S. 105-153.5(c3) are not included in the  
13                calculation of the taxed partnership's taxable income.
- 14           (c)    Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's  
15                distributive share of the taxed partnership's credits against the partner's distributive share of the  
16                taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass  
17                through to its partners any credit required to be taken in installments by this Chapter if the first  
18                installment was taken in a taxable period that the election under subsection (a) of this section was  
19                not in effect. A partnership shall not pass through to its partners any of the following:
- 20                (1)    Any credit allowed under this Chapter for any taxable period the partnership  
21                makes the election under subsection (a) of this section and the carryforward  
22                of the unused portion of such credit.
- 23                (2)    Any subsequent installment of such credit required to be taken in installments  
24                by this Chapter after the partnership makes an election under subsection (a) of  
25                this section and the carryforward of any unused portion of such installment.
- 26           (d)    Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed  
27                partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is  
28                only allowed if the taxed partnership complies with the provisions of subsection (f) of this  
29                section.
- 30           (e)    Addition Required for Partners of a Taxed Partnership. – The partners of a taxed  
31                partnership must make an addition as provided in G.S. 105-153.5(c3)(4).
- 32           (f)    Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount  
33                of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary  
34                within the time allowed for filing the return. In the case of any overpayment by a taxed  
35                partnership of the tax imposed under this section, only the taxed partnership may request a refund  
36                of the overpayment. If the taxed partnership files a return showing an amount due with the return  
37                and does not pay the amount shown due, the Department may collect the tax from the taxed  
38                partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for  
39                the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary  
40                within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners  
41                of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The  
42                Secretary must send the partners a notice of proposed assessment in accordance with  
43                G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as  
44                defined in G.S. 105-243.1(a).
- 45           (g)    Basis. – The basis of both resident and nonresident partners of a taxed partnership  
46                shall be determined as if the election under subsection (a) of this section had not been made and  
47                each of the partners of the taxed partnership had properly taken into account each partner's  
48                distributive share of the taxed partnership's items of income, loss, and deduction in the manner  
49                required with respect to a partnership for which no such election is in effect."

50           **SECTION 42.5.(i)** G.S. 105-153.5 is amended by adding a new subsection to read:

1       "(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a  
2 taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

3           (1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the  
4 amount of the taxpayer's pro rata share of income from the taxed S  
5 Corporation to the extent it was included in the taxed S Corporation's North  
6 Carolina taxable income and the taxpayer's adjusted gross income.

7           (2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount  
8 of the taxpayer's pro rata share of loss from the taxed S Corporation to the  
9 extent it was included in the taxed S Corporation's North Carolina taxable  
10 income and the taxpayer's adjusted gross income.

11           (3) A taxpayer that is a partner of a taxed partnership may deduct the amount of  
12 the taxpayer's distributive share of income from the taxed partnership to the  
13 extent it was included in the taxed partnership's North Carolina taxable income  
14 and the taxpayer's adjusted gross income.

15           (4) A taxpayer that is a partner of a taxed partnership must add the amount of the  
16 taxpayer's distributive share of loss from the taxed partnership to the extent it  
17 was included in the taxed partnership's North Carolina taxable income and the  
18 taxpayer's adjusted gross income."

19       **SECTION 42.5.(j)** G.S. 105-153.9(a) reads as rewritten:

20       "(a) An individual who is a resident of this State is allowed a credit against the taxes  
21 imposed by this Part for income taxes imposed by and paid to another state or country on income  
22 taxed under this Part, subject to the following conditions:

23       ...

24           (4) Shareholders of a taxed S Corporation shall not be allowed a credit under this  
25 section for taxes paid by the taxed S Corporation to another state or country  
26 on income that is taxed to the taxed S Corporation. For purposes of allowing  
27 the credit under this section for taxes paid to another state or country by a  
28 taxed S Corporation's shareholders, a shareholder's pro rata share of the  
29 income of the taxed S Corporation shall be treated as income taxed to the  
30 shareholder under this Part and a shareholder's pro rata share of the tax  
31 imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated  
32 as tax imposed on the shareholder under this Part.

33           (5) Partners of a taxed partnership shall not be allowed a credit under this section  
34 for taxes paid by the taxed partnership to another state or country on income  
35 that is taxed to the taxed partnership. The taxed partnership as defined in  
36 G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes  
37 paid. For purposes of allowing the credit under this section for taxes paid to  
38 another state or country by a taxed partnership's partners, a partner's pro rata  
39 share of the income of the taxed partnership shall be treated as income taxed  
40 to the partner under this Part and a partner's pro rata share of the tax imposed  
41 on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed  
42 on the partner under this Part."

43       **SECTION 42.5.(k)** G.S. 105-160.4 reads as rewritten:

44       "**§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

45       ...

46           (f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S  
47 Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or  
48 by the taxed S Corporation to another state or country on income that is taxed to the taxed S  
49 Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all  
50 such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as  
51 defined in G.S. 105-131(b).

1        (g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed  
2 partnership are not allowed a credit under this section for taxes paid by the estates and trusts or  
3 by the taxed partnership to another state or country on income that is taxed to the taxed  
4 partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such  
5 taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined  
6 in G.S. 105-153.3."

7        **SECTION 42.5.(l)** G.S. 105-163.38 is amended by adding a new subdivision to read:

8        "(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."

9        **SECTION 42.5.(m)** G.S. 105-163.39 is amended by adding a new subsection to  
10 read:

11        "(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity  
12 in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that  
13 G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity  
14 if it was not a taxed pass-through entity during its preceding taxable year."

15        **SECTION 42.5.(n)** This section is effective for taxable years beginning on or after  
16 January 1, 2021.

17  
18 **CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR**  
19 **INDIVIDUAL INCOME TAX PURPOSES**

20        **SECTION 42.6.(a)** G.S. 105-153.5 reads as rewritten:

21 **"§ 105-153.5. Modifications to adjusted gross income.**

22        ...

23        (b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
24 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
25 the taxpayer's adjusted gross income:

26        ...

27        (16) A State net operating loss as allowed under G.S. 105-153.5A.

28        (c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the  
29 taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's  
30 adjusted gross income:

31        ...

32        ~~(6) The Any amount of allowed as a net operating loss carried to and deducted on~~  
33 ~~the federal return but not absorbed in that year and carried forward to a~~  
34 ~~subsequent year deduction under the Code.~~

35        ...."

36        **SECTION 42.6.(b)** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
37 amended by adding a new section to read:

38 **"§ 105-153.5A. Net operating loss provisions.**

39        (a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is  
40 the amount by which business deductions for the year exceed gross business income for the year  
41 as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The  
42 amount of a taxpayer's State net operating loss must also be determined in accordance with the  
43 following modifications:

44        (1) No State net operating loss deduction shall be allowed.

45        (2) The amount deductible on account of losses from sales or exchanges of capital  
46 assets shall not exceed the amount includable on account of gains from sales  
47 or exchanges of capital assets.

48        (3) The exclusion provided by Code section 1202 shall not be allowed.

49        (4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child  
50 deduction.

1           (5)    The deductions which are not attributable to a taxpayer's trade or business  
2                   shall be allowed only to the extent of the amount of the gross income not  
3                   derived from such trade or business.

4           (6)    Any deduction under Code section 199A shall not be allowed.

5       (b)    Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer  
6       incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations  
7       in this subsection:

8           (1)    The loss was incurred in one of the preceding 15 taxable years.

9           (2)    Any loss carried forward is applied to the next succeeding taxable year before  
10           any portion of it is carried forward and applied to a subsequent taxable year.

11          (3)    The taxpayer's State net operating loss deduction may not exceed the amount  
12           of the taxpayer's North Carolina taxable income determined without deducting  
13           the taxpayer's State net operating loss.

14          (4)    The portion of the State net operating loss attributable to the carryforward  
15           allowed under subsection (f) of this section is only allowed to the extent  
16           described in subsection (f) of this section.

17       (c)    Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss,  
18       the State net operating loss only includes income and deductions derived from a business carried  
19       on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year  
20       of the deduction, the State net operating loss must be included in the numerator of the fraction  
21       used to calculate taxable income as defined in G.S. 105-153.4(b).

22       (d)    Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year  
23       of the loss, the State net operating loss includes income and deductions derived from a business  
24       carried on in this State while the taxpayer was a nonresident and includes business income and  
25       deductions derived from all sources during the period the taxpayer was a resident. In the case of  
26       a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss  
27       must be included in the numerator of the fraction used to calculate taxable income as defined in  
28       G.S. 105-153.4(c).

29       (e)    Administration. – A taxpayer claiming a deduction under this section must maintain  
30       and make available for inspection by the Secretary all records necessary to determine and verify  
31       the amount of the deduction. The Secretary or the taxpayer may redetermine a loss originating in  
32       a taxable year that is closed under the statute of limitations for the purpose of determining the  
33       amount of loss that can be carried forward to a taxable year that remains open under the statute  
34       of limitations.

35       (f)    Federal Net Operating Loss Carryforwards. – The portion of a taxpayer's federal net  
36       operating loss carryforward that was not absorbed in tax years beginning prior to January 1, 2021,  
37       may be included in the amount of a taxpayer's State net operating loss in taxable years beginning  
38       on or after January 1, 2021. The federal net operating loss carryforward is only allowed as a State  
39       net operating loss in tax years beginning after January 1, 2021, to the extent that it meets all of  
40       the following conditions:

41           (1)    The loss would have been allowed in that taxable year under section 172 of  
42           the Code as enacted on May 1, 2020.

43           (2)    The provisions of G.S. 105-153.5(c2)(8), (9), (10), (13), and (14) do not apply  
44           to the federal net operating loss carryforward.

45           (3)    The loss was incurred in one of the preceding 15 taxable years."

46       **SECTION 42.6.(c)** This section is effective for taxable years beginning on or after  
47       January 1, 2021.

48  
49       **EXTEND THE TIME TO COMPLETE AN ELIGIBLE PROJECT UNDER THE MILL**  
50       **REHABILITATION TAX CREDIT PROGRAMS**

51       **SECTION 42.7.(a)** G.S. 105-129.71(a1) reads as rewritten:

1       "(a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under  
2 section 47 of the Code for making qualified rehabilitation expenditures of at least ten million  
3 dollars (\$10,000,000) with respect to a certified rehabilitation of an eligible railroad station is  
4 allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In  
5 order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary  
6 a copy of the eligibility certification and the cost certification. The amount of the credit is equal  
7 to forty percent (40%) of the qualified rehabilitation expenditures. The credit cannot be claimed  
8 for a taxable year beginning prior to January 1, 2021. ~~The tax credit must be taken in two equal~~  
9 ~~installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is~~  
10 ~~equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable~~  
11 ~~years 2019, 2020, and 2021.~~ When the eligible site is placed into service in two or more phases  
12 in different years, the amount of credit that may be claimed in a year is the amount based on the  
13 qualified rehabilitation expenditures associated with the phase placed into service during that  
14 year.

15       For purposes of this subsection, the term "eligible railroad station" is a site located in this  
16 State that satisfies all of the following conditions:

17       ...

18       (4) It is a designated local landmark as certified by a city on or before ~~June 30,~~  
19 ~~2019.~~ September 1, 2020.

20       ...

21       (7) It is issued a certificate of occupancy on or before December 31, ~~2021.~~ 2023."

22       **SECTION 42.7.(b)** G.S. 105-129.75 reads as rewritten:

23       "**§ 105-129.75. Sunset and applicable expenditures.**

24       (a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article expires  
25 January 1, 2015, for rehabilitation projects for which an application for an eligibility certification  
26 is submitted on or after that date. Eligibility certifications under this Article expire January 1,  
27 ~~2023-2025.~~

28       (b) Delayed Sunset and Applicable Expenditures. – For credits allowed under  
29 G.S. 105-129.71(a1), the following applies:

30       (1) The qualified rehabilitation expenditures must be incurred on or after January  
31 1, 2019, and before January 1, ~~2022.~~ 2024.

32       (2) This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may  
33 not be claimed, for rehabilitation projects not completed and placed in service  
34 prior to ~~January 1, 2022.~~ July 1, 2024."

35       **SECTION 42.7.(c)** This section is effective when it becomes law.

## 36 37 **LIMIT GROSS PREMIUMS TAX ON SURETY BONDS**

38       **SECTION 42.8.(a)** G.S. 105-228.5(b1) reads as rewritten:

39       "(b1) Calculation of Tax Base. – In determining the amount of gross premiums from  
40 business in this State, all gross premiums received in this State, credited to policies written or  
41 procured in this State, or derived from business written in this State shall be deemed to be for  
42 contracts covering persons, property, or risks resident or located in this State unless one of the  
43 following applies:

44       (1) The premiums are properly reported and properly allocated as being received  
45 from business done in some other nation, territory, state, or states.

46       (2) The premiums are from policies written in federal areas for persons in military  
47 service who pay premiums by assignment of service pay.

48       Gross premiums from business done in this State in the case of life insurance contracts,  
49 including supplemental contracts providing for disability benefits, accidental death benefits, or  
50 other special benefits that are not annuities, means all premiums collected in the calendar year,  
51 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited



1 to persons, firms, or corporations resident in this State, or in the case of group policies, for  
 2 contracts of insurance covering persons resident within this State. The only deductions allowed  
 3 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and  
 4 premiums that were paid in advance on life insurance contracts and subsequently refunded to the  
 5 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been  
 6 collected for the amounts as provided in the policy contracts for the time in force during the year,  
 7 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or  
 8 by any other means except waiver of premiums by companies under a contract for waiver of  
 9 premium in case of disability.

10 Gross premiums from business done in this State in the case of an insurer of bail bonds means  
 11 the amounts received by an insurer from a surety bondsman during the calendar year for bail  
 12 bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums  
 13 under this section for gross premiums from transacting any other line of insurance business. For  
 14 purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the  
 15 same meaning as defined in G.S. 58-71-1.

16 Gross premiums from business done in this State for all other health care plans and contracts  
 17 of insurance, including contracts of insurance required to be carried by the Workers'  
 18 Compensation Act, means all premiums written during the calendar year, or the equivalent  
 19 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering  
 20 property or risks in this State, other than for contracts of reinsurance, whether the premiums are  
 21 designated as premiums, deposits, premium deposits, policy fees, membership fees, or  
 22 assessments. Gross premiums shall be deemed to have been written for the amounts as provided  
 23 in the policy contracts, new and renewal, becoming effective during the year irrespective of the  
 24 time or method of making payment or settlement for the premiums, and with no deduction for  
 25 dividends whether returned in cash or allowed in payment or reduction of premiums or for  
 26 additional insurance, and without any other deduction except for return of premiums, deposits,  
 27 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

28 **SECTION 42.8.(b)** This section is effective for taxable years beginning on or after  
 29 January 1, 2022.

## 31 **MODIFY EXCISE TAX ON CIGARS AND CLARIFY DELIVERY SALES AND** 32 **REMOTE SALES OF TOBACCO PRODUCTS**

33 **SECTION 42.9.(a)** G.S. 105-113.4 reads as rewritten:

### 34 "§ 105-113.4. Definitions.

35 The following definitions apply in this Article:

- 36 ...
- 37 (2) Cost price. – ~~The actual price a person liable for the tax on tobacco products~~  
 38 ~~paid for an item subject to the tax imposed by Part 3-Part 3A of this Article~~  
 39 ~~paid for the products, before any discount, rebate, or allowance or the tax~~  
 40 ~~imposed by that Part, by the person liable for the tax. The actual price paid for~~  
 41 ~~an item may be either of the following:~~  
 42 a. The actual price paid for an item identified as a stock keeping unit by  
 43 a unique code or identifier representing the item.  
 44 b. If the actual price paid for an item is not available, the average of the  
 45 actual price paid for the item over the 12 calendar months before  
 46 January 1 of the year in which the sale occurs.
- 47 (2d) Delivery sale. – A sale of ~~tobacco products~~ cigarettes, smokeless tobacco, or  
 48 vapor products to a consumer in this State in which either of the following  
 49 apply:  
 50 a. The consumer submits the order for the sale by telephone, mail, the  
 51 Internet or other online service or application, or when the seller is

- 1 otherwise not in the physical presence of the consumer when the
- 2 consumer submits the order.
- 3 b. ~~The tobacco products—cigarettes, smokeless tobacco, or vapor products~~
- 4 are delivered via mail or a delivery service.
- 5 (2e) Delivery seller. – A person ~~that~~ located within or outside this State who makes
- 6 a delivery sale.
- 7 ...
- 8 (3) Distributor. – ~~Either~~ Any of the following:
- 9 a. A person, wherever resident or located, who purchases non-tax-paid
- 10 cigarettes directly from the manufacturer of the cigarettes and stores,
- 11 sells, or otherwise disposes of the cigarettes.
- 12 b. A manufacturer of cigarettes.
- 13 c. A delivery seller of cigarettes.
- 14 ...
- 15 (8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless
- 16 tobacco, or vapor products to a consumer in this State in which either of the
- 17 following applies:
- 18 a. The consumer submits the order for the sale by telephone, mail, the
- 19 internet, or other online service or application, or when the seller is
- 20 otherwise not in the physical presence of the consumer when the
- 21 consumer submits the order.
- 22 b. The tobacco products other than cigarettes, smokeless tobacco, or
- 23 vapor products are delivered via mail or a delivery service.
- 24 (8b) Remote seller. – A person located within or outside this State who makes a
- 25 remote sale.
- 26 (9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer
- 27 of the ~~product.~~ product, including a remote seller or a delivery seller.
- 28 ...
- 29 (10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or
- 30 other product containing tobacco, that is intended to be placed in the oral or
- 31 nasal cavity or otherwise consumed without being combusted.

32 ...."

33 **SECTION 42.9.(b)** G.S. 105-113.4F reads as rewritten:

34 **"§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

35 (a) Scope. – This section applies to delivery ~~sales of tobacco products, other than cigars,~~

36 ~~to consumers in this State regardless of whether the delivery seller is located inside or outside~~

37 ~~this State.~~ sales. For purposes of this section, the term "tobacco product" ~~is as defined in~~

38 ~~G.S. 105-113.4, except that it does not include cigars.~~ means cigarettes, smokeless tobacco, or

39 vapor products.

40 (b) Delivery Seller Requirements. – A delivery seller ~~shall~~ must do all of the following

41 with respect to a delivery sale:

- 42 (1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required
- 43 by this Article before accepting an order.
- 44 (2) Comply with the age verification requirements in G.S. 14-313(b2).
- 45 (3) Report, collect, and remit to the Secretary all applicable taxes levied on
- 46 ~~tobacco products~~ as set out in this Article and Article 5 of this Chapter.

47 (c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or

48 delivered tobacco products in connection with a delivery sale, during the previous month ~~shall,~~

49 must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy

50 of the invoice for every delivery sale made during the previous month. A delivery seller who

51 complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is

1 considered to have complied with this subsection. The memorandum or invoice ~~shall~~must  
2 contain the following information:

- 3 (1) The name, address, telephone number, and e-mail address of the consumer.
- 4 (2) The type and the brand, or brands, of tobacco products that were sold.
- 5 (3) The quantity of tobacco products that were sold.

6 (d) Penalties. – A person who violates this section is subject to the following penalties:

- 7 (1) For the first violation, a penalty of one thousand dollars (\$1,000).
- 8 (2) For a subsequent violation, a penalty not to exceed five thousand dollars  
9 (\$5,000), as determined by the Secretary.

10 (e) ~~Exception. This section does not apply to sales of tobacco products by a retail dealer  
11 who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

12 (f) ~~State Laws Apply. All State laws that apply to tobacco product retailers in this State  
13 shall apply to delivery sellers that sell tobacco products into this State.~~Delivery Sellers as  
14 Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of  
15 this Chapter is subject to all State laws that apply to a retailer in this State."

16 **SECTION 42.9.(c)** G.S. 105-113.5 reads as rewritten:

17 **"§ 105-113.5. Tax on cigarettes.**

18 (a) Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed  
19 distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

20 (b) Primary Liability. – ~~The licensed distributor who first acquires or otherwise handles  
21 cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.  
22 A licensed distributor who brings~~meets any of the following conditions is liable for the tax  
23 imposed by this section:

- 24 (1) Is the first person to possess or acquire cigarettes in this State.
- 25 (2) Is the first person to bring into this State cigarettes made outside the State is  
26 the first person to handle the cigarettes in this State. A licensed distributor  
27 who is
- 28 (3) Is the original consignee of cigarettes made outside the State and is that are  
29 shipped into the State is the first person to handle the cigarettes in this State.
- 30 (4) Makes a delivery sale of cigarettes for which the delivery seller is required to  
31 collect sales and use tax under Article 5 of this Chapter."

32 **SECTION 42.9.(d)** G.S. 105-113.12 reads as rewritten:

33 **"§ 105-113.12. ~~Distributor must obtain license.~~License required.**

34 (a) A distributor ~~shall~~must obtain a license for each ~~place of business a distributor's  
35 license and shall~~ of the locations listed in this subsection, as applicable, and must pay a tax of  
36 twenty-five dollars (\$25.00) for ~~the each~~ license. A license is in effect until June 30 of the year  
37 following the second calendar year after the date of issuance or renewal. A license ~~for each place  
38 of business~~ is renewable upon signed application with no renewal license tax, unless applied for  
39 after the June 30 expiration date. The locations are:

- 40 (1) Each location where a distributor receives or stores non-tax-paid cigarettes in  
41 this State.
- 42 (2) For a distributor that is a delivery seller, each location from which the  
43 distributor ships delivery sales of cigarettes, if the location is a location other  
44 than the location described in subdivision (1) of this subsection.

45 (b) ~~For the purposes of this section, a "place of business" is a place where a distributor  
46 receives or stores non-tax-paid cigarettes.~~

47 (c) An out-of-state distributor that is not a delivery seller may obtain a distributor's  
48 license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and  
49 payment of a tax of twenty-five dollars (\$25.00)."

50 **SECTION 42.9.(e)** G.S. 105-113.18 reads as rewritten:

51 **"§ 105-113.18. Payment of tax; reports.**

1 The taxes levied in this Part are payable when a report is required to be filed. The following  
2 reports are required to be filed with the Secretary:

- 3 (1) Distributor's Report. – A licensed distributor ~~shall~~must file a monthly report  
4 in the form prescribed by the Secretary. The report covers cigarettes sold,  
5 shipped, delivered, or otherwise disposed of in this State in a calendar month  
6 and is due within 20 days after the end of the month covered by the report.  
7 The report ~~shall~~must show the quantity of all cigarettes transported or caused  
8 to be transported into the State by the licensed distributor or licensed  
9 manufacturer in the State for sales in this State and state the amount of tax due  
10 and ~~shall~~must identify any transactions to which the tax does not apply. A  
11 licensed distributor that is a delivery seller must also comply with the filing  
12 requirement under G.S. 105-113.4F.  
13 (1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.  
14 (2) Use Tax Report. – ~~Every other~~ A person who is not a licensed distributor and  
15 has acquired non-tax-paid cigarettes for sale, use, or consumption subject to  
16 the tax imposed by this Part shall, must, within 96 hours after receipt of the  
17 cigarettes, file a report in the form prescribed by the Secretary showing the  
18 amount of cigarettes so received and any other information required by the  
19 Secretary. The report ~~shall~~must be accompanied by payment of the full  
20 amount of the tax.  
21 (3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~  
22 transports, or causes to transport, cigarettes upon the public highways, roads,  
23 or streets of this State, upon notice from the Secretary, ~~shall~~must file a report  
24 in the form prescribed by the Secretary and containing the information  
25 required by the Secretary.

26 ...."

27 **SECTION 42.9.(f)** The following statutes are repealed:

28 G.S. 105-113.35  
29 G.S. 105-113.35A  
30 G.S. 105-113.36  
31 G.S. 105-113.37  
32 G.S. 105-113.38  
33 G.S. 105-113.39  
34 G.S. 105-113.40A.

35 **SECTION 42.9.(g)** Part 3 of Article 2A of Chapter 105 of the General Statutes, as  
36 amended by subsection (f) of this section, reads as rewritten:

37 "Part 3. Tax on ~~Other Tobacco Products~~Products Other Than Cigarettes.

38 "Subpart 1. General Provisions.

39 **§ 105-113.35B. Applicability.**

40 As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

41 "Subpart 2. Tax Rates and Liability.

42 **§ 105-113.36A. Tax rates; liability for tax.**

43 (a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or  
44 distribution of tobacco products at the following rates:

- 45 (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable  
46 product. All invoices for vapor products issued by manufacturers must state  
47 the amount of consumable product in milliliters.  
48 (2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price,  
49 subject to a cap of thirty cents (30¢) per cigar.  
50 (3) On all other tobacco products, the rate of twelve and eight-tenths percent  
51 (12.8%) of the cost price.

1       **(b) Primary Liability for Tax.** – A wholesale dealer that has not been relieved of paying  
2 tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this  
3 section if the dealer meets any of the following conditions:

4           **(1)** Is the first person to possess or acquire the tobacco product in this State.

5           **(2)** Is the first person to bring a tobacco product made outside the State into this  
6 State.

7           **(3)** Is the original consignee of a tobacco product made outside the State that is  
8 shipped into the State.

9           **(4)** Makes a remote sale or a delivery sale for which the dealer is required to  
10 collect sales and use tax under Article 5 of this Chapter.

11       **(c) Secondary Liability.** – A retail dealer located in this State who acquires from a  
12 wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable  
13 for any tax due on the tobacco products.

14       **(d) Exemptions.** – The taxes imposed under this section do not apply to the following:

15           **(1)** A tobacco product sold outside the State.

16           **(2)** A tobacco product sold to the federal government.

17           **(3)** A sample tobacco product distributed without charge. A sample tobacco  
18 product may only be distributed in a "qualified adult-only facility" as that term  
19 is defined in 21 C.F.R. § 1140.16(d)(2).

20       **(e) Use Tax.** – A tax is levied upon the sale or possession for sale by a person other than  
21 a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or  
22 possession for use or consumption of tobacco products within this State at the rate set in this  
23 section. This tax does not apply to tobacco products for which the tax levied in this section has  
24 been paid.

25       **(f) Documentation.** – If a person liable for the tax imposed by this Part cannot produce  
26 to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the  
27 Secretary may determine a value based on the cost price of comparable items.

28                                   "Subpart 3. Wholesale and Retail Dealers.

29 **"§ 105-113.37A. Manufacturer's option.**

30       **(a) Shipping to Other Licensed Dealers.** – A manufacturer who is not a retail dealer and  
31 who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part  
32 may, upon application to the Secretary and upon compliance with requirements prescribed by the  
33 Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not  
34 relieved from filing a report as required by this Part.

35       **(b) Integrated Wholesale Dealers.** – If a manufacturer has been relieved of paying tax  
36 under this section, the permission granted to be relieved of paying the tax also applies to an  
37 integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must  
38 notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the  
39 manufacturer applies to the Secretary for permission to be relieved of paying the tax and when  
40 an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has  
41 given the manufacturer permission to be relieved of paying the tax.

42       **(c) Dual Exemption.** – If a person is both a manufacturer of cigarettes and a wholesale  
43 dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be  
44 relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part  
45 on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving  
46 permission to be relieved of the cigarette excise tax must notify the Secretary of the permission  
47 received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

48 **"§ 105-113.37B. Non-tax-paid products.**

49       Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow,  
50 loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale

1 dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid  
2 tobacco products to, from, or with another integrated wholesale dealer.

3 **"§ 105-113.37C. Discount; refund.**

4 (a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise  
5 taxes imposed by this Part, who files a timely report under this Part, and who sends a timely  
6 payment may deduct from the amount due with the report a discount of two percent (2%). This  
7 discount covers expenses incurred in preparing the records and reports required by this Part and  
8 the expense of furnishing a bond. This subsection does not apply with respect to the excise tax  
9 levied on vapor products.

10 (b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise  
11 taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products  
12 upon which the tax has been paid may return the tobacco products to the manufacturer and apply  
13 to the Secretary for refund of the tax. The application must be in the form prescribed by the  
14 Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit  
15 from the manufacturer listing the tobacco products returned to the manufacturer by the applicant.  
16 The Secretary must refund the tax paid, less the discount allowed, on the listed products.

17 "Subpart 4. Remote Sellers.

18 **"§ 105-113.38A. Remote seller requirements.**

19 A remote seller must do all of the following with respect to a remote sale:

- 20 (1) Obtain a license from the Secretary as required by this Part before accepting  
21 an order.  
22 (2) Report, collect, and remit to the Secretary all applicable taxes as set out in this  
23 Part and Article 5 of this Chapter. A remote seller that meets the definition of  
24 a "retailer" as defined in Article 5 of this Chapter is subject to all State laws  
25 that apply to a retailer in this State.

26 **"§ 105-113.38B. Records.**

27 In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must  
28 maintain the following:

- 29 (1) A list, updated annually, showing the cost price paid by the remote seller for  
30 each stock keeping unit of tobacco products.  
31 (2) Invoices documenting remote or delivery sales to consumers in this State.  
32 (3) Records necessary to document the cost price of purchases of all tobacco  
33 products sold to consumers in this State.

34 **"§ 105-113.38C. Penalties.**

35 A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

- 36 (1) For the first violation, a penalty of one thousand dollars (\$1,000).  
37 (2) For a subsequent violation, a penalty not to exceed five thousand dollars  
38 (\$5,000), as determined by the Secretary.

39 "Subpart 5. Administrative Provisions.

40 **"§ 105-113.39A. License required.**

41 (a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary  
42 a license for each of the locations listed in this subsection, as applicable, and must pay the  
43 required license tax for each license. A license is in effect until June 30 of the year following the  
44 second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to  
45 expiration. A license is renewable upon signed application with no renewal license tax, unless  
46 applied for after the June 30 expiration date. The locations are:

- 47 (1) Each location where a wholesale dealer makes tobacco products.  
48 (2) Each location where a wholesale dealer or a retail dealer receives or stores  
49 non-tax-paid tobacco products.



1 "(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer  
2 Research Fund by the Secretary of Revenue from the tax on tobacco products other than  
3 cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

4 **SECTION 42.9.(i)** This section becomes effective July 1, 2022, and applies to sales  
5 or purchases occurring on or after that date. This section does not affect the rights or liabilities  
6 of a taxpayer, or another person arising under the law as it existed before the effective date of  
7 this section, nor does it affect the right to any refund or credit of a tax that accrued under the law  
8 as it existed before the effective date of this section.

## 10 **PROVIDE TAX PARITY FOR SHORT-TERM VEHICLE RENTALS**

11 **SECTION 42.10.(a)** G.S. 105-164.4 reads as rewritten:

### 12 **"§ 105-164.4. Tax imposed on retailers and certain facilitators.**

13 (a) A privilege tax is imposed on a retailer engaged in business in the State at the  
14 percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The  
15 general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

16 ...

17 (17) The general rate applies to the gross receipts derived from a short-term motor  
18 vehicle rental by a peer-to-peer vehicle sharing facilitator, notwithstanding  
19 G.S. 105-164.13(32).

20 ...."

21 **SECTION 42.10.(b)** G.S. 105-164.13(32) reads as rewritten:

22 "(32) Sales Except as otherwise provided in G.S. 105-164.4(a)(17), sales of motor  
23 vehicles, the sale of a motor vehicle body to be mounted on a motor vehicle  
24 chassis when a certificate of title has not been issued for the chassis, and the  
25 sale of a motor vehicle body mounted on a motor vehicle chassis that  
26 temporarily enters the State so the manufacturer of the body can mount the  
27 body on the chassis. For purposes of this subdivision, a park model RV, as  
28 defined in G.S. 105-187.1, is a motor vehicle."

29 **SECTION 42.10.(c)** G.S. 105-164.3 reads as rewritten:

### 30 **"§ 105-164.3. Definitions.**

31 The following definitions apply in this Article:

32 ...

33 (166) Peer-to-peer vehicle sharing facilitator. – A marketplace facilitator who  
34 facilitates a short-term motor vehicle rental where the marketplace seller is the  
35 registered owner of the motor vehicle who has not made an election under  
36 G.S. 105-187.5.

37 ...

38 (248) Short-term motor vehicle rental. – A motor vehicle rental to the same person  
39 for a period of less than 365 continuous days.

40 ...."

41 **SECTION 42.10.(d)** G.S. 105-187.1(a)(8) reads as rewritten:

42 "(8) Vehicle sharing service. – A service for which a person pays a membership  
43 fee for the right to use a motor vehicle or motor vehicles upon payment of an  
44 additional time-based or mileage-based fee. The term does not include a  
45 short-term motor vehicle rental by a peer-to-peer vehicle sharing facilitator."

46 **SECTION 42.10.(e)** Article 5 of Chapter 105 of the General Statutes is amended by  
47 adding a new section to read as follows:

### 48 **"§ 105-164.44N. Transfer to Highway Fund of tax on peer-to-peer vehicle rentals.**

49 Beginning with the 2021-2022 fiscal year, and within 75 days after the end of each fiscal  
50 year, five hundred thousand dollars (\$500,000) must be transferred from the General Fund to the



1 Highway Fund in recognition of the fact that peer-to-peer vehicle rentals exercise the privilege  
2 of using the highways of this State."

3 **SECTION 42.10.(f)** G.S. 105-187.9(a) reads as rewritten:

4 "(a) ~~Distribution. – Of the taxes~~ Taxes collected under this Article at the rate of five  
5 percent (5%) and eight percent (8%), ~~the sum of ten million dollars (\$10,000,000) (8%)~~ shall be  
6 credited ~~annually~~ to the Highway Fund, ~~and the remainder shall be credited to the General Fund.~~  
7 Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North  
8 Carolina Highway Trust Fund."

9 **SECTION 42.10.(g)** Subsection (f) of this section becomes effective July 1, 2021.  
10 The remainder of this section becomes effective October 1, 2021, and applies to sales occurring  
11 on or after that date.  
12

### 13 **GRADUATE LATE PAYMENT PENALTIES**

14 **SECTION 42.11.(a)** G.S. 105-236(a)(4) reads as rewritten:

15 "(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when  
16 due, without intent to evade the tax, the Secretary shall assess a penalty equal  
17 to ~~ten two percent (10%) (2%)~~ of the tax, amount of the tax if the failure is for  
18 not more than one month, with an additional two percent (2%) for each  
19 additional month, or fraction thereof, during which the failure continues, not  
20 exceeding ten percent (10%) in aggregate. This penalty does not apply in any  
21 of the following circumstances:

- 22 a. When the amount of tax shown as due on an amended return is paid  
23 when the return is filed.
- 24 b. When the Secretary proposes an assessment for tax due but not shown  
25 on a return and the tax due is paid within 45 days after the later of the  
26 following:
  - 27 1. The date of the notice of proposed assessment of the tax, if the  
28 taxpayer does not file a timely request for a Departmental  
29 review of the proposed assessment.
  - 30 2. The date the proposed assessment becomes collectible under  
31 one of the circumstances listed in G.S. 105-241.22(3) through  
32 (6), if the taxpayer files a timely request for a Departmental  
33 review of the proposed assessment.

34 ...."

35 **SECTION 42.11.(b)** This section becomes effective January 1, 2022, and applies to  
36 penalties assessed on or after that date.  
37

### 38 **PROPERTY TAX EXEMPTIONS**

39 **SECTION 42.12.(a)** G.S. 105-278.2 reads as rewritten:

40 "**§ 105-278.2. Burial property.**

41 (a) Commercial Property. – Real property set apart for burial purposes shall be exempted  
42 from taxation unless it is owned and held for purposes of (i) sale or rental or (ii) sale of burial  
43 rights therein. No application is required under G.S. 105-282.1 for property exempt under this  
44 subsection. A county cannot deny the exemption provided under this subsection to a taxpayer  
45 that lacks a survey or plat detailing the exempt property. ~~therein is exempted from taxation.~~ The  
46 taxes that would otherwise be due on real property classified under this subsection shall be a lien  
47 on the real property of the taxpayer as provided in G.S. 105-355(a). The taxes shall be carried  
48 forward in the records of the taxing unit or units as deferred taxes. The deferred taxes for the  
49 preceding five fiscal years are due and payable in accordance with G.S. 105-277.1F when the  
50 property loses its eligibility for deferral as a result of a disqualifying event. A disqualifying event

1 occurs when the property is sold, conveyed, leased, encumbered, or disposed of for a purpose  
 2 other than burial purposes.

3 ~~(b) Taxable real property set apart for human burial purposes is hereby designated a~~  
 4 ~~special class of property under authority of Article V, Section 2(2) of the North Carolina~~  
 5 ~~Constitution, and it shall be assessed for taxation taking into consideration the following:~~Other  
 6 Property. – Real property not held for the purposes listed in subsection (a) of this section that is  
 7 set apart for burial purposes is exempted from taxation. A county cannot deny the exemption  
 8 provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt  
 9 property.

10 (1) ~~The effect on its value by division and development into burial plots;~~

11 (2) ~~Whether it is irrevocably dedicated for human burial purposes by plat recorded~~  
 12 ~~with the Register of Deeds in the county in which the land is located; and~~

13 (3) ~~Whether the owner is prohibited or restricted by law or otherwise from selling,~~  
 14 ~~mortgaging, leasing or encumbering the same.~~

15 (c) Terms. – For purposes of this section, the term "real property" includes land, tombs,  
 16 vaults, monuments, and mausoleums, and the term "burial" includes entombment.entombment  
 17 and the term "real property" includes any of the following on the burial property:

18 (1) Land.

19 (2) Tombs, vaults, monuments, or mausoleums.

20 (3) Buildings, structures, improvements, or permanent fixtures."

21 **SECTION 42.12.(b)** G.S. 105-277.1F(a) reads as rewritten:

22 "(a) Scope. – This section applies to the following deferred tax programs:

23 ...

24 (5a) G.S. 105-278.2(a), commercial burial property.

25 ...."

26 **SECTION 42.12.(c)** G.S. 105-282.1 reads as rewritten:

27 **"§ 105-282.1. Applications for property tax exemption or exclusion; annual review of**  
 28 **property exempted or excluded from property tax.**

29 (a) Application. – Every owner of property claiming exemption or exclusion from  
 30 property taxes under the provisions of this Subchapter has the burden of establishing that the  
 31 property is entitled to it. If the property for which the exemption or exclusion is claimed is  
 32 appraised by the Department of Revenue, the application shall be filed with the Department.  
 33 Otherwise, the application shall be filed with the assessor of the county in which the property is  
 34 situated. An application must contain a complete and accurate statement of the facts that entitle  
 35 the property to the exemption or exclusion and must indicate the municipality, if any, in which  
 36 the property is located. Each application filed with the Department of Revenue or an assessor  
 37 shall be submitted on a form approved by the Department. Application forms shall be made  
 38 available by the assessor and the Department, as appropriate.

39 Except as provided below, an owner claiming an exemption or exclusion from property taxes  
 40 must file an application for the exemption or exclusion annually during the listing period.

41 (1) No application required. – Owners of the following exempt or excluded  
 42 property do not need to file an application for the exemption or exclusion to  
 43 be entitled to receive it:

44 a. Property exempt from taxation under G.S. 105-278.1 or ~~G.S.~~  
 45 ~~105-278.2.~~G.S. 105-278.2(b).

46 ...

47 (2) Single application required. – An owner of one or more of the following  
 48 properties eligible for a property tax benefit must file an application for the  
 49 benefit to receive it. Once the application has been approved, the owner does  
 50 not need to file an application in subsequent years unless new or additional  
 51 property is acquired or improvements are added or removed, necessitating a

1 change in the valuation of the property, or there is a change in the use of the  
2 property or the qualifications or eligibility of the taxpayer necessitating a  
3 review of the benefit.

4 a. Property exempted from taxation under ~~G.S. 105-278.3,~~  
5 G.S. 105-278.2(a), 105-278.3, 105-278.4, 105-278.5, 105-278.6,  
6 105-278.7, or 105-278.8.

7 ...."

8 **SECTION 42.12.(d)** G.S. 105-275 reads as rewritten:

9 **"§ 105-275. Property classified and excluded from the tax base.**

10 The following classes of property are designated special classes under Article V, Sec. 2(2),  
11 of the North Carolina Constitution and are excluded from tax:

12 ...

13 (44a) Vaccines.

14 ...."

15 **SECTION 42.12.(e)** This section is effective for taxes imposed for taxable years  
16 beginning on or after July 1, 2022.

17  
18 **REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES**

19 **SECTION 42.13A.(a)** G.S. 105-153.5(b) reads as rewritten:

20 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
21 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
22 the taxpayer's adjusted gross income:

23 ...

24 ~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra  
25 Credit grant program. This subdivision expires for taxable years beginning on  
26 or after January 1, ~~2021-2022.~~"

27 **SECTION 42.13A.(b)** G.S. 105-153.5(c2) reads as rewritten:

28 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
29 must make the following adjustments to the taxpayer's adjusted gross income:

30 ...

31 (17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
32 amount by which the taxpayer's interest expense deduction under section  
33 163(j) of the Code exceeds the interest expense deduction that would have  
34 been allowed under the Internal Revenue Code as enacted as of January 1,  
35 2020. An add-back under this subdivision is not required to the extent the  
36 amount was required to be added back under another provision of this  
37 subsection. The purpose of this subdivision is to decouple from the  
38 modification of limitation on business interest allowed under section 2306 of  
39 the CARES Act.

40 (17a) A taxpayer who made an addition under subdivision (17) of this subsection  
41 may deduct twenty percent (20%) of the addition in each of the first five  
42 taxable years beginning with tax year 2021.

43 ...."

44 **SECTION 42.13A.(c)** G.S. 105-153.9(a)(2) reads as rewritten:

45 "(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A,~~  
46 ~~G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income  
47 tax in another state or country shall be ascertained, and the North Carolina net  
48 income tax before credit under this section shall be multiplied by that fraction.  
49 The credit allowed is either the product thus calculated or the income tax  
50 actually paid the other state or country, whichever is smaller."

51 **SECTION 42.13A.(d)** G.S. 105-163.7(b) reads as rewritten:

"(b) Informational Return to Secretary. – Every employer shall annually file an informational return with the Secretary that contains the information given on each of the employer's written statements to an employee. The Secretary may require additional information to be included on the informational return, provided the Secretary has given a minimum of 90 days' notice of the additional information required. The informational return ~~is due on or before January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the ~~Secretary. If Secretary~~ and is due on or before January 31 of the succeeding year or, if the employer terminates its business ~~or permanently ceases paying wages during~~ before the close of the calendar year, ~~the informational return must be filed within 30 days of the last payment of remuneration~~ on or before the last day of the month following the end of the calendar quarter in which the employer terminates its business, but no later than January 31 of the succeeding year. The informational return required by this subsection is in lieu of the report required by G.S. 105-154.

...."

**SECTION 42.13A.(e)** G.S. 105-163.8 is amended by adding a new subsection to read:

"(c) If a withholding agent fails to file a return and pay the tax due under this Article or files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and assess the withholding agent based on the estimate."

**SECTION 42.13A.(f)** G.S. 105-241.6(b)(5) reads as rewritten:

"(5) Contingent Event. – The period to request a refund of an overpayment may be extended once as provided in this subdivision:

...

- b. Other Event. – If a taxpayer contends that an event has occurred that prevents the taxpayer from filing an accurate and definite request for a refund of an overpayment within the period under this section, the taxpayer may submit a written request to the Secretary seeking an extension of the statute of limitations. The taxpayer must file a written request to the Secretary prior to expiration of the statute of limitations under this section. The request must establish by clear, convincing proof that the event is beyond the taxpayer's control and prevents the taxpayer from timely filing an accurate and definite request for a refund of an overpayment. The Secretary's decision on the request is final and is not subject to administrative or judicial review. If the Secretary agrees to the request, the period to file a request for a refund of an overpayment is six months after the event concludes."

**SECTION 42.13A.(g)** G.S. 105-252.1 reads as rewritten:

**"§ 105-252.1. Use of a TTIN.**

A TTIN may not be used on any return, statement, or other document required to be filed with or furnished to the Department unless specifically authorized ~~in this Chapter by the~~ Secretary."

**SECTION 42.13A.(h)** Section 1.2(a) of S.L. 2021-16 reads as rewritten:

**"SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue has automatically extended the State tax filing due date for individuals for the 2020 tax year from April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an individual income tax return, including a partnership and estate and trust tax return, or pay individual income tax due if the return is filed and the tax due is paid by May 17, 2021. Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~ return, including a partnership and estate and trust tax return, due April 15, 2021."

1           **SECTION 42.13A.(i)** This section is effective when it becomes law.

2           **SECTION 42.13B.(a)** G.S. 105-83(d) reads as rewritten:

3           "(d) This section does not apply to ~~corporations liable for the tax levied under G.S.~~  
4 ~~105-102.3 or to savings~~ the following:

5           (1) Banks. For purposes of this subdivision, the term "bank" has the same  
6 meaning as defined in G.S. 105-130.7B(b).

7           (2) Savings and loan associations."

8           **SECTION 42.13B.(b)** G.S. 105-130.5(a) reads as rewritten:

9           "(a) The following additions to federal taxable income shall be made in determining State  
10 net income:

11           ...

12           (31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
13 amount by which the taxpayer's interest expense deduction under section  
14 163(j) of the Code exceeds the interest expense deduction that would have  
15 been allowed under the Internal Revenue Code as enacted as of January 1,  
16 2020, as calculated on a separate entity basis. An add-back under this  
17 subdivision is not required to the extent the amount was required to be added  
18 back under another provision of this subsection. The purpose of this  
19 subdivision is to decouple from the modification of limitation on business  
20 interest allowed under section 2306 of the CARES Act.

21           ...."

22           **SECTION 42.13B.(c)** G.S. 105-130.5(b) reads as rewritten:

23           "(b) The following deductions from federal taxable income shall be made in determining  
24 State net income:

25           ...

26           (32) A taxpayer who made an addition under subdivision (a)(31) of this section  
27 may deduct twenty percent (20%) of the addition that was not otherwise  
28 disallowed by G.S. 105-130.7B in each of the first five taxable years  
29 beginning tax year 2021."

30           **SECTION 42.13B.(d)** G.S. 105-130.7B(b)(4) reads as rewritten:

31           "(4) Qualified interest expense. – The amount of net interest expense paid or  
32 accrued to a related member in a taxable year with the amount limited to the  
33 taxpayer's proportionate share of interest paid or accrued to a person who is  
34 not a related member during the same taxable year. This limitation does not  
35 apply to interest paid or accrued to a related member if one or more of the  
36 following applies:

37           ...

38           e. The proportionate amount of interest paid or accrued to a related  
39 member that has already been disallowed by the application of section  
40 163(j) of the Code."

41           **SECTION 42.13B.(e)** G.S. 105-130.8A(c) reads as rewritten:

42           "(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in  
43 regulations adopted under sections 381 and 382 of the Code in determining the extent to which  
44 a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January  
45 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning  
46 before January 1, 2015, and the standards of this section for taxable years beginning on or after  
47 January 1, 2015."

48           **SECTION 42.13B.(f)** G.S. 105-251(a) reads as rewritten:

49           "(a) Scope of Information. – A taxpayer must give information to the Secretary when the  
50 Secretary requests the information. The Secretary may request a taxpayer to provide only the  
51 following kinds of information on a return, a report, or otherwise:

- 1 (1) Information that identifies the taxpayer.  
 2 (2) Information needed to determine the liability of the taxpayer for a tax.  
 3 (3) Information needed to determine whether an item is subject to a tax.  
 4 (4) Information that enables the Secretary to collect a tax.  
 5 (5) Financial or tax documentation required to determine the appropriate  
 6 adjustment under G.S. 105-130.5A. If such information is not timely provided  
 7 as required under G.S. 105-130.5A(a), the Secretary may propose any  
 8 adjustment allowable under Part 1 of Article 4 of this Chapter.  
 9 ~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary  
 10 needs to perform a duty a law requires the Secretary to perform."

11 **SECTION 42.13B.(g)** Subsection (a) of this section is effective when it becomes  
 12 law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d)  
 13 of this section is effective when it becomes law and applies retroactively for taxable years  
 14 beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section  
 15 is effective when it becomes law.

16 **SECTION 42.13C.(a)** G.S. 105-164.13E(a)(7) reads as rewritten:

- 17 "(7) Any of the following animals:  
 18 a. ~~Baby chicks and poults.~~Fowl.  
 19 b. Livestock."

20 **SECTION 42.13C.(b)** G.S. 105-259(b) reads as rewritten:

21 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has  
 22 access to tax information in the course of service to or employment by the State may not disclose  
 23 the information to any other person except as provided in this subsection. Standards used or to  
 24 be used for the selection of returns for examination and data used or to be used for determining  
 25 the standards may not be disclosed for any purpose. All other tax information may be disclosed  
 26 only if the disclosure is made for one of the following purposes:

- 27 ...  
 28 ~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross~~  
 29 ~~receipts and piped natural gas tax revenues attributable to the city under~~  
 30 ~~G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and~~  
 31 ~~G.S. 105-120.~~

32 ...."

33 **SECTION 42.13C.(c)** Subsection (a) of this section is effective retroactively to July  
 34 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the  
 35 remainder of this section is effective when it becomes law.

36 **SECTION 42.13D.(a)** G.S. 105-113.4B reads as rewritten:

37 "**§ 105-113.4B. Cancellation or revocation of license.**

38 ...  
 39 (a1) ~~Revocation.~~Summary Revocation and Procedure. – The Secretary may summarily  
 40 revoke a license issued under this Article when the Secretary ~~finds~~determines that the licensee  
 41 is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
 42 under this Article. ~~In addition, the~~The Secretary must send a revoked licensee a notice of the  
 43 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
 44 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
 45 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
 46 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
 47 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
 48 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
 49 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in  
 50 writing within 10 days of the hearing. The final decision must state the basis for the decision.  
 51 The statement of the basis of a revocation does not limit the Department from changing the basis.

1        (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
2 commits one or more of the following acts after holding a hearing on whether the license should  
3 be revoked: affording the licensee an opportunity to have a hearing as provided in subsections  
4 (a3) through (b2) of this section:

- 5            (1) Fails to obtain a license in a timely manner or for all places of business as  
6            required by this Article.
- 7            (2) Willfully fails to file a return required by this Article.
- 8            (3) Willfully fails to pay a tax when due under this Article.
- 9            (4) Makes a false statement in an application or return required under this Article.
- 10          (5) Fails to keep records as required by this Article.
- 11          (6) Refuses to allow the Secretary or a representative of the Secretary to examine  
12          the person's books, accounts, and records concerning tobacco product.
- 13          (7) Fails to disclose the correct amount of tobacco product taxable in this State.
- 14          (8) Fails to file a replacement bond or an additional bond if required by the  
15          Secretary under this Article.
- 16          (9) Violates G.S. 14-401.18.
- 17          (10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

18        (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
19 of proposed revocation that includes all of the following information:

- 20            (1) The basis for the proposed revocation. The statement of the basis for the  
21 proposed revocation does not limit the Department from changing the basis.
- 22            (2) The effective date of the revocation, which must be one of the following:
  - 23            a. Forty-five days from the date of the notice of proposed revocation if  
24 the licensee does not file a timely request for hearing.
  - 25            b. The tenth day after the date an adverse final decision is issued if the  
26 adverse final decision is mailed.
  - 27            c. The date an adverse final decision is delivered if the adverse final  
28 decision is delivered in person.
- 29            (3) The circumstances, if any, under which the Secretary will not revoke the  
30 license.
- 31            (4) An explanation of how the licensee may contest the proposed revocation.

32        (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
33 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
34 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
35 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
36 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
37 notice of proposed revocation and the revocation is final and not subject to further administrative  
38 or judicial review.

39        ~~(b) Hearing Procedure. – The Secretary must send a person whose license is summarily~~  
40 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~  
41 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~  
42 ~~license may be revoked after a hearing at least 10 days' written notice licensee who filed a timely~~  
43 ~~hearing request in accordance with subsection (a4) of this section at least 20 days' written notice~~  
44 ~~of the date, time, and place of the hearing. A notice of a summary license revocation and a notice~~  
45 ~~of hearing must be sent by certified mail to the last known address of the licensee. If the person~~  
46 ~~whose license may be revoked fails to attend the noticed hearing, the license revocation is~~  
47 ~~effective 15 days after the noticed hearing hearing, unless the Department and the licensee agree~~  
48 ~~to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary~~  
49 ~~must issue a final decision and notify the licensee in writing within 60 days of the hearing. The~~  
50 ~~Department and the licensee may extend this time by mutual agreement. Failure to issue a final~~  
51 ~~decision within the required time does not affect the validity of the decision. The final decision~~

1 must state the basis for the decision and, if the final decision includes revocation of the license,  
2 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this  
3 section. The statement of the basis of a revocation does not limit the Department from changing  
4 the basis.

5 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
6 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
7 notice by email or other electronic means if the licensee has consented to receiving notices via  
8 electronic means.

9 (b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to  
10 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
11 If a license is unable to be returned, the revoked licensee must include a written statement of the  
12 reasons, satisfactory to the Secretary, why the license cannot be returned.

13 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
14 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
15 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

16 (1) Return an irrevocable letter of credit to the licensee.

17 (2) Return a bond to the licensee or notify the person liable on the bond and the  
18 licensee that the person is released from liability on the bond."

19 **SECTION 42.13D.(b)** Article 36B of Chapter 105 of the General Statutes is  
20 amended by adding the following new section:

21 **"§ 105-449.47B. Revocation of license.**

22 (a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier  
23 fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the  
24 motor carrier an opportunity to have a hearing as provided in this section.

25 (b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
26 of proposed revocation that includes all of the following information:

27 (1) The basis for the proposed revocation. The statement of the basis for the  
28 proposed revocation does not limit the Department from changing the basis.

29 (2) The effective date of the revocation, which must be one of the following:

30 a. Forty-five days from the date of the notice of proposed revocation if  
31 the licensee does not file a timely request for hearing.

32 b. The tenth day after the date an adverse final decision is issued if the  
33 adverse final decision is mailed.

34 c. The date an adverse final decision is delivered if the adverse final  
35 decision is delivered in person.

36 (3) The circumstances, if any, under which the Secretary will not revoke the  
37 license.

38 (4) An explanation of how the licensee may contest the proposed revocation.

39 (c) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
40 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
41 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
42 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
43 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
44 notice of proposed revocation and the revocation is final and not subject to further administrative  
45 or judicial review.

46 (d) Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing  
47 request in accordance with subsection (c) of this section at least 20 days' written notice of the  
48 date, time, and place of the hearing, unless the Department and the licensee agree to a shorter  
49 period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a  
50 final decision and notify the licensee in writing within 60 days of the hearing. The Department  
51 and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision



1 within the required time does not affect the validity of the decision. The final decision must state  
2 the basis for the decision and, if the final decision includes revocation of a license or a decal, the  
3 effective date of the revocation in accordance with subdivision (b)(2) of this section. The  
4 statement of the basis of the revocation does not limit the Department from changing the basis.

5 (e) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
6 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
7 notice by email or other electronic means if the licensee has consented to receiving notices via  
8 electronic means.

9 (f) Return of Credentials. – If the license is revoked, the former licensee shall return to  
10 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
11 previously issued. If the licenses or decals are not returned, the credentials are subject to seizure  
12 or removal from the motor vehicle or defacement. If a license or decal is unable to be returned,  
13 the licensee must include a written statement of the reasons, satisfactory to the Secretary, why  
14 the license or decal cannot be returned."

15 **SECTION 42.13D.(c)** G.S. 105-449.76 reads as rewritten:

16 **"§ 105-449.76. Cancellation or revocation of license.**

17 (a) Cancellation. – The Secretary may cancel a license issued under this Article upon the  
18 written request of the licensee. The licensee's request must include a proposed effective date of  
19 cancellation and must return the license to the Secretary on or before the proposed effective date.  
20 If the licensee's request does not include a proposed effective date of cancellation, the license is  
21 cancelled 15 days after the Department receives the written request. If the license is unable to be  
22 returned, the licensee must include a written statement of the reasons, satisfactory to the  
23 Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the  
24 license is cancelled.

25 (a1) ~~Revocation~~–Summary Revocation and Procedure. – The Secretary may summarily  
26 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee  
27 is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
28 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the  
29 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
30 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
31 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
32 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
33 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
34 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
35 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in  
36 writing within 10 days of the hearing. The final decision must state the basis for the decision.  
37 The statement of the basis of a revocation does not limit the Department from changing the basis.

38 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
39 commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether~~  
40 ~~the license should be revoked~~, affording the licensee an opportunity to have a hearing as provided  
41 in subsections (a3) through (b2) of this section.

42 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
43 of proposed revocation that includes all of the following information:

- 44 (1) The basis for the proposed revocation. The statement of the basis for the  
45 proposed revocation does not limit the Department from changing the basis.
- 46 (2) The effective date of the revocation, which must be one of the following:
  - 47 a. Forty-five days from the date of the notice of proposed revocation if  
48 the licensee does not file a timely request for hearing.
  - 49 b. The tenth day after the date an adverse final decision is issued if the  
50 adverse final decision is mailed.

1           c.       The date an adverse final decision is delivered if the adverse final  
2                    decision is delivered in person.

3           (3)     The circumstances, if any, under which the Secretary will not revoke the  
4                    license.

5           (4)     An explanation of how the licensee may contest the proposed revocation.

6           (a4)    Request for Hearing and Decision. – A licensee may contest a proposed revocation  
7 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
8 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
9 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
10 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
11 notice of proposed revocation and the revocation is final and not subject to further administrative  
12 or judicial review.

13          (b)     ~~Hearing Procedure. – The Secretary must send a person whose license is summarily~~  
14 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~  
15 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~  
16 ~~license may be revoked after a hearing at least 10 give a licensee who filed a timely hearing~~  
17 ~~request in accordance with subsection (a4) of this section at least 20 days' written notice of the~~  
18 ~~date, time, and place of the hearing. A notice of a summary license revocation and a notice of~~  
19 ~~hearing must be sent by certified mail to the last known address of the licensee. If the person~~  
20 ~~whose license may be revoked fails to attend the noticed hearing, the license revocation is~~  
21 ~~effective 15 days after the noticed hearing hearing, unless the Department and the licensee agree~~  
22 ~~to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary~~  
23 ~~must issue a final decision and notify the licensee in writing within 60 days of the hearing. The~~  
24 ~~Department and the licensee may extend this time by mutual agreement. Failure to issue a final~~  
25 ~~decision within the required time does not affect the validity of the decision. The final decision~~  
26 ~~must state the basis for the decision and, if the final decision includes revocation of the license,~~  
27 ~~the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this~~  
28 ~~section. The statement of the basis of a revocation does not limit the Department from changing~~  
29 ~~the basis.~~

30          (b1)    Delivery of Notice. – The Secretary must deliver a notice in accordance with  
31 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
32 notice by email or other electronic means if the licensee has consented to receiving notices via  
33 electronic means.

34          (b2)    Return of Credentials. – If the license is revoked, the former licensee shall return to  
35 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
36 previously issued. If a license or decal is unable to be returned, the licensee must include a written  
37 statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be  
38 returned.

39          (c)     Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
40 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
41 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

42           (1)     Return an irrevocable letter of credit to the licensee.

43           (2)     Return a bond to the licensee or notify the person liable on the bond and the  
44 licensee that the person is released from liability on the bond."

45           **SECTION 42.13D.(d)** G.S. 119-19 reads as rewritten:

46           "**§ 119-19. Authority of Secretary to cancel or revoke a license.**

47           (a)     ~~Reasons. Cancellation.~~ – The Secretary of Revenue may cancel a license issued under  
48 this Article upon the written request of the licensee. The licensee's request must include a  
49 proposed effective date of the cancellation and must return the license to the Secretary on or  
50 before the proposed effective date. If the licensee's request does not include a proposed effective  
51 date of cancellation, the license is cancelled 15 days after the Department receives the written

1 request. If the license is unable to be returned, the licensee must include a written statement of  
2 the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must  
3 notify the licensee when the license is cancelled.

4 (a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a  
5 license issued under this Article or under Article 36C or 36D of Chapter 105 of the General  
6 Statutes this Chapter when the Secretary finds-determines that the licensee is incurring liability  
7 for the tax imposed by this Article after failing to pay a tax when due under this Article. The  
8 Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The  
9 hearing must be held within 10 days after the date of the notice of revocation unless the revoked  
10 licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of  
11 a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice  
12 of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice  
13 of hearing under this subsection must be in writing and indicate the date, time, and place of the  
14 hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue  
15 a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final  
16 decision must state the basis for the decision. The statement of the basis of a revocation does not  
17 limit the Department from changing the basis.

18 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who  
19 files a false report under this Article or fails to file a report required under this Article after  
20 holding a hearing on whether the license should be revoked, affording the licensee an opportunity  
21 to have a hearing as provided in subsections (a3) through (b2) of this section.

22 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
23 of proposed revocation that includes all of the following information:

- 24 (1) The basis for the proposed revocation. The statement of the basis for the  
25 proposed revocation does not limit the Department from changing the basis.  
26 (2) The effective date of the revocation, which must be one of the following:  
27 a. Forty-five days from the date of the notice of proposed revocation if  
28 the licensee does not file a timely request for hearing.  
29 b. The tenth day after the date an adverse final decision is issued if the  
30 adverse final decision is mailed.  
31 c. The date an adverse final decision is delivered if the adverse final  
32 decision is delivered in person.  
33 (3) The circumstances, if any, under which the Secretary will not revoke the  
34 license.  
35 (4) An explanation of how the licensee may contest the proposed revocation.

36 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
37 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
38 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
39 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
40 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
41 notice of proposed revocation and the revocation is final and not subject to further administrative  
42 or judicial review.

43 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily  
44 revoked a notice of the revocation and must give the person an opportunity to have a hearing on  
45 the revocation within 10 days after the revocation. The Secretary must give a person whose  
46 license may be revoked after a hearing give a licensee who filed a timely hearing request in  
47 accordance with subsection (a4) of this section at least 10-20 days' written notice of the date,  
48 time, and place of the hearing. A notice of a summary license revocation and a notice of hearing  
49 must be sent by certified mail to the last known address of the licensee, hearing, unless the  
50 Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed  
51 by the Secretary. The Secretary must issue a final decision and notify the licensee in writing

1 within 60 days of the hearing. The Department and the licensee may extend this time by mutual  
2 agreement. Failure to issue a final decision within the required time does not affect the validity  
3 of the decision. The final decision must state the basis for the decision and, if the final decision  
4 includes revocation of the license, the effective date of the revocation in accordance with  
5 subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does  
6 not limit the Department from changing the basis.

7 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
8 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
9 notice by email or other electronic means if the licensee has consented to receiving notices via  
10 electronic means.

11 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to  
12 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
13 If a license is unable to be returned, the licensee must include a written statement of the reasons,  
14 satisfactory to the Secretary, why the license cannot be returned.

15 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
16 has paid all taxes and penalties due under this Article, the Secretary must either return to the  
17 licensee the bond filed by the licensee or notify the person liable on the bond and the licensee  
18 that the person is released from liability on the bond."

19 **SECTION 42.13D.(e)** This section becomes effective January 1, 2022, and applies  
20 to summary revocations and non-summary revocations initiated by the Department on or after  
21 that date.

22 **SECTION 42.13E.(a)** G.S. 105-113.8 is recodified as G.S. 105-113.4H.

23 **SECTION 42.13E.(b)** G.S. 105-113.11 is recodified as G.S. 105-113.4I.

24 **SECTION 42.13E.(c)** G.S. 105-113.4I, as recodified by subsection (b) of this  
25 section, reads as rewritten:

26 **"§ 105-113.4I. Licenses required.**

27 ~~After the effective date of this Article, no~~ A person shall may not engage in business as a  
28 ~~distributor~~ distributor, wholesale dealer, or retail dealer in this State, without having first obtained  
29 from the Secretary the appropriate license for that purpose as prescribed ~~herein.~~ Any in this  
30 Article. A license required by this Article shall be is in addition to any ~~and all~~ other licenses  
31 ~~which that~~ may be required by law."

32 **SECTION 42.13E.(d)** G.S. 105-113.29 is recodified as G.S. 105-113.4J.

33 **SECTION 42.13E.(e)** G.S. 105-113.4J, as recodified by subsection (d) of this  
34 section, reads as rewritten:

35 **"§ 105-113.4J. Unlicensed place of business.**

36 It is unlawful for a person to maintain a place of business within this State required by this  
37 Article to be licensed to engage in the business of selling, offering for sale, or possessing with  
38 the intent to sell ~~cigarettes or other~~ tobacco products without first obtaining ~~the licenses.~~ all  
39 licenses required by this Article."

40 **SECTION 42.13E.(f)** G.S. 105-113.33 is recodified as G.S. 105-113.4K.

41 **SECTION 42.13E.(g)** G.S. 105-113.18(2) reads as rewritten:

42 "(2) Use Tax Report. – Every other ~~A~~ person who is not a licensed distributor and  
43 has acquired non-tax-paid cigarettes for sale, use, or consumption  
44 consumption, subject to the tax imposed by this Part shall, must, within 96  
45 hours after receipt of the cigarettes, file a report in the form prescribed by the  
46 Secretary showing the amount of cigarettes so received and any other  
47 information required by the Secretary. The report shall must be accompanied  
48 by payment of the full amount of the tax."

49 **SECTION 42.13E.(h)** G.S. 105-113.35(d) reads as rewritten:

50 "(d) Manufacturer's Option. – A manufacturer who is not a retail dealer and who ships  
51 tobacco products other than cigarettes to either a wholesale dealer or retail dealer licensed under

1 this Part may apply to the Secretary to be relieved of paying the tax imposed by this section on  
2 the tobacco products. ~~A manufacturer who is not a retail dealer and who ships vapor products to~~  
3 ~~either a wholesale dealer or retail dealer licensed under this Part may apply to the Secretary to be~~  
4 ~~relieved of paying the tax imposed by this section on the vapor products shipped to either a~~  
5 ~~wholesale dealer or retail dealer.~~ Once granted permission, a manufacturer may choose not to  
6 pay the tax until otherwise notified by the Secretary but is not relieved from filing a report as  
7 required by this Part. To be relieved of payment of the tax imposed by this section, a manufacturer  
8 must comply with the requirements set by the Secretary.

9 Permission granted under this subsection to a manufacturer to be relieved of paying the tax  
10 imposed by this section applies to an integrated wholesale dealer with whom the manufacturer is  
11 an affiliate. A manufacturer must notify the Secretary of any integrated wholesale dealer with  
12 whom it is an affiliate when the manufacturer applies to the Secretary for permission to be  
13 relieved of paying the tax and when an integrated wholesale dealer becomes an affiliate of the  
14 manufacturer after the Secretary has given the manufacturer permission to be relieved of paying  
15 the tax.

16 If a person is both a manufacturer of cigarettes and a wholesale dealer of tobacco products  
17 other than cigarettes and the person is granted permission under G.S. 105-113.10 to be relieved  
18 of paying the cigarette excise tax, the permission applies to the tax imposed by this section on  
19 tobacco products other than cigarettes. A cigarette manufacturer who becomes a wholesale dealer  
20 after receiving permission to be relieved of the cigarette excise tax must notify the Secretary of  
21 the permission received under G.S. 105-113.10 when applying for a license as a wholesale  
22 dealer."

23 **SECTION 42.13E.(i)** G.S. 105-113.37 reads as rewritten:

24 **"§ 105-113.37. Payment of tax.**

25 (a) Monthly Report. – Taxes levied by this ~~Article-Part~~ are payable by a licensed  
26 wholesale dealer or licensed retail dealer when a report is required to be filed. A report is due on  
27 a monthly basis. A monthly report covers tobacco ~~products-products,~~ other than cigarettes, sold,  
28 shipped, delivered, or otherwise disposed of in this State occurring in a calendar month and is  
29 due within 20 days after the end of the month covered by the report. A report ~~shall-must~~ be filed  
30 on a form provided by the Secretary and ~~shall-must~~ contain the information required by the  
31 Secretary.

32 (a1) Use Tax Report. – A person who is not a licensed wholesale dealer or licensed retail  
33 dealer and has acquired non-tax-paid tobacco products, other than cigarettes, for sale, use, or  
34 consumption, subject to the tax imposed by this Part must, within 96 hours after receipt of the  
35 tobacco products, file a report in the form prescribed by the Secretary showing the amount of  
36 tobacco products received and any other information required by the Secretary. The report must  
37 be accompanied by payment of the full amount of the tax.

38 ...."

39 **SECTION 42.13E.(j)** G.S. 105-113.83 reads as rewritten:

40 **"§ 105-113.83. Payment of excise taxes.**

41 ...

42 (b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under  
43 G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler  
44 or importer who first handles the beverages in this State. ~~The excise taxes levied under~~  
45 ~~G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to~~  
46 ~~G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and  
47 wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on  
48 or before the 15th day of the month following the month in which the beverage is first sold or  
49 otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on  
50 wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports  
51 on forms provided by the Secretary detailing sales records for the month for which the taxes are

1 paid. The report must indicate the amount of excise tax due, contain the information required by  
2 the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A~~  
3 ~~wine shipper permittee shall submit verified reports once a year on forms provided by the~~  
4 ~~Secretary detailing sales records for the year the taxes are paid. The verified report is due on or~~  
5 ~~before the fifteenth day of the first month of the following calendar year.~~

6 (b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the  
7 tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

8 (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102,  
9 or 18B-1104.

10 (2) The brewery or winery transfers malt beverages or wine to a wholesaler  
11 permitted under G.S. 18B-1107 or G.S. 18B-1109.

12 (3) The wholesaler agrees in writing to be responsible for the tax due on the  
13 transferred malt beverages or wine.

14 (4) The brewery or winery files a report when the tax would otherwise be due  
15 reporting the transfer of malt beverages or wine to the wholesaler.

16 (b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as  
17 provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or  
18 wine is liable for any tax due under this section.

19 (b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied  
20 under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to  
21 G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms  
22 provided by the Secretary detailing sales records for the year taxes are paid. The verified report  
23 is due on or before the fifteenth day of the first month of the following calendar year.

24 ...."

25 **SECTION 42.13E.(k)** G.S. 105-113.86 reads as rewritten:

26 "**§ 105-113.86. Bond or irrevocable letter of credit.**

27 (a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer  
28 must file with the Secretary to furnish a bond in an amount of that adequately protects the State  
29 from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the  
30 bond shall not be less than five thousand dollars (\$5,000). ~~The amount of the bond must be~~  
31 proportionate to the anticipated tax liability of the wholesaler or importer.

32 (a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount  
33 that adequately protects the State from a distillery's failure to pay taxes under this Article. The  
34 amount of the bond shall not be less than two thousand dollars (\$2,000).

35 (a2) Periodic Review. – The Secretary should periodically review the sufficiency of the  
36 bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required,  
37 not to exceed fifty thousand dollars (\$50,000), if the bond ~~furnished~~ no longer covers the  
38 taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount  
39 required when the Secretary determines that a smaller bond amount will adequately protect the  
40 State from loss. The bond must be conditioned on compliance with this Article, payable to the  
41 State, in a form acceptable to the Secretary, and secured by a corporate surety.

42 (b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor  
43 ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The  
44 bond must be conditioned on compliance with this Article, payable to the State in a form  
45 acceptable to the Secretary, and secured by a corporate surety.

46 (c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or importer,~~  
47 a nonresident ~~vendor~~ vendor, or a distillery may substitute an irrevocable letter of credit for the  
48 secured bond required by this section. The letter of credit must be issued by a commercial bank  
49 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must  
50 be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in  
51 the amounts stipulated in this section."

1           **SECTION 42.13E.(l)** G.S. 105-236(a)(2) reads as rewritten:

2           "(2) Failure to Obtain a License. – For failure to obtain a license before engaging  
3           in a business, trade or profession for which a license is required, the Secretary  
4           shall assess a penalty equal to five percent (5%) of the amount prescribed for  
5           the license per month or fraction thereof until paid, not to exceed twenty-five  
6           percent (25%) of the amount so prescribed, but in any event shall not be less  
7           than five dollars (\$5.00). In cases in which the taxpayer, after written  
8           notification by the Department, fails to obtain a license as required under  
9           G.S. 105-449.65—G.S. 105-113.4I, 105-449.65, or G.S. 105-449.131,  
10          105-449.131, the Secretary may assess a penalty of one thousand dollars  
11          (\$1,000)."

12          **SECTION 42.13E.(m)** G.S. 105-449.45 reads as rewritten:

13        "**§ 105-449.45. Returns of carriers.**

14          ...

15          (d) ~~Penalties.~~Failure to File Return. – A motor carrier that fails to file a return under this  
16          section by the required date is subject to a penalty of fifty dollars (\$50.00).

17          (d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is  
18          subject to a penalty of fifty dollars (\$50.00), or ten percent (10%) of the tax due, whichever is  
19          greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance  
20          with G.S. 105-236(a)(4)a. or b.

21          (d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under  
22          G.S. 105-449.119.

23          ...."

24          **SECTION 42.13E.(n)** G.S. 105-449.60 reads as rewritten:

25        "**§ 105-449.60. Definitions.**

26          The following definitions apply in this Article:

27          ...

28          (20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society  
29          Testing Materials Specification D 4806, "Standard Specification for  
30          Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive  
31          Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced,  
32          denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

33          (21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade~~  
34          ethanol.~~alcohol or gasoline and ethanol.~~

35          ...."

36          **SECTION 42.13E.(o)** G.S. 105-449.115 reads as rewritten:

37        "**§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car**  
38        **or transport truck.**

39          ...

40          (d) Duties of Transporter. – A person to whom a shipping document was issued must do  
41          all of the following:

42          (1) Carry the shipping document in the conveyance for which it was issued when  
43          transporting the motor fuel described in it.

44          (2) Show the shipping document to a law enforcement officer upon request when  
45          transporting the motor fuel described in it.

46          (2a) Maintain a copy of the shipping document at a centralized place of business  
47          for at least three years from the date of delivery.

48          (3) Deliver motor fuel described in the shipping document to the destination state  
49          ~~printed-designated~~ on it unless the ~~person-person~~, in a manner prescribed by  
50          the Secretary, does all of the following:

- 1 a. ~~Notifies the Secretary, in a manner designated by the Secretary,~~  
 2 ~~Secretary~~ before transporting the motor fuel into a state other than the  
 3 ~~printed destination state that the person has received instructions since~~  
 4 ~~the shipping document was issued to deliver the motor fuel to a~~  
 5 ~~different destination state.~~designated on the shipping document.  
 6 b. ~~Receives from the Secretary, in a manner designated by the Secretary,~~  
 7 ~~Secretary~~ a confirmation number authorizing the ~~diversion shipment~~  
 8 ~~of motor fuel to a state other than the state designated on the shipping~~  
 9 ~~document.~~  
 10 c. ~~Writes~~ Contemporaneously notes on the shipping document the  
 11 change in destination state and the confirmation number ~~for the~~  
 12 ~~diversion.~~received from the Secretary.  
 13 (4) ~~Give~~ Upon delivery, provide a copy of the shipping document to the  
 14 ~~distributor or other person to whom the motor fuel is delivered.~~  
 15 (e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
 16 railroad tank car or transport truck may ~~not only~~ accept delivery of the motor fuel if the  
 17 destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North  
 18 ~~Carolina. To determine if the shipping document shows North Carolina as the destination state,~~  
 19 ~~the person to whom the fuel is delivered must examine the shipping document and must keep a~~  
 20 ~~copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance  
 21 with subdivision (3) of subsection (d) of this section. The person must ~~keep~~ maintain a copy of  
 22 the shipping document for at least three years from the date of delivery and must maintain a copy  
 23 of the shipping document at the place of business where the motor fuel was delivered for 90 days  
 24 from the date of delivery ~~and must keep it at that place or another place for at least three years~~  
 25 ~~from the date of delivery.~~ A person who accepts delivery of motor fuel in violation of this  
 26 subsection is jointly and severally liable for any tax due on the fuel.

27 ...."

28 **SECTION 42.13E.(p)** G.S. 105-449.115A reads as rewritten:

29 **"§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

30 ...

- 31 (b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping  
 32 document was issued must do all of the following:  
 33 (1) Carry the invoice, bill of sale, or shipping document in the conveyance for  
 34 which it is issued when transporting the motor fuel described in it.  
 35 (2) Show the invoice, bill of sale, or shipping document upon request when  
 36 transporting the motor fuel described in it.  
 37 (3) ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a  
 38 centralized place of business for at least three years from the date of delivery.  
 39 (4) Deliver motor fuel described in the shipping document to the state designated  
 40 on it unless the person, in a manner prescribed by the Secretary, does all of  
 41 the following:  
 42 a. Notifies the Secretary before transporting the motor fuel into a state  
 43 other than the state designated on the shipping document.  
 44 b. Receives from the Secretary a confirmation number authorizing the  
 45 shipment of motor fuel to a state other than the state designated on the  
 46 shipping document.  
 47 c. Contemporaneously notes on the shipping document the change in  
 48 destination state and the confirmation number received from the  
 49 Secretary.  
 50 (5) Upon delivery, provide a copy of the shipping document to the person to  
 51 whom the motor fuel is delivered.



1       (b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
2 tank wagon may only accept delivery of the motor fuel if the destination state shown on the  
3 shipping document for the motor fuel is North Carolina or has been changed to North Carolina  
4 in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a  
5 copy of the shipping document for at least three years from the date of delivery and must maintain  
6 a copy of the shipping document at the place of business where the motor fuel was delivered for  
7 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of  
8 this subsection is jointly and severally liable for any tax due on the fuel.

9       ...."

10       **SECTION 42.13E.(q)** G.S. 105-449.123 reads as rewritten:

11 **"§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

12       (a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both  
13 dyed and undyed motor fuel for use by that person or another person must mark the storage  
14 facility for the dyed motor fuel as ~~follows provided in this subsection and~~ in a manner that clearly  
15 indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be  
16 marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene,  
17 Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel  
18 is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the~~  
19 ~~storage facility as required by this section is subject to a civil penalty equal to the excise tax at~~  
20 ~~the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the~~  
21 ~~inventory cannot be determined, then the penalty is calculated on the capacity of the storage~~  
22 ~~tank. The marking requirements are:~~

- 23           (1) The storage tank of the storage facility must be marked if the storage tank is  
24 visible.  
25           (2) The fillcap or spill containment box of the storage facility must be marked.  
26           (3) The dispensing device that serves the storage facility must be marked.  
27           (4) The retail pump or dispensing device at any level of the distribution system  
28 must comply with the marking requirements.

29       (a1) Penalty. – A person who fails to mark the storage facility as required by subsection  
30 (a) of this section is subject to a civil penalty of two hundred fifty dollars (\$250.00). Each  
31 inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

32       (b) Exception. – The marking requirements of this section do not apply to a storage  
33 facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1)  
34 and is installed in a manner that makes use of the fuel for any other purpose improbable."

35       **SECTION 42.13E.(r)** Subsections (l) and (q) of this section become effective  
36 January 1, 2022, and apply to penalties assessed on or after that date. Subsections (n), (o), and  
37 (p) of this section become effective January 1, 2022. Except as otherwise provided, the remainder  
38 of this section is effective when it becomes law.

39       **SECTION 42.13F.(a)** G.S. 105-278(a) reads as rewritten:

40       (a) Real property designated as a historic property by a local ordinance adopted pursuant  
41 to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted  
42 pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property  
43 under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified  
44 shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%)  
45 of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

46       **SECTION 42.13F.(b)** This section is effective retroactively to June 19, 2020.

47  
48 **PART XLIII. MISCELLANEOUS**

49  
50 **STATE BUDGET ACT APPLIES**

1           **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the  
2 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
3 this act by reference.  
4

#### 5 **COMMITTEE REPORT**

6           **SECTION 43.2.(a)** The North Carolina Senate Appropriations/Base Budget  
7 Committee Report on the Current Operations Appropriations Act for Senate Bill 105, Senate  
8 Committee Substitute, dated June 22, 2021, which was distributed in the Senate and used to  
9 explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be  
10 used to construe this act, as provided in the State Budget Act, Chapter 143C of the General  
11 Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such,  
12 shall be printed as a part of the Session Laws.

13           **SECTION 43.2.(b)** The budget enacted by the General Assembly is for the  
14 maintenance of the various departments, institutions, and other spending agencies of the State  
15 for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
16 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

17           The Director of the Budget submitted a recommended base budget to the General  
18 Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated  
19 March 2021, and in the Budget Support Document for the various departments, institutions, and  
20 other spending agencies of the State. The adjustments to the recommended base budget made by  
21 the General Assembly are set out in the Committee Report.

22           **SECTION 43.2.(c)** The budget enacted by the General Assembly shall also be  
23 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
24 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
25 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
26 enacted by the General Assembly shall prevail.

27           **SECTION 43.2.(d)** Notwithstanding subsection (a) of this section, the following  
28 portions of the Committee Report are for reference and do not expand, limit, or define the text of  
29 the Committee Report:

- 30           (1) Summary pages setting forth the enacted budget, the legislative changes, the  
31 revised budget, and the related FTE information for a particular budget code  
32 and containing no other substantive information.
- 33           (2) Summary pages setting forth the enacted budget, the legislative changes, the  
34 revised budget, and the related FTE information for multiple fund codes  
35 within a single budget code and containing no other substantive information.  
36

#### 37 **REPORT BY FISCAL RESEARCH DIVISION**

38           **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions  
39 taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a  
40 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.  
41 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
42 this section to the Director of the Budget. The report shall be published on the General  
43 Assembly's internet website for public access.  
44

#### 45 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

46           **SECTION 43.4.** Except where expressly repealed or amended by this act, the  
47 provisions of any legislation enacted during the 2021 Regular Session of the General Assembly  
48 affecting the State budget shall remain in effect.  
49

#### 50 **MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM**

1           **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate  
2 an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this  
3 act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal  
4 biennium.

5  
6 **EFFECT OF HEADINGS**

7           **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a  
8 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
9 the text of this act, except for effective dates referring to a Part or Subpart.

10  
11 **SEVERABILITY CLAUSE**

12           **SECTION 43.7.** If any section or provision of this act is declared unconstitutional  
13 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
14 the part so declared to be unconstitutional or invalid.

15  
16 **EFFECTIVE DATE**

17           **SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1,  
18 2021.