

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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SENATE BILL 105  
Appropriations/Base Budget Committee Substitute Adopted 6/22/21  
Third Edition Engrossed 6/25/21  
House Committee Substitute Favorable 8/9/21  
House Committee Substitute #2 Favorable 8/10/21

Short Title: 2021 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 18, 2021

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

5 The General Assembly of North Carolina enacts:

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

8  
9 **TITLE OF ACT**

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

12  
13 **INTRODUCTION**

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

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

22  
23 **GENERAL FUND APPROPRIATIONS**

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

28 <b>Current Operations - General Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
29		
30 <b>EDUCATION</b>		
31 Community College System		
32 Requirements	1,789,482,598	1,697,260,856
33 Less: Receipts	498,329,004	341,917,117



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1	<b>Net Appropriation</b>	<b>1,291,153,594</b>	<b>1,355,343,739</b>
2			
3	Public Instruction		
4	Requirements	13,482,392,735	12,952,108,747
5	Less: Receipts	2,884,413,426	2,202,323,403
6	<b>Net Appropriation</b>	<b>10,597,979,309</b>	<b>10,749,785,344</b>
7			
8	University of North Carolina		
9	NC A&T University		
10	Requirements	192,014,245	196,029,849
11	Less: Receipts	87,664,443	87,664,443
12	<b>Net Appropriation</b>	<b>104,349,802</b>	<b>108,365,406</b>
13			
14	UNC at Asheville		
15	Requirements	62,523,226	62,523,226
16	Less: Receipts	21,876,242	21,876,242
17	<b>Net Appropriation</b>	<b>40,646,984</b>	<b>40,646,984</b>
18			
19	UNC at Chapel Hill - Academic Affairs		
20	Requirements	668,084,858	650,334,858
21	Less: Receipts	383,711,754	365,711,754
22	<b>Net Appropriation</b>	<b>284,373,104</b>	<b>284,623,104</b>
23			
24	UNC at Chapel Hill - Area Health Ed.		
25	Requirements	54,748,874	54,748,874
26	Less: Receipts	0	0
27	<b>Net Appropriation</b>	<b>54,748,874</b>	<b>54,748,874</b>
28			
29	UNC at Chapel Hill - Health Affairs		
30	Requirements	338,957,192	338,957,192
31	Less: Receipts	131,819,411	131,819,411
32	<b>Net Appropriation</b>	<b>207,137,781</b>	<b>207,137,781</b>
33			
34	UNC at Charlotte		
35	Requirements	430,327,003	430,327,003
36	Less: Receipts	165,165,330	165,165,330
37	<b>Net Appropriation</b>	<b>265,161,673</b>	<b>265,161,673</b>
38			
39	UNC at Greensboro		
40	Requirements	291,392,935	291,642,935
41	Less: Receipts	108,204,808	108,204,808
42	<b>Net Appropriation</b>	<b>183,188,127</b>	<b>183,438,127</b>
43			
44	UNC at Pembroke		
45	Requirements	94,110,944	94,109,865
46	Less: Receipts	15,789,132	15,789,132
47	<b>Net Appropriation</b>	<b>78,321,812</b>	<b>78,320,733</b>
48			
49	UNC at Wilmington		
50	Requirements	249,933,584	249,933,584
51	Less: Receipts	102,044,807	102,044,807

1	<b>Net Appropriation</b>	<b>147,888,777</b>	<b>147,888,777</b>
2			
3	UNC Board of Governors		
4	Requirements	46,140,592	45,980,092
5	Less: Receipts	207,399	46,899
6	<b>Net Appropriation</b>	<b>45,933,193</b>	<b>45,933,193</b>
7			
8	UNC BOG - Aid to Private Institutions		
9	Requirements	351,242,922	235,199,756
10	Less: Receipts	110,000,000	0
11	<b>Net Appropriation</b>	<b>241,242,922</b>	<b>235,199,756</b>
12			
13	UNC BOG - Institutional Programs		
14	Requirements	344,821,432	350,570,551
15	Less: Receipts	86,529,163	0
16	<b>Net Appropriation</b>	<b>258,292,269</b>	<b>350,570,551</b>
17			
18	UNC BOG - Related Educational Programs		
19	Requirements	194,570,928	236,720,928
20	Less: Receipts	65,102,939	111,337,939
21	<b>Net Appropriation</b>	<b>129,467,989</b>	<b>125,382,989</b>
22			
23	UNC School of the Arts		
24	Requirements	50,730,632	50,366,379
25	Less: Receipts	16,836,377	16,472,124
26	<b>Net Appropriation</b>	<b>33,894,255</b>	<b>33,894,255</b>
27			
28	Western Carolina University		
29	Requirements	161,859,440	161,897,131
30	Less: Receipts	28,112,897	28,112,897
31	<b>Net Appropriation</b>	<b>133,746,543</b>	<b>133,784,234</b>
32			
33	Winston-Salem State University		
34	Requirements	87,439,197	87,439,197
35	Less: Receipts	22,435,103	22,435,103
36	<b>Net Appropriation</b>	<b>65,004,094</b>	<b>65,004,094</b>
37			
38	Appalachian State University		
39	Requirements	268,283,708	267,783,708
40	Less: Receipts	117,742,367	117,742,367
41	<b>Net Appropriation</b>	<b>150,541,341</b>	<b>150,041,341</b>
42			
43	East Carolina Univ. - Academic Affairs		
44	Requirements	407,120,602	407,123,708
45	Less: Receipts	170,099,826	170,099,826
46	<b>Net Appropriation</b>	<b>237,020,776</b>	<b>237,023,882</b>
47			
48	East Carolina Univ. - Health Affairs		
49	Requirements	92,019,394	92,019,394
50	Less: Receipts	13,133,406	13,133,406
51	<b>Net Appropriation</b>	<b>78,885,988</b>	<b>78,885,988</b>

1			
2	Elizabeth City State University		
3	Requirements	39,493,791	39,493,791
4	Less: Receipts	3,660,169	3,660,169
5	<b>Net Appropriation</b>	<b>35,833,622</b>	<b>35,833,622</b>
6			
7	Fayetteville State University		
8	Requirements	79,732,941	79,732,941
9	Less: Receipts	24,568,975	24,568,975
10	<b>Net Appropriation</b>	<b>55,163,966</b>	<b>55,163,966</b>
11			
12	NC School of Science and Mathematics		
13	Requirements	34,010,685	35,486,077
14	Less: Receipts	3,643,589	2,283,359
15	<b>Net Appropriation</b>	<b>30,367,096</b>	<b>33,202,718</b>
16			
17	NC State University - Academic Affairs		
18	Requirements	876,704,584	874,615,734
19	Less: Receipts	436,172,095	436,172,095
20	<b>Net Appropriation</b>	<b>440,532,489</b>	<b>438,443,639</b>
21			
22	NC State University - Ag. Research		
23	Requirements	73,433,973	73,433,973
24	Less: Receipts	17,662,615	17,662,615
25	<b>Net Appropriation</b>	<b>55,771,358</b>	<b>55,771,358</b>
26			
27	NC State University - Coop. Extension		
28	Requirements	61,382,049	59,619,549
29	Less: Receipts	19,844,142	18,144,142
30	<b>Net Appropriation</b>	<b>41,537,907</b>	<b>41,475,407</b>
31			
32	North Carolina Central University		
33	Requirements	142,038,491	139,027,491
34	Less: Receipts	51,836,529	51,836,529
35	<b>Net Appropriation</b>	<b>90,201,962</b>	<b>87,190,962</b>
36			
37	<b>HEALTH AND HUMAN SERVICES</b>		
38	Aging and Adult Services		
39	Requirements	183,854,321	161,672,035
40	Less: Receipts	133,625,237	79,262,497
41	<b>Net Appropriation</b>	<b>50,229,084</b>	<b>82,409,538</b>
42			
43	Central Management and Support		
44	Requirements	355,119,619	301,290,529
45	Less: Receipts	178,738,357	134,398,061
46	<b>Net Appropriation</b>	<b>176,381,262</b>	<b>166,892,468</b>
47			
48	Child Development and Early Education		
49	Requirements	1,333,576,123	820,526,672
50	Less: Receipts	1,101,311,510	588,197,542
51	<b>Net Appropriation</b>	<b>232,264,613</b>	<b>232,329,130</b>

1			
2	Health Benefits		
3	Requirements	20,267,476,350	18,681,441,786
4	Less: Receipts	16,258,568,382	14,158,570,874
5	<b>Net Appropriation</b>	<b>4,008,907,968</b>	<b>4,522,870,912</b>
6			
7	Health Service Regulation		
8	Requirements	81,609,879	78,038,113
9	Less: Receipts	56,469,562	55,551,537
10	<b>Net Appropriation</b>	<b>25,140,317</b>	<b>22,486,576</b>
11			
12	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
13	Requirements	1,848,424,226	1,677,373,851
14	Less: Receipts	1,024,577,950	847,429,502
15	<b>Net Appropriation</b>	<b>823,846,276</b>	<b>829,944,349</b>
16			
17	Public Health		
18	Requirements	1,364,581,710	982,170,883
19	Less: Receipts	1,195,529,522	814,143,907
20	<b>Net Appropriation</b>	<b>169,052,188</b>	<b>168,026,976</b>
21			
22	Services for the Blind/Deaf/Hard of Hearing		
23	Requirements	43,514,018	43,098,357
24	Less: Receipts	34,564,647	34,028,630
25	<b>Net Appropriation</b>	<b>8,949,371</b>	<b>9,069,727</b>
26			
27	Social Services - General		
28	Requirements	2,160,624,554	1,989,037,292
29	Less: Receipts	1,942,535,809	1,773,959,854
30	<b>Net Appropriation</b>	<b>218,088,745</b>	<b>215,077,438</b>
31			
32	Vocational Rehabilitation Services		
33	Requirements	159,368,810	157,220,962
34	Less: Receipts	117,262,086	115,681,595
35	<b>Net Appropriation</b>	<b>42,106,724</b>	<b>41,539,367</b>
36			
37	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
38	Agriculture and Consumer Services		
39	Requirements	318,027,557	241,483,298
40	Less: Receipts	168,984,110	62,702,696
41	<b>Net Appropriation</b>	<b>149,043,447</b>	<b>178,780,602</b>
42			
43	Department of Commerce		
44	Requirements	565,759,428	249,343,759
45	Less: Receipts	358,906,446	60,667,040
46	<b>Net Appropriation</b>	<b>206,852,982</b>	<b>188,676,719</b>
47			
48	Department of Environmental Quality		
49	Requirements	1,856,610,327	258,942,982
50	Less: Receipts	1,762,662,299	167,980,268
51	<b>Net Appropriation</b>	<b>93,948,028</b>	<b>90,962,714</b>

1			
2	Department of Labor		
3	Requirements	46,842,469	41,819,588
4	Less: Receipts	25,007,111	19,403,020
5	<b>Net Appropriation</b>	<b>21,835,358</b>	<b>22,416,568</b>
6			
7	Department of Natural and Cultural Resources		
8	Requirements	379,666,957	274,622,908
9	Less: Receipts	172,151,694	66,969,903
10	<b>Net Appropriation</b>	<b>207,515,263</b>	<b>207,653,005</b>
11			
12	Wildlife Resources Commission		
13	Requirements	98,421,514	94,211,961
14	Less: Receipts	86,122,631	81,574,562
15	<b>Net Appropriation</b>	<b>12,298,883</b>	<b>12,637,399</b>
16			
17	<b>JUSTICE AND PUBLIC SAFETY</b>		
18	Department of Public Safety		
19	Requirements	2,798,437,351	2,717,820,443
20	Less: Receipts	350,796,864	264,694,836
21	<b>Net Appropriation</b>	<b>2,447,640,487</b>	<b>2,453,125,607</b>
22			
23	Administrative Office of the Courts		
24	Requirements	699,088,059	705,873,067
25	Less: Receipts	28,073,897	1,221,050
26	<b>Net Appropriation</b>	<b>671,014,162</b>	<b>704,652,017</b>
27			
28	Department of Justice		
29	Requirements	92,270,205	89,105,636
30	Less: Receipts	41,125,296	39,820,802
31	<b>Net Appropriation</b>	<b>51,144,909</b>	<b>49,284,834</b>
32			
33	Indigent Defense Services		
34	Requirements	150,540,832	151,955,864
35	Less: Receipts	14,034,477	14,111,025
36	<b>Net Appropriation</b>	<b>136,506,355</b>	<b>137,844,839</b>
37			
38	<b>GENERAL GOVERNMENT</b>		
39	Department of Administration		
40	Requirements	108,299,901	70,406,578
41	Less: Receipts	47,583,852	10,996,974
42	<b>Net Appropriation</b>	<b>60,716,049</b>	<b>59,409,604</b>
43			
44	Office of Administrative Hearings		
45	Requirements	8,189,681	8,277,272
46	Less: Receipts	1,352,536	1,260,671
47	<b>Net Appropriation</b>	<b>6,837,145</b>	<b>7,016,601</b>
48			
49	Office of the State Auditor		
50	Requirements	24,168,294	22,989,812
51	Less: Receipts	7,971,927	6,514,703

1	<b>Net Appropriation</b>	<b>16,196,367</b>	<b>16,475,109</b>
2			
3	Office of State Budget and Management		
4	Requirements	212,508,193	10,399,473
5	Less: Receipts	202,854,993	541,780
6	<b>Net Appropriation</b>	<b>9,653,200</b>	<b>9,857,693</b>
7			
8	OSBM - Special Appropriations		
9	Requirements	7,360,413	4,500,000
10	Less: Receipts	0	0
11	<b>Net Appropriation</b>	<b>7,360,413</b>	<b>4,500,000</b>
12			
13	Office of State Controller		
14	Requirements	28,128,746	28,363,066
15	Less: Receipts	1,113,362	816,202
16	<b>Net Appropriation</b>	<b>27,015,384</b>	<b>27,546,864</b>
17			
18	State Board of Elections		
19	Requirements	8,072,193	8,156,659
20	Less: Receipts	207,447	102,000
21	<b>Net Appropriation</b>	<b>7,864,746</b>	<b>8,054,659</b>
22			
23	NC General Assembly		
24	Requirements	103,404,437	81,121,616
25	Less: Receipts	23,879,342	561,000
26	<b>Net Appropriation</b>	<b>79,525,095</b>	<b>80,560,616</b>
27			
28	Office of the Governor		
29	Requirements	6,670,428	6,734,908
30	Less: Receipts	981,838	898,760
31	<b>Net Appropriation</b>	<b>5,688,590</b>	<b>5,836,148</b>
32			
33	NC Housing Finance Agency		
34	Requirements	210,660,000	10,660,000
35	Less: Receipts	200,000,000	0
36	<b>Net Appropriation</b>	<b>10,660,000</b>	<b>10,660,000</b>
37			
38	Office of State Human Resources		
39	Requirements	9,563,101	9,640,120
40	Less: Receipts	236,290	100,888
41	<b>Net Appropriation</b>	<b>9,326,811</b>	<b>9,539,232</b>
42			
43	Department of Insurance		
44	Requirements	62,845,937	55,081,048
45	Less: Receipts	17,310,429	8,358,700
46	<b>Net Appropriation</b>	<b>45,535,508</b>	<b>46,722,348</b>
47			
48	NC Industrial Commission		
49	Requirements	22,634,077	22,554,930
50	Less: Receipts	18,662,193	18,427,336
51	<b>Net Appropriation</b>	<b>3,971,884</b>	<b>4,127,594</b>

1			
2	Office of the Lieutenant Governor		
3	Requirements	1,180,153	1,195,022
4	Less: Receipts	11,184	0
5	<b>Net Appropriation</b>	<b>1,168,969</b>	<b>1,195,022</b>
6			
7	Department of Military and Veterans Affairs		
8	Requirements	9,814,080	9,719,883
9	Less: Receipts	328,279	157,328
10	<b>Net Appropriation</b>	<b>9,485,801</b>	<b>9,562,555</b>
11			
12	Department of Revenue		
13	Requirements	678,748,657	175,284,584
14	Less: Receipts	569,040,172	63,311,155
15	<b>Net Appropriation</b>	<b>109,708,485</b>	<b>111,973,429</b>
16			
17	Department of the Secretary of State		
18	Requirements	16,852,855	16,406,360
19	Less: Receipts	204,277	-103,673
20	<b>Net Appropriation</b>	<b>16,648,578</b>	<b>16,510,033</b>
21			
22	DST - Other Retirement Plans/Benefits		
23	Requirements	32,905,423	33,255,423
24	Less: Receipts	0	0
25	<b>Net Appropriation</b>	<b>32,905,423</b>	<b>33,255,423</b>
26			
27	Department of State Treasurer		
28	Requirements	50,696,357	50,047,663
29	Less: Receipts	45,690,782	45,006,600
30	<b>Net Appropriation</b>	<b>5,005,575</b>	<b>5,041,063</b>
31			
32	<b>INFORMATION TECHNOLOGY</b>		
33	Department of Information Technology		
34	Requirements	1,061,665,091	87,466,490
35	Less: Receipts	967,554,638	12,911,223
36	<b>Net Appropriation</b>	<b>94,110,453</b>	<b>74,555,267</b>
37			
38	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
39	State Capital & Infrastructure Gen. Fund Approp.		
40	Requirements	0	0
41	Less: Receipts	0	0
42	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
43			
44	State Treasurer - Debt Service - Federal		
45	Requirements	0	0
46	Less: Receipts	0	0
47	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
48			
49	State Treasurer - General Debt Service		
50	Requirements	673,624,208	649,265,711
51	Less: Receipts	673,624,208	649,265,711



1	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
2			
3	Statewide Enterprise Resource Planning		
4	Requirements	25,000,000	25,000,000
5	Less: Receipts	25,000,000	25,000,000
6	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
7			
8	Statewide Reserves		
9	Requirements	131,231,354	99,203,655
10	Less: Receipts	103,925,000	0
11	<b>Net Appropriation</b>	<b>27,306,354</b>	<b>99,203,655</b>
12			
13	<b>CAPITAL</b>		
14	State Fiscal Recovery Fund - Capital		
15	Requirements	50,000,000	0
16	Less: Receipts	50,000,000	0
17	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
18			
19	<b>Total Requirements</b>	<b>59,313,031,443</b>	<b>51,457,267,648</b>
20	<b>Less: Total Receipts</b>	<b>33,595,186,584</b>	<b>24,800,721,451</b>
21	<b>Total Net Appropriation</b>	<b>25,717,844,859</b>	<b>26,656,546,197</b>

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

#### 27 GENERAL FUND AVAILABILITY

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

32		<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
33	<b>Unappropriated Balance Remaining FY 2020-21</b>	<b>457,272,694</b>	<b>3,409,595,408</b>
34	Actual/Anticipated Reversions	523,224,136	200,000,000
35	Actual Over Collections	6,230,486,722	-
36	S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)	-
37	Actual Transfer to Savings Reserve	(877,717,564)	-
38	<b>Total, Prior Year-End Fund Balance</b>	<b>6,330,906,829</b>	<b>3,609,595,408</b>
39			
40	<b>Tax Revenue</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 Beverages	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 Revenue</b>	<b>28,886,000,000</b>	<b>29,866,900,000</b>

#### 50 51 Non-Tax Revenue

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 Revenue</b>	<b>819,400,000</b>	<b>840,300,000</b>
8			
9	<b>Total, Net Revenue</b>	<b>29,705,400,000</b>	<b>30,707,200,000</b>
10			
11	<b>Adjustments to Tax Revenue</b>		
12	<b>Personal Income Tax Changes</b>		
13	Unemployment Income Exclusion	(250,000,000)	-
14	Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
15	Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
16	Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
17	Living Donor Tax Credit	(800,000)	(800,000)
18	Reduce Rate, Change Certain Deductions	(638,000,000)	(1,349,100,000)
19	<b>Sales and Use Tax Changes</b>		
20	CCRC Exemption and Forgiveness	(7,900,000)	(6,500,000)
21	<b>Corporate Income Tax Changes</b>		
22	Deductions for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
23	Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
24	Changes to Historic Rehabilitation Tax Credit	(500,000)	(500,000)
25	<b>Franchise Tax Changes</b>		
26	Eliminate Alternate Property Bases	-	(173,300,000)
27	<b>Insurance Tax Changes</b>		
28	Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
29	Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
30	Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
31	<b>Tobacco Products Tax Changes</b>		
32	Expand Cigar Excise Tax	-	33,700,000
33	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(1,502,600,000)</b>	<b>(1,563,000,000)</b>
34			
35	<b>Statutorily Required Reservations of Revenue</b>		
36	Savings Reserve	-	(138,075,000)
37	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
38	State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
39	<b>Subtotal, Statutorily Required Reservations Of Revenue</b>	<b>(1,315,000,000)</b>	<b>(1,498,575,000)</b>
40			
41	<b>Reserves</b>		
42	Medicaid Contingency Reserve	(136,000,000)	-
43	Medicaid Transformation Reserve	(185,000,000)	(185,000,000)
44	Information Technology Reserve	(109,661,155)	(169,500,000)
45	Additional Transfer to Savings Reserve	(360,000,000)	(323,183,535)
46	Additional Transfer to SCIF	(2,000,000,000)	(1,154,500,000)
47	State Emergency and Disaster Response Reserve	(800,000,000)	-
48	Transfer to Highway Fund	(250,000,000)	(250,000,000)
49	Wilmington Harbor Enhancements Reserve	(283,800,000)	-
50	<b>Subtotal, Reserves</b>	<b>(4,124,461,155)</b>	<b>(2,082,183,535)</b>
51			

1	<b>Other Adjustments to Availability</b>		
2	Adjustment to Transfer from State Treasurer	60,919	96,407
3	Adjustment from Insurance Reg. Fund	1,828,090	3,014,930
4	UNC/Medicaid Receivables Transfer	31,305,584	31,305,584
5	<b>Subtotal, Other Adjustments</b>	<b>33,194,593</b>	<b>34,416,921</b>
6			
7	<b>Revised Total General Fund Availability</b>	<b>29,127,440,267</b>	<b>29,207,453,794</b>
8			
9	Less General Fund Net Appropriations	25,717,844,859	26,656,546,197
10			
11	<b>Unappropriated Balance Remaining</b>	<b>3,409,595,408</b>	<b>2,550,907,597</b>
12			
13		<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
14	<b>Unappropriated Balance Remaining FY 2020-21</b>	<b>457,272,694</b>	<b>3,408,006,399</b>
15	Actual/Anticipated Reversions	523,224,136	200,000,000
16	Actual Over Collections	6,230,486,722	-
17	S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)	-
18	Actual Transfer to Savings Reserve	(877,717,564)	-
19	<b>Total, Prior Year-End Fund Balance</b>	<b>6,330,906,829</b>	<b>3,607,706,399</b>
20			
21	<b>Tax Revenue</b>		
22	Personal Income	15,388,100,000	15,998,900,000
23	Sales and Use	9,681,100,000	9,830,000,000
24	Corporate Income	1,300,500,000	1,343,600,000
25	Franchise	840,000,000	861,300,000
26	Insurance	808,900,000	961,800,000
27	Alcoholic Beverages	453,300,000	461,700,000
28	Tobacco Products	258,300,000	256,900,000
29	Other Tax Revenues	155,800,000	152,700,000
30	<b>Subtotal, Tax Revenue</b>	<b>28,886,000,000</b>	<b>29,866,900,000</b>
31			
32	<b>Non-Tax Revenue</b>		
33	Judicial Fees	216,600,000	224,200,000
34	Investment Income	29,600,000	36,100,000
35	Disproportionate Share	115,400,000	122,500,000
36	Master Settlement Agreement	139,400,000	134,100,000
37	Insurance	100,500,000	103,400,000
38	Other Non-Tax Revenues	217,900,000	220,000,000
39	<b>Subtotal, Non-Tax Revenue</b>	<b>819,400,000</b>	<b>840,300,000</b>
40			
41	<b>Total, Net Revenue</b>	<b>29,705,400,000</b>	<b>30,707,200,000</b>
42			
43	<b>Adjustments to Tax Revenue</b>		
44	<b>Personal Income Tax Changes</b>		
45	Unemployment Income Exclusion	(250,000,000)	-
46	Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
47	Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
48	Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
49	Living Donor Tax Credit	(800,000)	(800,000)
50	Reduce Rate, Change Certain Deductions	(638,000,000)	(1,349,100,000)
51	<b>Sales and Use Tax Changes</b>		

1	CCRC Exemption and Forgiveness	(7,900,000)	(6,500,000)
2	<b>Corporate Income Tax Changes</b>		
3	Deductions for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
4	Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
5	Changes to Historic Rehabilitation Tax Credit	(500,000)	(500,000)
6	<b>Franchise Tax Changes</b>		
7	Eliminate Alternate Property Bases	-	(173,300,000)
8	<b>Insurance Tax Changes</b>		
9	Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
10	Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
11	Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
12	<b>Tobacco Products Tax Changes</b>		
13	Expand Cigar Excise Tax	-	33,700,000
14	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(1,502,600,000)</b>	<b>(1,563,000,000)</b>
15			
16	<b>Statutorily Required Reservations of Revenue</b>		
17	Savings Reserve	-	(138,075,000)
18	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
19	State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
20	<b>Subtotal, Statutorily Required Reservations Of Revenue</b>	<b>(1,315,000,000)</b>	<b>(1,498,575,000)</b>
21			
22	<b>Reserves</b>		
23	Medicaid Contingency Reserve	(136,000,000)	-
24	Medicaid Transformation Reserve	(185,000,000)	(185,000,000)
25	Information Technology Reserve	(109,661,155)	(169,500,000)
26	Additional Transfer to Savings Reserve	(360,000,000)	(323,183,535)
27	Additional Transfer to SCIF	(2,000,000,000)	(1,154,500,000)
28	State Emergency and Disaster Response Reserve	(800,000,000)	-
29	Transfer to Highway Fund	(250,000,000)	(250,000,000)
30	Wilmington Harbor Enhancements Reserve	(283,800,000)	-
31	<b>Subtotal, Reserves</b>	<b>(4,124,461,155)</b>	<b>(2,082,183,535)</b>
32			
33	<b>Other Adjustments to Availability</b>		
34	Adjustment to Transfer from State Treasurer	-	-
35	Adjustment from Insurance Reg. Fund	-	-
36	UNC/Medicaid Receiveables Transfer	31,305,584	31,305,584
37	<b>Subtotal, Other Adjustments</b>	<b>31,305,584</b>	<b>31,305,584</b>
38			
39	<b>Revised Total General Fund Availability</b>	<b>29,125,551,258</b>	<b>29,202,453,448</b>
40			
41	Less General Fund Net Appropriations	25,717,844,859	26,656,546,197
42			
43	<b>Unappropriated Balance Remaining</b>	<b>3,407,706,399</b>	<b>2,545,907,251</b>
44			

45 **SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1, as  
46 amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and  
47 Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion dollars  
48 (\$2,000,000,000) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion  
49 one hundred fifty-four million five hundred thousand dollars (\$1,154,500,000) in nonrecurring  
50 funds in the 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for

1 the fiscal year in which they were transferred and shall be used in accordance with Part 40 of this  
2 act.

3 **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, as  
4 amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the  
5 sum of three hundred sixty million dollars (\$360,000,000) in nonrecurring funds in the  
6 2021-2022 fiscal year and the sum of three hundred twenty-three million one hundred fifty-three  
7 thousand five hundred thirty-five dollars (\$323,153,535) in nonrecurring funds in the 2022-2023  
8 fiscal year. This transfer is not an "appropriation made by law," as that phrase is used in Section  
9 7(1) of Article V of the North Carolina Constitution.

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

12 **SECTION 2.2.(e)** The State Controller shall reserve to the Medicaid Transformation  
13 Reserve from funds available in the General Fund the sum of one hundred eighty-five million  
14 dollars (\$185,000,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one  
15 hundred eighty-five million dollars (\$185,000,000) in nonrecurring funds for the 2022-2023  
16 fiscal year. Funds reserved in the Medicaid Transformation Reserve pursuant to this subsection  
17 do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article  
18 V of the North Carolina Constitution.

19 **SECTION 2.2.(f)** The State Controller shall transfer the sum of three hundred ten  
20 million dollars (\$310,000,000) for the 2021-2022 fiscal year and the sum of one hundred ninety  
21 million dollars (\$190,000,000) for the 2022-2023 fiscal year from funds available in the Medicaid  
22 Transformation Reserve in the General Fund to the Medicaid Transformation Fund established  
23 under Section 12H.29 of S.L. 2015-241.

24 **SECTION 2.2.(g)** The State Controller shall reserve to the Medicaid Contingency  
25 Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of one  
26 hundred thirty-six million dollars (\$136,000,000) in nonrecurring funds for the 2021-2022 fiscal  
27 year. Funds reserved in the Medicaid Contingency Reserve pursuant to this subsection do not  
28 constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of  
29 the North Carolina Constitution.

30 **SECTION 2.2.(h)** There is established in the General Fund an Information  
31 Technology Reserve that shall make funds available for information technology project  
32 expenditures only upon an act of appropriation by the General Assembly. The State Controller  
33 shall reserve to the Information Technology Reserve from funds available in the General Fund  
34 the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five  
35 dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one  
36 hundred sixty-nine million five hundred thousand dollars (\$169,500,000) in nonrecurring funds  
37 for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the  
38 Information Technology Reserve to State agencies and departments for information technology  
39 projects in accordance with the following schedule, and the funds transferred are appropriated  
40 for the fiscal year in which they are transferred:

	<b>State Agency or Department</b>	<b>2021-2022</b>	<b>2022-2023</b>
41			
42			
43			
44	(1) Office of the State Controller		
45	(Budget Code: 19084)	\$25,000,000	\$25,000,000
46	(2) Department of Public Instruction		
47	(Budget Code: 23515)	48,748,522	37,850,910
48	(3) Community College System		
49	(Budget Code: 26802)	28,500,000	0
50	(4) Administrative Office of the Courts		
51	(Budget Code: 22006)	7,412,633	8,405,916

1  
2           **SECTION 2.2.(i)** The State Controller shall reserve the sum of eight hundred million  
3 dollars (\$800,000,000) in nonrecurring funds for the 2021-2022 fiscal year from funds available  
4 in the General Fund to the State Emergency Response and Disaster Relief Reserve established  
5 under G.S. 166A-19.42. Funds reserved in the State Emergency Response and Disaster Relief  
6 Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that  
7 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

8           **SECTION 2.2.(j)** The State Controller shall transfer the sum of four hundred  
9 sixty-five million one hundred thirty-six thousand nine hundred nine dollars (\$465,136,909) in  
10 nonrecurring funds for the 2021-2022 fiscal year from funds available in the State Emergency  
11 Response and Disaster Relief Reserve, to be used in accordance with Section 5.9 of this act, and  
12 the funds transferred are appropriated for the fiscal year in which they are transferred.

13           **SECTION 2.2.(k)** The State Controller shall transfer the sum of two hundred fifty  
14 million dollars (\$250,000,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum  
15 of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the 2022-2023  
16 fiscal year from funds available in the General Fund to the Highway Fund. Funds transferred to  
17 the Highway Fund pursuant to this subsection do not constitute an "appropriation made by law,"  
18 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

28  
29 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

30  
31 **CURRENT OPERATIONS/HIGHWAY FUND**

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

<b>Highway Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Administration	100,148,404	100,148,990
Division of Highways		
Administration	45,738,718	45,600,056
Construction	187,973,078	92,543,078
Maintenance	1,645,796,053	1,781,108,515
Governor's Highway Safety Program	305,546	305,546
OSHA	358,030	358,030
Aid to Municipalities		
Powell Bill	154,875,000	204,875,000
Other Grants-in-Aid	103,424,350	0
Intermodal Divisions		
Ferry	49,900,556	49,475,639

**General Assembly Of North Carolina**

**Session 2021**

1	Public Transportation, Bicycle and Pedestrian	97,421,832	69,394,735
2	Aviation	134,903,287	131,503,287
3	Rail	44,613,338	69,613,338
4			
5	Division of Motor Vehicles	152,450,570	152,428,637
6			
7	Other State Agencies, Reserves, Transfers	85,831,238	81,445,149
8			
9	Capital Improvements	860,000	0
10			
11	<b>Total</b>	<b>\$2,806,600,000</b>	<b>\$2,778,800,000</b>

**HIGHWAY FUND AVAILABILITY**

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

17	<b>Highway Fund Availability</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
18	Actual Over Collections	249,824,965	
19	Partial Accounting of HTF Cash Advance Repayments	(180,853,086)	
20	Transfer of Funds to Emergency Reserve		
21	(G.S. 136-44.2E(b) and (d))	(61,000,000)	
22	Eliminate Ferry Overdrafts	(7,971,879)	
23			
24	Beginning Balance	0	0
25	Motor Fuels Tax	1,672,500,000	1,641,700,000
26	Licenses and Fees	872,600,000	875,600,000
27	Highway Short-Term Lease	10,000,000	10,000,000
28	Investment Income	1,500,000	1,500,000
29	Transfer from General Fund	250,000,000	250,000,000
30	<b>Total Highway Fund Availability</b>	<b>\$2,806,600,000</b>	<b>\$2,778,800,000</b>

**HIGHWAY TRUST FUND APPROPRIATIONS**

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

37	<b>Current Operations – Highway Trust Fund</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
38	Program Administration	39,433,938	39,433,938
39	Bonds	93,042,400	93,047,650
40	Turnpike Authority	49,000,000	49,000,000
41	State Ports Authority	45,000,000	45,000,000
42	FHWA State Match	5,104,440	5,104,440
43	Strategic Prioritization Funding Plan for		
44	Transportation Investments	1,320,019,222	1,496,313,972
45	Transfer to Visitor Center	400,000	400,000
46			
47	<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:

1			
2	<b>Highway Trust Fund Availability</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
3	Actual Over Collections	326,587,369	
4	Partial Accounting of Cash Advance Repayments	180,853,086	
5	STI Projects	(507,440,455)	
6			
7	Beginning Balance	0	0
8	Highway Use Tax	958,300,000	997,900,000
9	Motor Fuels Tax	418,000,000	546,300,000
10	Fees	173,700,000	182,100,000
11	Investment Income	2,000,000	2,000,000
12	<b>Total Highway Trust Fund Availability</b>	<b>\$1,552,000,000</b>	<b>\$1,728,300,000</b>
13			

**PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

**OTHER APPROPRIATIONS**

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

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

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

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

**OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

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



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

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

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

15 **EDUCATION LOTTERY FUNDS**

16 **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 17 2021-2023 fiscal biennium are as follows:

	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
18 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
19 Prekindergarten Program	78,252,110	78,252,110
20 Smart Start	15,000,000	15,000,000
21 Public School Building Capital Fund	100,000,000	100,000,000
22 Needs-Based Public School Capital Fund	110,252,612	138,252,612
23 Public School Repair & Renovation	50,000,000	50,000,000
24 Scholarships for Needy Students	30,450,000	—
25 UNC Need-Based Financial Aid	10,744,733	—
26 Scholarship Reserve Fund for Public Colleges and Universities	0	41,194,733
27 LEA Transportation	21,386,090	21,386,090
28 <b>TOTAL ALLOCATION</b>	<b>\$802,000,000</b>	<b>\$830,000,000</b>

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

30 **"§ 18C-162. Allocation of revenues.**

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

- 34 (1) At least fifty percent (50%) of the total annual revenues, as described in this  
 35 Chapter, shall be returned to the public in the form of prizes.
- 36 (2) At least ~~thirty-five~~ thirty-eight percent ~~(35%)~~ (38%) of the total annual  
 37 revenues, as described in this Chapter, shall be transferred as provided in  
 38 G.S. 18C-164.
- 39 (3) No more than ~~eight-five~~ eight percent ~~(8%)~~ (5%) of the total annual revenues, as  
 40 described in this Chapter, shall be allocated for payment of expenses of the  
 41 Lottery. ~~Advertising expenses shall not exceed one percent (1%) of the total~~  
 42 ~~annual revenues.~~
- 43 (4) No more than seven percent (7%) of the face value of tickets or shares, as  
 44 described in this Chapter, shall be allocated for compensation paid to lottery  
 45 game retailers.

46 ...."

47 **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.

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 disburse funds and award grants from the Fund to counties to assist with their  
11 critical public school building capital needs.

12 "§ 115C-546.11. Prioritization; matching requirement; use of funds; maximum awards.

13 (a) From the monies in the Needs-Based Public School Capital Fund, the Department of  
14 Public Instruction shall provide grants to eligible counties for new school construction projects.  
15 The Department of Public Instruction shall award grants under this Article in accordance with  
16 the following priorities:

- 17 (1) Counties with greater need and less ability to generate sales tax and property  
18 tax revenue.  
19 (2) Counties with a high debt-to-tax revenue ratio.  
20 (3) The extent to which a project will address critical deficiencies in adequately  
21 servicing the current and future student population.  
22 (4) Projects that will consolidate two or more schools into one new facility.  
23 (5) Counties that have not received a grant under this Article in the previous three  
24 years.

25 (b) Grant funds shall be used for the construction of new school buildings, additions,  
26 repairs, and renovations. Grant funds may be used for real property acquisition. Grant funds shall  
27 be disbursed in a series of payments based on the progress of the project. To obtain a payment,  
28 the grantee shall submit a request for payment along with documentation of the expenditures for  
29 which the payment is requested and evidence that the matching requirement contained in  
30 subsection (c) of this section has been met. No portion of grant funds may be used to acquire a  
31 Leadership in Energy and Environmental Design (LEED) certification. No portion of funds  
32 received under this Article may be used for a lease agreement or for the retirement of  
33 indebtedness. Grant funds shall be forfeited and shall revert to the Needs-Based Public School  
34 Capital Fund for projects awarded a grant under this Article that have not commenced within 24  
35 months of the grant award.

36 (c) A county receiving a grant that has a local school administrative unit that receives  
37 Small County School System Supplemental Funding according to the most recent formula  
38 utilized by the Department of Public Instruction shall not be required to provide matching funds  
39 for a grant under this Article. All other counties receiving a grant under this Article shall provide  
40 matching funds from county funds, other non-State funds, or a combination of these sources for  
41 the grant in the amount of one dollar (\$1.00) for every four dollars (\$4.00) of grant funds.

42 (d) Maximum grant award amounts shall be determined as follows:

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

47 (e) The Department of Public Instruction shall review projected enrollment to evaluate  
48 the reasonableness of a project's size and scope.

49 "§ 115C-546.12. Grant agreement; requirements.

1 A county receiving grant funds under this Article shall enter into an agreement with the  
2 Department of Public Instruction detailing the use of grant funds. The agreement shall contain at  
3 least all of the following:

- 4 (1) A requirement that the grantee seek planning assistance and plan review from  
5 the School Planning Section of the Department of Public Instruction.  
6 (2) A progress payment provision governing disbursements to the county for the  
7 duration of the school construction project based upon the construction  
8 progress and documentation satisfactory to the Department that the matching  
9 requirement in G.S. 115C-546.11 has been met.  
10 (3) A provision requiring periodic reports to the Department of Public Instruction  
11 on the use of disbursed grant funds and the progress of the school construction  
12 project.  
13 (4) A requirement that matching funds paid by the county pursuant to  
14 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.  
15 (5) A requirement that construction activity commence within 24 months of  
16 awarding of grant funds.

17 **"§ 115C-546.13. Reporting.**

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

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

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

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

35 "Article 38C.

36 "Public School Building Repair and Renovation Fund.

37 **"§ 115C-546.15. Fund created; administration.**

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

41 **"§ 115C-546.16. Fund disbursements; allowable uses.**

42 The Department of Public Instruction shall annually allocate from the Fund to each county  
43 in this State the sum of five hundred thousand dollars (\$500,000). Counties shall utilize funds  
44 received under this section for enlargement, improvement, expansion, repair, or renovation of  
45 classroom facilities at public school buildings within local school administrative units located in  
46 the county. Funds received under this section shall not be used for the retirement of indebtedness.  
47 As used in this section, "public school buildings" has the same meaning as in  
48 G.S. 115C-546.2(b)."

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

1 Department of Public Instruction to increase the grant award if the maximum grant award or  
2 matching requirements in subsection (a) of this section are more beneficial to the county.

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

7 **SECTION 4.4.(d)** Sections 5.3(d) through (h) of S.L. 2017-57, as amended by  
8 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  
9 Section 3A.1(a) of S.L. 2018-80, are repealed.

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

11 **SECTION 4.4.(f)** Notwithstanding any provision of Article 38B of Chapter 115C of  
12 the General Statutes, as enacted by this section, to the contrary, the Department of Public  
13 Instruction shall award grants from the Needs-Based Public School Capital Fund for the  
14 2021-2022 fiscal year to the following counties for the following amounts for which no matching  
15 funds are required:

- 16 (1) Six million dollars (\$6,000,000) to Wilkes County for construction and  
17 renovation at Mt. Pleasant Elementary School.
- 18 (2) Five million dollars (\$5,000,000) to Wilkes County for capital improvements  
19 at Wilkes Central High School.
- 20 (3) Twenty million dollars (\$20,000,000) to Wayne County for capital  
21 improvements at Rosewood Middle School.
- 22 (4) Four million dollars (\$4,000,000) to New Hanover County for capital  
23 improvements at the Southeast Area Technical High School.

#### 24 25 **LOTTERY COMMISSION/STUDY VIDEO LOTTERY TERMINALS**

26 **SECTION 4.4A.** By February 1, 2022, the North Carolina State Lottery Commission  
27 (Commission) shall do all of the following:

- 28 (1) Review the utilization of video lottery terminals in other jurisdictions and the  
29 legal and operational issues involved in utilizing video lottery terminals in this  
30 State.
- 31 (2) Estimate the potential revenues that could be derived from the deployment of  
32 video lottery terminals in this State, if allowed by law.
- 33 (3) Make recommendations regarding the modifications of Chapters 14 and 18C  
34 of the General Statutes, and any other provision of law, required to implement  
35 the use of video lottery terminals in this State.
- 36 (4) Submit a written report of the Commission's study and findings to the chairs  
37 of the House of Representatives Committee on Appropriations, the chairs of  
38 the Senate Appropriations Committee/Base Budget, the Joint Legislative  
39 Oversight Committee on North Carolina State Lottery, and the Fiscal  
40 Research Division.

#### 41 42 **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

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

#### 47 48 **CIVIL PENALTY AND FORFEITURE FUND**

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

51 **FY 2021-2022      FY 2022-2023**

1	School Technology Fund	\$18,000,000	\$18,000,000
2	Drivers Education	27,393,768	27,393,768
3	State Public School Fund	147,041,640	151,841,640
4	<b>Total Appropriation</b>	<b>\$192,435,408</b>	<b>\$197,235,408</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 Section 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

	<u>Program</u>	<u>Amount</u>
1	federal funds distributed or paid directly to individuals, businesses, health care providers, or	
2	<u>private postsecondary institutions:</u>	
3	<u>Program</u>	<u>Amount</u>
4	Higher Education Emergency Relief Fund	\$701,279,800
5	Emergency Assistance to Non-Public Schools	82,952,000
6	IDEA: Grants to States	81,359,400
7	IDEA: Preschool Grants	5,961,100
8	IDEA: Infants & Toddlers	6,298,200
9	Child Care Stabilization Grants	805,767,400
10	Child Care Entitlement to States	16,096,000
11	Community-Based Child Abuse Prevention	7,695,000
12	Child Abuse State Grants	3,067,000
13	Supportive Services	13,984,000
14	Congregate and Home Delivered Meals	23,045,000
15	Preventive Services	1,363,000
16	Family Caregiver	4,463,000
17	Title VII Long-Term Care Ombudsman	310,000
18	SNAP State Administrative Expense Grants	35,443,000
19	FTA Urbanized Area Formula	4,696,400
20	HOME Investment Partnerships Program	137,414,000
21	Emergency Management Performance Grants	2,660,000
22	National Endowment for the Arts: State Arts Agencies	912,000
23	Emergency Rental Assistance	556,611,000
24	Homeowner Assistance Fund	273,337,000
25	Elementary and Secondary School Emergency Relief Fund	
26		<u>3,260,772,535</u>
27	Expand Genomic Sequencing	6,662,900
28	Epidemiology and Lab Capacity for School Testing	315,895,900
29	Community Health Centers Expanded Access to COVID-19	
30	Vaccines, Build Vaccine Confidence	4,057,900
31	WIC Cash Value Vouchers Increase	19,930,600
32	Institute for Museum and Library Services	4,309,000
33	Homeless Children and Youth	23,576,625
34	Maternal, Infant, and Early Childhood Home Visiting Program	625,310
35	<u>Commodity Supplemental Foods Program</u>	<u>119,000</u>
36	<u>Low Income Home Energy Assistance Program</u>	<u>86,970,460</u>
37	<u>State Small Business Credit Initiative</u>	<u>120,461,927</u>
38	<u>Immunization and Vaccines for Children</u>	<u>102,468,748</u>
39	<u>Low Income Household Water Assistance Program</u>	<u>17,105,002</u>
40	<u>Child Care and Development Block Grant</u>	<u>502,777,789</u>
41	<u>Pandemic Emergency Assistance</u>	<u>16,782,875</u>
42	<u>Mental Health Block Grant</u>	<u>41,535,246</u>
43	<u>Substance Abuse Block Grant</u>	<u>36,420,651</u>
44	<u>FTA Nonurbanized Area</u>	<u>13,833,386</u>
45	<u>FTA Rural Transit Assistance Program</u>	<u>209,718</u>
46	<u>FTA Intercity Bus Formula</u>	<u>4,183,036</u>
47	<u>Enhanced Mobility of Seniors and Persons with Disabilities–State</u>	<u>781,873</u>
48	<u>Crisis Response Workforce</u>	<u>62,340,758</u>
49	<u>Disease Intervention Workforce</u>	<u>27,361,745</u>
50	<u>Public Health Laboratory Preparedness</u>	<u>142,473</u>
51	<u>Family Violence Prevention and Services</u>	<u>3,691,782</u>

1	<u>FAA Airport Rescue Grants</u>	2,471,000
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2	<b>Total Estimated Funding</b>	\$6,400,545,070\$7,791,249,941
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3 ~~"SECTION 3.2.(b) The final amount of federal funds awarded for the following programs~~  
4 ~~are not yet known but are hereby appropriated in the same manner as provided in subsection (a)~~  
5 ~~of this section: (i) State Veterans Home Construction Grants, (ii) Family Violence Prevention~~  
6 ~~and Services, (iii) Payments to State Veterans Homes, and (iv) Elder Justice—Adult Protective~~  
7 ~~Services."~~

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

9 **"SECTION 1.2.** In addition to any report required under this act or any other law, each State  
10 agency or department that receives federal grant funds under Section 3.2 of this act shall submit  
11 a quarterly report to the Joint Legislative Commission on Governmental Operations to the Senate  
12 Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal  
13 Research Division beginning on July 15, 2021, detailing the use of funds. The report required  
14 from each State agency or department that receives federal grant funds under Section 3.2 of this  
15 act shall include the amount of funds granted, the source of the funds, how the funds were used  
16 during the quarter, and the amount of funds that remained unspent at the end of the quarterly  
17 reporting period. The quarterly report required under this section shall end upon submission of  
18 the final report from each State agency or department, which shall be no later than 90 days from  
19 the date the grant period ends for the relevant funds. a copy of any report required to be submitted  
20 to the federal government with respect to the funds within five days of the date the federal report  
21 is due."

22 **SECTION 4.8.(c)** Nothing in this act or the Committee Report described in Section  
23 43.2 of this act shall be construed as appropriating the funds set forth in Section 3.2 of S.L.  
24 2021-25, as amended by this section, in excess of the amounts provided in the notification of  
25 award from the federal government or any entity acting on behalf of the federal government to  
26 administer the federal funds.

## 27 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

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

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

- 33 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of
- 34 2021, as defined in S.L. 2021-25.
- 35 (2) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
- 36 (3) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.
- 37 2021-25.

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

48 OSBM shall report on any allocation disallowed under this section to the Senate  
49 Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal  
50 Research Division no later than 15 days following the disallowance. The report shall note the  
51

1 amount disallowed, the intended recipient of the disallowed allocation, and the specific basis on  
2 which the determination of disallowance was made.

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

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

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

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

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

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

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

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

#### 40 **TRANSFER OF FUNDS FROM STATE FISCAL RECOVERY RESERVE TO STATE** 41 **FISCAL RECOVERY FUND**

42 **SECTION 4.10.** The State Controller shall transfer the sum of five billion four  
43 hundred twenty-four million nine hundred sixty-six thousand eight hundred seventy-three dollars  
44 (\$5,424,966,873) for the 2021-2022 fiscal year from the State Fiscal Recovery Reserve to the  
45 State Fiscal Recovery Fund.  
46

#### 47 **TRANSFER OF FUNDS FROM CORONAVIRUS CAPITAL PROJECTS RESERVE TO** 48 **CORONAVIRUS CAPITAL PROJECTS FUND**

49 **SECTION 4.12.** The State Controller shall transfer the sum of two hundred  
50 seventy-seven million sixty thousand eight hundred fifty-five dollars (\$277,060,855) for the  
51



1 2021-2022 fiscal year from the Coronavirus Capital Projects Reserve, established in Section 2.3  
2 of S.L. 2021-25, to the Coronavirus Capital Projects Fund, established in Section 2.4 of S.L.  
3 2021-25.

## 4 5 **PART V. GENERAL PROVISIONS**

### 6 7 **ESTABLISHING OR INCREASING FEES**

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

11 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
12 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
13 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
14 150B of the General Statutes.

### 15 16 **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

19 (1) Directed grant. – Nonrecurring funds allocated by a State agency to a  
20 non-State entity as directed by an act of the General Assembly.

21 (2) Non-State entity. – As defined in G.S. 143C-1-1.

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

24 (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
25 G.S. 143C-6-23.

26 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
27 made in a single annual payment in the discretion of the Director of the  
28 Budget. Directed grants of more than one hundred thousand dollars  
29 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
30 of the Director of the Budget. A State agency administering a directed grant  
31 shall begin disbursement of funds to a non-State entity that meets all  
32 applicable requirements as soon as practicable, but no later than 100 days after  
33 the date this act becomes law.

34 (3) Beginning on the first day of a quarter following the deadline provided in  
35 subdivision (2) of this subsection and quarterly thereafter, State agencies  
36 administering directed grants shall report to the Fiscal Research Division on  
37 the status of funds disbursed for each directed grant until all funds are fully  
38 disbursed. At a minimum, the report required under this subdivision shall  
39 include updates on (i) the date of the initial contact, (ii) the date the contract  
40 was sent to the entity receiving the funds, (iii) the date the disbursing agency  
41 received the fully executed contract back from the entity, (iv) the contract  
42 execution date, and (v) the payment date.

43 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
44 nonrecurring funds appropriated in this act as directed grants shall not revert  
45 until June 30, 2023.

46 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious  
47 purposes only.

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

### 49 50 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

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

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

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

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

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

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

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

- 1           "(1c) Base Budget. – That part of the recommended State budget that provides the  
 2           baseline for the next biennium. The base budget for each State agency shall  
 3           be the authorized budget for that agency with adjustments only for the  
 4           following:  
 5           a.     Annualization of programs and positions.  
 6           b.     Reductions to adjust for items funded with nonrecurring funds during  
 7           the prior fiscal biennium.  
 8           c.     Increases to adjust for nonrecurring reductions during the prior fiscal  
 9           biennium.  
 10          d.     Adjustments for federal payroll tax changes.  
 11          e.     Rate increases in accordance with the terms of existing leases of real  
 12          property.  
 13          f.     Adjustments to receipt projections, made in accordance with  
 14          G.S. 143C-3-5(b)(2)c.  
 15          g.     Reconciliation of intragovernmental and intergovernmental  
 16          ~~transfers-transfers that require no net General Fund increase.~~  
 17          h.     Adjustments for statutory appropriations and other adjustments as  
 18          directed by the General Assembly.  
 19          i.     Reconciliation of salary-related employer contributions, longevity,  
 20          and special separation allowance under Article 12D of Chapter 143 of  
 21          the General Statutes."

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

23   **"§ 143C-3-5. Budget recommendations and budget message.**

24           ...

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

- 27           (1) A Recommended State Budget setting forth goals for improving the State with  
 28           recommended expenditure requirements, funding sources, and performance  
 29           information for each State government program and for each proposed capital  
 30           improvement. The Recommended State Budget may be presented in a format  
 31           chosen by the Director, except that the Recommended State Budget shall  
 32           clearly distinguish program base budget requirements, program reductions,  
 33           program eliminations, changes in program fund sources, program expansions,  
 34           and new programs, and shall explain all proposed capital improvements in the  
 35           context of the Six-Year Capital Improvements Plan and as required by  
 36           G.S. 143C-8-6.  
 37           (1a) The Governor's Recommended State Budget shall include a base budget,  
 38           which shall be presented pursuant to subdivision (2) of this subsection.  
 39           (2) A Recommended Base Budget showing, for each budget code and purpose or  
 40           program in State government, accounting detail corresponding to the  
 41           Recommended State Budget.  
 42           ...  
 43           c.     The Recommended Base Budget shall include accurate projections of  
 44           receipts, expenditures, and fund balances. Estimated receipts,  
 45           including tuition collected by university or community college  
 46           institutions, shall be adjusted to reflect actual collections from the  
 47           previous fiscal year, unless the Director recommends a change that  
 48           will result in collections in the budget year that differ from prior year  
 49           actuals, or the Director otherwise determines there is a more  
 50           reasonable basis upon which to accurately project receipts. If receipts  
 51           are projected to decrease, the corresponding expenditure shall be

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

5 ...

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

16 ...."

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

## 19 SAVINGS RESERVE CLARIFICATION

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

21 "**§ 143C-4-2. Savings Reserve.**

22 ...

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

31 (e) Actual Transfer of Funds to Savings Reserve. – Each fiscal year, the Office of State  
 32 Controller shall transfer to the Savings Reserve the estimated growth amount required by  
 33 subsection (d) of this section. ~~Upon calculation of the actual growth in State tax revenues that are~~  
 34 ~~deposited in the General Fund, the Office of State Controller shall adjust the amount of the~~  
 35 ~~transfer to the Savings Reserve to achieve an amount equivalent to fifteen percent (15%) of the~~  
 36 ~~actual growth.~~

37 ...."

## 38 STATE CAPITAL AND INFRASTRUCTURE FUND/SPECIFY AMOUNTS 39 TRANSFERRED TO FUND

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

41 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

42 ...

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

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

- 3 (1) ~~One fourth of any unreserved fund balance, as determined on a cash basis,~~  
4 ~~remaining in—~~The sum of one billion three hundred million dollars  
5 ~~(\$1,300,000,000) transferred from the General Fund at the end—beginning of~~  
6 ~~each—the 2021-2022 fiscal year. Each fiscal year thereafter, the transfer shall~~  
7 ~~be increased three and one-half percent (3.5%) over the amount required under~~  
8 ~~this subdivision for the preceding fiscal year.~~  
9 (2) ~~Four percent (4%) of the net State tax revenues that are deposited in the~~  
10 ~~General Fund during the fiscal year.~~  
11 (3) ~~All—~~Unless otherwise specified, monies appropriated by the General Assembly  
12 for the purposes of General Fund capital improvements, as defined in  
13 G.S. 143C-1-1(d).  
14 (4) ~~All interest and investment earnings received on monies in the Fund.~~  
15 (5) ~~Any other funds, as directed by the General Assembly.~~

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

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

27 ...."

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

29  
30 **UNC CONSTITUENT INSTITUTIONS/NO OVERHEAD COSTS CHARGED TO**  
31 **STATE AGENCIES DURING 2021-2023 FISCAL BIENNIUM**

32 **SECTION 5.8.(a)** During the 2021-2023 fiscal biennium, constituent institutions of  
33 The University of North Carolina shall not charge State agencies for overhead costs.

34 **SECTION 5.8.(b)** The following definitions apply in this section:

- 35 (1) Overhead costs. – Facilities and administrative costs that are (i) not readily  
36 assignable to a particular research project or other project at the university or  
37 (ii) incurred for common or joint objectives of the university. These costs  
38 include, but are not limited to, such categories as library operations, utility  
39 costs, depreciation of buildings and equipment, operations and maintenance  
40 costs, and general administrative expenses. These costs do not include indirect  
41 costs that can be specifically attributed to an individual project.  
42 (2) State agency. – As defined in G.S. 143C-1-1.

43  
44 **2021 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

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

- 47 (1) \$20,000,000 to the North Carolina Office of Recovery and Resiliency  
48 (NCORR) to be used to develop a statewide Flood Resiliency Blueprint in  
49 accordance with subsection (c) of this section.  
50 (2) \$10,100,000 to NCORR to be used for the following purposes:

- 1 a. Provide support for local communities and regional organizations to  
2 plan for natural hazards.
- 3 b. Provide grant funding to support implementation of priority projects  
4 that enhance resilience to natural hazards in local communities.
- 5 c. Develop a data portal to make flood and other natural hazards data and  
6 modeling available to local users.
- 7 d. Support local capacity building and provide technical assistance to  
8 local governments and communities consistent with the NC Resilient  
9 Communities Program.
- 10 (3) \$1,000,000 to NCORR to be used to enhance North Carolina's Hazard  
11 Mitigation Plan to improve the State's competitiveness for federal grants that  
12 enhance resilience against natural disasters and other risks, and to enable local  
13 government entities, State agencies, and other entities to use the analyses in  
14 long-term resilience planning and preparations.
- 15 (4) \$80,000,000 to the State Match Fund, as created in subsection (d) of this  
16 section, administered by the Department of Public Safety, Division of  
17 Emergency Management, to be used for State match requirements for disaster  
18 declarations by the President of the United States under the Stafford Act, P.L.  
19 93-288, in this State prior to July 1, 2021. These funds shall not apply to  
20 disaster declarations occasioned by the COVID-19 pandemic.
- 21 (5) \$30,000,000 to the State Match Fund, as created in subsection (d) of this  
22 section, administered by the Department of Public Safety, Division of  
23 Emergency Management, to be used for State match requirements for disaster  
24 declarations by the President of the United States under the Stafford Act, P.L.  
25 93-288, in this State that may arise from future disaster declarations. These  
26 funds shall not apply to disaster declarations occasioned by the COVID-19  
27 pandemic.
- 28 (6) \$20,000,000 to the Disaster Relief and Mitigation Fund, as created in  
29 subsection (f) of this section, administered by the Division of Emergency  
30 Management.
- 31 (7) \$20,000,000 to the Transportation Infrastructure Resiliency Fund, as created  
32 in subsection (g) of this section, administered by the Division of Emergency  
33 Management.
- 34 (8) \$40,000,000 to the Coastal Storm Damage Mitigation Fund within the  
35 Department of Environmental Quality for grants to local governments for  
36 coastal storm damage mitigation projects in accordance with  
37 G.S. 143-215.73M. Of the funds allocated by this subdivision, two million  
38 dollars (\$2,000,000) shall be allocated to the North Carolina Coastal  
39 Federation, Inc., a non-profit corporation, to provide grants for living  
40 shorelines, oyster reefs, and marsh restoration in order to protect other coastal  
41 communities that are vulnerable to storm surge and tidal flooding.
- 42 (9) \$25,000,000 to the Department of Environmental Quality, Division of  
43 Mitigation Services, to be used in accordance with G.S. 143-214.11A for  
44 flood reduction projects in no less than three and up to six additional priority  
45 watersheds. The Division may use up to five percent (5%) of these funds for  
46 the administration of the projects in accordance with this subdivision.
- 47 (10) \$5,000,000 to the Department of Environmental Quality, Division of  
48 Mitigation Services, to be used in accordance with G.S. 143-214.11A to create  
49 one or more pilot projects addressing chronic flooding in the Stoney Creek  
50 watershed impacting businesses, roadways, and access to emergency services  
51 in Wayne County and Goldsboro. The pilot projects shall also serve as the

- 1 basis for expanding natural infrastructure flood mitigation projects to  
2 additional watersheds and scaling solutions to enhance community resiliency  
3 across North Carolina. The Division may use up to five percent (5%) of these  
4 funds for administration of the pilot projects.
- 5 (11) \$4,000,000 to the Dam Safety Emergency Fund, as established in Section  
6 12.10 of this act, administered by the Department of Environmental Quality,  
7 for costs associated with the emergency repair or removal of dams.
- 8 (12) \$1,400,000 to the Department of Environmental Quality, Division of Water  
9 Infrastructure, to match additional federal funds allocated from the Additional  
10 Supplemental Appropriations for Disaster Relief Act, P.L. 116-20, for the  
11 Drinking Water State Revolving Fund.
- 12 (13) \$1,150,000 to the Department of Environmental Quality, Division of Coastal  
13 Management, to be used to provide community resilience planning, design,  
14 and project implementation grants for the Resilient Coastal Communities  
15 Program.
- 16 (14) \$300,000 to the Department of Environmental Quality, Division of Coastal  
17 Management, to create two time-limited, full-time positions for two years to  
18 staff the Resilient Coastal Communities Program.
- 19 (15) \$10,000,000 to the Department of Agriculture and Consumer Services  
20 (Department) for the Agricultural Development and Farmland Preservation  
21 Trust Fund. These funds shall be used to support federal partnerships to  
22 facilitate the acquisition of agricultural conservation easements on working  
23 agricultural lands in river basins located in the Piedmont and Sandhills regions  
24 of the State that are at risk of conversion to impervious surfaces that will  
25 increase downstream flood risk. The Department shall prioritize the purchase  
26 of agricultural conservation easements on working agricultural lands that meet  
27 the following characteristics:
- 28 a. The property or portion of the property subject to the easement is  
29 outside the 100-year floodplain, but contains or is adjacent to a river,  
30 pond, or other surface water that receives runoff from the property.
- 31 b. The property lies within five miles of the corporate limits of a  
32 municipality.
- 33 Funds allocated by this section shall be administered by the Department as set  
34 forth in G.S. 106-744, provided that a grant recipient shall match one hundred  
35 percent (100%) of the Trust Fund monies it receives with funds from sources  
36 other than the Trust Fund. Where a landowner accepts a sale price for an  
37 agricultural easement that is lower than the applicable market value, the  
38 Department may credit the difference toward the match requirement.
- 39 (16) \$5,000,000 to the Department of Agriculture and Consumer Services to  
40 replace outdated forest service emergency response equipment, including  
41 bulldozers, truck tractors, lowboy trailers, and fire dozers used in wildfire  
42 suppression.
- 43 (17) \$20,000,000 to the North Carolina Land and Water Fund in the Department  
44 of Natural and Cultural Resources. The Division of Land and Water  
45 Stewardship shall use the funds to provide grants to counties, municipalities,  
46 nonprofit corporations, and other State agencies for projects addressing the  
47 purposes specified in G.S. 143B-135.234(c)(12). The Division shall develop  
48 criteria to score projects based on the ability of a project to reduce flood risks.
- 49 (18) \$1,500,000 to the Wildlife Resources Commission for the removal of the  
50 remaining abandoned and derelict vessels identified following natural  
51 disasters since 2018 in accordance with Section 15.1 of this act.

- 1 (19) \$20,000,000 to the Office of State Budget and Management (OSBM) to  
2 Habitat for Humanity of North Carolina, Inc., a nonprofit corporation, as a  
3 grant to support efforts for affordable homeownership, including new home  
4 construction, rehabilitation of existing homes, critical home repairs,  
5 infrastructure, and other costs.
- 6 (20) \$15,000,000 to OSBM to provide grants to the North Carolina League of  
7 Municipalities, the North Carolina Association of County Commissioners,  
8 and the North Carolina Association of Regional Councils of Governments, in  
9 equal amounts of five million dollars (\$5,000,000) to each organization, to  
10 provide technical assistance with local recovery funds.
- 11 (21) \$10,000,000 to OSBM to provide a grant to the North Carolina Insurance  
12 Underwriting Association, Inc., in accordance with subsection (i) of this  
13 section to provide grants to policyholders in coastal areas for resilient roof  
14 replacement.
- 15 (22) \$500,000 to OSBM to provide a grant to Wayne American Legion Auxiliary  
16 Unit #011, Inc., a nonprofit corporation, to repair damage from Hurricanes  
17 Florence and Matthew.
- 18 (23) \$68,700,000 to NCORR to be used for the following purposes:  
19 a. \$18,000,000 for channel modification and dredging along the Lumber  
20 River.  
21 b. \$12,000,000 for 301/Railroad elevation as referenced in the May 1,  
22 2018, Neuse River Basin Flood Analysis and Mitigation Strategy  
23 report.  
24 c. \$10,000,000 for Neuse River Basin home acquisition and buyouts to  
25 move families out of floodplains.  
26 d. \$10,000,000 for Lumber River Basin home acquisition and buyouts to  
27 move families out of floodplains.  
28 e. \$5,200,000 for the Seven Springs Levee as referenced in the May 1,  
29 2018, Neuse River Basin Flood Analysis and Mitigation Strategy  
30 report.  
31 f. \$5,000,000 for Lumberton CSX/Floodgates as referenced in the May  
32 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy  
33 report.  
34 g. \$5,000,000 for Stoney Creek acquisitions to provide benefit  
35 throughout the watershed to the most vulnerable structures and  
36 communities.  
37 h. \$3,500,000 for the Fair Bluff Levee as referenced in the May 1, 2018,  
38 Lumber River Basin Flood Analysis and Mitigation Strategy report.  
39 NCORR shall oversee and administer the projects listed in this subdivision.  
40 NCORR shall consult and coordinate with the appropriate local government  
41 units, Federal Emergency Management Agency, United States Army Corps of  
42 Engineers, nonprofit corporations, and other entities, as necessary, to  
43 complete the respective projects. NCORR shall submit interim reports  
44 regarding implementation of the projects listed in this subdivision to the Joint  
45 Legislative Commission on Governmental Operations and the Fiscal Research  
46 Division on April 1, 2022, and May 1, 2023. NCORR shall submit a final  
47 report to the Joint Legislative Commission on Governmental Operations and  
48 the Fiscal Research Division upon completion of all the projects listed in this  
49 subdivision.
- 50 (24) \$2,000,000 to the North Carolina Wildlife Resources Commission to be used  
51 for the Lake Rim State Hatchery sediment and stream bank hardening project.



- 1 (25) \$4,000,000 to the Avery County Soil & Water Conservation District to  
2 address storm damage.
- 3 (26) \$50,961,909 to the Department of Public Safety to provide directed grants to  
4 the following entities in the following amounts:
- 5 a. \$20,000,000 to the Town of Oak Island for beach renourishment.  
6 b. \$5,000,000 to the City of Southport for waterfront stabilization from  
7 storm damage.  
8 c. \$3,000,000 to the Town of Red Springs for debris removal, stream  
9 restoration, flood mitigation, and stormwater management.  
10 d. \$2,500,000 to the Town of Hope Mills for East Patterson Street stream  
11 hardening and erosion issues.  
12 e. \$2,000,000 to Cumberland County for stream restoration on the  
13 Methodist University campus in Fayetteville.  
14 f. \$2,000,000 to the Town of Carolina Beach to complete the dredging  
15 of Lake Park.  
16 g. \$1,200,000 to the City of Asheville for the West Sulphur Springs  
17 drainage system project.  
18 h. \$1,000,000 to Halifax County for a flooding abatement project on  
19 Chockoyotte Creek in the City of Roanoke Rapids.  
20 i. \$1,000,000 to Henderson County for a flood resilience project on the  
21 French Broad River at Pleasant Grove.  
22 j. \$1,000,000 to Hyde County for the Mattamuskeet Restoration  
23 Drainage project.  
24 k. \$1,000,000 to the Town of Smithfield for CSX culvert improvements  
25 at the Highway 301 location.  
26 l. \$1,000,000 to the North Carolina Association of Resource  
27 Conservation and Development Councils for flood mitigation projects.  
28 m. \$950,000 to Henderson County for the Bat Fork stream restoration and  
29 flood resilience project.  
30 n. \$750,000 to the Town of Princeton for drainage pipe replacement at  
31 Princeton High School.  
32 o. \$650,000 to Caldwell County for Abingdon Creek Restoration in  
33 Gamewell Town Park.  
34 p. \$650,000 to the Town of Hope Mills for street placement in the  
35 Woodland Hills neighborhood.  
36 q. \$650,000 to the City of Fayetteville for debris removal.  
37 r. \$625,000 to the City of Mount Airy for Granite City Greenway and  
38 Ararat River Restoration.  
39 s. \$500,000 to the Town of Hope Mills for wooded creek bed clearing in  
40 the town limits to prevent future flooding.  
41 t. \$500,000 to Johnston County for Moccasin Swamp.  
42 u. \$450,000 to the Town of Fair Bluff for the abatement of destroyed  
43 buildings from Hurricanes Matthew and Florence.  
44 v. \$316,909 to the Town of Laurel Park for a stream restoration project  
45 for the Laurel Green Creek.  
46 w. \$300,000 to the City of Havelock for the Fairview Street Project to  
47 repair the culvert crossing of Joe's Branch.  
48 x. \$300,000 to Northampton County to address culvert capacity issues in  
49 the Town of Rich Square for flood mitigation on downtown roads.  
50 y. \$250,000 to Carteret County for Marshallberg flood mitigation, ditch  
51 restoration, and harbor discharge project.

- 1 z. \$250,000 to Halifax County to mitigate flooding in the Town of  
2 Scotland Neck that is endangering a local health care facility.
- 3 aa. \$250,000 to Halifax County for flood mitigation in low areas in the  
4 Town of Enfield.
- 5 bb. \$250,000 to Halifax County to address drainage issues in the Town of  
6 Weldon impacted by Chockoyotte Creek.
- 7 cc. \$250,000 to Halifax County to address downtown flooding in the  
8 Town of Littleton.
- 9 dd. \$250,000 to Martin County for flood mitigation projects.
- 10 ee. \$250,000 to Northampton County for flood mitigation in the Town of  
11 Seaboard.
- 12 ff. \$250,000 to Northampton County for flood mitigation on Gaston  
13 Creek.
- 14 gg. \$250,000 to Northampton County for flood mitigation in the Town of  
15 Severn.
- 16 hh. \$250,000 to Northampton County to address drainage issues in the  
17 Town of Woodland.
- 18 ii. \$250,000 to Northampton County to address drainage issues in the  
19 Town of Garysburg.
- 20 jj. \$200,000 to the Craven County Sheriff's Office for the EOC Floodwall  
21 Infrastructure Project. The sheriff's office may also use this funding  
22 for the purchase of emergency response equipment.
- 23 kk. \$200,000 to the Town of Tabor City for clearing debris removal from  
24 canals and drainage ditches.
- 25 ll. \$200,000 to the Town of Trent Woods for the restoration of key  
26 drainage routes.
- 27 mm. \$140,000 to the Town of River Bend for Storm Damage Restoration:  
28 Roadside Swale Areas, Channel Run Area.
- 29 nn. \$100,000 to the City of Havelock for the Hollywood Boulevard  
30 drainage repair project.
- 31 oo. \$30,000 to the Town of Linden for disaster recovery.

32 **SECTION 5.9.(b)** Subdivision (4) of subsection (b) of Section 5.2 of this act does  
33 not apply to the directed grants as allocated under this section.

34 **SECTION 5.9.(c)** Flood Resiliency Blueprint. – Of the funds allocated in  
35 subdivision (a)(1) of this section, NCORR shall develop a statewide Flood Resiliency Blueprint  
36 for major watersheds impacted by flooding, including, among others, the Cape Fear River and  
37 the Neuse River Basins. The watershed blueprint shall form the backbone of a State flood  
38 planning process that increases community resiliency to flooding, shall be a resource for riverine  
39 and stream management to reduce flooding, and should support the establishment and furtherance  
40 of local government stormwater maintenance programs. NCORR shall identify the major  
41 watersheds affected by flooding and direct these funds toward the activities which are central to  
42 the creation of an actionable blueprint, namely flood risk assessment, identification of data gaps,  
43 and recommendations to reduce flood risk for each target watershed. When developing the  
44 blueprint, NCORR shall incorporate local knowledge, community goals, projections of future  
45 flood risk, and the best available science and hydrologic modeling to create a decision tool for  
46 flood mitigation investments and strategies from local watersheds up to whole river basins. A  
47 successful blueprint should ultimately lead to a prioritized set of projects and funding strategies  
48 that the State can implement. NCORR is encouraged to examine examples from other states such  
49 as the Louisiana Coastal Master Plan or the flood resiliency planning processes in South Carolina  
50 and Virginia. NCORR shall report by July 1, 2022, and annually thereafter to the Joint Legislative

1 Commission on Governmental Operations and the Fiscal Research Division on the  
2 implementation of this subsection.

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

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

- 12 (1) Section 4.1 of S.L. 2016-124.
- 13 (2) Section 1 of S.L. 2017-119.
- 14 (3) Section 5.6(b) of S.L. 2018-5.
- 15 (4) Section 1.1 of S.L. 2019-250.
- 16 (5) Section 2.6 of S.L. 2020-97.

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

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

28 **SECTION 5.9.(g)** Establishment of Transportation Infrastructure Resiliency Fund.  
29 – There is established the Transportation Infrastructure Resiliency Fund (Fund) in the  
30 Department of Public Safety, Division of Emergency Management. Any funds appropriated to  
31 the Fund shall remain available for expenditure as provided in this section unless directed  
32 otherwise by the General Assembly.

33 **SECTION 5.9.(h)** Administration. – The Division of Emergency Management shall  
34 administer a grant program using funds appropriated to the Transportation Infrastructure  
35 Resiliency Fund, as established in subsection (g) of this section, that allows State agencies, units  
36 of local government, and nonprofit corporations to apply for funds to ensure transportation  
37 resilience against natural disasters. The Division of Emergency Management shall consult with  
38 the Department of Transportation prior to awarding grants to State agencies, units of local  
39 government, and nonprofit corporations. Funds may be used for any of, and activities consistent  
40 with, the following:

- 41 (1) Projects that update and prepare transportation infrastructure for storms,  
42 mudslides, and flooding events taking projections of future risk into  
43 consideration.
- 44 (2) Risk assessments for critical transportation routes, building on existing and  
45 future reports such as the I-95 and I-40 Flood Resilience Feasibility Study.
- 46 (3) Creating community-informed flood risk and vulnerability assessments that  
47 identify resilience gaps and project opportunities for transportation routes in  
48 North Carolina to help maintain vital transportation functions following  
49 flooding events.

50 **SECTION 5.9.(i)** North Carolina Insurance Underwriting Association (NCIUA)  
51 Resilient Roof Grant Program. – NCIUA shall establish uniform rules and award amounts for

1 resilient roof grant applicants under this program. Grant applicants must provide a match of one  
2 dollar (\$1.00) in non-State funds for one dollar (\$1.00) provided in State grant funds. No eligible  
3 structure may receive more than six thousand dollars (\$6,000) in State funds under this grant  
4 program. Funds allocated for this grant program that are not encumbered or spent by June 30,  
5 2023, shall revert to the General Fund. The NCIUA will include a report on the grant program  
6 funded by this subsection in the annual report required by G.S. 58-45-65. The report shall include  
7 information on the number of grants provided, geographical distribution of grants by county, and  
8 the average insured value of the structures receiving grant funding for resiliency improvements  
9 under this program. The NCIUA will provide this portion of its annual report to the Chairs of the  
10 Joint Legislative Emergency Management Oversight Committee and the Fiscal Research  
11 Division. The following definitions apply in this subsection:

12 (1) Coastal area. – Defined in G.S. 58-45-5.

13 (2) Eligible expense. – Costs for the replacement or upgrade of the roof of an  
14 eligible structure when the replacement or upgrade results in the roof meeting  
15 applicable resiliency standards issued by the Institute for Business and Home  
16 Safety or another construction storm resiliency standard that the NCIUA finds  
17 to be equivalent for purposes of reduction of risk of loss to the Coastal  
18 Property Insurance Pool (Pool) established by Article 45 of Chapter 58 of the  
19 General Statutes.

20 (3) Eligible structure. – A residential structure insured under a policy issued by  
21 the NCIUA through the Pool.

22 **SECTION 5.9.(j)** Statutory Authority. – G.S. 58-45-15 reads as rewritten:

23 **"§ 58-45-15. Powers and duties of Association.**

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

27 ...

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

31 **SECTION 5.9.(k)** Subpart D of Part 5 of Article 13 of Chapter 143B of the General  
32 Statutes is amended by adding a new section to read:

33 **"§ 143B-1041. Interagency coordination.**

34 (a) The Office shall establish an intergovernmental working group composed of  
35 representatives from the Department of Environmental Quality and other relevant State agencies,  
36 local governments, and other stakeholders to identify legislative, economic, jurisdictional, and  
37 other challenges related to stream management and flooding reduction. Beginning January 1,  
38 2022, and biannually thereafter, the Office shall report to the Joint Legislative Commission on  
39 Governmental Operations and the Fiscal Research Division regarding the findings and  
40 recommendations of the working group.

41 (b) The Office of Recovery and Resiliency and the Division of Emergency Management  
42 of the Department of Public Safety, the Director of the Division of Coastal Management of the  
43 Department of Environmental Quality, and the Secretary of the Department of Transportation, or  
44 their respective designees, shall meet at least quarterly beginning October 1, 2021, in order to  
45 coordinate the grant making and technical assistance activities each agency is carrying out related  
46 to subsection (a) of this section."

47 **SECTION 5.9.(l)** G.S. 166A-19.12 is amended by adding two new subdivisions to  
48 read:

49 "(24) The Division may contract for services from vendors specializing in housing,  
50 rehabilitation, or construction on private residential structures funded by State  
51 or federal funds provided to the State as a result of a disaster declared by the

1 President under the Stafford Act or a disaster declared by the Governor under  
2 G.S. 166A-19.21. Nothing in this subdivision is intended to exempt the  
3 Division from other requirements of Article 8 of Chapter 143 of the General  
4 Statutes.

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

11 **SECTION 5.9.(m)** G.S. 143B-135.244 reads as rewritten:

12 **"§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.**

13 The Chair of the Board of Trustees shall report no later than December 1 each year to the  
14 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
15 Environmental Review Commission, the Subcommittees of the House of Representatives and  
16 Senate Appropriations Committees with jurisdiction over natural and economic resources, and  
17 the Fiscal Research Division of the General Assembly regarding the implementation of this Part.  
18 The report shall include a list of the projects awarded grants from the Fund for the previous  
19 12-month period. The list shall include for each project a description of the project, the amount  
20 of the grant awarded for the project, and the total cost of the project. Beginning in 2024 and  
21 annually thereafter, the report shall also include a review of all projects funded over time for the  
22 purpose set forth in G.S. 143B-135.234(c)(12) and the extent to which each project reduced  
23 flooding during flooding events."

24 **SECTION 5.9.(n)** G.S. 143-214.11A is amended by adding a new subsection to  
25 read:

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

30 **SECTION 5.9.(o)** Reporting Requirements. – The Office of State Budget and  
31 Management shall report to the chairs of the House of Representatives and Senate Appropriations  
32 Committees and to the Fiscal Research Division of the General Assembly on the implementation  
33 of this section on a quarterly basis and shall also provide any additional reports or information  
34 requested by the Fiscal Research Division. Each report required by this section shall include  
35 information about all funds expended or encumbered pursuant to this section as of the date of the  
36 report, regardless of which State agency, federal agency, or non-State entity administers the  
37 funds. Non-State entities that administer or receive any funds appropriated in this section shall  
38 assist and fully cooperate with the Office of State Budget and Management in meeting the  
39 Office's obligations under this section.

40  
41 **TEMPORARY CERTIFICATE OF NEED EXEMPTION**

42 **SECTION 5.10.(a)** Notwithstanding G.S. 131E-184, or any provision of law to the  
43 contrary, the Department of Health and Human Services (Department) shall exempt from  
44 certificate of need review a new general acute hospital to be constructed in a county if the  
45 Department receives prior written notice from the entity proposing the new hospital, which notice  
46 (i) includes an explanation of why the new hospital is required and (ii) shows that the county  
47 where the new hospital will be located meets the requirements of subsection (b) of this section.

48 **SECTION 5.10.(b)** The exemption established by subsection (a) of this section  
49 applies only to construction and operation of a general acute care hospital to be located in any  
50 county that meets all of the following criteria:

- 1 (1) The county has a total population under 50,000 and a total land area under 450
- 2 square miles, according to the most recent federal decennial census.
- 3 (2) The county contains a portion of a city that is located in more than one county.
- 4 (3) The county is located along the State's border with another state.

5 **SECTION 5.10.(c)** This section becomes effective October 1, 2021, and expires  
6 December 31, 2024.

7  
8 **MODIFIED USE OF CORONAVIRUS RELIEF FUNDS ALLOCATED TO THE**  
9 **NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH**  
10 **CAROLINA HEALTH CARE FACILITIES ASSOCIATION FOR COVID-19**  
11 **TESTING**

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

14 "(35a) \$34,002,617 in nonrecurring funds to OSBM to be allocated for COVID-19  
15 testing, as provided in sub-subdivisions a. and b. of this subdivision.

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

37  
38 **STATE CASH MANAGEMENT CLARIFICATION**

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

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

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

48 ...."

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

50  
51 **NC PROMISE/ADD FAYETTEVILLE STATE**

1           **SECTION 5.13.(a)** G.S. 116-143.11 reads as rewritten:

2   "**§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations;**  
3   **annual report.**

4       (a) The NC Promise Tuition Plan shall be established and implemented as provided by  
5 this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The  
6 University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State  
7 University, the University of North Carolina at Pembroke, Fayetteville State University, and  
8 Western Carolina University as follows: ~~beginning with the 2018 fall academic semester~~, the rate  
9 of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five  
10 hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students  
11 shall be two thousand five hundred dollars (\$2,500) per academic semester.

12       (b) Notwithstanding any other provision of law, the State shall "buy down" the amount  
13 of any financial obligation resulting from the established tuition rate that may be incurred by  
14 Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State  
15 University, and Western Carolina University.

16       (c) When implementing the provisions of this section, the Board of Governors shall give  
17 due consideration to maintaining the unique historical character of each institution, including  
18 service to students who are first generation, college-going, economically disadvantaged, or  
19 minority.

20       (d) ~~By October 1, 2018, and by October 1 of each year thereafter, year,~~ the Board of  
21 Governors and the chancellors of Elizabeth City State University, the University of North  
22 Carolina at Pembroke, Fayetteville State University, and Western Carolina University,  
23 respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the  
24 House Appropriations Committee on Education, the Senate Appropriations Committee on  
25 Education/Higher Education, and the Fiscal Research Division on the amount of any financial  
26 obligation resulting from the established tuition rate incurred at each constituent institution and  
27 at least the following information for the fiscal year:

28           (1) The amount required to offset the forgone tuition receipts at each of the ~~three~~  
29 four constituent institutions as a result of the tuition rate established by this  
30 section and how those funds were allocated to each constituent institution.

31           (2) The number of enrolled resident students at each constituent institution.

32           (3) The number of enrolled nonresident students at each constituent institution."

33       **SECTION 5.13.(b)** Notwithstanding G.S. 116-143.11(d), as amended by this  
34 section, the initial report for Fayetteville State University shall be submitted by October 1, 2022.

35       **SECTION 5.13.(c)** This section applies beginning with the 2022-2023 academic  
36 year.  
37

## 38 **PROPERTY OWNERS' RIGHTS/TREE ORDINANCES**

39       **SECTION 5.14.(a)** Article 8 of Chapter 160A of the General Statutes is amended by  
40 adding a new section to read:

41   "**§ 160A-205.4. Limitations on regulating trees.**

42       Without express statutory or local act authority, no ordinance regulating the removal of trees  
43 from private property or regulating trees on land owned or operated by a public airport authority  
44 may be adopted or enforced. None of the following shall be used by a governing body as the  
45 basis for adopting or enforcing ordinances regulating the removal of trees from private property:

46           (1) The general police powers.

47           (2) Any powers authorized in this Chapter, Chapter 153A, or Chapter 160D of the  
48 General Statutes.

49           (3) Any other general or local law, except a general or local law expressly  
50 authorizing a governing body to adopt ordinances regulating the removal of  
51 trees from private property."

1           **SECTION 5.14.(b)** Article 6 of Chapter 153A of the General Statutes is amended  
2 by adding a new section to read:

3 **"§ 153A-145.9. Limitations on regulating trees.**

4           G.S. 160A-205.4 shall apply to counties."

5           **SECTION 5.14.(c)** Part 2 of Article 9 of Chapter 160D of the General Statutes is  
6 amended by adding a new section to read:

7 **"§ 160D-920.1. Limitations on regulating trees.**

8           G.S. 160A-205.4 shall apply to all development regulations under this Chapter."

9           **SECTION 5.14.(d)** G.S. 153A-123(h) is repealed.

10           **SECTION 5.14.(e)** G.S. 160A-175(h) is repealed.

11           **SECTION 5.14.(f)** G.S. 160D-921 reads as rewritten:

12 **"§ 160D-921. Forestry activities.**

13           ...

14           (b) A local government shall not adopt or enforce any ordinance, rule, regulation, or  
15 resolution that regulates either of the following:

16           (1) Forestry activity on forestland that is taxed on the basis of its present-use value  
17 as forestland under Article 12 of Chapter 105 of the General Statutes.

18           (2) Forestry activity that is conducted in accordance with a forest management  
19 plan that is prepared or approved by a forester registered in accordance with  
20 Chapter 89B of the General Statutes.

21           (c) This section shall not be construed to limit, expand, or otherwise alter the authority  
22 of a local government to:

23           (1) Regulate activity associated with development. A local government may deny  
24 a building permit or refuse to approve a site or subdivision plan for either a  
25 period of up to:

26           a. Three years after the completion of a timber harvest if the harvest  
27 results in the removal of all or substantially all of the trees that were  
28 protected under local government regulations governing development ~~from~~of the tract of land for which the permit or approval is sought. No  
29 local government regulations regulating the removal of trees from  
30 private property are enforceable unless expressly authorized by local  
31 act of the General Assembly.

32           b. Five years after the completion of a timber harvest if the harvest results  
33 in the removal of all or substantially all of the trees that were protected  
34 under local government regulations governing development ~~from~~of  
35 the tract of land for which the permit or approval is sought and the  
36 harvest was a willful violation of the local government regulations. No  
37 local government regulations regulating the removal of trees from  
38 private property are enforceable unless expressly authorized by local  
39 act of the General Assembly.

40           (2) Regulate trees pursuant to any local act of the General Assembly.

41           (3) Adopt ordinances that are necessary to comply with any federal or State law,  
42 regulation, or rule.

43           (4) Exercise its planning or zoning authority under this Chapter.

44           (5) Regulate and protect streets."

45           **SECTION 5.14.(g)** Any local acts authorizing ordinances regulating the removal of  
46 trees from private property before the date this section becomes law, and any ordinances adopted  
47 under the authority of those local acts, shall remain in effect after this section becomes law.

48           **SECTION 5.14.(h)** Any ordinances regulating the removal of trees from private  
49 property that were adopted before the date this section becomes law without the express  
50



1 authorization of the General Assembly shall not be enforced after the date this section becomes  
2 law.

3 **SECTION 5.14.(i)** This section becomes effective June 30, 2022.

4  
5 **PERIODIC INSPECTIONS FOR HAZARDOUS CONDITIONS**

6 **SECTION 5.15.(a)** G.S. 160D-1207(c) reads as rewritten:

7 "(c) In no event may a local government do any of the following: (i) adopt or enforce any  
8 ordinance that would require any owner or manager of rental property to obtain any permit or  
9 permission ~~under Article 11 or Article 12 of this Chapter~~ from the local government to lease or  
10 rent residential real property or to register rental property with the local government, except for  
11 those individual properties that have more than four verified violations in a rolling 12-month  
12 period or two or more verified violations in a rolling 30-day period, or upon the property being  
13 identified within the top ten percent (10%) of properties with crime or disorder problems as set  
14 forth in a local ordinance, (ii) require that an owner or manager of residential rental property  
15 enroll or participate in any governmental program as a condition of obtaining a certificate of  
16 occupancy, (iii) levy a special fee or tax on residential rental property that is not also levied  
17 against other commercial and residential properties, unless expressly authorized by general law  
18 or applicable only to an individual rental unit or property described in clause (i) of this subsection  
19 and the fee does not exceed five hundred dollars (\$500.00) in any 12-month period in which the  
20 unit or property is found to have verified violations, (iv) provide that any violation of a rental  
21 registration ordinance is punishable as a criminal offense, or (v) require any owner or manager  
22 of rental property to submit to an inspection before receiving any utility service provided by the  
23 local government. For purposes of this section, the term "verified violation" means all of the  
24 following:

- 25 (1) The aggregate of all violations of housing ordinances or codes found in an  
26 individual rental unit of residential real property during a 72-hour period.  
27 (2) Any violations that have not been corrected by the owner or manager within  
28 21 days of receipt of written notice from the local government of the  
29 violations. Should the same violation occur more than two times in a 12-month  
30 period, the owner or manager may not have the option of correcting the  
31 violation. If the housing code provides that any form of prohibited tenant  
32 behavior constitutes a violation by the owner or manager of the rental  
33 property, it shall be deemed a correction of the tenant-related violation if the  
34 owner or manager, within 30 days of receipt of written notice of the  
35 tenant-related violation, brings a summary ejection action to have the tenant  
36 evicted."

37 **SECTION 5.15.(b)** This section becomes effective October 1, 2021, and any  
38 inconsistent ordinance or policy shall be void and unenforceable on or after that date.

39  
40 **SMALL BUSINESS RETIREMENT SAVINGS PROGRAM ESTABLISHED**

41 **SECTION 5.16.** Article 10 of Chapter 143B of the General Statutes is amended by  
42 adding a new Part to read:

43 "Part 2L. North Carolina Small Business Retirement Savings Program.

44 **"§ 143B-437.105. Title.**

45 This Part shall be known as the "North Carolina Small Business Retirement Program"  
46 or "North Carolina Work and Save."

47 **"§ 143B-437.106. Definitions.**

48 The following definitions apply in this Part:

- 49 (1) Administrative Fund. – The North Carolina Small Business Retirement  
50 Savings Administrative Fund established in G.S. 143B-427.115.

- 1           (2)   Board. – The North Carolina Small Business Retirement Savings Program  
2           Board.
- 3           (3)   Covered employee. – An individual who is employed by a covered employer,  
4           who has wages or other compensation that is allocable to the State, and who  
5           is at least 18 years of age. A covered employee does not include any of the  
6           following:
- 7           a.     Any employee covered under the federal Railway Labor Act (45  
8           U.S.C. § 151).
- 9           b.     Any employee on whose behalf an employer makes contributions to a  
10           Taft-Hartley multiemployer pension trust fund.
- 11           c.     Any individual who is an employee of the federal government, the  
12           State or any other state, any county or municipal corporation, or any  
13           of the State's, any other state's, or the federal government's units or  
14           instrumentalities.
- 15           (4)   Covered employer. – A person or entity engaged in a business, industry,  
16           profession, trade, or other enterprise in the State, whether for profit or not for  
17           profit, excluding the federal government, the State, any county, any  
18           municipality, or any political subdivision of the State, and provided that  
19           covered employer does not include an employer that maintains a specified  
20           tax-favored retirement plan for its employees or has done so effective in form  
21           and operation at any time within the current or two preceding calendar years.  
22           If an employer does not maintain a specified tax-favored retirement plan for a  
23           portion of a calendar year ending on or after the effective date of this Article  
24           and adopts such a plan effective for the remainder of that calendar year, the  
25           employer is exempt from covered employer status for that remainder of the  
26           year.
- 27           (4a)   Department. – The North Carolina Department of Commerce.
- 28           (5)   ERISA. – The Employee Retirement Income Security Act of 1974, as  
29           amended (29 U.S.C. § 1001 et seq.).
- 30           (6)   Internal Revenue Code. – The Internal Revenue Code of 1986, as amended  
31           (Title 26 of the United States Code).
- 32           (7)   IRA. – A traditional or Roth individual retirement account or individual  
33           retirement annuity.
- 34           (8)   Participant. – An individual who is contributing to an IRA under the Program  
35           or has an IRA account balance under the Program.
- 36           (9)   Participating employer. – A covered employer that provides for covered  
37           employees a payroll deduction IRA provided for by this Article.
- 38           (10)   Payroll deduction IRA arrangement or payroll deduction IRA. – An  
39           arrangement by which an employer allows employees to contribute to an IRA  
40           by means of payroll deduction.
- 41           (11)   Program or North Carolina Work and Save Program. – The Small Business  
42           Retirement Savings Program established by this Article.
- 43           (12)   Roth IRA. – A Roth individual retirement account or individual retirement  
44           annuity under section 408A of the Internal Revenue Code.
- 45           (13)   Specified tax-favored retirement plan. – A retirement plan that is tax-qualified  
46           under or is described in and satisfies the requirements of subsection 401(a),  
47           401(k), 403(a), 403(b), 408(k) (Simplified Employee Pension), or 408(p)  
48           (SIMPLE-IRA) of the Internal Revenue Code.
- 49           (14)   Total fees and expenses. – All fees, costs, and expenses, including, but not  
50           limited, to administrative expenses, investment expenses, investment advice  
51           expenses, accounting costs, actuarial costs, legal costs, marketing expenses,

1 education expenses, trading costs, insurance annuitization costs, and other  
2 miscellaneous costs.

3 (15) Traditional IRA. – A traditional individual retirement account or traditional  
4 individual retirement annuity under section 408(a) or (b) of the Internal  
5 Revenue Code.

6 (16) Trust. – The trust in which the assets of the Program are held. Where  
7 applicable, except as may be otherwise specified, references throughout this  
8 Article to the Program generally are intended to refer also to the Trust  
9 including the assets, facilities, costs and expenses, receipts, expenditures,  
10 activities, operations, administration, or management.

11 **§ 143B-437.107. Establishment of Board.**

12 (a) The North Carolina Small Business Retirement Savings Board is established for  
13 administrative purposes in the Department of Commerce, but the Board shall exercise its powers  
14 and duties independently of the Department. The Department shall provide administrative  
15 support for the Board in carrying out its duties pursuant to this Article.

16 (b) The Board shall consist of 12 members.

17 (1) Ten voting members shall be appointed as follows:

18 a. The State Treasurer shall appoint a member who has a favorable  
19 reputation for skill, knowledge, and experience in retirement  
20 investment products or retirement plan designs.

21 b. Five members appointed by the Governor as follows:

22 1. One member who has a favorable reputation for skill,  
23 knowledge, and experience in retirement investment products  
24 or retirement plan designs.

25 2. One member who has a favorable reputation for skill,  
26 knowledge, and experience relating to small business or  
27 covered employers.

28 3. One member from the Office of State Budget and Management  
29 or other designee knowledgeable about fiscal impacts.

30 4. One member who is an employee of the Department of  
31 Commerce.

32 5. One member of the public.

33 c. Two members appointed by the General Assembly upon the  
34 recommendation of the Speaker of the House of Representatives as  
35 follows:

36 1. One member who is a retired individual or an individual who  
37 represents persons retired to be a representative of the interests  
38 of retirees.

39 2. One member who has a favorable reputation for skill,  
40 knowledge, and experience in the interests of employers in  
41 retirement saving.

42 d. Two members appointed by the General Assembly upon the  
43 recommendation of the President Pro Tempore of the Senate as  
44 follows:

45 1. One member who is a representative of an association  
46 representing employees or who has a favorable reputation for  
47 skill, knowledge, and experience in the interests of employees  
48 in retirement saving.

49 2. One member who has a favorable reputation for skill,  
50 knowledge, and experience in retirement investment products  
51 or retirement plan designs.

1           (2)    In addition to the 10 voting members, the President Pro Tempore of the Senate  
2                   and the Speaker of the House of Representatives shall each appoint one  
3                   nonvoting advisory member.

4           (c)    All initial appointments shall be made no later than October 1, 2021. Of the initial  
5                   five appointments made by the Governor, two shall be appointed for four-year terms, two shall  
6                   be appointed for two-year terms, and one shall be appointed for a one-year term, with all terms  
7                   to begin on October 1, 2021. Of the initial two appointments made by the General Assembly  
8                   upon the recommendation of the President Pro Tempore of the Senate, one shall be appointed for  
9                   a four-year term and one shall be appointed for a two-year term, with both terms to begin on  
10                  October 1, 2021. Of the initial two appointments made by the General Assembly upon the  
11                  recommendation of the Speaker of the House of Representatives, one shall be appointed for a  
12                  four-year term and one shall be appointed for a two-year term, with both terms to begin on  
13                  October 1, 2021. The initial appointment by the State Treasurer shall be for a term of three years  
14                  to begin on October 1, 2021. All successors shall be appointed for four-year terms. All members  
15                  of the Board shall serve at the pleasure of the appointing authority.

16           (d)    Members of the Board shall serve without compensation and shall receive per diem,  
17                   subsistence, and travel allowances as provided in G.S. 138-5 and G.S. 138-6 as applicable.

18           (e)    The Governor shall convene the first meeting of the Board no later than October 15,  
19                   2021. A majority of the voting members of the Board constitutes a quorum. The first order of  
20                   business before the Board shall be to elect a chair from among the Board's membership. A  
21                   vacancy in the membership of the Board shall not impair the right of a quorum to exercise the  
22                   powers and duties of the Board.

23    **"§ 143B-437.108. Powers and duties of the Board.**

24           (a)    The Board shall have the following powers and duties, subject to its authority and  
25                   fiduciary duty:

26                   (1)    Design, develop, implement, maintain, govern, and promulgate rules with  
27                           respect to a payroll deduction retirement savings program for covered  
28                           employers and, to that end, may conduct market, legal, and feasibility  
29                           analyses.

30                   (2)    Elect a chair and other officers it deems necessary.

31                   (3)    Meet as necessary to perform its duties.

32                   (4)    Appoint an executive director, who shall be the chief administrative officer of  
33                           the Board.

34                   (5)    Retain trustees, record keepers, investment managers, investment advisors,  
35                           and other administrative, professional, expert advisors and service providers,  
36                           none of whom shall be members of the Board and all of whom shall serve at  
37                           the pleasure of the Board, and determine their duties and compensation. The  
38                           Board may authorize the executive director and other officials to oversee  
39                           requests for proposals or other public competitions and enter into contracts on  
40                           behalf of the Board and conduct any business necessary for the efficient  
41                           operation of the Board.

42                   (6)    Cause the Program, Trust, and arrangements and accounts established under  
43                           the Program to be designed, established, and operated:

44                           a.    In accordance with best practices for retirement saving vehicles.

45                           b.    To encourage participation, saving, sound investment practices, and  
46                           appropriate selection of investment options, including any default  
47                           investments.

48                           c.    To maximize simplicity and ease of administration for covered  
49                           employers.

50                           d.    To arrange for collective, common, and pooled investment of assets of  
51                           the Program and Trust, including investments in conjunction with

- 1                    other funds with which these assets are permitted by law to be  
2                    collectively invested, with a view to achieving economies of scale and  
3                    other efficiencies designed to minimize costs for the Program and its  
4                    participants, to promote portability of benefits.  
5                    e.    To avoid preemption of the Program by federal law (Employee  
6                    Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.).  
7                    (7)   Develop and implement an investment policy that defines the Program's  
8                    investment objectives, consistent with the objectives of the Program, and that  
9                    provides for policies and procedures consistent with those investment  
10                   objectives. The Board shall designate appropriate default investments that  
11                   include a mix of asset classes, such as target date and balanced funds. The  
12                   Board shall seek to minimize participant fees and expenses of investment and  
13                   administration. The Board shall strive to design and implement investment  
14                   options available to holders of accounts established as part of the Program and  
15                   other Program features that are intended to achieve maximum possible income  
16                   replacement balanced with an appropriate level of risk in an IRA-based  
17                   environment consistent with the investment objectives under the policy. The  
18                   investment options may encompass a range of risk and return opportunities  
19                   and allow for a rate of return commensurate with an appropriate level of risk  
20                   in view of the investment objectives under the policy. The menu of investment  
21                   options shall be determined taking into account the nature and objectives of  
22                   the Program, the desirability based on behavioral research findings of limiting  
23                   investment choices under the Program to a reasonable number, and the  
24                   extensive investment choices available to participants in the event that they  
25                   roll over to an IRA outside the Program.  
26                   (8)   Set and collect necessary fees from covered employees for application,  
27                   account, or administrative processing and accept any grants, gifts, legislative  
28                   appropriations, loans, and other moneys from the State, any unit of federal,  
29                   State, or local government, or any other person, firm, or entity to defray the  
30                   costs of administering and operating the Program.  
31                   (9)   If necessary, determine the eligibility of an employer, employee, or other  
32                   individual to participate in the Program.  
33                   (10)   Adopt rules it deems necessary or advisable for the implementation of this  
34                   Article and the administration and operation of the Program.  
35                   (11)   Cause expenses incurred to initiate, implement, maintain, and administer the  
36                   Program to be paid from contributions to, or investment returns or assets of,  
37                   the Program or other money collected by or for the Program or pursuant to  
38                   arrangements established under the Program to the extent permitted under  
39                   federal and State law.  
40                   (12)   Invest and reinvest its funds in the Administrative Fund in accordance with  
41                   applicable State and federal laws.  
42                   (13)   Make and enter into competitively procured contracts, agreements,  
43                   memoranda of understanding, partnerships, or other arrangements, to  
44                   collaborate and cooperate with, and to retain, employ, and contract with or for  
45                   any of the following to the extent necessary or desirable, for the effective and  
46                   efficient design, implementation, and administration of the Program  
47                   consistent with the purposes set forth in this Article and to maximize outreach  
48                   to covered employers and covered employees:  
49                   a.    Services of private and public financial institutions, depositories,  
50                   consultants, actuaries, counsel, auditors, investment advisers,  
51                   investment administrators, investment management firms, other

- 1 investment firms, third-party administrators, other professionals and  
2 service providers, and State public retirement systems.
- 3 b. Research, technical, financial, administrative, and other services.  
4 c. Services of other State agencies to assist the Board in the exercise of  
5 its powers and duties.
- 6 (14) The Board may enter into an intergovernmental agreement or memorandum  
7 of understanding with the State and any agency of the State to receive  
8 outreach, technical assistance, enforcement and compliance services,  
9 collection or dissemination of information pertinent to the Program subject to  
10 such obligations of confidentiality as may be agreed or required by law, or  
11 other services or assistance. The State and any agencies of the State that enter  
12 into such agreements or memoranda of understanding shall collaborate to  
13 provide the outreach, assistance, information, and compliance or other  
14 services or assistance to the Board. The memoranda of understanding may  
15 cover the sharing of costs incurred in gathering and disseminating information  
16 and the reimbursement of costs for any enforcement activities or assistance.
- 17 (15) Make and enter into contracts, agreements, memoranda of understanding,  
18 arrangements, partnerships, or other arrangements to collaborate, cooperate,  
19 coordinate, contract, or combine resources, investments, or administrative  
20 functions with other governmental entities, including other states or their  
21 agencies or instrumentalities that maintain or are establishing retirement  
22 savings programs compatible with the Program, including collective,  
23 common, or pooled investments with other funds of other states' programs  
24 with which the assets of the Program and Trust are permitted by law to be  
25 collectively invested, to the extent necessary or desirable for the effective and  
26 efficient design, administration, and implementation of the Program  
27 consistent with the purposes set forth in this Article, including the purpose of  
28 achieving economies of scale and other efficiencies designed to minimize  
29 costs for the Program.
- 30 (16) Develop and implement an education and outreach plan to gain input and  
31 disseminate information regarding the North Carolina Work and Save  
32 Program and retirement savings and financial literacy in general.
- 33 (17) Establish procedures for the timely and fair resolution of participant and other  
34 disputes related to accounts or program operation.
- 35 (18) Evaluate the need for, and procure if and as deemed necessary, pooled private  
36 insurance against any and all loss in connection with the property, assets, or  
37 activities of the Program.
- 38 (19) Borrow from the State, any unit of federal, State, or local government, or any  
39 other person, firm, partnership, corporation, or other entity working capital  
40 funds and other funds as may be necessary for this purpose, provided that such  
41 funds are borrowed in the name of the Program and Board only and that any  
42 such borrowings shall be payable solely from the revenues of the Program.
- 43 (20) Enter into long-term procurement contracts with one or more financial  
44 providers that provide a fee structure that would assist the Program in avoiding  
45 or minimizing the need to borrow or to rely upon general assets of the State.
- 46 (b) In addition to the applicable prohibitions contained in Article 4 of Chapter 138A of  
47 the General Statutes, a Board member, executive director, and other staff of the Board shall not  
48 do any of the following:
- 49 (1) Directly or indirectly have any interest in the making of any investment under  
50 the Program or in gains or profits accruing from any such investment.

1           (2) Borrow any Program-related funds or deposits or use any such funds or  
2           deposits in any manner, for himself or herself or as an agent or partner of  
3           others.

4           (3) Become an endorser, surety, or obligor on investments made under the  
5           Program.

6 **"§ 143B-437.109. Standard of conduct; fiduciary duty.**

7           The Board, individual members of the Board, all persons serving as staff to the Program, and  
8           any other agents appointed or engaged shall discharge their duties for the exclusive purpose of  
9           providing benefits to the Program participants and administering the Program with discharge of  
10          its duties and shall:

11           (1) Defray reasonable expenses in the administration of the Program.

12           (2) Govern Program investors with the care, skill, prudence, and diligence as a  
13           prudent person acting in a like capacity would.

14           (3) Comply with all State ethics laws and regulations.

15 **"§ 143B-437.110. Requirements for the North Carolina Small Business Retirement Savings**  
16 **Program.**

17          The Program developed and established by the Board shall:

18           (1) Provide a process to facilitate voluntary enrollment into the Program for  
19           covered employers, covered employees, and self-employed persons.

20           (2) Provide that the IRA to which contributions are made will be a Roth IRA,  
21           except that the Board shall have the authority at any time to add an option for  
22           all participants to affirmatively elect to contribute to a traditional IRA as an  
23           alternative to the Roth IRA.

24           (3) Provide that the standard package shall be a Roth IRA with a target date fund  
25           investment, and a contribution rate that begins at five percent (5%) of salary  
26           or wages; provided, however, that the covered employee can choose to stop  
27           participation altogether, to use a traditional IRA and a different investment  
28           from among the options available, and to contribute at a higher or lower  
29           contribution rate, subject to the IRA contribution dollar limits applicable  
30           under the Internal Revenue Code.

31           (4) Provide on a uniform basis, if and when the Board so determines, in its  
32           discretion, for annual increases of each participant's contribution rate, by not  
33           more than one percent (1%) of salary or wages per year up to a maximum of  
34           eight percent (8%). Any such increases shall apply to participants, as  
35           determined by the Board, by default or only if initiated by affirmative  
36           participant election included as part of the standard package, in either case  
37           subject to the IRA contribution limits applicable under the Internal Revenue  
38           Code.

39           (5) Allow a covered employer to withhold payroll deductions from a covered  
40           employee's paycheck for the express purpose of making a covered employee  
41           contribution to the Program funds.

42           (6) Include a process for direct deposit of contributions into covered employee  
43           investments in the Program.

44           (7) Covered employers are not allowed to make employer contributions to the  
45           covered employee's accounts.

46           (8) Allow for covered employees to make non-payroll contributions into an  
47           account in addition to the covered employer payroll deducted amounts.

48           (9) Include an account reporting system that requires separate records and  
49           accounting for each covered employer and covered employee enrolled.

50           (10) Include an account status notification process for covered employees to be  
51           notified about and track their investments pursuant to this Article.

- 1           (11) Allow portability of benefits, including the ability to make tax-free rollovers  
2 or transfers from accounts under the Program to other non-program retirement  
3 accounts or to tax-qualified plans that accept such rollovers or transfers  
4 provided any rollover is initiated by the employee.
- 5           (12) Establish rules and procedures governing the distribution of funds from the  
6 Program, including such distributions as may be permitted or required by the  
7 Program and any applicable provisions of tax laws, with the objectives of  
8 maximizing financial security in retirement, helping to protect spousal rights,  
9 and assisting participants with the challenges of decumulation of savings. The  
10 Board shall have the authority, in its discretion, to provide for one or more  
11 reasonably priced distribution options to provide a source of fixed retirement  
12 income, including income for life or for the participant's life expectancy (or  
13 for joint lives and life expectancies, as applicable).
- 14           (13) Pool accounts as necessary under the Program for optimum investment  
15 opportunity and return on investment outcomes.
- 16           (14) Be professionally managed.
- 17           (15) Provide a report on the status of each Program participant's account to each  
18 Program participant at least annually.
- 19           (16) Provide that each program participant owns the contributions to and earnings  
20 on amounts contributed to the participant's account under this Article and that  
21 the State, the Board, and covered employers have no proprietary interest,  
22 whether legal or equitable, in those contributions or earnings.
- 23           (17) Keep total fees and expenses as low as practicable and in any event each year  
24 not in excess of 100 basis points of the total assets of the Program, except that  
25 this limit shall not apply during a start-up period of three years beginning with  
26 the initial implementation of the Program.
- 27           (18) Be designed and implemented in a manner consistent with federal law,  
28 including favorable federal tax treatment, to the extent that it applies and  
29 consistent with the Program not being preempted by ERISA.
- 30           (19) Ensure that the North Carolina Small Business Retirement Savings Program  
31 is designed to be financially self-sustaining over time.
- 32           (20) Provide that, if a covered employer fails to transmit a payroll deduction  
33 contribution to the Program on the earliest date the amount withheld from the  
34 covered employee's compensation can reasonably be segregated from the  
35 covered employer's assets, but not later than the fifteenth day of the month  
36 following the month in which the covered employee's contribution amounts  
37 are withheld from his or her paycheck, the failure to remit such contributions  
38 on a timely basis shall be subject to the same sanctions as employer  
39 misappropriation of employee wage withholdings and to penalties.

40 **"§ 143B-437.111. Rules for the North Carolina Work and Save Program.**

41 The Board shall adopt rules to implement the Program that:

- 42           (1) Establish the processes for enrollment and contributions to Payroll Deduction  
43 IRAs under the Program, including elections by covered employees,  
44 withholding by covered employers of employee payroll deduction  
45 contributions from wages and remittance for deposit to IRAs, and voluntary  
46 enrollment and contributions by others, including self-employed individuals  
47 and independent contractors, through payroll deduction or otherwise.
- 48           (2) Establish the processes for withdrawals, rollovers, and direct transfers from  
49 IRAs under the Program in the interest of facilitating portability and  
50 maximization of benefits.
- 51           (3) Establish processes for phasing in enrollment of eligible individuals.



- 1           (4)    Conduct outreach to individuals, employers, other stakeholders, and the public  
2           regarding the Program. Specify the contents, frequency, timing, and means of  
3           required disclosures from the Program to covered employees, participants,  
4           other individuals eligible to participate in the Program, covered employers,  
5           and other interested parties. These disclosures shall include, but need not be  
6           limited to:
- 7           a.     The benefits associated with tax-favored retirement saving.  
8           b.     The potential advantages and disadvantages associated with  
9           contributing to Roth IRAs and, if applicable, traditional IRAs under  
10           the Program.  
11           c.     The eligibility rules for Roth IRAs and, if applicable, traditional IRAs.  
12           d.     That the individual and not the employer, the State, the Board, any  
13           Board member or other State official, or the Program will be solely  
14           responsible for determining whether and, if so, how much the  
15           individual is eligible to contribute on a tax-favored basis to an IRA.  
16           e.     The penalty for excess contributions to IRAs and the method of  
17           correcting excess contributions.  
18           f.     Instructions for enrolling, making elections to contribute or to decline  
19           to contribute, and making elections regarding contribution rates, type  
20           of IRA, and investments.  
21           g.     Instructions for implementing and for changing the elections.  
22           h.     The potential availability of a saver's tax credit, including the  
23           eligibility conditions for the credit and instructions on how to claim it.  
24           i.     That employees seeking tax, investment, or other financial advice  
25           should contact appropriate professional advisors, and that Covered  
26           Employers are not in a position to provide such advice and are not  
27           liable for decisions individuals make in relation to the Program.  
28           j.     That the Payroll Deduction IRAs are intended not to be  
29           employer-sponsored retirement plans and that the Program is not an  
30           employer-sponsored retirement plan.  
31           k.     The potential implications of account balances under the Program for  
32           the application of asset limits under certain public assistance  
33           programs.  
34           l.     That the account owner is solely responsible for investment  
35           performance, including market gains and losses, and that IRA  
36           accounts and rates of return are not guaranteed by any employer, the  
37           State, the Board, any Board member or State official, or the Program.  
38           m.     Additional information about retirement and saving and other  
39           information designed to promote financial literacy and capability  
40           which may take the form of links to, or explanations of how to obtain,  
41           such information.  
42           n.     How to obtain additional information about the Program.

43    **"§ 143B-427.112. Protection from liability for covered employers.**

- 44           (a)    A covered employer or other employer is not and shall not be liable for or bear  
45           responsibility for any of the following:
- 46           (1)    An employee's decision to participate in or not to participate in the Program  
47           or a participant's specific elections under the Program.  
48           (2)    Participants' or the Board's investment decisions.  
49           (3)    The administration, investment, investment returns, or investment  
50           performance of the Program, including, without limitation, any interest rate or

1 other rate of return on any contribution or account balance, provided they play  
2 no role.

3 (4) The Program design or the benefits paid to participants.

4 (5) Individuals' awareness of or compliance with the conditions and other  
5 provisions of the tax laws that determine which individuals are eligible to  
6 make tax-favored contributions to IRAs, in what amount, and in what time  
7 frame and manner.

8 (6) Any loss, failure to realize any gain, or any other adverse consequences,  
9 including, without limitation, any adverse tax consequences or loss of  
10 favorable tax treatment, public assistance, or other benefits, incurred by any  
11 person as a result of participating in the Program.

12 (b) No covered employer or other employer shall be, or shall be considered to be, a  
13 fiduciary in relation to the Program or Trust or any other arrangement under the Program.

14 **"§ 143B-427.113. Protection from liability for the State.**

15 The State has no duty or liability to any party for the payment of any retirement savings  
16 benefits accrued by any individual under the Program. The State, the Board, each member of the  
17 Board, and the Program:

18 (1) Shall have no responsibility for compliance by individuals with the conditions  
19 and other provisions of the Internal Revenue Code that determine which  
20 individuals are eligible to make tax-favored contributions to IRAs, in what  
21 amount, and in what time frame and manner.

22 (2) Shall have no duty, responsibility, or liability to any party for the payment of  
23 any benefits under the Program, regardless of whether sufficient funds are  
24 available under the Program to pay such benefits.

25 (3) Do not and shall not guarantee any interest rate or other rate of return on or  
26 investment performance of any contribution or account balance.

27 (4) Shall have no liability or responsibility for any loss, deficiency, failure to  
28 realize any gain, or any other adverse consequences, incurred by any person  
29 as a result of participating in the Program.

30 **"§ 143B-427.114. Confidentiality of participant and account information.**

31 Individual account information relating to accounts under the Program and relating to  
32 individual participants, including, but not limited to, names, addresses, telephone numbers, email  
33 addresses, personal identification information, investments, contributions, and earnings is  
34 confidential, is not a public record as defined in G.S. 132-1, and may not be disclosed except as  
35 follows:

36 (1) To the extent necessary to administer the Program in a manner consistent with  
37 this Article the tax laws of this State, and Internal Revenue Code; or

38 (2) To the extent that the individual who provides the information or is the subject  
39 of the information expressly agrees in writing to the disclosure of the  
40 information.

41 **"§ 143B-427.115. Funding of Program.**

42 The North Carolina Small Business Retirement Savings Administrative Fund is established,  
43 to be held in trust separate and distinct from the General Fund. Interest earned by the  
44 Administrative Fund shall be credited to the Administrative Fund. Moneys in the Administrative  
45 Fund are continuously appropriated to the Board. The Administrative Fund consists of:

46 (1) Moneys appropriated to the Administrative Fund by the General Assembly.

47 (2) Moneys transferred to the Administrative Fund from the federal government,  
48 other State agencies, or local governments.

49 (3) Moneys from the payment of application, account, administrative, or other  
50 fees and the payment of other moneys due the Board.

1           (4)    Any gifts, donations, or grants made to the State for deposit in the  
2                Administrative Fund.

3           (5)    Earnings on moneys in the Administrative Fund.

4    **"§ 143B-427.116. Annual report.**

5           (a)    The Board shall cause an accurate account of all of the Program's, Trust's, and Board's  
6           activities, operations, receipts, and expenditures to be maintained. By October 1 of each year, the  
7           Board shall submit to the Governor and the Joint Legislative Commission of Governmental  
8           Operations a report, detailing the activities, operations, receipts, and expenditures of the Program  
9           and Board during the preceding calendar year. The report shall also include projected activities  
10           of the Program for the current calendar year and any necessary statutory recommendations and  
11           appropriations.

12           (b)    Each year, a full audit of the books and accounts of the Board pertaining to those  
13           activities, operations, receipts and expenditures, personnel, services, or facilities shall be  
14           conducted by a certified public accountant and shall include, but not be limited to, direct and  
15           indirect costs attributable to the use of outside consultants, independent contractors, and any other  
16           persons who are not State employees for the administration of the Program. For the purposes of  
17           the audit, the auditors shall have access to the properties and records of the Program and Board  
18           and may prescribe methods of accounting and the rendering of periodic reports in relation to  
19           projects undertaken by the Program.

20    **"§ 143B-427.117. Implementation.**

21           (a)    The Board shall establish the Program so that individuals can begin contributing  
22           under the Program not later than July 1, 2023.

23           (b)    The Board shall not implement the Program if and to the extent the Board determines  
24           that the Program is preempted by ERISA. Accordingly, the Board shall implement the Program  
25           in a severable fashion to the extent practicable if and to the extent that the Board determines:

26                (1)    That a portion or aspect of the Program is preempted by ERISA, in which  
27                event the Board shall not implement that portion or aspect of the Program but  
28                shall proceed to implement the remainder of the Program to the extent  
29                practicable; or

30                (2)    That some but not all of the Payroll Deduction IRA Arrangements or other  
31                arrangements under the Program are or would be employee benefit plans  
32                under ERISA, in which event the Board shall proceed to implement the  
33                Program with respect to the other arrangements under the Program to the  
34                extent practicable."

35  
36    **FUNDS FOR THE NORTH CAROLINA ASSOCIATION OF PHARMACISTS**

37           **SECTION 5.17.(a)** Of the funds appropriated in this act from the State Fiscal  
38           Recovery Fund to Statewide Reserves, Budget Code 19000, the sum of eight hundred thousand  
39           dollars (\$800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the  
40           North Carolina Association of Pharmacists (NCAP) to establish a grant program for reimbursing  
41           licensed pharmacies located in this State for costs incurred to acquire cold storage units necessary  
42           to properly store COVID-19 vaccines. The NCAP shall develop an application process and  
43           criteria for determining reimbursement under this grant program, which shall include at least all  
44           of the following:

45                (1)    The cold storage unit must have been purchased in response to the COVID-19  
46                public health emergency for the purpose of storing COVID-19 vaccines.

47                (2)    Reimbursement is limited to cold storage units located in a licensed pharmacy  
48                within the State of North Carolina.

49                (3)    As a condition of receiving a grant under this program, a pharmacy shall  
50                provide documented proof of cost for acquiring the cold storage unit that is

1 satisfactory to the NCAP, including the price paid for the cold storage unit and  
2 any associated fees for delivery and installation.

3 (4) No pharmacy may receive a grant that exceeds the documented cost of  
4 acquiring and installing the cold storage unit.

5 (5) No pharmacy may receive a grant to reimburse any costs incurred to acquire  
6 a cold storage unit for which the pharmacy has already received  
7 reimbursement from any other source or program.

8 **SECTION 5.17.(b)** The NCAP shall award all grants under this program by March  
9 31, 2022. By June 1, 2022, the NCAP shall submit a report to the General Assembly announcing  
10 the identity of the grantees and the amount awarded to each grantee.

## 11 12 **DISTRIBUTION OF SALARY RESERVE FUNDS**

13 **SECTION 5.20.** The funds appropriated for salaries and benefits set forth in this act  
14 shall be distributed to the respective State agencies, departments, and institutions based on the  
15 provisions of Part VII-A and Part XXXIX of this act.

## 16 17 **PART VI. COMMUNITY COLLEGE SYSTEM**

### 18 19 **CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS**

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

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

32 (1) Total enrollment funding, the number of budgeted full-time equivalent  
33 students, and the number of students enrolled in courses through cooperative  
34 innovative high schools, the College Transfer pathway, and the Career and  
35 Technical Education pathway.

36 (2) The cost and number of waivers of tuition and registration fees provided for  
37 students enrolled in courses through cooperative innovative high schools, the  
38 College Transfer pathway, and the Career and Technical Education pathway.

39 (3) Any additional costs of a student attending courses on campus if a student is  
40 not attending public school in a local school administrative unit for the  
41 majority of the student's instructional time.

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

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

49 "**§ 115C-238.55. Evaluation of cooperative innovative high schools.**

50 The State Board of Education and the governing Boards shall evaluate the success of students  
51 in cooperative innovative high schools approved under this Part. Success shall be measured by

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

11 **SECTION 6.3.(c)** This section applies beginning with the 2021-2022 academic year.  
12

### 13 CC CHILDCARE GRANT PROGRAM/REPORT

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

#### 16 "**§ 115D-40.5. Annual report on NC Community College Childcare Grant Program.**

17 Beginning December 1, 2021, and annually thereafter, the Community Colleges System  
18 Office shall report to the Senate Appropriations Committee on Education/Higher Education, the  
19 House Appropriations Committee on Education, the Fiscal Research Division, and the Joint  
20 Legislative Education Oversight Committee on the administration of the North Carolina  
21 Community College Childcare Grant Program for the prior fiscal year. The report shall include  
22 at least the following information by each community college:

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

### 31 CC PROGRAM OUTCOME REPORTING

32 **SECTION 6.12.** G.S. 115D-5 is amended by adding a new subsection to read:

33 "(z) Reports on State-Funded Programs. – Beginning October 1, 2022, and annually  
34 thereafter, the Community Colleges System Office shall file a report with the Senate  
35 Appropriations Committee on Education/Higher Education, the House Appropriations  
36 Committee on Education, the Fiscal Research Division, and the Joint Legislative Education  
37 Oversight Committee for all programs administered through the North Carolina Community  
38 College System that were provided an expansion of State appropriations or a new State  
39 appropriation in the Current Operations Appropriations Act from the prior fiscal year, including  
40 grants to non-State entities as defined in G.S. 143C-1-1. The report shall include information on  
41 program activities, objectives, and accomplishments and prior year State fiscal year itemized  
42 expenditures and fund sources. The System Office is not required to include information in the  
43 report for programs with an existing reporting requirement otherwise required by State law."  
44

### 45 MARKETING AND OUTREACH FOR CTE AND WORK-BASED LEARNING 46 PROGRAMS

47 **SECTION 6.13.(a)** Of the funds appropriated by this act for the 2021-2022 fiscal  
48 year to the Community Colleges System Office, the System Office shall establish a program to  
49 expand outreach and advertising efforts to raise awareness for parents and students regarding the  
50 career and technical education (CTE) programs and high-quality work-based learning  
51

1 experiences offered in high-demand fields and careers through partnerships with community  
2 colleges, businesses, and public schools throughout the State. The System Office shall partner  
3 with local school administrative units and public schools, as necessary.

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

10  
11 **EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH**  
12 **DEMAND TRADES**

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

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

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

43 Recipients of grants may be reimbursed for up to two thousand dollars (\$2,000) each  
44 fiscal year in program expenses, including costs for purchasing program equipment and for costs  
45 associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment.  
46 For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to  
47 two thousand five hundred dollars (\$2,500) in grant funds may be used each fiscal year to cover  
48 the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds  
49 may also be used to cover the costs of the salary of apprentices upon matching funds being made  
50 available by a grant recipient in accordance with subsection (c) of this section. Apprentices  
51 participating in the grant program paid with matching State funds shall be limited to an hourly

1 rate of pay of fifteen dollars (\$15.00) for non-high school students and fourteen dollars (\$14.00)  
2 for high school students.

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

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

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

## 19 **PART VII. PUBLIC INSTRUCTION**

### 20 **FUNDS FOR CHILDREN WITH DISABILITIES**

21 **SECTION 7.1.(a)** The State Board of Education shall allocate additional funds for  
22 children with disabilities on the basis of four thousand five hundred forty-nine dollars and  
23 eighty-eight cents (\$4,549.88) per child for the 2021-2022 fiscal year. Each local school  
24 administrative unit shall receive funds for the lesser of (i) all children who are identified as  
25 children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its  
26 2021-2022 allocated average daily membership in the local school administrative unit. The dollar  
27 amounts allocated under this subsection for children with disabilities shall also be adjusted in  
28 accordance with legislative salary increments, retirement rate adjustments, and health benefit  
29 adjustments for personnel who serve children with disabilities.

30 **SECTION 7.1.(b)** The State Board of Education shall allocate additional funds for  
31 children with disabilities on the basis of four thousand five hundred forty-nine dollars and  
32 eighty-eight cents (\$4,549.88) per child for the 2022-2023 fiscal year. Each local school  
33 administrative unit shall receive funds for the lesser of (i) all children who are identified as  
34 children with disabilities or (ii) thirteen percent (13%) of its 2022-2023 allocated average daily  
35 membership in the local school administrative unit. The dollar amounts allocated under this  
36 subsection for children with disabilities shall also be adjusted in accordance with legislative  
37 salary increments, retirement rate adjustments, and health benefit adjustments for personnel who  
38 serve children with disabilities.

### 39 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

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

**SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES**

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

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

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



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

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

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

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

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

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

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

48           The State Board of Education shall adopt rules to implement the requirements of this  
49 subsection.

50           **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –  
51 Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties

1 containing a base of the Armed Forces of the United States that have an average daily  
 2 membership of more than 17,000 students shall receive whichever is the higher amount in each  
 3 fiscal year as follows: either the amount of supplemental funding the county received as a  
 4 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county  
 5 is eligible to receive as a low-wealth county pursuant to the formula for distribution of  
 6 supplemental funding under the other provisions of this section.

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

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

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

23 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

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

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

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

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

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

1 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
2 fiscal year after the local school administrative unit becomes ineligible.

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

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

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

24 The State Board of Education shall adopt rules to implement the requirements of this  
25 subsection.

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

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

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

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

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

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

47 The State Board of Education may require local school administrative units receiving  
48 funding under the Disadvantaged Student Supplemental Fund to purchase the Education  
49 Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student  
50 performance and help identify strategies for improving student achievement. This data shall be  
51

1 used exclusively for instructional and curriculum decisions made in the best interest of children  
2 and for professional development for their teachers and administrators.

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

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

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

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

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

23 **SECTION 7.8.(a)** Notwithstanding G.S. 143C-6-4, for the 2021-2023 fiscal  
24 biennium, the Department of Public Instruction shall reclassify at least one full-time equivalent  
25 position within the Department to serve as a full-time recruitment and retention coordinator to  
26 increase the number of school psychologists in public school units with a demonstrated need that  
27 is difficult to meet and may, after consultation with the Office of State Budget and Management  
28 and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if  
29 necessary, to do any of the following:

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

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

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

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

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

- 45 (1) Reduce funding for any of the following:
  - 46 a. The State Public School Fund, including for the following residential  
47 schools:
    - 48 1. The Eastern North Carolina School for the Deaf.
    - 49 2. The North Carolina School for the Deaf.
    - 50 3. The Governor Morehead School.

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

## 17 REPORT ON K-12 COMPUTER SCIENCE DATA

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

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

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

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

43           "(66) Computer Science Reporting. – A local board of education shall annually  
44           report the information required by G.S. 115C-12(47) to the State Board of  
45           Education no later than September 15."

46           **SECTION 7.9.(c)** G.S. 115C-75.9 is amended by adding a new subsection to read:

47           "(p) Computer Science Reporting. – An innovative school shall annually report the  
48           information required by G.S. 115C-12(47) to the State Board of Education no later than  
49           September 15."

50           **SECTION 7.9.(d)** G.S. 115C-218.75 is amended by adding a new subsection to read:

1       "(j) A charter school shall annually report the information required by G.S. 115C-12(47)  
2 to the State Board of Education no later than September 15."

3       **SECTION 7.9.(e)** G.S. 115C-238.66 is amended by adding a new subdivision to  
4 read:

5       "(18) Computer science reporting. – A regional school shall annually report the  
6 information required by G.S. 115C-12(47) to the State Board of Education no  
7 later than September 15."

8       **SECTION 7.9.(f)** G.S. 116-239.8(b) is amended by adding a new subdivision to  
9 read:

10       "(19) Computer science reporting. – A laboratory school shall annually report the  
11 information required by G.S. 115C-12(47) to the State Board of Education no  
12 later than September 15."

#### 13 14 **SCHOOLS THAT LEAD PROGRAM**

15       **SECTION 7.11.(a)** Program; Purpose. – Of the funds appropriated to the Department  
16 of Public Instruction by this act for the Schools That Lead Program (Program), the Department  
17 shall contract with Schools That Lead, Inc., to provide professional development to teachers and  
18 principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the  
19 2025-2026 school year. The selected schools shall be charter schools or schools under the  
20 authority of a local school administrative unit. Professional development services shall be offered  
21 to teachers and principals in kindergarten through grade 12. The Superintendent of Public  
22 Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are  
23 eligible to participate in the Program. At a minimum, the Program shall offer services to three  
24 cohorts of schools, as follows:

- 25       (1) High schools working to increase on-time graduation.  
26       (2) Middle schools working to prepare students to succeed in high school by  
27       reducing the likelihood of retention in the ninth grade for multiple school  
28       years.  
29       (3) Elementary schools working to reduce the number of students with early  
30       warning indicators of course failures, absences, and discipline.

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

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

48  
49 **PERMIT USE OF SPECIAL STATE RESERVE FUND FOR**  
50 **TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR**  
51 **HOMELESS AND FOSTER CHILDREN**

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

- 10           (1) In determining extraordinary transportation costs, the Department shall  
11 consider total prior-year transportation expenditures for high-needs children  
12 with disabilities, including expenditures from local funds and all other funding  
13 sources, as a proportion of total expenditures.
- 14           (2) Applicants with highest extraordinary transportation costs shall receive  
15 highest priority in the award of grant funds.
- 16           (3) Funds may be awarded during the initial year of a high-needs student's  
17 enrollment in the local school administrative unit or charter school or in  
18 subsequent years of the student's enrollment.

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

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

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

37           **SECTION 7.12.(c)** The Department of Public Instruction shall submit a report by  
38 October 15, 2023, to the Joint Legislative Education Oversight Committee, the Fiscal Research  
39 Division, the Senate Appropriations Committee on Education/Higher Education, and the House  
40 Appropriations Committee on Education on the use of funds appropriated to the Transportation  
41 Reserve Fund for Homeless and Foster Children pursuant to this section using data collected  
42 from the 2021-2023 fiscal biennium. The report shall include at least the following:

- 43           (1) A list of local school administrative units receiving funds from this section.
  - 44           (2) The amount of funds applied for by each local school administrative unit.
  - 45           (3) The amount of funds received by each local school administrative unit.
  - 46           (4) How the funds were spent by each local school administrative unit, including  
47 the number of students transported and the locations between which the  
48 students were transported.
  - 49           (5) Any other information the Department of Public Instruction deems relevant to  
50 this section.
- 51



**ELIMINATE INNOVATION ZONE GRANTS**

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

"Article 7A.

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

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

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

**MEDICAID REIMBURSEMENT CONTRACT FOR RESIDENTIAL SCHOOLS**

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

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

**CAREER AND COLLEGE READY GRADUATE PROGRAM  
CHANGES/CODIFICATION**

**SECTION 7.18.(a)** Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

**"§ 115C-81.90. Career and College Ready Graduate Program.**

(a) Program Established. – The State Board of Education and the State Board of Community Colleges shall establish a program that introduces college developmental mathematics and developmental reading and English content during high school and provides opportunities in all high schools statewide for college remediation for students prior to high school graduation through cooperation with community college partners. Students who are enrolled in the Occupational Course of Study to receive their high school diplomas shall not be required to participate in the program or be required to take mandatory remedial courses as provided for in this section, unless a parent specifically requests through the individualized education program (IEP) process that the student participates. The program shall require at least the following:

(1) Establishment by the State Board of Community Colleges of measures for determining student readiness and preparation for college coursework by using ACT scores, student grade point averages, or other measures used by the State Board of Community Colleges to determine college readiness for entering students. Exemptions based on student achievement and postsecondary plans may be jointly recommended by the Department of Public Instruction and the Community Colleges System Office to the State Board of Community Colleges for their approval.

(2) Changes in curriculum, policy, and rules as needed by the State Board of Community Colleges and State Board of Education to make remedial content mandatory for students who do not meet readiness indicators by the beginning of their senior year or who do not qualify for an exemption prior to high school graduation.

- 1           (3) High schools to use content approved by the State Board of Community  
2           Colleges, in consultation with the State Board of Education.
- 3           (4) To ensure students shall not require remediation upon placement at a North  
4           Carolina community college, the State Board of Community Colleges shall  
5           establish the following for the program:
- 6           a. Appropriate measures of successful completion of the remedial  
7           content to ensure students are prepared for coursework at a North  
8           Carolina community college without need for further remediation in  
9           mathematics or reading and English.
- 10          b. The length of time following high school graduation in which a student  
11          who successfully completed high school remedial content will not be  
12          required to enroll in developmental courses at a North Carolina  
13          community college.
- 14          (5) Delivery of remedial content by high school faculty consistent with policies  
15          adopted by the State Board of Community Colleges and the State Board of  
16          Education. The policies shall include, at a minimum, the following  
17          requirements:
- 18          a. High school faculty teaching the approved remedial content shall  
19          successfully complete training requirements as determined by the  
20          State Board of Community Colleges, in consultation with the State  
21          Board of Education.
- 22          b. The North Carolina Community College System shall periodically  
23          review the remedial content and professional development  
24          requirements to ensure appropriate instructional delivery.
- 25          (b) Report. – Beginning December 15, 2021, and annually thereafter, the State Board of  
26          Community Colleges and the State Board of Education shall jointly report to the Senate  
27          Appropriations Committee on Education/Higher Education, the House Appropriations  
28          Committee on Education, the Fiscal Research Division, and the Joint Legislative Education  
29          Oversight Committee on program outcomes, including impact on remediation rates by public  
30          school units in both mathematics and reading and English for recent high school graduates  
31          entering a North Carolina community college."

32           **SECTION 7.18.(b)** G.S. 115C-12(9d)a. reads as rewritten:

- 33           "a. The Board may develop exit standards that shall be required for high  
34           school graduation. The Board shall require the following for high  
35           school graduation:
- 36           1. Successful completion of instruction in cardiopulmonary  
37           resuscitation as provided in G.S. 115C-81.25(c)(10).
  - 38           2. A passing grade in the semester course on the Founding  
39           Principles of the United States of America and the State of  
40           North Carolina described in G.S. 115C-81.45(d)(1).
  - 41           3. Participation in the Career and College Ready Program for  
42           students who do not meet readiness indicators by the beginning  
43           of their senior year unless qualifying for an exemption prior to  
44           high school graduation pursuant to G.S. 115C-81.90.

45           **SECTION 7.18.(c)** G.S. 115D-5 is amended by adding a new subsection to read:

- 46           "(aa) The State Board of Community Colleges shall establish the Career and College Ready  
47           Program with the State Board of Education for the purpose of introducing college developmental  
48           mathematics and developmental reading and English content during high school and providing  
49           opportunities in all high schools statewide for college remediation for students prior to high  
50           school graduation through cooperation with community college partners in accordance with  
51           G.S. 115C-81.90. Beginning December 15, 2021, and annually thereafter, the State Board of

1 Community Colleges and the State Board of Education shall jointly report to the Joint Legislative  
2 Education Oversight Committee on program outcomes, including impact on remediation rates by  
3 public school units in both mathematics and reading and English for recent high school graduates  
4 entering a North Carolina community college."

5 **SECTION 7.18.(d)** Section 10.13 of S.L. 2015-241, as amended by Section 10.5 of  
6 S.L. 2016-94 and Section 9.4 of S.L. 2018-5, is repealed.

7 **SECTION 7.18.(e)** This section applies beginning with the 2021-2022 school year.  
8

## 9 **SCHOOL SAFETY GRANTS PROGRAM**

10 **SECTION 7.19.** Article 8C of Chapter 115C of the General Statutes is amended by  
11 adding a new section to read:

### 12 **"§ 115C-105.61. School safety grants.**

13 (a) Definitions. – For purposes of this section, the following definitions shall apply:

14 (1) Community partner. – A public or private entity, including, but not limited to,  
15 a nonprofit corporation or a local management entity/managed care  
16 organization (LME/MCO), that partners with a public school unit to provide  
17 services or pay for the provision of services for the unit.

18 (2) School health support personnel. – School psychologists, school counselors,  
19 school nurses, and school social workers.

20 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the  
21 School Safety Grants Program (Program). To the extent funds are made available for the  
22 Program, its purpose shall be to improve safety in public school units by providing grants for (i)  
23 services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

24 (c) Grant Applications. – A public school unit may submit an application to the  
25 Superintendent of Public Instruction in each fiscal year for one or more grants pursuant to this  
26 section. The application shall include an assessment, to be performed in conjunction with a local  
27 law enforcement agency, of the need for improving school safety within the public school unit  
28 that would receive the funding or services. The application shall identify current and ongoing  
29 needs and estimated costs associated with those needs.

30 (d) Criteria and Guidelines. – By November 1 of each fiscal year in which funds are made  
31 available for the Program, the Superintendent of Public Instruction shall develop criteria and  
32 guidelines for the fiscal year for the administration and use of the grants pursuant to this section,  
33 including any documentation required to be submitted by applicants. In assessing grant  
34 applications, the Superintendent of Public Instruction shall consider at least all of the following  
35 factors:

36 (1) The level of resources available to the public school unit that would receive  
37 the funding.

38 (2) Whether the public school unit has received other grants for school safety.

39 (3) The overall impact on student safety in the public school unit if the identified  
40 needs are funded.

41 (e) Grants for Students in Crisis. – From funds made available for school safety grants,  
42 the Superintendent of Public Instruction, in consultation with the Department of Health and  
43 Human Services, shall award grants to public school units to contract with community partners  
44 to provide or pay for the provision of any of the following crisis services:

45 (1) Crisis respite services for parents or guardians of an individual student to  
46 prevent more intensive or costly levels of care.

47 (2) Training and expanded services for therapeutic foster care families and  
48 licensed child placement agencies that provide services to students who (i)  
49 need support to manage their health, welfare, and safety and (ii) have any of  
50 the following:

51 a. Cognitive or behavioral problems.

- 1                    b.        Developmental delays.  
2                    c.        Aggressive behavior.  
3                    (3)      Evidence-based therapy services aligned with targeted training for students  
4                    and their parents or guardians, including any of the following:  
5                    a.        Parent-child interaction therapy.  
6                    b.        Trauma-focused cognitive behavioral therapy.  
7                    c.        Dialectical behavior therapy.  
8                    d.        Child-parent psychotherapy.  
9                    (4)      Any other crisis service, including peer-to-peer mentoring, that is likely to  
10                   increase school safety. Of the funds appropriated to the Department of Public  
11                   Instruction for the grants provided in this section, the Superintendent shall use  
12                   no more than three and one-half percent (3.5%) in each fiscal year for the  
13                   services identified in this subdivision.  
14                   (f)      Grants for Training to Increase School Safety. – From funds made available for school  
15                   safety grants, the Superintendent of Public Instruction, in consultation with the Department of  
16                   Health and Human Services, shall award grants to public school units to contract with community  
17                   partners to address school safety by providing training to help students develop healthy responses  
18                   to trauma and stress. The training shall be targeted and evidence-based and shall include any of  
19                   the following services:  
20                   (1)      Counseling on Access to Lethal Means (CALM) training for school health  
21                   support personnel, local first responders, and teachers on the topics of suicide  
22                   prevention and reducing access by students to lethal means.  
23                   (2)      Training for school health support personnel on comprehensive and  
24                   evidence-based clinical treatments for students and their parents or guardians,  
25                   including any of the following:  
26                   a.        Parent-child interaction therapy.  
27                   b.        Trauma-focused cognitive behavioral therapy.  
28                   c.        Behavioral therapy.  
29                   d.        Dialectical behavior therapy.  
30                   e.        Child-parent psychotherapy.  
31                   (3)      Training for students and school employees on community resilience models  
32                   to improve understanding and responses to trauma and significant stress.  
33                   (4)      Training for school health support personnel on Modular Approach to  
34                   Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
35                   problems (MATCH-ADTC), including any of the following components:  
36                   a.        Trauma-focused cognitive behavioral therapy.  
37                   b.        Parent and student coping skills.  
38                   c.        Problem solving.  
39                   d.        Safety planning.  
40                   (5)      Any other training, including the training on the facilitation of peer-to-peer  
41                   mentoring, that is likely to increase school safety. Of the funds appropriated  
42                   to the Department of Public Instruction for the grants provided in this section,  
43                   the Superintendent shall use no more than three and one-half percent (3.5%)  
44                   in each fiscal year for the services identified in this subdivision.  
45                   (g)      Grants for Safety Equipment. – From funds made available for school safety grants,  
46                   the Superintendent of Public Instruction shall award grants to public school units for (i) the  
47                   purchase of safety equipment for school buildings and (ii) training associated with the use of  
48                   safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),  
49                   charter schools may receive grants for school safety equipment pursuant to this subsection.

1        (h) Supplement Not Supplant. – Grants provided to public school units pursuant to the  
2 Program shall be used to supplement and not to supplant State or non-State funds already  
3 provided for these services.

4        (i) Administrative Costs. – Of the funds appropriated to the Department of Public  
5 Instruction for the grants provided in this section, the Superintendent of Public Instruction may  
6 retain a total of up to one hundred thousand dollars (\$100,000) in each fiscal year for  
7 administrative costs associated with the Program.

8        (j) Report. – No later than April 1 of each year in which funds are made available for the  
9 Program, the Superintendent of Public Instruction shall report on the Program to the Joint  
10 Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on  
11 Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public  
12 Safety, the Joint Legislative Commission on Governmental Operations, the Senate  
13 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal  
14 Research Division. The report shall include at least the following information:

- 15            (1) The identity of each public school unit and community partner that received  
16            grant funds through the Program.
- 17            (2) The amount of funding received by each entity identified pursuant to  
18            subdivision (1) of this subsection.
- 19            (3) The services, training, and equipment purchased with grant funds.
- 20            (4) Recommendations for the implementation of additional effective school  
21            safety measures."

## 22 23 **TEACHNC RECRUITMENT INITIATIVE**

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

28        **SECTION 7.20.(b)** The Department shall report to the Senate Appropriations  
29 Committee on Education/Higher Education, the House Appropriations Committee on Education,  
30 the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March  
31 15, 2022, and annually thereafter, on implementation of the platform, including integration of the  
32 technology with outside entities, such as educator preparation programs (EPPs) and businesses,  
33 and data on user outcomes, including at least the following:

- 34            (1) The number of user accounts, visitors to the website, and web-initiated chats.
- 35            (2) The number of users who were seeking teacher licensure who applied to  
36            institutions with an EPP after visiting the TeachNC web platform and, of those  
37            users, the number of users who successfully enrolled into institutions with an  
38            EPP and who completed teacher licensure programs.
- 39            (3) The number of users who applied for employment in public schools after  
40            visiting the TeachNC web platform and the number of teachers who continue  
41            to teach in the public schools after finding employment utilizing TeachNC.

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

## 45 46 **EXTEND STUDENT MEAL DEBT REPORT**

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

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

- 1 (1) The percentage of students of all grade levels in each local school  
2 administrative unit who (i) qualify for and participate in reduced-price meals  
3 and (ii) do not carry an unpaid meal charge.
- 4 (2) The total amount of debt carried by each local school administrative unit  
5 related to unpaid meal charges.
- 6 (3) Summaries of approaches adopted by each local school administrative unit  
7 regarding unpaid meal charges.
- 8 (4) Options for a statewide policy on the uniform administration of unpaid meal  
9 charges in local school administrative units. Every option shall ensure that  
10 students are not prevented from receiving nutritious meals because of an  
11 unpaid meal charge."  
12

### 13 COVID-19 ADM AND CHILDREN WITH DISABILITIES RESERVE

14 **SECTION 7.24.** Of the funds appropriated by this act to the Department of Public  
15 Instruction for the 2021-2022 fiscal year, the Department shall establish the COVID-19 Average  
16 Daily Membership and Children with Disabilities Reserve (Reserve). For the 2021-2022 fiscal  
17 year, the Department shall allocate funds from the Reserve to public school units whose average  
18 daily membership (ADM), children with disabilities population, or both, exceed their initial  
19 predictions during the first two months of the 2021-2022 school year. The Department shall  
20 allocate additional funds for higher than anticipated ADM as follows: (i) in a manner consistent  
21 with the ADM Contingency Reserve and (ii) after the ADM Contingency Reserve has been  
22 exhausted. After the second month, the Department shall allocate any remaining funds to public  
23 school units on a prorated basis to increase the allocation per child to a level not to exceed the  
24 value calculation determined under Section 7.1 of this act, prioritizing public school units whose  
25 initial allocation per child is the lowest.  
26

### 27 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF 28 RESERVE FUNDS

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

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

- 37 (1) \$20,000,000 shall be used by the Department to allocate funds to each public  
38 school unit in the State, except for schools operated by the State Board of  
39 Education, to ensure that each public school unit receives a total amount from  
40 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund  
41 of at least four hundred dollars (\$400.00) per pupil in federal grant funds  
42 according to the following:
  - 43 a. If a public school unit did not receive funds pursuant to subsection (d)  
44 of section 2001, the public school unit shall receive an amount equal  
45 to four hundred dollars (\$400.00) per pupil.
  - 46 b. If a public school unit received funds pursuant to subsection (d) of  
47 section 2001, the per pupil amount allocated under this subdivision  
48 shall be reduced so that (i) the total amount in federal grant funds from  
49 the ESSER III Fund is equal to four hundred dollars (\$400.00) per  
50 pupil or (ii) the public school unit receives no additional funding

- 1 because the total amount from the ESSER III Fund would exceed four  
2 hundred dollars (\$400.00) per pupil.
- 3 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School  
4 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina  
5 School for the Deaf for school facility repairs and improvements to enable  
6 operation of the schools to reduce risk of virus transmission and exposure to  
7 environmental health hazards and to support student health needs. The funds  
8 may be used for inspection, testing, maintenance, repair, replacement, and  
9 upgrade projects to improve the indoor air quality in school facilities,  
10 including mechanical and nonmechanical heating, ventilation, and air  
11 conditioning systems, filtering, purification and other air cleaning, fans,  
12 control systems, and window and door repair and replacement.
- 13 (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
14 school units as grants to support COVID-19 related needs, including for  
15 in-person instruction supplemental programs to address learning loss and  
16 provide enrichment activities, such as for after-school and before-school  
17 programs, during the instructional year. The allocation of grants shall be  
18 prioritized to public school units based on the percentage of disadvantaged  
19 and low-income students impacted by COVID-19. The Department may  
20 allocate up to fifty percent (50%) of the funds as grants to public school units  
21 prior to July 1, 2022.
- 22 (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public  
23 school units as grants to support COVID-19 related needs, including for  
24 in-person instruction summer programs to address learning loss and provide  
25 enrichment activities. The allocation of grants shall be prioritized to public  
26 school units based on the percentage of disadvantaged and low-income  
27 students impacted by COVID-19. The Department may allocate up to fifty  
28 percent (50%) of the funds as grants to public school units prior to July 1,  
29 2022.
- 30 (5) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,  
31 2022, for the deployment of a competency-based education platform that  
32 enables the development of credit by demonstrated mastery for students for  
33 grades seven through 12 for credit recovery or acceleration to address various  
34 education delivery methods during the COVID-19 pandemic. The platform  
35 shall also be used for teacher competency and professional development and  
36 principal professional development. The Department shall submit an interim  
37 report by April 15, 2022, and a final report by April 15, 2023, to the Joint  
38 Legislative Education Oversight Committee on the deployment of the  
39 competency-based education platform, including the use of funds for  
40 professional development.
- 41 (6) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,  
42 2022, to support a common learning management system to be utilized for  
43 in-person and remote instruction for kindergarten through fifth grade for a  
44 period of up to three years. Funds may also be used for the kindergarten  
45 readiness programs based on the Science of Reading.
- 46 (7) \$37,500,000, of which up to fifty percent (50%) may be used prior to July 1,  
47 2022, for teacher and principal professional development for implementing  
48 the Science of Reading and the requirements of the Excellent Public Schools  
49 Act of 2021.
- 50 (8) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1,  
51 2022, to contract with external research partners pursuant to subdivision (4)

1 of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to  
2 assess the impact of COVID-19 on public school units and the responses of  
3 the State to the challenges presented by COVID-19.

4 (9) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,  
5 2022, for five new time-limited and full-time equivalent positions in the  
6 Office of Learning Recovery and Acceleration of the Department and  
7 associated operating costs in response to the COVID-19 pandemic.

8 (10) \$500,000, of which up to fifty percent (50%) may be used prior to July 1,  
9 2022, to support expansion of the North Carolina Preschool Pyramid Model  
10 (NCPPM) across and within local school administrative unit preschool  
11 programs and to support the implementation of NCPPM in kindergarten in a  
12 developmentally appropriate and vertically aligned manner. Funds shall be  
13 used to provide training, consultation, and ongoing support for local school  
14 administrative units to implement the NCPPM framework to prekindergarten  
15 and kindergarten classrooms, with priority given to low-performing schools  
16 and local school administrative units affected by COVID-19 that receive  
17 low-wealth supplemental funding.

18 (11) \$6,650,000, of which up to fifty percent (50%) may be used prior to July 1,  
19 2022, to establish a grant program, in response to the COVID-19 pandemic,  
20 to allocate funds to public school units to identify and locate missing students  
21 by contracting with any of the following:

22 a. One or more third-party entities to provide technology to assist with  
23 this purpose.

24 b. Outside personnel.

25 (12) \$350,000 to contract with the State Auditor, in response to the COVID-19  
26 pandemic, to perform detailed analyses of the attendance and truancy policies  
27 and procedures for the 2021-2022 school year of at least two small, two  
28 medium-sized, and two large local school administrative units, selected  
29 randomly by the State Auditor. The State Auditor may contract with  
30 third-party entities, as needed, for services related to the analyses. No later  
31 than June 30, 2022, the State Auditor shall report to the Joint Legislative  
32 Education Oversight Committee, the Senate Appropriations Committee on  
33 Education/Higher Education, the House Appropriations Committee on  
34 Education, and the Fiscal Research Division on the results of the analyses and  
35 any recommendations to remediate student absenteeism.

36 (13) \$2,000,000, of which up to fifty percent (50%) shall be used prior to July 1,  
37 2022, to contract with a third-party entity for a period of up to two years to  
38 develop and implement a system of tracking expenditures of State and federal  
39 funds provided for subscription services and technology in response to the  
40 COVID-19 pandemic.

41 (14) \$100,000 to be used prior to July 1, 2022, to establish one new time-limited  
42 and full-time equivalent position at the Department to manage new software  
43 platforms for public school students funded pursuant to this section in  
44 response to the COVID-19 pandemic.

45 (15) \$1,000,000, of which up to fifty percent (50%) shall be used prior to July 1,  
46 2022, for the School Planning Section of the Department to contract with a  
47 third-party entity in response to the COVID-19 pandemic to make available  
48 to all local school administrative units and counties technology for the  
49 following purposes related to elementary and secondary education:

50 a. A consolidated information database regarding all of the following  
51 education-related expenses:



- 1                                    1.     Status and details of expected, proposed, and issued local  
2                                    bonds.  
3                                    2.     Interactive listing of vendors providing products and services,  
4                                    including ratings and reviews of vendors.  
5                                    3.     Document-sharing functionality related to purchased products  
6                                    and services, including capital improvement projects.  
7                                    b.     A software platform to advertise nationwide requests for proposals  
8                                    from local school administrative units and county governments for  
9                                    education-related products and services, including capital  
10                                    improvement projects.  
11                                    (16) \$18,500,000, of which up to fifty percent (50%) shall be used prior to July 1,  
12                                    2022, to be allocated to public school units on the basis of average daily  
13                                    membership in response to the COVID-19 pandemic to contract with a  
14                                    third-party entity for technology to mitigate cyberbullying, monitor student  
15                                    internet activity, monitor classroom educational devices, and assist with  
16                                    suicide prevention services.  
17                                    (17) \$2,500,000, of which up to fifty percent (50%) shall be used prior to July 1,  
18                                    2022, to be allocated to public school units on the basis of average daily  
19                                    membership in response to the COVID-19 pandemic to contract with  
20                                    Gaggle.Net, Inc., for technology to mitigate cyberbullying, monitor student  
21                                    internet activity, monitor classroom educational devices, and assist with  
22                                    suicide prevention services.  
23                                    (18) \$2,600,000 to be allocated prior to July 1, 2022, to local school administrative  
24                                    units and charter schools, including virtual charter schools authorized  
25                                    pursuant to Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of  
26                                    S.L. 2018-5, to account for additional students enrolled in local school  
27                                    administrative units and charter schools during the 2020-2021 school year as  
28                                    a result of the COVID-19 pandemic. The Department shall allocate six  
29                                    hundred dollars (\$600.00) per month for each student enrolled in a local  
30                                    school administrative unit or charter school above the number of students  
31                                    accounted for by the Department in the funded average daily membership for  
32                                    the unit or school from the 2020-2021 school year. For charter schools, funds  
33                                    shall be provided only for additional students legally enrolled at the school in  
34                                    accordance with the school's charter, G.S. 115C-218.7(b), and Section 3.2 of  
35                                    S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3.  
36                                    (19) \$100,000,000, of which up to fifty percent (50%) may be used prior to July 1,  
37                                    2022, to be allocated to public school units to provide teachers with up to an  
38                                    eleventh month of salary pursuant to this subdivision. Notwithstanding  
39                                    G.S. 115C-302.1, for the 2021-2024 school years, a veteran teacher or growth  
40                                    teacher may apply to his or her principal to be employed for a term of 11  
41                                    months. In the discretion of the principal, a teacher who receives a term of 11  
42                                    months pursuant to this subdivision may either work for an additional month  
43                                    following the school year or work additional hours during the school year  
44                                    amounting to up to one additional month of employment. Work performed  
45                                    during this time shall address learning loss resulting from the COVID-19  
46                                    pandemic, including the supplementary instruction for students, professional  
47                                    development, and mentoring of other teachers. For purposes of this  
48                                    subdivision, the following definitions shall apply:  
49                                    a.     Growth teacher. – A teacher who received a bonus in January of 2020,  
50                                    based on data from the 2018-2019 school year, pursuant to any of the  
51                                    following programs:

1. The Third Grade Read to Achieve Teacher Bonus Program provided in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97 and Section 8.10 of S.L. 2018-5.
  2. The Fourth and Fifth Grade Reading Teacher Bonus Program provided in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.
  3. The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.
- b. Veteran teacher. – A teacher with at least 25 years of experience as a licensed teacher.
- (20) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1, 2022, in additional funding for services provided by Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc., for outreach to and support of North Carolina families affected by COVID-19.
- (21) \$970,000 for the Department to contract with Schools That Lead, Inc., to develop or purchase a statewide, online platform that allows teachers to share student performance improvement methods across the State and to also support the Schools That Lead Program set forth in Section 7.11 of this act. The Department shall allocate up to three hundred thousand dollars (\$300,000) to Schools That Lead, Inc., for the contract prior to July 1, 2022. The Department shall allocate any remaining funds for the contract on or after July 1, 2022.
- (22) \$18,000,000, of which up to fifty percent (50%) may be used prior to July 1, 2022, to provide coaching support and professional development for principals and school improvement leadership teams in local school administrative units. Funds shall be used (i) to design and implement a leadership institute for principals employed in qualifying public schools and (ii) to provide grants to local school administrative units in which a majority of the public schools are qualifying public schools for flexible improvement and intervention options approved by the Department to address negative impacts of COVID-19. Up to two million dollars (\$2,000,000) of these funds may be used for 20 time-limited or full-time equivalent positions for the Department to support the activities set forth in this subdivision. For the purposes of this subdivision, a qualifying public school is a school meeting the following criteria:
- a. For the most recent year for which data are available, has a school performance score in the lowest-performing five percent (5%) of all schools.
  - b. Receives funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
  - c. Is governed by a local board of education.
  - d. Is not one of the following types of schools:
    1. An alternative school.
    2. A cooperative innovative high school.
    3. A school that was in its first or second year of operation in the previous school year.
    4. A newcomers school. For the purposes of this subdivision, a newcomers school is a school in which at least ninety percent (90%) of its students are enrolled for no more than one year on

- 1                                   the basis of their status as recently arrived English language  
 2                                   learners.
- 3       (23)     \$5,000,000 to be transferred to the Board of Governors of The University of  
 4       North Carolina to be allocated to the National College Advising Corps, Inc.  
 5       (CAC), a nonprofit organization, to support a temporary expansion of the  
 6       placement of college advisers in North Carolina public schools through their  
 7       program over a two-year period for the purpose of increasing the number of  
 8       underrepresented, low-income, or first-generation postsecondary degree or  
 9       certificate students entering and completing their postsecondary education at  
 10      community colleges and universities. In furthering its mission, CAC operates  
 11      an innovative model of partnering with schools, communities, families, and  
 12      postsecondary institutions, including providing for a two-year service  
 13      opportunity to recent college graduates as near-peer college advisers working  
 14      full-time in the public schools, with an emphasis on engaging college advisers  
 15      who have similar backgrounds to the students the program seeks to serve.  
 16      CAC uses near-peer college advisers to perform various services for students,  
 17      including (i) attending postsecondary campus visits, fairs, and workshops with  
 18      students, (ii) assisting with registering for college entrance exams, (iii)  
 19      assisting with Free Application for Federal Student Aid (FAFSA) registrations  
 20      and completions, (iv) identifying available scholarships, (v) assisting with  
 21      postsecondary applications, and (vi) engaging with parents. The Board of  
 22      Governors may allocate up to two million five hundred thousand dollars  
 23      (\$2,500,000) to CAC prior to July 1, 2022. The Board of Governors may  
 24      allocate the remaining funds to CAC through the deadline established by  
 25      applicable federal law and guidance for the expenditure of the funds. Funds  
 26      made available to CAC pursuant to this subdivision shall be matched by CAC  
 27      on the basis of two dollars (\$2.00) in private funds for every one dollar (\$1.00)  
 28      in federal funds. CAC shall use the funds provided to it under this subdivision  
 29      to place college advisers in counties designated as tier one and tier two under  
 30      G.S. 143B-437.08. CAC shall submit an interim report by October 1, 2022,  
 31      and a final report by October 1, 2024, to the Joint Legislative Education  
 32      Oversight Committee and the Fiscal Research Division on the progress of  
 33      expanding the placement of college advisers, data on the effectiveness of the  
 34      program in increasing access for students to postsecondary education, and the  
 35      use of the funds. CAC shall also include in its final report recommendations  
 36      on (i) training of school counselors in the public schools based on the  
 37      experiences of college advisers in the program and (ii) best practices from the  
 38      program for school counselors on continued increased access for students to  
 39      postsecondary attainment goals.
- 40      (24)     \$2,400,000 to be allocated to Communities in Schools of North Carolina, Inc.,  
 41      to provide for the extension of nine-month contracts for its employees for the  
 42      purpose of providing assistance and enrichment activities over the summers  
 43      for students in kindergarten through twelfth grade experiencing learning loss  
 44      and negative impacts from COVID-19. The Department shall allocate up to  
 45      fifty percent (50%) of these funds to Communities in Schools of North  
 46      Carolina, Inc., prior to July 1, 2022.
- 47      (25)     \$10,500,000 to be used for career and technical education (CTE) programs to  
 48      provide options for students outside traditional classroom instruction during  
 49      the COVID-19 pandemic as follows:
- 50              a.       \$9,600,000 to provide grants for local school administrative units to  
 51                    create pilot programs for the expansion of credentials and

- 1                   certifications. The Department may allocate up to fifty percent (50%)  
2                   of these funds as grants to local school administrative units prior to  
3                   July 1, 2022.
- 4                   b.           \$500,000 shall be allocated as grants to nationally certified programs  
5                   in CTE focused on developing critical skills necessary for students to  
6                   succeed in the retail sector. Funds shall be used to support instructor  
7                   and student training and testing to increase the State's skilled  
8                   workforce in the retail sectors. The Department may allocate up to fifty  
9                   percent (50%) of these funds as grants to eligible programs prior to  
10                  July 1, 2022.
- 11                  c.           \$400,000 shall be allocated as grants to nationally certified programs  
12                  in CTE focused on developing critical skills necessary for students to  
13                  succeed in the hospitality sector. Funds shall be used to support  
14                  instructor and student training and testing to increase the State's skilled  
15                  workforce in the hospitality sectors. The Department may allocate up  
16                  to fifty percent (50%) of these funds as grants to eligible programs  
17                  prior to July 1, 2022.
- 18                  (26)       \$13,200,000 to be allocated to the North Carolina Education Corps (NC ED  
19                  Corps), a nonprofit corporation, for the purpose of NC ED Corps partnering  
20                  with public school units to recruit, train, and deploy corps members, who  
21                  include community college and university students, recent graduates, and  
22                  retirees, to work as tutors and mentors with public school students. Corps  
23                  members work in the public schools to build relationships and connect with  
24                  students and help teachers reach students who need additional academic  
25                  support. The program shall focus on accelerating COVID-19 learning  
26                  recovery with students, families, and school personnel, particularly through  
27                  high-impact literacy tutors grounded in the Science of Reading and reading  
28                  instruction. The Department shall allocate up to three million two hundred  
29                  thousand dollars (\$3,200,000) of the funds provided under this subdivision to  
30                  NC ED Corps prior to July 1, 2022. The Department shall allocate the  
31                  remaining funds to NC ED Corps on or after July 1, 2022.
- 32                  (27)       \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,  
33                  2022, for the Department to administer a pilot program (pilot) to promote  
34                  access to innovative digital and personalized learning solutions for high  
35                  school students that bridge the gap between chemistry and physical science  
36                  classes and career and technical education (CTE) career pathways. Local  
37                  school administrative units participating in the pilot shall incorporate the  
38                  science, technology, engineering, and mathematics (STEM) focused  
39                  educational software program developed by Plasma Games, Inc., in select  
40                  STEM classes and their CTE programs to encourage student interest and  
41                  workforce development for chemistry-dependent industries located in North  
42                  Carolina, including careers in the pharmaceutical, agricultural technology,  
43                  biotechnology, textile, material science, energy, minerals and mining, and  
44                  chemical manufacturing fields. The pilot shall be conducted beginning with  
45                  the 2021-2022 school year. A local school administrative unit participating in  
46                  the pilot shall provide the Department with a plan for the placement of the  
47                  STEM-focused educational technology developed by Plasma Games, Inc., in  
48                  its schools and may include a plan from the pilot program established pursuant  
49                  to Section 4.2D of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80,  
50                  if the unit participated in that pilot. The plan shall include implementation of  
51                  the educational game as a teaching tool for classroom teachers and a new

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

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

23 b. The Department shall provide an annual report beginning June 1,  
24 2022, for each school year to the Joint Legislative Education Oversight  
25 Committee, the Senate Appropriations Committee on  
26 Education/Higher Education, the House Appropriations Committee on  
27 Education, and the Fiscal Research Division on the implementation of  
28 the pilot and the information reported by participating local school  
29 administrative units pursuant to this subdivision. The report shall  
30 include any data on student outcomes related to implementation of the  
31 pilot, the expenditure of funds described in this subdivision, and  
32 recommendations by the Department on modification of the pilot and  
33 the need for continued support.

34 (28) \$8,000,000 to be allocated to Mount Airy City Schools to partner with a  
35 nonprofit organization to create the North Carolina High-Tech Learning  
36 Accelerator, an initiative to provide a network of place-based learning hubs  
37 for students with rigorous and experiential pathways for jobs in the technology  
38 industry. The initiative shall offer summer immersion and out-of-school  
39 options, in addition to other student supports in a core program aimed at  
40 enhancing curriculum opportunities for work-based learning. The Department  
41 shall allocate up to fifty percent (50%) of these funds to Mount Airy City  
42 Schools, prior to July 1, 2022.

43 (29) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,  
44 2022, to establish a program entitled "Failure Free Reading" to support middle  
45 school students who read below grade level. The program shall use rigorous  
46 data assessment of student success to support middle school students who  
47 continue to struggle with reading, including students who suffered learning  
48 loss due to the COVID-19 pandemic. The Department shall create an  
49 application for funds and make the application available to public school units  
50 prior to October 1, 2021. Local superintendents of public school units may

- 1           apply for a portion of the funds at a rate of two hundred fifty dollars (\$250.00)  
2           per student.
- 3           (30)   \$324,036 to support driver education programs and aid in reducing a backlog  
4           of student applicants due to the COVID-19 pandemic.
- 5           (31)   \$4,084,000, of which up to fifty percent (50%) may be used prior to July 1,  
6           2022, to contract with Betabox, Inc., in response to the COVID-19 pandemic,  
7           to mitigate learning loss in the areas of science, technology, engineering, and  
8           mathematics by providing students in public school units with experiences,  
9           curriculum, instructional coaching, hands-on equipment, and other needed  
10          resources. The Department, in consultation with Betabox, Inc., shall submit  
11          an interim report by October 1, 2022, and a final report by October 1, 2024,  
12          to the Joint Legislative Education Oversight Committee, the Senate  
13          Appropriations Committee on Education/Higher Education, the House  
14          Appropriations Committee on Education, and the Fiscal Research Division on  
15          the use of the funds allocated pursuant to this subdivision and their impact on  
16          student success.
- 17          (32)   \$500,000, of which up to fifty percent (50%) may be used prior to July 1,  
18          2022, to transfer to the North Carolina Museum of Art to establish  
19          NCMAKids to mitigate learning loss by providing digital learning  
20          experiences and activities related to works of art, in response to the COVID-19  
21          pandemic.
- 22          (33)   \$800,000, of which up to fifty percent (50%) may be used prior to July 1,  
23          2022, to establish a pilot program in response to the COVID-19 pandemic,  
24          notwithstanding G.S. 115C-296.2, to improve teacher quality and mitigate  
25          learning loss by providing a forgivable loan to teachers employed in  
26          qualifying public schools during the 2021-2023 fiscal biennium to finance the  
27          cost of the participation fee for National Board for Professional Teaching  
28          Standards (NBPTS) certification, as follows:
- 29          a.       Definitions. – The following definitions shall apply in this section:
- 30                1.       Public school. – Any of the following:
- 31                    I.       A public school unit.
- 32                    II.       A school providing elementary or secondary  
33                    instruction operated by The University of North  
34                    Carolina under Articles 4 and 29 of Chapter 116 of the  
35                    General Statutes.
- 36                2.       Qualifying public school. – A public school that meets any of  
37                    the following criteria:
- 38                    I.       Is identified as a low-performing school pursuant to  
39                    G.S. 115C-105.37 or G.S. 115C-218.94.
- 40                    II.       Is identified as an innovative school pursuant to  
41                    G.S. 115C-75.5.
- 42                    III.       Enrolled a student body in the school year prior to the  
43                    teacher's application consisting of at least ten percent  
44                    (10%) of students identified as at-risk pursuant to State  
45                    Board of Education policy DROP-001.
- 46          b.       Loan applications and approval. – During the 2021-2023 fiscal  
47          biennium, a teacher employed in a qualifying public school may apply  
48          to the Department of Public Instruction to receive a forgivable loan to  
49          finance the cost of the participation fee for NBPTS certification. The  
50          Department shall develop criteria and guidelines for administering the  
51          program. The criteria shall include at least the following requirements:

- 1                                    1.     The Department shall prioritize the award of loans to teachers  
2                                    based on the need of the school where the teacher is employed  
3                                    at the time of the application, including at least the following  
4                                    criteria:
- 5                                    I.     A teacher employed in a qualifying public school with  
6                                    more qualifying factors, as identified in  
7                                    sub-sub-sub-subdivisions I. through III. of  
8                                    sub-sub-subdivision 2. of sub-subdivision a. of this  
9                                    subdivision, shall receive priority over a teacher  
10                                   employed in a qualifying public school with fewer  
11                                   qualifying factors.
- 12                                   II.    For teachers employed in qualifying schools pursuant  
13                                   to sub-sub-sub-subdivision III. of sub-sub-subdivision  
14                                   2. of sub-subdivision a. of this subdivision, teachers  
15                                   employed in schools with a higher percentage of at-risk  
16                                   students shall receive priority over teachers employed  
17                                   in schools with a lower percentage of at-risk schools.
- 18                                   2.     A teacher who completes the NBPTS certification process,  
19                                   regardless of whether the teacher actually receives  
20                                   certification, shall have his or her loan forgiven if that teacher  
21                                   remains teaching in a qualifying public school for at least four  
22                                   years from the date the teacher completes the process.
- 23                                   3.     A teacher who does not complete the certification process shall  
24                                   not have his or her loan forgiven except as provided in  
25                                   sub-sub-subdivision 4. of this sub-subdivision.
- 26                                   4.     A teacher who is unable to remain teaching in a qualifying  
27                                   public school for at least four years from the date the teacher  
28                                   receives certification or who does not complete the  
29                                   certification process may nonetheless have his or her loan  
30                                   forgiven in either of the following circumstances:
- 31                                   I.     The teacher is unable to complete the certification  
32                                   process or continue teaching in a qualifying public  
33                                   school due to the death of the teacher or a newly  
34                                   acquired disability of the teacher.
- 35                                   II.    Upon the application of the teacher, the Department  
36                                   may forgive the loan if the Department finds that the  
37                                   teacher is unable to complete the process or continue  
38                                   teaching in a qualifying public school due to the illness  
39                                   of the teacher, the death or catastrophic illness of a  
40                                   member of the teacher's immediate family, parental  
41                                   leave to care for a newborn or newly adopted child, or  
42                                   other extraordinary circumstances.
- 43                                   c.     Report. – No later than January 15, 2022, and each subsequent year  
44                                   thereafter in which funds allocated pursuant to this subdivision are  
45                                   awarded, the Department shall report to the Joint Legislative  
46                                   Education Oversight Committee, the Senate Appropriations  
47                                   Committee on Education/Higher Education, the House Appropriations  
48                                   Committee on Education, and the Fiscal Research Division on the  
49                                   impact of the program, including at least the following information:
- 50                                   1.     Number of applicants and recipients of forgivable loans.  
51                                   2.     Demographic information of recipients of forgivable loans.

- 1                                   3.     Employment status of recipients of forgivable loans, including  
2                                   the identity of any public school where the recipient is  
3                                   employed and whether the recipient remains employed with his  
4                                   or her original qualifying public school.  
5                                   4.     Licensure area of recipients of forgivable loans.  
6                                   5.     Effect of the program on the performance and growth of  
7                                   students taught by recipients.  
8                   (34)   \$1,700,000, of which up to fifty percent (50%) may be used prior to July 1,  
9                   2022, to establish the School Psychologists Grant Program (Program) in  
10                   response to the COVID-19 pandemic to improve the safety, mental health, and  
11                   well-being of students by providing grants to public school units to recruit  
12                   school psychologists, as follows:  
13                   a.     Grant application. – A public school unit may submit an application to  
14                   the Superintendent of Public Instruction to receive a grant pursuant to  
15                   this subdivision. The application shall identify current and ongoing  
16                   needs for school psychologist services, including needs related to  
17                   recruitment, and estimated costs associated with those needs.  
18                   b.     Criteria and guidelines. – By November 1, 2021, the Superintendent  
19                   of Public Instruction shall develop criteria and guidelines for the  
20                   administration and use of the grants under the Program, including any  
21                   documentation required to be submitted by applicants.  
22                   c.     Award of funds. – The Superintendent of Public Instruction shall  
23                   award grants to public school units to provide signing bonuses to  
24                   recruit school psychologists, as follows:  
25                   1.     The Department shall prioritize the award of funds to public  
26                   school units that do not employ a full-time school psychologist  
27                   at the time the application is submitted.  
28                   2.     No individual bonus shall be greater than five thousand dollars  
29                   (\$5,000).  
30                   3.     Grants provided to public school units pursuant to the Program  
31                   shall be used to supplement and not to supplant State or  
32                   non-State funds already provided for these services.  
33                   d.     Report. – No later than April 1, 2022, and each subsequent year  
34                   thereafter in which funds allocated pursuant to this subdivision are  
35                   awarded, the Superintendent of Public Instruction shall report on the  
36                   Program to the Joint Legislative Education Oversight Committee, the  
37                   Senate Appropriations/Base Budget Committee, the House Committee  
38                   on Appropriations, and the Fiscal Research Division. The report shall  
39                   include the identity of each public school unit that received a grant  
40                   through the Program, the amount of funding provided to the public  
41                   school unit, and the use of funds by the public school unit.  
42                   (35)   If, on August 15, 2023, there are any funds that are unencumbered from the  
43                   Elementary and Secondary School Emergency Relief III Fund reserve of  
44                   funds pursuant to subsection (f) of section 2001 of the American Rescue Plan  
45                   Act, those funds shall be reallocated to be used for expenditures on or after  
46                   that date to meet additional needs of the elementary and secondary schools of  
47                   the State within federal law and guidelines, as determined by the State Board  
48                   of Education.

49                   **"SECTION 3.5.(b) Authority to Adjust the Use of Funds. – The Department of Public**  
50                   Instruction shall provide all complete and detailed information necessary to the United States  
51                   Department of Education (U.S. Dept. of Education) on North Carolina's American Rescue Plan



1 Elementary and Secondary School Emergency Relief (ARP ESSER) State Plan for the U.S. Dept.  
2 of Education to determine whether the funds reserved pursuant to subsection (f) of section 2001  
3 of the American Rescue Plan Act are for permissible uses consistent with federal law and  
4 guidelines for the expenditure of funds from the Elementary and Secondary School Emergency  
5 Relief (ESSER) Fund, as described under this authorizing legislation. Notwithstanding any other  
6 provision of subsection (a) of this section to the contrary, if the Superintendent of Public  
7 Instruction receives a letter of determination from the U.S. Dept. of Education that one or more  
8 of the purposes described under subsection (a) of this section requires an adjustment in  
9 implementation to be consistent with federal law and guidelines for the expenditure of funds from  
10 the ESSER Fund, the Department of Public Instruction is authorized to make that adjustment  
11 only to the extent necessary to meet the requirements of federal law and guidance. By April 15,  
12 2022, and annually thereafter until the deadline established for the expenditure of funds under  
13 federal law and guidelines, the Department of Public Instruction shall report to the Joint  
14 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
15 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
16 Research Division on any adjustments made to the implementation of the use of funds directed  
17 by this section, including the reason for the adjustment, the actions taken by the Department in  
18 response to the letter from the U.S. Dept. of Education, and recommendations on further actions  
19 or changes to be considered by the General Assembly."

## 21 **TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION** 22 **PLAN**

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

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

## 45 **AFTER-SCHOOL ROBOTICS GRANT PROGRAM/ATHLETICS**

46 **SECTION 7.29.(a)** The Department of Public Instruction shall establish the  
47 Educational and Competitive After-School Robotics Grant Program (Program) for the 2021-2022  
48 school year. The purpose of the Program shall be to (i) promote evidence-based, after-school  
49 programs for robotics education and competition and (ii) motivate students to pursue education  
50 and career opportunities in science, technology, engineering, and mathematics while building  
51 critical life and work-related skills, as follows:

- 1 (1) Eligibility. – Any public school unit is eligible to apply to the Department of  
2 Public Instruction for a grant to develop an educational and competitive  
3 after-school robotics program with a robotics partner. As used in this  
4 subsection, the term "robotics partner" shall refer to a third-party entity, such  
5 as a nonprofit organization or institution of higher education, approved by the  
6 Department of Public Instruction, that is able to provide adequate support for  
7 an after-school robotics program. In order to provide adequate support, a  
8 robotics partner must meet at least all of the following criteria:  
9 a. Have a national presence in robotics education and competition.  
10 b. Provide adequate instruction and programming for students and adult  
11 volunteers in (i) robotics education, (ii) project-based learning, and  
12 (iii) competitive robotics.  
13 c. Promote a safe and equitable social environment.
- 14 (2) Applications; Criteria and Guidelines. – No later than September 15, 2021,  
15 the Department shall develop and publish criteria and guidelines for the  
16 application process for the Program in the 2021-2022 school year, including  
17 any documentation required to be submitted by the applicants. The  
18 Department shall accept applications until October 15, 2021. Applications  
19 shall include, at a minimum, the following information:  
20 a. Evidence that the applicant has or will be able to establish a  
21 relationship with a robotics partner.  
22 b. A proposed budget for the educational and competitive after-school  
23 robotics program.
- 24 (3) Award and Use of Funds. – Of the funds appropriated to the Department for  
25 the Program by this act, the Department shall award grants to the selected  
26 applicants by November 15, 2021. Funds may be used for any of the following  
27 purposes:  
28 a. Establishing a relationship with a robotics partner.  
29 b. Purchasing robotics kits.  
30 c. Providing stipends for coaches.  
31 d. Making payments associated with participation in a robotics league or  
32 robotics competition.  
33 e. Paying fees incurred as part of the administration of a robotics team.
- 34 (4) Reporting. – No later than April 15, 2022, the Department shall report the  
35 following information to the Joint Legislative Education Oversight  
36 Committee, the Senate Appropriations Committee on Education/Higher  
37 Education, the House Appropriations Committee on Education, and the Fiscal  
38 Research Division:  
39 a. Number and amounts of grants awarded.  
40 b. Identities of the public school units receiving grants.  
41 c. Identities of public school units that applied for grants but did not  
42 receive one.  
43 d. The extent to which students participating in after-school robotics  
44 programs funded by the Program experienced measurable  
45 improvement in academic performance, if any.

46 **SECTION 7.29.(b)** G.S. 115C-12(23) reads as rewritten:

- 47 "(23) Power to Adopt Eligibility Rules for Interscholastic Athletic Competition. –  
48 The State Board of Education shall adopt rules governing interscholastic  
49 athletic activities conducted by local boards of education, including eligibility  
50 for student participation. Those rules shall include competitive robotics as an

1 interscholastic athletic activity. With regard to middle schools and high  
2 schools, the rules shall provide for the following:

3 a. All coaches, school nurses, athletic directors, first responders,  
4 volunteers, students who participate in interscholastic athletic  
5 activities, and the parents of those students shall receive, on an annual  
6 basis, a concussion and head injury information sheet. School  
7 employees, first responders, volunteers, and students must sign the  
8 sheet and return it to the coach before they can participate in  
9 interscholastic athletic activities, including tryouts, practices, or  
10 competition. Parents must sign the sheet and return it to the coach  
11 before their children can participate in any such interscholastic athletic  
12 activities. The signed sheets shall be maintained in accordance with  
13 sub-subdivision d. of this subdivision.

14 For the purpose of this subdivision, a concussion is a traumatic  
15 brain injury caused by a direct or indirect impact to the head that  
16 results in disruption of normal brain function, which may or may not  
17 result in loss of consciousness.

18 b. If a student participating in an interscholastic athletic activity exhibits  
19 signs or symptoms consistent with concussion, the student shall be  
20 removed from the activity at that time and shall not be allowed to  
21 return to play or practice that day. The student shall not return to play  
22 or practice on a subsequent day until the student is evaluated by and  
23 receives written clearance for such participation from (i) a physician  
24 licensed under Article 1 of Chapter 90 of the General Statutes with  
25 training in concussion management, (ii) a neuropsychologist licensed  
26 under Article 18A of Chapter 90 of the General Statutes with training  
27 in concussion management and working in consultation with a  
28 physician licensed under Article 1 of Chapter 90 of the General  
29 Statutes, (iii) an athletic trainer licensed under Article 34 of Chapter  
30 90 of the General Statutes, (iv) a physician assistant, consistent with  
31 the limitations of G.S. 90-18.1, or (v) a nurse practitioner, consistent  
32 with the limitations of G.S. 90-18.2.

33 c. Each school shall develop a venue specific emergency action plan to  
34 deal with serious injuries and acute medical conditions in which the  
35 condition of the patient may deteriorate rapidly. The plan shall include  
36 a delineation of roles, methods of communication, available  
37 emergency equipment, and access to and plan for emergency transport.  
38 This plan must be (i) in writing, (ii) reviewed by an athletic trainer  
39 licensed in North Carolina, (iii) approved by the principal of the  
40 school, (iv) distributed to all appropriate personnel, (v) posted  
41 conspicuously at all venues, and (vi) reviewed and rehearsed annually  
42 by all licensed athletic trainers, first responders, coaches, school  
43 nurses, athletic directors, and volunteers for interscholastic athletic  
44 activities.

45 d. Each school shall maintain complete and accurate records of its  
46 compliance with the requirements of this subdivision pertaining to  
47 head injuries.

48 The State Board of Education may authorize a designated organization to  
49 apply and enforce the Board's rules governing participation in interscholastic  
50 athletic activities at the high school level."

51 **SECTION 7.29.(c)** G.S. 115C-379 reads as rewritten:

**"§ 115C-379. Method of enforcement.**

(a) It shall be the duty of the State Board of Education to formulate the rules that may be necessary for the proper enforcement of the provisions of this Part. The Board shall prescribe (i) what shall constitute unlawful absence, (ii) what causes may constitute legitimate excuses for temporary nonattendance due to a student's physical or mental inability to attend or a student's participation in a valid educational opportunity such as service as a legislative page or a Governor's page, and (iii) under what circumstances teachers, principals, or superintendents may excuse pupils for nonattendance due to immediate demands of the farm or the home in certain seasons of the year in the several sections of the State.

(b) In addition to any excused absences authorized pursuant to subsection (a) of this section, the rules shall require school principals to authorize the following excused absences:

- (1) Religious observance. – A minimum of two excused absences each academic year for religious observances required by the faith of a student or the student's parent or legal guardian.
- (2) Military leave. – A minimum of two excused absences each academic year, if all of the following conditions are met:
  - a. The student's parent or legal guardian is an active duty member of the uniformed services, as defined by Article 29B of this Chapter, the Interstate Compact on Educational Opportunity for Military Children.
  - b. The student's parent or legal guardian has been called to duty for, is on leave from, or has immediately returned from deployment to a combat zone or combat support posting.
  - c. The student is not identified by the local school administrative unit as at risk of academic failure because of unexcused absences.

- (3) Robotics competitions. – Whenever a student is unable to attend class because of a school-sponsored robotics competition.

The rules may require that the student's parent or legal guardian give the principal written notice of the request for an excused absence a reasonable time prior to the ~~religious observance or military leave event~~. The student shall be given the opportunity to make up any tests or other work missed due to an excused absence ~~for a religious observance or military leave~~. approved in accordance with this subsection.

(c) It shall be the duty of all school officials to carry out such instructions from the State Board of Education, and any school official failing to carry out such instructions shall be guilty of a Class 3 misdemeanor: Provided, that the compulsory attendance law herein prescribed shall not be in force in any local school administrative unit that has a higher compulsory attendance feature than that provided herein."

**SECTION 7.29.(d)** Subsection (a) of this section is effective July 1, 2021. Subsections (b) and (c) of this section are effective when this act becomes law and apply beginning with the 2021-2022 school year. Except as otherwise provided, this section is effective when it becomes law.

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

**SECTION 7.30.(a)** G.S. 115C-105.57 reads as rewritten:

**"§ 115C-105.57. Center for Safer Schools.**

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

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

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

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

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

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

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

17 c. Threat assessment.

18 d. Active-shooter drills and scenarios.

19 e. Incident de-escalation.

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

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

22 1. Bullying.

23 2. Suicide.

24 3. Opioid and substance abuse.

25 4. Critical incidents.

26 5. Trauma and victimization among students.

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

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

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

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

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

39 (7) Develop policies for threat assessment teams for public school units.

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

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

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

1           (11) Provide technical assistance to public school units in the development and  
2           implementation of initiatives promoting school safety.

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

8           (1) Department of Public Safety.

9           (2) Department of Health and Human Services.

10          (3) Department of Public Instruction.

11          (4) North Carolina Justice Academy.

12          (5) Governor's Crime Commission.

13          (6) State Bureau of Investigation Fusion Center, Information Sharing, and  
14 Analysis Center.

15          (7) Governing bodies of public school units.

16          (8) Local law enforcement agencies.

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

24          (1) ~~The total number of school resource officers in the State and in each public~~  
25 ~~school unit.~~ officers.

26          (2) Data regarding school resources officers' education levels, years as sworn law  
27 enforcement officers, and years as school resource officers.

28          (3) Training required of school resource officers and training actually completed  
29 by school resource officers, including training specific to the position of  
30 school resource officer and other advanced or additional training.

31          (4) The funding source for all school resource officers.

32          (5) The location of school resource officers, differentiated by grade ~~levels and~~  
33 ~~type of public school unit.~~ levels.

34          (6) The percentage of school resource officers assigned to more than one school.

35          (7) The law enforcement affiliation of school resource officers.

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

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

41           **SECTION 7.30.(b)** The Center for Safer Schools shall enter into a memorandum of  
42 understanding (MOU) with the Department of Public Safety to provide in appropriate facilities  
43 owned by the Department of Public Safety the training, resources, and professional development  
44 required pursuant to G.S. 115C-105.57(c)(2), as enacted by this act. No later than October 1,  
45 2021, and each year thereafter in which the MOU is executed, the Center for Safer Schools, in  
46 conjunction with the Department of Public Safety, shall report to the Joint Legislative Education  
47 Oversight Committee, the Joint Legislative Oversight Committee on Justice and Public Safety,  
48 the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations,  
49 and the Fiscal Research Division on the memorandum of understanding.

50           **SECTION 7.30.(c)** This section is effective when it becomes law.  
51

**SCHOOL NUTRITION PROGRAM REPORT**

**SECTION 7.31.(a)** The Department of Public Instruction shall require all local school nutrition programs to submit the following information by October 15, 2021, in relation to the 2018-2019, 2019-2020, and 2020-2021 school years:

- (1) The starting, ending, and average total fund balance for the school year.
- (2) The starting, ending, and average operating balance for the school year.
- (3) The starting and ending net cash resources for the school year.
- (4) The amount of funds generated by sales, including supplemental sales, if any, in the school year. If funds are generated from sales to students, the amount for a full price meal, reduced price meal, and the amount of funds generated by the sale of a la carte items.
- (5) The amount of funds received by the program from the National School Breakfast and Lunch Program.
- (6) The amount of additional funds received by the program in the school year from federal appropriations provided for the purpose of addressing the impacts of COVID-19.
- (7) The amount, if any, received in local appropriations for the program.
- (8) The total operating costs of the program for the school year.
- (9) The average cost per meal for preparation of a student lunch.
- (10) The average age of the kitchen infrastructure, by school, within the program.
- (11) The amount and percentage of indirect costs charged to the program by the local school administrative unit, if any.

**SECTION 7.31.(b)** The Department of Public Instruction shall compile the responses from each local school nutrition program required pursuant to subsection (a) of this section and shall provide the compiled responses to the Joint Legislative Education Oversight Committee by December 15, 2021.

**SCHOOL SAFETY/THREAT ASSESSMENT TEAMS**

**SECTION 7.32.(a)** G.S. 115C-105.46, 115C-105.47A, and 115C-105.48 are codified into Part 1 of Article 8C of Chapter 115C of the General Statutes, Local Plans for Alternative Schools/Alternative Learning Programs and Maintaining Safe and Orderly Schools. Part 1 shall be entitled "Local Plans for Alternative Schools/Alternative Learning Programs." The remaining sections of Article 8C of Chapter 115C of the General Statutes shall be codified into Part 2, which shall be entitled "Maintaining Safe and Orderly Schools."

**SECTION 7.32.(b)** G.S. 115C-105.49 reads as rewritten:

**§ 115C-105.49. School safety exercises.**

(a) At least once annually, each ~~local school administrative~~ public school unit shall require each school under its control to hold a full school-wide tabletop exercise and drill based on the procedures documented in its School Risk Management Plan ~~(SRMP)~~ (SRMP) and shall report the date and time the drill is conducted to the Center for Safer Schools. The drill shall include a practice school lockdown due to an intruder on school grounds. Each school is encouraged to hold a tabletop exercise and drill for multiple hazards included in its SRMP. Schools are strongly encouraged to include local law enforcement agencies and emergency management agencies in their tabletop exercises and drills. The purpose of the tabletop exercises and drills shall be to permit participants to (i) discuss simulated emergency situations in a low-stress environment, (ii) clarify their roles and responsibilities and the overall logistics of dealing with an emergency, and (iii) identify areas in which the SRMP needs to be modified.

...

(d) The Department of Public Safety, Division of Emergency Management, and the Center for Safer Schools shall provide guidance and recommendations to ~~local school~~

1 ~~administrative-public school~~ units on the types of multiple hazards to plan and respond to,  
2 including intruders on school grounds."

3 **SECTION 7.32.(c)** G.S. 115C-105.49A(b) reads as rewritten:

4 "(b) In constructing the SRRMS, the Division of Emergency Management and the Center  
5 for Safer Schools, in collaboration with the Department of Public Instruction, Division of School  
6 Operations, shall leverage the existing enterprise risk management database, the School Risk  
7 Management Planning tool managed by the Division of Emergency Management. The Division  
8 of Emergency Management shall also leverage the ~~local school administrative-public school~~ unit  
9 and participating nonpublic school schematic diagrams of school facilities. Where technically  
10 feasible, the SRRMS shall integrate any anonymous tip lines established pursuant to  
11 G.S. 115C-105.51 and any 911-initiated panic alarm systems authorized as part of a SRMP  
12 pursuant to G.S. 115C-47(40). The Division of Emergency Management ~~and the Center for Safer~~  
13 ~~Schools~~ shall collaborate with the Department of Public Instruction, Division of School  
14 Operations, the Center for Safer Schools, and the North Carolina 911 Board in the design,  
15 implementation, and maintenance of the SRRMS."

16 **SECTION 7.32.(d)** G.S. 115C-105.52 reads as rewritten:

17 "**§ 115C-105.52. School crisis kits.**

18 (a) The Department of Public Instruction, Division of School Operations, and the Center  
19 for Safer Schools, in consultation with the Department of Public ~~Safety and the Department of~~  
20 ~~Public Instruction, Division of School Operations, Safety,~~ may develop and adopt policies on the  
21 placement of school crisis kits in schools and on the contents of those kits. The kits should  
22 include, at a minimum, basic first-aid supplies, communications devices, and other items  
23 recommended by the International Association of Chiefs of Police.

24 (b) The principal of each school, in coordination with the law enforcement agencies that  
25 are part of the ~~local board of education's-public school unit's~~ School Risk Management Plan, may  
26 place one or more crisis kits at appropriate locations in the school."

27 **SECTION 7.32.(e)** G.S. 115C-105.53 reads as rewritten:

28 "**§ 115C-105.53. Schematic diagrams and emergency access to school buildings for local**  
29 **law enforcement agencies.**

30 (a) Each ~~local school administrative-public school~~ unit shall provide the following to  
31 local law enforcement agencies: (i) schematic diagrams, including digital schematic diagrams,  
32 and (ii) either keys to the main entrance of all school buildings or emergency access to key storage  
33 devices such as KNOX® boxes for all school buildings. ~~Local school administrative-Public~~  
34 school units shall provide updates of the schematic diagrams to local law enforcement agencies  
35 when substantial modifications such as new facilities or modifications to doors and windows are  
36 made to school buildings. ~~Local school administrative-Public school~~ units shall also be  
37 responsible for providing local law enforcement agencies with updated access to school buildings  
38 when changes are made to the locks and other access control devices of the main entrances or to  
39 key storage devices such as KNOX® boxes.

40 (b) The Department of Public Instruction, in consultation with the Department of Public  
41 Safety, shall develop standards and guidelines for the preparation and content of schematic  
42 diagrams and necessary updates. ~~Local school administrative-Public school~~ units and  
43 participating nonpublic schools may use these standards and guidelines to assist in the  
44 preparation of their schematic diagrams.

45 ...."

46 **SECTION 7.32.(f)** G.S. 115C-105.54(a) reads as rewritten:

47 "(a) Each ~~local school administrative-public school~~ unit shall provide the following to the  
48 Division of Emergency Management (Division) at the Department of Public Safety: (i) schematic  
49 diagrams, including digital schematic diagrams, and (ii) emergency response information  
50 requested by the Division for the School Risk Management Plan (SRMP). ~~Local school~~  
51 ~~administrative-Public school~~ units shall also provide updated schematic diagrams and emergency



1 response information to the Division when such updates are made. The Division shall ensure that  
2 the diagrams and emergency response information are securely stored and distributed as provided  
3 in the SRMP to first responders, emergency personnel, and school personnel and approved by  
4 the Department of Public Instruction."

5 **SECTION 7.32.(g)** G.S. 115C-218.75(b), (d), (e), and (e1) are repealed.

6 **SECTION 7.32.(h)** G.S. 115C-218.75 is amended by adding a new subsection to

7 read:

8 "(i) Each charter school shall comply with the requirements for public school units in Part  
9 2 of Article 8C of this Chapter."

10 **SECTION 7.32.(i)** G.S. 115C-238.66(7a), (7b), (7c), (7d), and (7e) are repealed.

11 **SECTION 7.32.(j)** G.S. 115C-238.66 is amended by adding a new subdivision to

12 read:

13 "(17) Each regional school shall comply with the requirements for public school  
14 units in Part 2 of Article 8C of this Chapter."

15 **SECTION 7.32.(k)** G.S. 116-239.8(b)(10), (11), (12), and (13) are repealed.

16 **SECTION 7.32.(l)** G.S. 116-239.8(b) is amended by adding a new subdivision to

17 read:

18 "(19) Laboratory schools shall comply with the requirements for public school units  
19 in Part 2 of Article 8C of Chapter 115C of the General Statutes."

20 **SECTION 7.32.(m)** G.S. 115C-75.9 is amended by adding a new subsection to read:

21 "(h1) School Safety. – Innovative schools shall comply with the requirements for public  
22 school units in Part 2 of Article 8C of Chapter 115C of the General Statutes."

23 **SECTION 7.32.(n)** Article 9C of Chapter 115C of the General Statutes is amended

24 by adding a new section to read:

25 **"§ 115C-150.16. School safety.**

26 A school governed by this Article shall comply with the requirements for public school units  
27 in Part 2 of Article 8C of this Chapter."

28 **SECTION 7.32.(o)** G.S. 115C-551 reads as rewritten:

29 **"§ 115C-551. Voluntary participation in the State programs.**

30 (a) Any ~~such~~ private church school or school of religious charter may, on a voluntary  
31 basis, participate in any State operated or sponsored program which would otherwise be available  
32 to such school, including but not limited to the high school competency testing and statewide  
33 testing programs.

34 (b) All private church schools and all schools of religious charter are encouraged to do  
35 the following:

36 (1) School Risk Management Plan. – In coordination with local law enforcement  
37 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents  
38 of school violence. In constructing and maintaining these plans, the school  
39 may utilize the School Risk and Response Management System (SRRMS)  
40 established pursuant to G.S. 115C-105.49A. These plans are not considered a  
41 public record as the term "public record" is defined under G.S. 132-1 and shall  
42 not be subject to inspection and examination under G.S. 132-6.

43 (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and  
44 keys to the main entrance of school facilities to local law enforcement  
45 agencies, in addition to implementing the provisions in G.S. 115C-105.52.

46 (3) School safety exercises. – At least once a year, hold a full school-wide  
47 lockdown exercise with local law enforcement and emergency management  
48 agencies that are part of the private school's SRMP.

49 (4) Safety information provided to the Department of Public Safety, Division of  
50 Emergency Management. – Provide the following: (i) schematic diagrams,  
51 including digital schematic diagrams, and (ii) emergency response

1 information requested by the Division for the SRMP. The schematic diagrams  
2 and emergency response information are not considered public records as the  
3 term "public record" is defined under G.S. 132-1 and shall not be subject to  
4 inspection and examination under G.S. 132-6."

5 **SECTION 7.32.(p)** G.S. 115C-559 reads as rewritten:

6 **"§ 115C-559. Voluntary participation in the State programs.**

7 (a) Any such-qualified nonpublic school may, on a voluntary basis, participate in any  
8 State operated or sponsored program which would otherwise be available to such school,  
9 including but not limited to the high school competency testing and statewide testing programs.

10 (b) All qualified nonpublic schools are encouraged to do the following:

11 (1) School Risk Management Plan. – In coordination with local law enforcement  
12 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents  
13 of school violence. In constructing and maintaining these plans, the school  
14 may utilize the School Risk and Response Management System (SRRMS)  
15 established pursuant to G.S. 115C-105.49A. These plans are not considered a  
16 public record as the term "public record" is defined under G.S. 132-1 and shall  
17 not be subject to inspection and examination under G.S. 132-6.

18 (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and  
19 keys to the main entrance of school facilities to local law enforcement  
20 agencies, in addition to implementing the provisions in G.S. 115C-105.52.

21 (3) School safety exercises. – At least once a year, hold a full school-wide  
22 lockdown exercise with local law enforcement and emergency management  
23 agencies that are part of the private school's SRMP.

24 (4) Safety information provided to the Department of Public Safety, Division of  
25 Emergency Management. – Provide the following: (i) schematic diagrams,  
26 including digital schematic diagrams, and (ii) emergency response  
27 information requested by the Division for the SRMP. The schematic diagrams  
28 and emergency response information are not considered public records as the  
29 term "public record" is defined under G.S. 132-1 and shall not be subject to  
30 inspection and examination under G.S. 132-6."

31 **SECTION 7.32.(q)** Article 8C of Chapter 115C of the General Statutes is amended  
32 by adding a new section to read:

33 **"§ 115C-105.65. Threat assessment teams.**

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

35 (1) Superintendent. – The superintendent or, if there is no superintendent, the staff  
36 member with the highest decision-making authority.

37 (2) Threat assessment. – A fact-based process of identifying, assessing, and  
38 managing individuals who may pose a risk of violence or other harm to self  
39 or others.

40 (3) Threat assessment team. – A multidisciplinary team that includes, but is not  
41 limited to, persons with expertise in counseling, instruction, school  
42 administration, and law enforcement that conducts threat assessments in a  
43 public school unit when threatening behavior has been communicated and  
44 when a student has engaged in threatening behavior that warrants further  
45 evaluation. When practicable, at least one member of a threat assessment team  
46 shall be a school psychologist or, if a school psychologist is not available, a  
47 psychologist or psychiatrist. Members of a threat assessment team who are not  
48 employees of the public school unit may review student records as provided  
49 in 34 C.F.R. § 99.31(a)(1)(i)(B) pursuant to a written agreement with the  
50 public school unit of the requirements and responsibilities for use of student  
51 records under the federal Family Educational Rights and Privacy Act.

1           (4)    Threatening behavior. – Any communication or action that indicates that an  
2           individual may pose a danger to the safety or well-being of school staff or  
3           students through acts of violence or other behaviors that would cause harm to  
4           self or others. These behaviors may be expressed or communicated orally,  
5           visually, in writing, electronically, or through any other means and may be  
6           considered threatening regardless of whether a direct verbal threat is  
7           expressed.

8           (b)    The Center for Safer Schools shall develop policies for threat assessment teams for  
9           public school units in consultation with the Task Force for Safer Schools, Disability Rights North  
10          Carolina, the North Carolina School Psychology Association, the State Bureau of Investigation,  
11          and relevant State government agencies. These policies shall not reference or reveal any  
12          information that has been excluded as a public record under G.S. 115C-47(40), Part 2 of Article  
13          8C of this Chapter, or any other relevant statute. These policies shall include at a minimum  
14          procedures for all of the following:

- 15           (1)    Assessment of and intervention with a student whose behavior poses a risk to  
16           the safety of school staff, school students, or self.  
17           (2)    Involvement of the student's parent or legal guardian throughout the threat  
18           assessment process.  
19           (3)    Referral to LME/MCOs, as provided in G.S. 122C-115.4(b)(9), for evaluation  
20           or treatment, when appropriate.  
21           (4)    Compliance with the Family Educational Rights and Privacy Act (FERPA),  
22           20 U.S.C. § 1232g, the Individuals with Disabilities Education Act (IDEA),  
23           20 U.S.C. § 1400, et seq., and Article 9 of Chapter 115C of the General  
24           Statutes.

25          (c)    The governing body of the public school unit shall adopt at a minimum the policies  
26          developed by the Center for Safer Schools, in accordance with subsection (b) of this section, for  
27          the establishment of threat assessment teams, including the conduct of threat assessments and  
28          intervention with individuals whose behavior may pose a risk to the safety of school staff or  
29          students. These policies shall not reference or reveal any information that has been excluded as  
30          a public record under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant  
31          statute.

32          (d)    The superintendent or designee may establish a committee charged with coordination  
33          and monitoring of the threat assessment teams operating within the unit, which may be an existing  
34          committee established by the unit. If a committee is established, the committee shall include  
35          individuals with expertise in human resources, education, school administration, mental health,  
36          and law enforcement.

37          (e)    Each school in the public school unit shall have a multidisciplinary threat assessment  
38          team established by the superintendent. In the discretion of the superintendent, an established  
39          threat assessment team may serve more than one school in the unit. Each team shall do the  
40          following:

- 41           (1)    Provide guidance to students, faculty, and staff regarding recognition and  
42           reporting of threatening behavior that may indicate a risk of harm to the  
43           community, school, or self.  
44           (2)    When threatening behaviors are identified, conduct threat assessments to  
45           determine appropriate actions and intervention based on the level of risk  
46           determined by the assessment. A threat assessment team shall determine the  
47           level of risk posed by an individual or situation as follows:  
48           a.     Low risk. – The individual or situation does not appear to pose a risk  
49           of violence or serious harm to self or others and any exhibited issues  
50           or concerns can be resolved easily.

- 1                    b.     Moderate risk. – The individual or situation does not appear to pose a  
2                    risk of violence or serious harm to self or others, at this time, but  
3                    exhibits behaviors that indicate a need for intervention, which may  
4                    include increased academic or behavioral supports, services intended  
5                    to address the impact of stressors, mental health or drug abuse  
6                    treatment, and mediation for student conflicts or bullying.
- 7                    c.     High risk. – The individual or situation appears to pose a risk of  
8                    violence or serious harm to self or others, exhibiting behaviors that  
9                    indicate both a continuing intent to harm and efforts to acquire the  
10                   capacity to carry out the plan, and may also exhibit other concerning  
11                   behavior that requires intervention.
- 12                   d.     Imminent risk. – The individual or situation appears to pose a clear  
13                   and immediate risk of serious violence toward others that requires  
14                   containment and action to protect identified or identifiable target or  
15                   targets and may also exhibit other concerning behavior that requires  
16                   intervention.
- 17                   (3)   Identify members of the school community to whom threatening behavior  
18                   should be reported.
- 19                   (4)   Implement policies adopted by the governing body of the public school unit  
20                   pursuant to subsection (c) of this section.
- 21                   (5)   Utilize anonymous reporting applications for students to share information  
22                   about school safety concerns requiring investigation.
- 23                   (f)   Upon a determination that an individual poses a high risk or imminent risk of violence  
24                   or physical harm to self or others, a threat assessment team shall immediately report its  
25                   determination to the superintendent or the superintendent's designee, who shall respond as  
26                   follows:
- 27                   (1)   The superintendent or designee shall immediately attempt to notify the  
28                   student's parent or legal guardian. The superintendent may delegate the  
29                   responsibility for notification to the principal of the school and may require  
30                   notice be made to the principal directly.
- 31                   (2)   In the case of threatening behavior that is an imminent risk and determined to  
32                   be an emergency by the superintendent or designee under the standards  
33                   established by the Family Educational Rights and Privacy Act in 20 U.S.C. §  
34                   1232g(b)(1)(I), the superintendent or designee shall provide notice to  
35                   individuals who are the subject of threatening behavior and, if a student is the  
36                   subject of threatening behavior, the superintendent or designee shall provide  
37                   notice to the student's parent or legal guardian. All notices shall be in  
38                   accordance with the Family Educational Rights and Privacy Act, 20 U.S.C. §  
39                   1232g. The superintendent may delegate the responsibility for notification to  
40                   the principal of the school and may require notice be made to the principal  
41                   directly.
- 42                   (3)   In the case of threatening behavior that is an imminent risk, the superintendent  
43                   or designee shall immediately notify the appropriate local law enforcement  
44                   agency. In the case of threatening behavior that is a high risk, the  
45                   superintendent or designee shall notify the appropriate local law enforcement  
46                   agency when recommended by the threat assessment team.
- 47                   (4)   When the threat assessment team makes a recommendation that the student be  
48                   referred for mental health services, the superintendent or designee shall notify  
49                   the student's parent or legal guardian of all of the following information:
- 50                   a.     That the threat assessment team has recommended that the student be  
51                   referred for mental health services.

- 1            b. That if the student is covered by private insurance or a Medicaid  
2            prepaid health plan, then the parent or guardian is encouraged to  
3            contact the student's primary care provider or insurance company.  
4            c. That if the student is uninsured or is covered by Medicaid and not  
5            enrolled in a prepaid health plan, then the parent or guardian is  
6            encouraged to contact the local management entity/managed care  
7            organization that serves the catchment area where the student resides.  
8            d. That with the parent or legal guardian's consent, if the student is  
9            uninsured or is covered by Medicaid and not enrolled in a prepaid  
10           health plan, then the superintendent or designee shall make a referral  
11           that includes the parent or guardian's contact information to the local  
12           management entity/managed care organization that serves the  
13           catchment area where the student resides.

14           (5) The superintendent or designee shall comply with the requirements of Article  
15           27 of this Chapter for any student discipline actions.

16           Nothing in this subsection shall preclude public school personnel from acting immediately to  
17           address threatening behavior that is an imminent risk.

18           (g) Each threat assessment team established pursuant to this section shall report  
19           quantitative data on its activities to the Center for Safer Schools according to guidance developed  
20           by the Center. Such data shall include, at a minimum, the following:

- 21           (1) Number of threat assessments conducted annually and demographic  
22           information on subjects of those assessments.  
23           (2) Total number of threat assessments that resulted in a determination that the  
24           individual being assessed exhibited threatening behavior and demographic  
25           information on those individuals.  
26           (3) All actions taken in response to a determination that the individual being  
27           assessed exhibited threatening behavior.  
28           (4) All results of actions taken in response to determination that the individual  
29           being assessed exhibited threatening behavior.

30           (h) Upon a determination by the threat assessment team that an individual exhibited  
31           threatening behavior that poses a high risk or an imminent risk, a threat assessment team may  
32           obtain the following:

- 33           (1) Health records. – Notwithstanding G.S. 8-53 or any other provision of law, a  
34           health care provider may disclose protected health information related to  
35           threatening behavior that poses a high risk or an imminent risk to the health  
36           or safety of school staff or students to a member of a threat assessment team  
37           who is a school nurse, school psychologist, or other licensed health or licensed  
38           mental health professional. The member of the threat assessment team who  
39           receives the health records shall provide an explanation of the health records  
40           when sharing those records with the remainder of the threat assessment team.  
41           (2) Criminal records. – A threat assessment team may obtain criminal history as  
42           provided in G.S. 143B-931.1. For a threat assessment of a student with  
43           juvenile records, the threat assessment team shall have access to written  
44           notifications received pursuant to G.S. 7B-3101 and information gained from  
45           examination of juvenile records in accordance with G.S. 7B-3100, held  
46           pursuant to G.S. 115C-404. Records held pursuant to G.S. 115C-404 shall be  
47           returned to the principal following review by the threat assessment team.

48           Any information shared among members of the threat assessment team pursuant to this  
49           subsection shall remain confidential, shall not be a public record subject to Chapter 132 of the  
50           General Statutes, and shall only be released in connection with an emergency under the standards  
51           established by the Family Educational Rights and Privacy Act in 20 U.S.C. § 1232g(b)(1)(I).

1 (i) No governing body of a public school unit, nor its members, employees, designees,  
2 agents, or volunteers, shall be liable in civil damages to any party for any loss or damage caused  
3 by any act or omission relating to the participation in or implementation of any component of the  
4 threat assessment team policies required by this section, unless that act or omission amounts to  
5 gross negligence, wanton conduct, or intentional wrongdoing. Nothing in this section shall be  
6 construed to impose any specific duty of care or standard of care."

7 **SECTION 7.32.(r)** Article 13 of Chapter 143B of the General Statutes is amended  
8 by adding a new section to read:

9 **"§ 143B-931.1. Criminal records checks for threat assessment teams.**

10 The Department of Public Safety may provide a criminal record check to the members of a  
11 threat assessment team established by the governing body of a public school unit, as defined in  
12 G.S. 115C-5(7a), pursuant to G.S. 115C-105.65 for the purpose of administering criminal justice  
13 in assessing or intervening when a determination has been made that an individual exhibits  
14 threatening behavior that poses an imminent risk to school safety. No member of a threat  
15 assessment team shall redisclose any criminal history record information obtained pursuant to  
16 this section or otherwise use any record of an individual beyond the purpose that such disclosure  
17 was made to the threat assessment team."

18 **SECTION 7.32.(s)** G.S. 115C-47 is amended by adding a new subdivision to read:

19 "(65) Peer-to-peer student support programs. – Local boards of education shall  
20 require peer-to-peer student support programs be established at all schools  
21 with grades six and higher and are encouraged to implement peer-to-peer  
22 student support programs as appropriate in other grades."

23 **SECTION 7.32.(t)** G.S. 115C-316.1 is amended by adding a new subsection to read:

24 "(c) School counselors, as part of the direct services provided in subsection (a) of this  
25 section, shall coordinate and provide training for students in peer-to-peer student support  
26 programs that address areas such as conflict resolution, general health and wellness, and  
27 mentoring. The Center for Safer Schools will support school counselors in the administration and  
28 delivery of peer-to-peer student support programs."

29 **SECTION 7.32.(u)** G.S. 122C-115.4(b) is amended by adding a new subdivision to  
30 read:

31 "(9) Each LME/MCO shall receive referrals from school superintendents or  
32 designees in accordance with G.S. 115C-105.65(f)(4)d. related to students  
33 who are uninsured or are covered by Medicaid and not enrolled in a prepaid  
34 health plan residing in the LME/MCO's catchment area. Within 10 calendar  
35 days after receipt of a referral, the LME/MCO shall contact the student's  
36 parent or legal guardian using the information provided on the referral and  
37 shall provide assistance with identifying appropriate existing mental health  
38 resources available to the student. The assistance shall include identifying  
39 sources of funding to assist with the cost of mental health services as well as  
40 providing referrals to appropriate mental health service providers and mental  
41 health services."

42 **SECTION 7.32.(v)** This section is effective when it becomes law. All local boards  
43 of education are encouraged to have peer-to-peer student support programs by the 2021-2022  
44 school year. Policies for threat assessment teams required by G.S. 115C-105.65(b), as enacted  
45 by this section, shall be developed by the Center for Safer Schools no later than March 31, 2022.  
46 All public school units shall establish policies and threat assessment teams as required by  
47 G.S. 115C-105.65(c), as enacted by this section, no later than August 1, 2022. Subsections (s)  
48 and (t) of this section apply beginning with the 2022-2023 school year. The remainder of this act  
49 applies beginning with the 2021-2022 school year.

50  
51 **REVISE FAST-TRACK REPLICATION OF HIGH-QUALITY CHARTER SCHOOLS**

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

2   "**§ 115C-218.3. Fast-track replication of high-quality charter schools.**

3       Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory  
4 Board, the State Board of Education shall adopt a process and rules for fast-track replication of  
5 high-quality charter schools currently operating in the State. The State Board of Education shall  
6 not require a planning year for applicants selected through the fast-track replication process. In  
7 addition to the requirements for charter applicants set forth in this Article, the fast-track  
8 replication process adopted by the State Board of Education shall, at a minimum, require a board  
9 of directors of a charter school to demonstrate one of the following in order to qualify for  
10 fast-track replication:

11           (1) ~~A~~ The board of directors operates charter schools and can demonstrate both  
12 of the following:

13           a. ~~The majority of charter school schools~~ The majority of charter schools in this State governed by the  
14 board of directors has student academic outcomes from the three prior  
15 school years that are ~~comparable to~~ equal to or greater than the  
16 ~~academic outcomes of students~~ student academic outcomes in the local  
17 school administrative unit in which ~~the~~ each charter school is ~~located~~  
18 and located.

19           b. The board of directors can provide three years of financially sound  
20 ~~audits~~ audits for each school it governs.

21           (2) The board of directors agrees to contract with an education management  
22 organization or charter management organization that can demonstrate ~~that it~~  
23 ~~can replicate high quality~~ both of the following:

24           a. The majority of the charter schools in the this State that have proven  
25 managed by the organization has student academic ~~success and~~  
26 ~~financial soundness~~ outcomes from the three prior school years that  
27 are equal to or greater than the student academic outcomes in the local  
28 school administrative unit in which each charter school is located.

29           b. The organization can provide three years of financially sound audits  
30 for each school it governs.

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

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

### 38           **STANDARDS OF STUDENT CONDUCT**

39           **SECTION 7.34.(a)** G.S. 115C-390.1 reads as rewritten:

40   "**§ 115C-390.1. State policy and definitions.**

41       ...

42       (b) The following definitions apply in this Article:

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

49       ...

- 1 (4) Educational property. – Any school building or bus, school campus, grounds,  
 2 recreational area, athletic field, or other property under the control of any ~~local~~  
 3 ~~board of education or charter school.~~ public school unit.  
 4 ...  
 5 (9) Principal. – Includes the principal and the principal's ~~designee.~~ designee, or if  
 6 there is no designated principal, the staff member designated by the governing  
 7 body of the public school unit with the highest decision-making authority at  
 8 an individual school.  
 9 ...  
 10 (11) School personnel. – Any of the following:  
 11 a. An employee of a ~~local board of education.~~ governing body of a public  
 12 school unit.  
 13 b. Any person working on school grounds or at a school function under  
 14 a contract or written agreement with the public school ~~system.~~ unit to  
 15 provide educational or related services to students.  
 16 c. Any person working on school grounds or at a school function for  
 17 another agency providing educational or related services to students.  
 18 ...  
 19 (14) Superintendent. – Includes the superintendent and the superintendent's  
 20 ~~designee.~~ designee, or if there is no superintendent, the staff member with the  
 21 highest decision-making authority and that staff member's designee.  
 22 ...."

23 **SECTION 7.34.(b)** G.S. 115C-390.2, as amended by Section 7.47 of this act, reads  
 24 as rewritten:

25 "**§ 115C-390.2. Discipline policies.**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

45 **SECTION 7.34.(c)** G.S. 115C-390.3 reads as rewritten:

46 "**§ 115C-390.3. Reasonable force.**

47 ...

48 (c) Notwithstanding any other law, no officer, member, or employee of the State Board  
49 of Education, the Superintendent of Public Instruction, or of a ~~local board of education,~~ governing  
50 body of a public school unit, individually or collectively, shall be civilly liable for using  
51 reasonable force in conformity with State law, State or local rules, or State or local policies

1 regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden  
2 of proof is on the claimant to show that the amount of force used was not reasonable.

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

9 **SECTION 7.34.(d)** G.S. 115C-390.4 reads as rewritten:

10 **"§ 115C-390.4. Corporal punishment.**

11 (a) Each ~~local board of education~~ governing body of a public school unit shall determine  
12 whether corporal punishment will be permitted in its public school ~~administrative~~ unit.  
13 Notwithstanding a ~~local board of education's governing body's~~ prohibition on the use of corporal  
14 punishment, school personnel may use physical restraint in accordance with federal law and  
15 G.S. 115C-391.1 and reasonable force pursuant to G.S. 115C-390.3.

16 ...

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

22 ...."

23 **SECTION 7.34.(e)** G.S. 115C-390.6 reads as rewritten:

24 **"§ 115C-390.6. Short-term suspension procedures.**

25 ...

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

32 **SECTION 7.34.(f)** G.S. 115C-390.8 reads as rewritten:

33 **"§ 115C-390.8. Long-term suspension procedures.**

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

39 ...

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

43 ...

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

46 (b) Written notice may be provided by certified mail, fax, e-mail, or any other written  
47 method reasonably designed to achieve actual notice of the recommendation for long-term  
48 suspension. When school personnel are aware that English is not the primary language of the  
49 parent or guardian, the notice shall be written in both English and in the primary language of the  
50 parent or guardian when the appropriate foreign language resources are readily available. All  
51 notices described in this section shall be written in plain English, and shall include the following

1 information translated into the dominant non-English language used by residents within the ~~local~~  
2 ~~school administrative unit; public school unit;~~

3 ...

4 (d) The formal hearing may be conducted by the ~~local board of education, governing~~  
5 ~~body of the public school unit,~~ by the superintendent, or by a person or group of persons  
6 appointed by the ~~local board governing body~~ or superintendent to serve as a hearing officer or  
7 hearing panel. Neither the ~~board governing body~~ nor the superintendent shall appoint any  
8 individual to serve as a hearing officer or on a hearing panel who is under the direct supervision  
9 of the principal recommending suspension. If the hearing is conducted by an appointed hearing  
10 officer or hearing panel, such officer or panel shall determine the relevant facts and credibility of  
11 witnesses based on the evidence presented at the hearing. Following the hearing, the  
12 superintendent or ~~local board governing body~~ shall make a final decision regarding the  
13 suspension. The superintendent or ~~board governing body~~ shall adopt the hearing officer's or  
14 panel's factual determinations unless they are not supported by substantial evidence in the record.

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

18 ...

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

25 ...

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

34 **SECTION 7.34.(g)** G.S. 115C-390.9 reads as rewritten:

35 "**§ 115C-390.9. Alternative education services.**

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

40 ...

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

43 ...

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

50 **SECTION 7.34.(h)** G.S. 115C-390.10 reads as rewritten:

51 "**§ 115C-390.10. 365-day suspension for gun possession.**

1 (a) All ~~local boards of education~~ governing bodies of public school units shall develop  
 2 and implement written policies and procedures, as required by the federal Gun Free Schools Act,  
 3 20 U.S.C. § 7151, requiring suspension for 365 calendar days of any student who is determined  
 4 to have brought or been in possession of a firearm or destructive device on educational property,  
 5 or to a school-sponsored event off of educational property. A principal shall recommend to the  
 6 superintendent the 365-day suspension of any student believed to have violated ~~board-governing~~  
 7 body policies regarding weapons. The superintendent has the authority to suspend for 365 days  
 8 a student who has been recommended for such suspension by the principal when such  
 9 recommendation is consistent with ~~board-governing body~~ policies. Notwithstanding the  
 10 foregoing, the superintendent may modify, in writing, the required 365-day suspension for an  
 11 individual student on a case-by-case basis. The superintendent shall not impose a 365-day  
 12 suspension if the superintendent determines that the student took or received the firearm or  
 13 destructive device from another person at school or found the firearm or destructive device at  
 14 school, provided that the student delivered or reported the firearm or destructive device as soon  
 15 as practicable to a law enforcement officer or a school employee and had no intent to use such  
 16 firearm or destructive device in a harmful or threatening way.

17 ...

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

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

26 ...."

27 **SECTION 7.34.(i)** G.S. 115C-390.11 reads as rewritten:

28 "**§ 115C-390.11. Expulsion.**

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

37 (1) The procedures described in G.S. 115C-390.8(e)(1)-(8) apply to students  
 38 facing expulsion pursuant to this section, except that the decision to expel a  
 39 student by the ~~local board of education-governing body of the public school~~  
 40 unit shall be based on clear and convincing evidence that the student's  
 41 continued presence in school constitutes a clear threat to the safety of other  
 42 students and school staff.

43 (2) A ~~local board of education-governing body of a public school unit~~ may expel  
 44 any student subject to G.S. 14-208.18 in accordance with the procedures of  
 45 this section. Prior to ordering the expulsion of a student, the ~~local board of~~  
 46 education-governing body shall consider whether there are alternative  
 47 education services that may be offered to the student. As provided by  
 48 G.S. 14-208.18(f), if the ~~local board of education-governing body~~ determines  
 49 that the student shall be provided educational services on school property, the  
 50 student shall be under the supervision of school personnel at all times.

51 ...

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

7 **SECTION 7.34.(j)** G.S. 115C-390.12 reads as rewritten:

8 "**§ 115C-390.12. Request for readmission.**

9 (a) All students suspended for 365 days or expelled may, after 180 calendar days from  
10 the date of the beginning of the student's suspension or expulsion, request in writing readmission  
11 to the ~~local school administrative-public school unit~~. The ~~local board of education-governing~~  
12 ~~body of the public school unit~~ shall develop and publish written policies and procedures for the  
13 readmission of all students who have been expelled or suspended for 365 days, which shall  
14 provide, at a minimum, the following process:

15 (1) The process for 365-day suspended students.

16 a. At the ~~local board's-governing body's~~ discretion, either the  
17 superintendent or the ~~local board-governing body~~ itself shall consider  
18 and decide on petitions for readmission. If the decision maker is the  
19 superintendent, the superintendent shall offer the student an  
20 opportunity for an in-person meeting. If the decision maker is the ~~local~~  
21 ~~board of education-governing body of the public school unit~~, the ~~board~~  
22 ~~governing body~~ may offer the student an in-person meeting or may  
23 make a determination based on the records submitted by the student  
24 and the superintendent.

25 ...

26 c. A superintendent's decision not to readmit the student may be appealed  
27 to the ~~local board of education-governing body of the public school~~  
28 ~~unit~~ pursuant to G.S. 115C-45(c). The superintendent shall notify the  
29 parents of the right to appeal.

30 ...

31 (2) The process for expelled students.

32 a. The ~~board of education-governing body of the public school unit~~ shall  
33 consider all petitions for readmission of expelled students, together  
34 with the recommendation of the superintendent on the matter, and shall  
35 rule on the request for readmission. The ~~board-governing body~~ shall  
36 consider the petition based on the records submitted by the student and  
37 the response by the administration and shall allow the parties to be  
38 heard in the same manner as provided by G.S. 115C-45(c).

39 ...

40 c. A decision by a ~~board of education-governing body of a public school~~  
41 ~~unit~~ to deny readmission of an expelled student is not subject to  
42 judicial review.

43 d. An expelled student may subsequently request readmission not more  
44 often than every six months. The ~~local board of education-governing~~  
45 ~~body of the public school unit~~ is not required to consider subsequent  
46 readmission petitions filed sooner than six months after the previous  
47 petition was filed.

48 ...

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

1 ...."

2 **SECTION 7.34.(k)** G.S. 115C-391.1 reads as rewritten:

3 "**§ 115C-391.1. Permissible use of seclusion and restraint.**

4 ...

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

6 ...

7 (9) "School personnel" means:

- 8 a. Employees of a ~~local board of education~~ governing body of a public  
9 school unit.
- 10 b. Any person working on school grounds or at a school function under  
11 a contract or written agreement with the public school ~~system~~ unit to  
12 provide educational or related services to students.
- 13 c. Any person working on school grounds or at a school function for  
14 another agency providing educational or related services to students.

15 ...

16 (j) Notice, Reporting, and Documentation.

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

21 ...

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

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

34 **SECTION 7.34.(l)** G.S. 14-208.18(f) reads as rewritten:

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

38 **SECTION 7.34.(m)** This section is effective when it becomes law. Subsections (a)  
39 through (k) of this section apply beginning with the 2022-2023 school year. G.S. 115C-390.2(a),  
40 as amended by this act, shall apply to material changes to policies existing on July 1, 2022, or  
41 new policies adopted on or after July 1, 2022.

42  
43 **FLEXIBILITY FOR SCHOOL EMPLOYEES TO RECEIVE ANNUAL SALARY IN 12**  
44 **MONTHLY INSTALLMENTS**

45 **SECTION 7.35.(a)** G.S. 115C-302.1(b) reads as rewritten:

46 "(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months.  
47 Except for career and technical education agriculture teacher personnel positions as provided for  
48 in this subsection, State-allotted months of employment for career and technical education to  
49 local boards shall be used for the employment of teachers of career and technical education for a  
50 term of employment to be determined by the local boards of education. Beginning with the  
51 2018-2019 school year, career and technical education agriculture teacher personnel positions

1 serving students in grades nine through 12 shall be for a term of employment for 12 calendar  
2 months. A local board of education may fund these positions using any combination of State  
3 funds, local funds, or any other funds available to the local board.

4 ...

5 Any individual teacher who is not employed in a year-round school may be paid in 12  
6 monthly installments if the teacher so requests on or before the first day of the school year. The  
7 request shall be filed in the local school administrative unit which employs the teacher. Local  
8 school administrative units shall fulfill this requirement through a payroll deduction plan. The  
9 payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the  
10 teacher's annual salary nor in any other way alter the contract made between the teacher and the  
11 local school administrative unit. ~~Teachers employed for a period of less than 10 months shall not~~  
12 ~~receive their salaries in 12 installments.~~

13 Notwithstanding this subsection, the term "daily rate of pay" for the purpose of  
14 G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher  
15 salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

16 **SECTION 7.35.(b)** G.S. 115C-316(a)(2) reads as rewritten:

17 "(2) School Employees Paid on an Hourly or Other Basis. – Salary payments to  
18 employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1)  
19 and (2), 115C-302.1(b) and 115C-316(a)(1) shall be made at a time  
20 determined by each local board of education. Expenditures for the salary of  
21 these employees from State funds shall be within allocations made by the State  
22 Board of Education and in accordance with rules and regulations approved by  
23 the State Board of Education concerning allocations of State funds: ~~Provided,~~  
24 ~~that school funds.~~ School employees employed for a term of 10 calendar  
25 months or 11 calendar months in year-round schools shall be paid in 12 equal  
26 ~~installments: Provided further, that any installments.~~ Any individual school  
27 employee employed for a term of 10 calendar months or 11 calendar months  
28 who is not employed in a year-round school may be paid in 12 monthly  
29 installments if the employee so requests on or before the first day of the school  
30 year. Such request shall be filed in the administrative unit which employs the  
31 employee. Local school administrative units shall fulfill this requirement  
32 through a payroll deduction plan. The payment of the annual salary in 12  
33 installments instead of 10 or 11 shall not increase or decrease said annual  
34 salary nor in any other way alter the contract between the employee and the  
35 said administrative unit. Employees may be prepaid on the set pay date for  
36 days not yet worked. An employee who fails to attend scheduled workdays or  
37 who has not worked the number of days for which the employee has been paid  
38 and who resigns or is dismissed shall repay to the local board any salary  
39 payments received for days not yet worked. An employee who has been  
40 prepaid and who continues to be employed by a local board but fails to attend  
41 scheduled workdays may be subject to dismissal or other appropriate  
42 discipline. The daily rate of pay shall equal the number of weekdays in the  
43 pay period. Included within the term of employment shall be provided for  
44 full-time employees annual vacation leave at the same rate provided for State  
45 employees, computed at one-twelfth (1/12) of the annual rate for State  
46 employees for each calendar month of employment, to be taken under policies  
47 determined by each local board of education. On a day that employees are  
48 required to report for a workday but pupils are not required to attend school  
49 due to inclement weather, an employee may elect not to report due to  
50 hazardous travel conditions and to take one of his annual vacation days or to  
51 make up the day at a time agreed upon by the employee and his immediate

1 supervisor or principal. On a day that school is closed to employees and pupils  
2 due to inclement weather, the employee shall work on the scheduled makeup  
3 day. Included within their term of employment, each local board of education  
4 shall designate the same or an equivalent number of legal holidays occurring  
5 within the period of employment as those designated by the State Human  
6 Resources Commission for State employees."

7 **SECTION 7.35.(c)** This section is effective when it becomes law.  
8

9 **BONUSES FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL IN**  
10 **SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**  
11 **IMPAIRMENTS/ESSER II FUND**

12 **SECTION 7.36.(a)** Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L.  
13 2021-3, reads as rewritten:

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

16 ...

17 (15a) Up to \$55,000 to administer a one-time, lump sum bonus of three hundred  
18 fifty dollars (\$350.00), in recognition of necessary services performed during  
19 the COVID-19 pandemic, to every teacher who, as of April 1, 2021, was  
20 employed as a teacher in a school for students with visual and hearing  
21 impairments, in accordance with the following criteria:

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

23 1. Teacher. – Teachers and instructional support personnel.

24 2. School for students with visual and hearing impairments. – A  
25 public school governed by the State Board of Education under  
26 Article 9C of Chapter 115C of the General Statutes.

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

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

34 d. The bonuses awarded pursuant to this subdivision do not apply to any  
35 teacher no longer employed as a teacher due to resignation, dismissal,  
36 reduction in force, death, or retirement or whose last workday is prior  
37 to April 1, 2021.

38 e. Funds provided pursuant to this subdivision shall supplement the  
39 compensation of a public school employee and shall not supplant any  
40 existing compensation funds.

41 (16) If, on August 15, 2022, the date the Current Operations Appropriations Act of  
42 2021 becomes law, there are any remaining ESSER II funds from the  
43 allocations in subdivisions (1) through (11) and (13) and (14) of this section,  
44 those funds shall be reallocated to the reserve described under subsection (c1)  
45 of Section 5 of this act to be used for expenditure on or after that date to meet  
46 additional emergency needs of the elementary and secondary schools of the  
47 State, as determined by the State Board of Education."

48 **SECTION 7.36.(b)** This section is effective when it becomes law.  
49

50 **OPPORTUNITY GAP TASK FORCE**



1           **SECTION 7.37.(a)** There is established the Opportunity Gap Task Force (Task  
2 Force).

3           **SECTION 7.37.(b)** The Task Force shall consist of 14 members as follows:

- 4           (1) Three persons who are members of the House of Representatives at the time  
5 of appointment, at least one of whom represents the minority party, appointed  
6 by the Speaker of the House of Representatives.
- 7           (2) Three persons who are members of the Senate at the time of appointment, at  
8 least one of whom represents the minority party, appointed by the President  
9 Pro Tempore of the Senate.
- 10          (3) The chair of the State Board of Education, or his or her designee.
- 11          (4) The Superintendent of Public Instruction, or his or her designee.
- 12          (5) The President of The University of North Carolina, or his or her designee.
- 13          (6) The President of the North Carolina System of Community Colleges, or his or  
14 her designee.
- 15          (7) The President of the North Carolina Independent Colleges and Universities,  
16 Inc., or his or her designee.
- 17          (8) The President and Chief Executive Officer of North Carolina Business  
18 Leaders for Education, doing business as BEST NC (Business for Educational  
19 Success and Transformation), or his or her designee.
- 20          (9) The Executive Director of the NC Association for Public Charter Schools, or  
21 his or her designee.
- 22          (10) The Senior Education Advisor to the Governor, or his or her designee.

23           **SECTION 7.37.(c)** Appointments to the Task Force shall be made no later than 30  
24 days after the date this act becomes law. In making their appointments, the appointing authorities  
25 shall consider the geographic and cultural diversity of the State and the value to the Task Force  
26 of experience in business, education, and philanthropic organizations. Any vacancy shall be filled  
27 by the appointing authority.

28           **SECTION 7.37.(d)** The Task Force shall (i) study the opportunity gap, (ii) consider  
29 effective approaches and best practices from across the country to close the opportunity gap in  
30 grades kindergarten through 12, and (iii) propose a plan to reduce the opportunity gap for all  
31 subgroups by July 1, 2030. For the purposes of this section, the "opportunity gap" refers to the  
32 significant disparity in the academic performance and postsecondary readiness of students  
33 between any of the following subgroups: races, ethnicities, socioeconomic statuses, genders,  
34 English-language proficiencies, and urban, rural, or suburban domiciles.

35           **SECTION 7.37.(e)** As part of its study, the Task Force shall consider the following:

- 36           (1) Best practices in public education.
- 37           (2) Professional development for teachers.
- 38           (3) Parental involvement in public education.
- 39           (4) Disparities in disciplinary consequences, including suspensions and  
40 expulsions.
- 41           (5) Preparation and development of school leadership.
- 42           (6) Effective use of data to reduce the opportunity gap.
- 43           (7) Access to effective educators.
- 44           (8) Access to rigorous coursework, including content and courses.
- 45           (9) Access to effective school leadership.
- 46           (10) Innovative budgeting practices.
- 47           (11) The value of incorporating mastery-based learning into curriculum.
- 48           (12) Effective access to and use of technology, including (i) connectivity for  
49 students and their families, (ii) devices, and (iii) software.
- 50           (13) The final report and recommendations of the Task Force to Develop a  
51 Representative and Inclusive Vision for Education (DRIVE).

1 (14) Any other issue the Task Force deems relevant to its study.

2 **SECTION 7.37.(f)** At a minimum, the Task Force shall extend invitations to receive  
3 input from all of the following:

- 4 (1) Two or more parents of students adversely affected by the opportunity gap.
- 5 (2) Two or more teachers employed in a North Carolina public school who have  
6 demonstrated significant success in reducing the opportunity gap in the  
7 classroom.
- 8 (3) Two or more principals employed in a North Carolina public school who have  
9 demonstrated significant success in reducing the opportunity gap at a school.
- 10 (4) Two or more superintendents employed in a local school administrative unit  
11 who have demonstrated significant success in reducing the opportunity gap at  
12 a local school administrative unit.
- 13 (5) Organizations that have demonstrated success in closing the opportunity gap,  
14 including, but not limited to, Communities in Schools of North Carolina, Inc.
- 15 (6) The Professional Educator Preparation and Standards Commission.
- 16 (7) The myFutureNC Commission.
- 17 (8) The Governor's Commission on Access to Sound Basic Education.
- 18 (9) The B-3 Interagency Council.
- 19 (10) The North Carolina Early Childhood Foundation, Inc.'s, Pathways to  
20 Grade-Level Reading Initiative.
- 21 (11) The Executive Director of NC Child, or his or her designee.
- 22 (12) The President of Parents for Educational Freedom in North Carolina, or his or  
23 her designee.
- 24 (13) The Public School Forum of North Carolina.
- 25 (14) The North Carolina Principal Fellows and Transforming Principal Preparation  
26 Program.

27 **SECTION 7.37.(g)** The Task Force shall include the following in its proposed plan  
28 to reduce the opportunity gap for all subgroups:

- 29 (1) Information identifying opportunity gaps that exist between races, ethnicities,  
30 socioeconomic statuses, genders, English-language proficiencies, and urban,  
31 rural, or suburban domiciles.
- 32 (2) Recommendations for closing or significantly reducing the opportunity gaps  
33 identified by the Task Force.
- 34 (3) Benchmarks for implementation of the proposed plan.

35 **SECTION 7.37.(h)** The Speaker of the House of Representatives and the President  
36 Pro Tempore of the Senate shall each select a cochair for the Task Force from among its  
37 members. The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force  
38 is a majority of its members. No action may be taken except by a majority vote at a meeting at  
39 which a quorum is present. The Task Force, while in the discharge of its official duties, may  
40 exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.  
41 The Task Force may contract for professional, clerical, or consultant services, as provided by  
42 G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee  
43 or a person currently under contract with the State to provide services.

44 Members of the Task Force shall serve without compensation but may receive travel  
45 and subsistence as follows:

- 46 (1) Members who are officials or employees of a State agency or unit of local  
47 government, in accordance with G.S. 138-6.
- 48 (2) Members who serve in the General Assembly, in accordance with  
49 G.S. 120-3.1.
- 50 (3) All other members at the rate established in G.S. 138-5.

1 All State departments and agencies and local governments and their subdivisions shall  
2 furnish the Task Force with any requested information in their possession or available to them.

3 **SECTION 7.37.(i)** The Legislative Services Officer shall assign professional and  
4 clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the  
5 House of Representatives and the Director of Legislative Assistants of the Senate shall assign  
6 clerical support to the Task Force.

7 **SECTION 7.37.(j)** Meetings of the Task Force shall begin no later than 60 days after  
8 the date this act becomes law. The Task Force shall submit a final report on the results of its  
9 study, including its proposed plan and any proposed legislation, to the Joint Legislative Education  
10 Oversight Committee on or before December 1, 2022, by filing a copy of the report with the  
11 Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of  
12 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative  
13 Library. The Task Force shall terminate on December 1, 2022, or upon the filing of its final  
14 report, whichever comes first.

## 15 16 **ADVANCED TEACHING ROLES CHANGES**

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

18 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

19 ...

20 (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit  
21 pursuant to this section shall be subject to availability and awarded for a term of up to three years,  
22 in the discretion of the State Board. A local school administrative unit shall not be eligible to  
23 receive funding for more than ~~one term~~ two terms. Funds awarded to local school administrative  
24 units shall be used for any of the ~~following~~ following, subject to requirements established by the  
25 State Board:

- 26 (1) Development of advanced teaching role plans.
- 27 (2) Development of professional development courses for teachers in advanced  
28 teaching roles that lead to improved student outcomes.
- 29 (3) Transition costs associated with designing and implementing advanced  
30 teaching role models. Transition costs may include employing staff members  
31 or contractors to assist with design and implementation of the plan.
- 32 (4) Development of the design and implementation of compensation plans that  
33 focus on teacher professional growth and student outcomes and the transition  
34 costs associated with designing and implementing new compensation plans,  
35 including employing staff members or contractors to assist with design and  
36 implementation of the plan.

37 ...

38 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the  
39 State Board of Education, Advanced Teaching Roles schools selected to participate in the  
40 program may exceed the maximum class size requirements for kindergarten through third ~~grade~~  
41 ~~during the term of up to three years in which State funds are awarded to the local school~~  
42 ~~administrative unit where the school is located. At the conclusion of the term,~~ grade. If a school  
43 is no longer designated as an Advanced Teaching Roles school, any class size flexibility  
44 approved for an Advanced Teaching Roles that school pursuant to this subsection shall expire.

45 ...."

46 **SECTION 7.38.(b)** This section is effective when it becomes law.

## 47 48 **PRINCIPAL RECRUITMENT SUPPLEMENT**

49 **SECTION 7.39.** Notwithstanding G.S. 115C-285.1, for purposes of administering  
50 the principal recruitment supplement in the 2021-2022 fiscal year, a school identified as an  
51 eligible school in the 2019-2020 and 2020-2021 school years pursuant to G.S. 115C-285.1(a)(2)

1 and Section 2.13(a) of S.L. 2020-3, respectively, shall continue to be an eligible school in the  
2 2021-2022 school year.

#### 3 4 **NOTIFICATION REQUIREMENT FOR TEACHER PERFORMANCE DATA**

5 **SECTION 7.40.** Notwithstanding G.S. 115C-333.2, for the 2021-2022 school year,  
6 to the extent the Education Value-Added Assessment System (EVAAS) data regarding a  
7 teacher's performance includes data from more than one school year, when a principal notifies a  
8 teacher that the teacher's EVAAS data has been updated, the principal shall provide the teacher  
9 with additional context regarding the years on which the data is based and the extent to which  
10 the students on which the data is based were taught by another teacher.

#### 11 12 **TEACHER EFFECTIVENESS REPORTING REQUIREMENTS**

13 **SECTION 7.41.** Notwithstanding G.S. 115C-299.5, for the 2021-2022 school year,  
14 to the extent teacher effectiveness data reported pursuant to G.S. 115C-299.5 is based on more  
15 than one school year, local school administrative units and the State Board of Education shall  
16 contextualize that data by specifying the years on which it is based and the extent to which it is  
17 not reflective of teacher performance because the students on which the data is based were taught  
18 by more than one teacher.

#### 19 20 **TEMPORARILY WAIVE CERTAIN REQUIREMENTS THAT RELATE TO DRIVING** 21 **ELIGIBILITY CERTIFICATES**

22 **SECTION 7.42.(a)** Notwithstanding G.S. 20-11(n), 115C-12(28), 115C-218.70,  
23 115C-288(k), 115C-566, and 115D-5(a3), a person required to sign a driving eligibility certificate  
24 shall issue the driving eligibility certificate without requiring the person to whom it is issued to  
25 be making progress toward obtaining a high school diploma or its equivalent, and no school  
26 authority shall notify the Division of Motor Vehicles that a person no longer meets the  
27 requirements for a driving eligibility certificate because the person is not making progress toward  
28 obtaining a high school diploma or its equivalent.

29 **SECTION 7.42.(b)** This section is effective when this act becomes law and expires  
30 June 30, 2022.

#### 31 32 **RESTORE CERTAIN PERMITS AND PROVISIONAL LICENSES REVOKED DUE TO** 33 **CERTIFICATE INELIGIBILITY**

34 **SECTION 7.43.(a)** Past Performance Revocation Restoration. – The Division of  
35 Motor Vehicles shall restore the permit or license of any person whose permit or license was  
36 revoked by the Division under G.S. 20-13.2(c1) due to ineligibility for a driving eligibility  
37 certificate under G.S. 20-11(n)(1). For restorations granted under this section, the Division shall  
38 not charge a restoration fee and the Division must expunge any record of revocation from the  
39 person's driving record.

40 **SECTION 7.43.(b)** This section is effective when it becomes law and applies to  
41 revocations resulting from notifications of ineligibility received by the Division dated on or after  
42 March 1, 2020, through the effective date of this section.

#### 43 44 **RECOMMENDATION FOR STUDENTS WITH DISABILITIES FUNDING**

45 **SECTION 7.44.** Of the funds appropriated by this act to the Department of Public  
46 Instruction for the 2021-2022 fiscal year to contract with Augenblick, Palaich and Associates  
47 Consulting (APA), APA shall make recommendations on how to categorize the allocation of  
48 funding for students with disabilities and how to set funding levels for each category  
49 recommended. APA shall expand on the findings and recommendations made in its 2010 report,  
50 "Recommendations to Strengthen North Carolina's School Funding System." In addition, APA  
51 shall consider any findings and recommendations published since 2010 by the Department of

1 Public Instruction and by the Friday Institute for Educational Innovation at North Carolina State  
2 University regarding funding needs for students with disabilities. In developing  
3 recommendations, APA shall examine the following:

- 4 (1) For each school system, the percentage of students with disabilities and the  
5 funding provided per student with disabilities.
- 6 (2) The potential benefit of allocating funding for students with disabilities based  
7 on severity of disability type as compared to allocating funding based on  
8 service level required.
- 9 (3) How other states provide funding for students with disabilities with particular  
10 emphasis on states that differentiate funding by student need.
- 11 (4) How to determine appropriate funding levels for each funding category  
12 recommended.
- 13 (5) Recommendations for how schools can utilize available Medicaid  
14 reimbursements.

15 APA shall submit its recommendations and supporting findings to the State Board of  
16 Education and the Department of Public Instruction on or before February 15, 2022. The  
17 Department of Public Instruction shall submit a final report on the recommendations and  
18 findings, including any proposed legislation necessary for implementation, to the Joint  
19 Legislative Education Oversight Committee, the General Assembly, the Senate Appropriations  
20 Committee on Education/Higher Education, and the House Appropriations Committee on  
21 Education on or before March 15, 2022.

## 22 23 **TEMPORARILY EXTEND CPR GRADUATION REQUIREMENT CHANGES**

24 **SECTION 7.45.(a)** Notwithstanding G.S. 115C-12(9d)a., for the 2020-2021 school  
25 year, any student in grade 12 who has not satisfied the requirement for completion of instruction  
26 in cardiopulmonary resuscitation shall be eligible to graduate if both of the following apply:

- 27 (1) Instruction in cardiopulmonary resuscitation cannot be completed due to the  
28 COVID-19 emergency.
- 29 (2) The student is eligible to graduate in all respects other than the statutory  
30 requirement described in this section, as determined by the principal of the  
31 school to which the student is assigned.

32 **SECTION 7.45.(b)** This section is effective when it becomes law.

## 33 34 **ACADEMIC TRANSPARENCY**

35 **SECTION 7.46.(a)** Article 8 of Chapter 115C of the General Statutes is amended by  
36 adding a new section to read:

### 37 **"§ 115C-102.1. Inform the public about course materials.**

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

- 39 (1) Course materials. – Any material used for instruction in a course, including,  
40 but not limited to, all instructional materials, supplemental materials,  
41 textbooks, other reading materials, videos, digital materials, websites, and  
42 other online applications.
- 43 (2) Instructional materials. – As defined in G.S. 115C-102.20.
- 44 (3) Lesson plan. – An outline of all of the following:
  - 45 a. The instruction provided by a teacher for a course that includes a list  
46 of (i) all course materials assigned, distributed, or otherwise presented  
47 in the course and (ii) when students must select course materials from  
48 a defined list, all course materials on that list.
  - 49 b. Each grade- or school-wide presentation, assembly, lecture, or other  
50 activity or event facilitated by the school during instructional hours  
51 outside of an individual teacher's classroom, excluding student

- 1                    presentations. The outline shall include a list of (i) each presenter by  
2                    name and organization and (ii) any course material used or presented.
- 3            (4)    Supplemental materials. – As defined in G.S. 115C-102.20.
- 4            (b)    The governing body of a public school unit shall ensure that the following information  
5 for each school it governs is prominently displayed on the school website, organized, at a  
6 minimum, by subject area and grade level:
- 7            (1)    For local school administrative units, the lesson plans that were used at the  
8 school during the prior school year. Lesson plans shall include the following,  
9 at a minimum:
- 10           a.     The names of all instructional and supplemental materials used by the  
11 school from the list of materials included in the instructional materials  
12 repository, with an electronic link to the instructional materials  
13 website.
- 14           b.     Any other course materials used in a course, by the title and the author,  
15 organization, or website associated with each material and activity.  
16 These course materials shall include materials created by the teacher,  
17 with the teacher identified as the author. The lesson plan shall include  
18 a brief descriptor of the course materials, and a link to the course  
19 material, if publicly available on the internet, or information on how  
20 to request review of a copy of the course material in person. Nothing  
21 in this section shall be construed to require the digital reproduction or  
22 posting of copies of the course materials themselves.
- 23           (2)    For all public school units that are not local school administrative units, the  
24 lesson plans that were used at the school during the prior school year. Lesson  
25 plans shall include the following, at a minimum:
- 26           a.     All course materials by the title and the author, organization, or  
27 website associated with each material and activity. If individual  
28 components of course materials used throughout the lesson plan are  
29 produced as a single volume, that volume may be listed only once in  
30 the lesson plan. If the course material was created by the teacher, the  
31 lesson plan shall identify the teacher as the author.
- 32           b.     A brief descriptor of the course material.
- 33           c.     A link to the course material, if publicly available on the internet, or  
34 information on how to request review of a copy of the course material  
35 in person. Nothing in this section shall be construed to require the  
36 digital reproduction or posting of copies of the course materials  
37 themselves.
- 38           (3)    For all public school units, any procedures for the documentation, review, or  
39 approval of the lesson plans, including course materials identified in those  
40 plans, by the principal, curriculum administrators, or other teachers.
- 41           (4)    For all public school units, the procedure established by the governing board  
42 for requesting an in-person review of a course material not publicly available  
43 on the internet. For local school administrative units, information shall be  
44 provided on how to access the instructional materials repository, as provided  
45 in G.S. 115C-102.50.
- 46           (c)    The governing body shall provide access from the website of the public school unit  
47 to the information required by subsection (b) of this section by June 30 of each year either through  
48 a website maintained by the public school unit or by a link to another website where the  
49 information is publicly accessible. Public access to the information for the school year ending  
50 June 30 shall be maintained by the public school unit until June 30 of the following year. The  
51 Department of Public Instruction shall make available to public school units one or more

1 templates for providing information as required by this section. A public school unit may exercise  
2 flexibility in determining the most effective means of compliance with the requirements of this  
3 section, including, but not limited to, utilizing any of the following in its discretion:

- 4 (1) Providing a template created by the Department of Public Instruction to  
5 teachers to facilitate reporting of lesson plans.
- 6 (2) Creating one or more templates to provide to teachers to facilitate reporting of  
7 lesson plans. The public school unit may customize templates for grades or  
8 courses and may autopopulate any course materials required by the public  
9 school unit as part of the curriculum for a particular grade or course.
- 10 (3) Allowing utilization of online collaborative software, documents, or  
11 spreadsheets to allow multiple authorized users to update content.
- 12 (4) Authorizing updating lesson plans throughout the school year, if all updates  
13 are completed by June 30.

14 (d) A governing body that is responsible for the operation of schools with fewer than 400  
15 students cumulatively is not required to comply with the requirements of this section."

16 **SECTION 7.46.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

17 "(9e) Duty to Inform the Public About Course Materials. – The Board shall ensure  
18 that information about course materials for any school operated under Article  
19 7A and Article 9C of this Chapter is prominently displayed on the website of  
20 the school, as required by G.S. 115C-102.1."

21 **SECTION 7.46.(c)** G.S. 115C-47 is amended by adding a new subdivision to read:

22 "(58a) To Inform the Public About Course Materials. – Local boards of education  
23 shall ensure that information about course materials for each school in the  
24 local school administrative unit is prominently displayed on the website of the  
25 school, as required by G.S. 115C-102.1."

26 **SECTION 7.46.(d)** G.S. 115C-238.66 is amended by adding a new subdivision to

27 read:

28 "(11a) Course materials. – The board of directors shall ensure that information about  
29 course materials is prominently displayed on the website of the regional  
30 school, in accordance with G.S. 115C-102.1."

31 **SECTION 7.46.(e)** G.S. 115C-218.85 is amended by adding a new subsection to

32 read:

33 "(c) Course Materials. – A charter school shall ensure that information about course  
34 materials is prominently displayed on the website of the charter school, in accordance with  
35 G.S. 115C-102.1."

36 **SECTION 7.46.(f)** Article 4 of Chapter 116 of the General Statutes is amended by  
37 adding a new section to read:

38 "**§ 116-69.2. Inform the public about course materials.**

39 The Board of Trustees shall ensure that information about course materials is prominently  
40 displayed on the website of the North Carolina School of the Arts for all elementary, middle, and  
41 high school programs, in accordance with G.S. 115C-102.1."

42 **SECTION 7.46.(g)** G.S. 116-235 is amended by adding a new subsection to read:

43 "(j) Course Materials. – The Board of Trustees shall ensure that information about course  
44 materials is prominently displayed on the website of the School, in accordance with  
45 G.S. 115C-102.1."

46 **SECTION 7.46.(h)** G.S. 116-239.8(b) reads as rewritten:

47 "(b) The chancellor shall be the administrative head of a laboratory school approved by  
48 the Subcommittee and shall provide general direction for the establishment and operation of a  
49 laboratory school. The chancellor, with advice and input from the advisory board established in  
50 subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of  
51 study to govern the operation of the laboratory school. The chancellor may designate the duties

1 required by this Article to other personnel as necessary. The chancellor shall also have the  
2 following powers and duties:

3 ...

4 (2a) Course materials. – The chancellor shall ensure that information about course  
5 materials is prominently displayed on the website of the laboratory school, in  
6 accordance with G.S. 115C-102.1.

7 ...."

8 **SECTION 7.46.(i)** Section 6(d) of S.L. 2018-32 is amended by adding a new  
9 subdivision to read:

10 "(5a) G.S. 115C-102.1, Inform the public about course materials."

11 **SECTION 7.46.(j)** Except as otherwise provided, this section is effective when it  
12 becomes law and applies beginning with the display of course materials used during the  
13 2021-2022 school year no later than June 30, 2022.

## 14 MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS

15 **SECTION 7.47.(a)** Part 3 of Article 8 of Chapter 115C of the General Statutes is  
16 repealed.

17 **SECTION 7.47.(b)** Article 8 of Chapter 115C of the General Statutes is amended by  
18 adding a new Part to read:

19 "Part 3C. Selection of Instructional Material.

### 20 "§ 115C-102.20. Definition of instructional materials.

21 (1) Curricula. – All current objectives, curricula materials, texts, and all other  
22 audiovisual or printed materials that are displayed or distributed to students.

23 (2) Health and safety programs. – Any instruction, curricula, or materials intended  
24 to impart information or promote discussion or understanding regarding any  
25 of the following, including instruction, curricula, or materials implemented to  
26 comply with any federal law, regulation, or guidance:

27 a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).

28 b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).

29 c. Growth and development, as provided in G.S. 115C-81.25(c)(9).

30 d. Anti-bullying or anti-harassment.

31 (3) Instructional materials. – Systematically organized material comprehensive  
32 enough to cover the primary objectives outlined in the standard course of  
33 study for a grade or course. Formats for instructional materials may be print  
34 or nonprint, including hardbound books, softbound books, activity-oriented  
35 programs, classroom kits, or digital resources that require the use of electronic  
36 equipment in order to be used in the learning process.

37 (4) Local committee. – A local community media advisory committee.

38 (5) Parent. – A student's parent or legal guardian.

39 (6) State Committee. – The State Community Media Advisory Committee.

40 (7) Supplemental materials. – Educational materials that supplement specific  
41 instruction for the standard course of study selected and procured by a local  
42 board of education for a grade or course or general education needs of the  
43 school. Supplemental materials may include textbooks, library books,  
44 periodicals, audiovisual materials, and other supplemental instructional  
45 materials needed for instructional purposes in the local school administrative  
46 unit. Supplemental materials may be print or nonprint, including hardbound  
47 books, softbound books, activity-oriented programs, classroom kits, or digital  
48 resources that require the use of electronic equipment in order to be used in  
49 the learning process.



- 1           (8)     Unfit materials. – Instructional or supplemental materials determined to be  
2           inappropriate for use in an elementary or secondary school because the  
3           material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade  
4           level of the students, or (iii) not aligned with the standard course of study.

5     **"§ 115C-102.25. Selection of instructional materials.**

6           (a)     Local Board Adoption. – Local boards of education shall select and adopt  
7           instructional materials for each standard course of study at each instructional level in the  
8           elementary school and the secondary school adopted by the State Board of Education, as provided  
9           in Part 1 of Article 8 of this Chapter.

10          (b)     Evaluation of Instructional Materials Prior to Adoption. – For each standard course  
11          of study, the local board of education may require experts employed by the local board of  
12          education and certified in the discipline in which the instructional material would be used to offer  
13          evaluation reports to the local board on materials being considered for adoption. Such evaluation  
14          reports should give special consideration to the suitability of the instructional materials to the  
15          instructional level for which it is offered, the content or subject matter, whether the instructional  
16          materials are aligned with the standard course of study, and other criteria prescribed by the local  
17          board.

18     **"§ 115C-102.30. Selection of supplemental materials.**

19          (a)     Local boards of education shall adopt written policies concerning the procedures to  
20          be followed in their local school administrative units for the selection and procurement of  
21          supplemental materials for a grade or course or for general education needs at a school or  
22          throughout the entire local school administrative unit. Local boards of education shall have sole  
23          authority to select and procure supplemental materials, whether or not the materials contain  
24          commercial advertising, to determine if the materials are related to and within the limits of the  
25          prescribed curriculum, and to determine when the materials may be presented to students during  
26          the school day.

27          (b)     Supplemental materials shall neither displace nor be used to the exclusion of  
28          instructional materials.

29     **"§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

30          (a)     When adopting, modifying, or amending a health and safety program and the  
31          instructional and supplemental materials for that program, a local board of education shall  
32          conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

33          (b)     The local board of education shall also provide both electronic and written notice to  
34          all parents of students in the local school administrative unit of the public hearing and the  
35          opportunity to review those materials in the program repository, as provided in  
36          G.S. 115C-102.50, at least 60 days before the public hearing occurs.

37          (c)     The notice to parents provided for in subsection (b) of this section shall include the  
38          following in both written and electronic form:

39               (1)     A detailed description of the program's objectives and any proposed changes,  
40               including any topics that the local board of education determines that a  
41               reasonable parent in that community may wish to examine as to the age  
42               appropriateness of the topics.

43               (2)     All written and audio materials that will be used.

44               (3)     A link to, or information on how to access, the program repository on the local  
45               school administrative unit's website, as provided in G.S. 115C-102.50.

46     **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

47          (a)     Funds allocated by the State Board of Education or appropriated in the current  
48          expense or capital outlay budgets of the local school administrative units shall be used by the  
49          local board of education for purchase, lease, or rental of instructional or supplemental materials  
50          and for hardware, software, or other equipment necessary for the use of the instructional or

1 supplemental materials. The title of purchased materials and equipment shall be vested in the  
2 local board of education.

3 (b) Local boards of education are encouraged to partner with other local boards of  
4 education and other public schools to jointly purchase instructional and supplemental materials.

5 (c) All instructional materials purchased with State funds shall include a clause granting  
6 to the local board of education the license to produce braille, large print, and audio recording  
7 copies of the instructional materials for use in the local school administrative unit.

8 (d) The local board of education shall publish on the website of the local school  
9 administrative unit the title, author, and publisher of all instructional and supplemental materials  
10 purchased by the local board of education.

11 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

12 (a) The students of the public elementary and secondary schools of the State shall be  
13 provided with free instructional materials within the appropriation of the General Assembly for  
14 that purpose. The local board of education shall provide for the free use by students, with proper  
15 care and return, of elementary and secondary instructional materials. No local board of education  
16 may charge any student a rental fee for the use of instructional materials or for hardware,  
17 software, or other equipment necessary for the use of the instructional or supplemental materials.

18 (b) Local boards of education shall provide adequate and safe storage facilities for the  
19 proper care of instructional and supplemental materials and emphasize to all students the  
20 necessity for proper care of instructional and supplemental materials and equipment necessary  
21 for the use of the instructional materials.

22 (c) A student's parents or legal guardians may be charged damage fees for abuse or loss  
23 of instructional or supplemental materials or equipment necessary for the use of those materials  
24 under rules adopted by the local board of education. Damage fees collected under this subsection  
25 shall be used by the local board of education for purchase, lease, or rental of instructional and  
26 supplemental materials, as provided in G.S. 115C-102.40.

27 **"§ 115C-102.50. Instructional materials repository.**

28 (a) A local board of education shall maintain a continuous repository of current  
29 instructional and supplemental materials that have been selected and acquired by the local board  
30 of education pursuant to this Article. The repository shall not be required to include classroom  
31 materials developed by teachers. The materials shall be maintained at a central location for  
32 in-person review by parents and the public upon request, and the names of all those materials  
33 shall be posted to the local school administrative unit's website for review by parents and the  
34 public.

35 (b) In addition to the requirements of subsection (a) of this section, a local board of  
36 education shall also maintain a continuous repository of current objectives, entire curricula, texts,  
37 and all other materials used in any health and safety program as follows:

38 (1) The current objectives, entire curricula, texts, and all other materials used in  
39 any health and safety program shall be maintained at a central location for  
40 in-person review by parents and the public upon request.

41 (2) Electronic copies of the current objectives and names of curricula, texts, or  
42 any other materials used in any health and safety program shall be posted to  
43 the local school administrative unit's website for review by parents and the  
44 public. The website shall also include the curricula, texts, and any other  
45 materials used in the health and safety program, including links to any  
46 materials available on the publisher's website.

47 (3) The local board of education shall add to the central location and electronic  
48 repository any objectives, curricula, texts, and other materials that may be  
49 proposed for adoption, amendment, or modification to the health and safety  
50 program and shall clearly indicate that status while the materials are under  
51 consideration.

1       (c) Each school year, at least 14 days before students participate in a health and safety  
2 program, a local board of education shall give both written and electronic notice to parents of  
3 students participating in that program of the right of parents to review the objectives, complete  
4 materials, and entire curriculum of that program in the program repository maintained by the  
5 local board of education, as provided in subsection (b) of this section. The notice shall include  
6 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction  
7 with and combination with the notice and requirements to inform parents of the local board of  
8 education's policy for participation in certain health and safety programs, as established in  
9 G.S. 115C-81.32.

10 **"§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

11       (a) Any parent, guardian, or person in loco parentis may purchase any instructional  
12 material needed for any student in the public schools of the State from the board of education of  
13 the local school administrative unit in which the child is enrolled, if the board of education holds  
14 title to the instructional material, as described in G.S. 115C-102.40(a).

15       (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),  
16 or any other provision of law, a local board of education may dispose of discontinued  
17 instructional or supplemental materials.

18 **"§ 115C-102.60. Local community media advisory committee.**

19       (a) A local board of education shall establish a local community media advisory  
20 committee to investigate and evaluate challenges from parents, teachers, and members of the  
21 public to instructional materials and supplemental materials on the grounds that they are unfit  
22 materials. This section does not apply to optional supplemental materials available through the  
23 school library.

24       (b) The local committee shall, at a minimum, include the following:

25           (1) A principal from a high school, middle school, and elementary school,  
26 respectively.

27           (2) A teacher from a high school, middle school, and elementary school,  
28 respectively.

29           (3) A parent of a student in high school or middle school and a parent of a student  
30 in elementary school.

31           (4) A school library media coordinator from a high school, middle school, and  
32 elementary school, respectively.

33       (c) Individuals challenging unfit materials shall make challenges in writing to the local  
34 board of education and shall specify whether the materials are being challenged on the grounds  
35 of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii)  
36 not aligned with the standard course of study.

37       (d) Within two weeks of the filing of the challenge, the local committee shall hold a  
38 hearing and provide the challengers an opportunity to present their concerns to the local  
39 committee. The local committee may, in the local committee's discretion, request additional  
40 information at the hearing from experts on the subject matter employed by the local school  
41 administrative unit. Within two weeks of the hearing, the local committee shall make a  
42 recommendation to the local board of education on whether the challenge has merit and whether  
43 the challenged material should be retained or removed as unfit material. The local committee's  
44 determination shall be limited to considerations of whether the material is unfit on the specific  
45 grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level  
46 of the students, or (iii) not aligned with the standard course of study.

47       (e) At the next meeting of the local board of education after the local committee's  
48 recommendation is received, the local board shall determine whether the challenge has merit and  
49 whether the challenged material should be retained or removed as unfit material.

50       (f) If the local board of education determines that the challenged material shall be  
51 retained, a challenger may appeal the local board's decision to the State Community Media

1 Advisory Committee. The challenger must make the appeal in the form and manner designated  
2 by the State Board of Education within two weeks of the local board's decision.

3 **"§ 115C-102.65. State Community Media Advisory Committee.**

4 (a) The State Board of Education shall establish a State Community Media Advisory  
5 Committee to review challenges to instructional and supplemental materials appealed under  
6 G.S. 115C-102.55.

7 (b) The State Committee shall, at a minimum, include the following:

8 (1) The State Superintendent of Public Instruction or designee.

9 (2) One superintendent of a local school administrative unit.

10 (3) A principal from a high school, middle school, and elementary school,  
11 respectively.

12 (4) A teacher from a high school, middle school, and elementary school,  
13 respectively.

14 (5) A parent of a student in high school or middle school and a parent of a student  
15 in elementary school.

16 (6) A school library media coordinator from a high school, middle school, and  
17 elementary school, respectively.

18 (c) A member of the State Committee may be recused from any challenge to materials  
19 used in the local school administrative unit in which the member is employed or in which the  
20 member's child is enrolled.

21 (d) The State Board of Education shall designate the form and manner for appeals to be  
22 made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be  
23 provided to the local board of education.

24 (e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing  
25 and provide the appellants an opportunity to present concerns to the State Committee as well as  
26 the local board of education an opportunity to rebut those concerns. The State Committee may,  
27 in the State Committee's discretion, request additional information at the hearing from experts on  
28 the subject matter employed by the State Board of Education. Within two weeks of the hearing,  
29 the State Committee shall make a recommendation to the State Board of Education on whether  
30 the appealed challenge has merit and whether the challenged material should be retained or  
31 removed as unfit material. The State Committee's determination shall be limited to considerations  
32 of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii)  
33 inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the  
34 standard course of study.

35 (f) At the next meeting of the State Board of Education after the State Committee's  
36 recommendation is received, the State Board shall determine whether the appealed challenge has  
37 merit and whether the challenged material should be retained or removed as unfit material. If the  
38 State Board of Education determines that challenged material shall be removed, the local board  
39 of education shall remove the material. The decision of the State Board of Education is final and  
40 is not subject to appeal by the local board of education or challenger."

41 **SECTION 7.47.(c)** G.S. 115C-11(d) reads as rewritten:

42 "(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~  
43 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a  
44 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute  
45 book."

46 **SECTION 7.47.(d)** G.S. 115C-11(e) is repealed.

47 **SECTION 7.47.(e)** G.S. 115C-12(9)b. is repealed.

48 **SECTION 7.47.(f)** G.S. 115C-12(18)d. reads as rewritten:

49 "d. The State Board of Education shall modify the Uniform Education  
50 Reporting System to provide clear, accurate, and standard information  
51 on the use of funds at the unit and school level. The plan shall provide

1 information that will enable the General Assembly to determine State,  
2 local, and federal expenditures for personnel at the unit and school  
3 level. The plan also shall allow the tracking of expenditures for  
4 ~~textbooks,~~ instructional materials, educational supplies and  
5 equipment, capital outlay, at-risk students, and other purposes."

6 **SECTION 7.47.(g)** G.S. 115C-47(6) reads as rewritten:

7 "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall  
8 adopt rules and regulations governing solicitations of, sales to, and  
9 fund-raising activities conducted by, the students and faculty members in  
10 schools under their jurisdiction, and no fees, charges, or costs shall be  
11 collected from students and school personnel without approval of the board of  
12 education as recorded in the minutes of said board; ~~provided, this subdivision~~  
13 ~~shall not apply to such textbooks fees as are determined and established by the~~  
14 ~~State Board of Education.~~ board. The local board of education shall publish a  
15 schedule of fees, charges, and solicitations approved by the local board on the  
16 local school administrative unit's Web site by October 15 of each school year  
17 and, if the schedule is subsequently revised, within 30 days following the  
18 revision."

19 **SECTION 7.47.(h)** G.S. 115C-47(33) reads as rewritten:

20 "(33) To Approve and Use Supplemental Materials. – Local boards of education  
21 shall have sole authority to select and procure ~~supplementary instructional~~  
22 supplemental materials, whether or not the materials contain commercial  
23 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~ Part 3C of Article  
24 8 of this Chapter."

25 **SECTION 7.47.(i)** G.S. 115C-47(33a) reads as rewritten:

26 "(33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education.~~  
27 Instructional Materials. – Local boards of education shall have the sole  
28 authority to select, procure, and use ~~textbooks not adopted by the State Board~~  
29 ~~of Education~~ instructional materials as provided in ~~G.S. 115C-98(b1).~~ Part 3C  
30 of Article 8 of this Chapter."

31 **SECTION 7.47.(j)** G.S. 115C-75.10(c) reads as rewritten:

32 "(c) Funding Memorandum of Understanding. – The IS operator, in collaboration with the  
33 ISD Superintendent, may enter into a funding memorandum of understanding with the local  
34 board of education of the local school administrative unit where the innovative school is located  
35 for all student support and operational services and instructional services to be provided by the  
36 local board of education in the same manner and degree as in the prior school year or funding in  
37 an amount equivalent to the amount the local board of education would have expended on those  
38 services if provided. For the purposes of this subsection, student support and operational services  
39 include cafeteria services, custodial services, broadband and utilities, and student information  
40 services, and instructional services include alternative education, special education services, test  
41 administration services, ~~textbooks,~~ instructional materials, technology, media resources,  
42 instructional equipment, and other resources. The IS operator and local board of education shall  
43 finalize the funding memorandum of understanding within 30 days of the initial request for the  
44 memorandum by the IS operator. If the parties have not completed the funding memorandum of  
45 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

46 **SECTION 7.47.(k)** G.S. 115C-81.5(b)(3) is repealed.

47 **SECTION 7.47.(l)** G.S. 115C-81.25(b)(3) is repealed.

48 **SECTION 7.47.(m)** G.S. 115C-81.25(d) reads as rewritten:

49 "(d) Parental Review. – The State Board of Education shall make available to all local  
50 school administrative units for review by the parents and legal guardians of students enrolled at  
51 those units any State-developed objectives for ~~instruction~~ any approved textbooks, instruction,

1 the list of reviewed materials, and any other State-developed or approved materials that pertain  
2 to or are intended to impart information or promote discussion or understanding in regard to the  
3 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of  
4 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The  
5 review period shall extend for at least 60 days before use."

6 **SECTION 7.47.(n)** G.S. 115C-242(3) reads as rewritten:

7 "(3) The board of education of any local school administrative unit may operate  
8 the school buses of such unit one day prior to the opening of the regular school  
9 term for the transportation of pupils and employees to and from the school to  
10 which such pupils are assigned or in which they are enrolled and such  
11 employees are employed, for the purposes of the registration of students, the  
12 organization of classes, the distribution of ~~textbooks~~, instructional materials,  
13 and such other purposes as will, in the opinion of the superintendent of the  
14 schools of such unit, promote the efficient organization and operation of such  
15 public schools."

16 **SECTION 7.47.(o)** G.S. 115C-271(d)(2) reads as rewritten:

17 "(2) Local funds appropriated for teachers, ~~textbooks~~, instructional materials, or  
18 classroom materials, supplies, and equipment are not transferred or used for  
19 this purpose."

20 **SECTION 7.47.(p)** G.S. 115C-384(c) reads as rewritten:

21 "(c) Rental Fees for ~~Textbooks—Instructional Materials~~ Prohibited; Damage Fees  
22 Authorized. – No rental fees are permitted for the use of ~~textbooks~~, instructional materials, but  
23 damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100~~. G.S. 115C-102.45."

24 **SECTION 7.47.(q)** G.S. 115C-390.2(l)(1) reads as rewritten:

25 "(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished  
26 digital devices home for the duration of the absence."

27 **SECTION 7.47.(r)** G.S. 115C-390.5(c)(1) reads as rewritten:

28 "(1) The opportunity to take ~~textbooks~~ instructional materials home for the  
29 duration of the suspension."

30 **SECTION 7.47.(s)** G.S. 115C-398 reads as rewritten:

31 **"§ 115C-398. Damage to school buildings, furnishings, textbooks.**

32 Students and their parents or legal guardians may be liable for damage to school buildings,  
33 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,  
34 115C-100 and 14-132."

35 **SECTION 7.47.(t)** G.S. 143A-48 is repealed.

36 **SECTION 7.47.(u)** G.S. 143C-9-7(b) reads as rewritten:

37 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming  
38 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local  
39 school administrative units, charter schools, and regional schools on the basis of allotted average  
40 daily membership. The funds allotted by the State Board of Education pursuant to this section  
41 shall be nonreverting. Funds received pursuant to this section by local school administrative units  
42 shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or  
43 ~~textbooks~~ instructional materials."

44 **SECTION 7.47.(v)** Effective July 1, 2021, the existing Textbooks and Digital  
45 Resources funding allotment in the State Public School Fund shall be designated as the  
46 Instructional Materials funding allotment in the State Public School Fund. The State Board of  
47 Education shall establish the purposes for which the funds within the new Instructional Materials  
48 funding allotment may be used as follows: (i) to acquire instructional or supplemental materials  
49 as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire software necessary  
50 for the use of the instructional or supplemental materials.

51 **SECTION 7.47.(w)** G.S. 115C-105.25(b)(12) reads as rewritten:

"(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may only be used for the purchase of ~~textbooks and digital resources~~ to acquire instructional and supplemental materials, as defined in G.S. 115C-102.20, and to acquire software necessary for the use of the instructional or supplemental materials. These funds shall not be transferred out of the allotment for any other purpose."

**SECTION 7.47.(x)** G.S. 115C-81.30(b) and (c) are repealed.

**SECTION 7.47.(y)** Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

**"§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

Local boards of education shall adopt policies to provide opportunities either for parents to consent or for parents to withhold their consent to the students' participation in any or all of the health and safety programs included in subdivision (2) of G.S. 115C-102.20 provided by the local school administrative unit. Local boards of education shall provide notice to parents of this opportunity at least 14 days before students participate in the health and safety programs, in conjunction with and combination with the notice required by G.S. 115C-102.50. The notice shall inform parents of the local board's policy for participation in the health and safety programs and provide a form that allows parents to exercise parental rights under that policy."

**SECTION 7.47.(z)** G.S. 115C-81.30(c) reads as rewritten:

~~"(e) Parental Review and Consent. — Each school year, before students may participate in any portion of (i) a program that pertains to or is intended to impart information or promote discussion or understanding in regard to the prevention of sexually transmitted diseases, including HIV/AIDS, or to the avoidance of out of wedlock pregnancy or (ii) a reproductive health and safety education program, whether developed by the State or by the local board of education, the parents and legal guardians of those students shall be given an opportunity to review the objectives and materials as provided in G.S. 115C-81.25(d). Local boards of education shall adopt policies to provide opportunities either for parents and legal guardians to consent or for parents and legal guardians to withhold their consent to the students' participation in any or all of these programs."~~

**SECTION 7.47.(aa)** No local board of education shall be required to hold a public hearing for any program, as defined in this section, in use prior to the 2021-2022 school year until that program is amended, modified, or replaced. All local boards of education shall establish a program repository of current programs, as defined in this section, for access to parents prior to the start of the 2021-2022 school year and shall not implement any program until that program is included in the repository.

**SECTION 7.47.(bb)** This section is effective when it becomes law and applies beginning with the 2021-2022 school year.

## **LOW-PERFORMING SCHOOLS**

**SECTION 7.48.(a)** Low-Performing Schools. — Notwithstanding G.S. 115C-105.37 and G.S. 115C-218.94(a), for the 2021-2022 school year, the following apply:

- (1) The State Board shall not identify additional low-performing schools based on data from the 2020-2021 school year.
- (2) Schools previously identified as low-performing based on data from the 2018-2019 school year shall continue to be identified as low-performing.
- (3) Previously identified low-performing schools shall continue to carry out the final plan approved by the local board of education pursuant to G.S. 115C-105.37(a1).
- (4) The State Board and the local board of education shall continue to provide online access to each low-performing school's plan in accordance with G.S. 115C-105.37(a1)(5).

- 1 (5) The written parental notice required by G.S. 115C-105.37(b) is not required  
2 to be provided again, but local boards of education of low-performing schools  
3 shall include with their online final plans a brief explanation that  
4 low-performing identification continues pending assessment data from the  
5 2021-2022 school year.

6 **SECTION 7.48.(b)** Continually Low-Performing Schools. – Notwithstanding  
7 G.S. 115C-105.37A and G.S. 115C-218.94(b), for the 2021-2022 school year, the following  
8 apply:

- 9 (1) The State Board shall not identify additional continually low-performing  
10 schools based on data from the 2020-2021 school year.  
11 (2) Schools previously identified as continually low-performing based on data  
12 from the 2018-2019 school year shall continue to be identified as continually  
13 low-performing.  
14 (3) Previously identified continually low-performing schools shall continue to  
15 carry out the plan approved by the State Board pursuant to  
16 G.S. 115C-105.37A(a).  
17 (4) Assistance and intervention levels provided for the 2019-2020 school year  
18 based on designation as low-performing for two years under  
19 G.S. 115C-105.37A(b) or low-performing for three years under  
20 G.S. 115C-105.37A(c) shall continue.  
21 (5) Local boards of education may request to reform a continually  
22 low-performing school in accordance with G.S. 115C-105.37B.

23 **SECTION 7.48.(c)** Low-Performing Local School Administrative Units. –  
24 Notwithstanding G.S. 115C-105.39A, for the 2021-2022 school year, the following apply:

- 25 (1) The State Board shall not identify additional low-performing local school  
26 administrative units based on data from the 2020-2021 school year.  
27 (2) Local school administrative units previously identified as low-performing  
28 based on data from the 2018-2019 school year shall continue to be identified  
29 as low-performing.  
30 (3) Previously identified low-performing local school administrative units shall  
31 continue to carry out the final plan approved by the local board of education  
32 pursuant to G.S. 115C-105.39A(b).  
33 (4) The State Board and the local board of education shall continue to provide  
34 online access to each low-performing local school administrative unit's plan  
35 in accordance with G.S. 115C-105.39A(b)(5).  
36 (5) The written parental notice required by G.S. 115C-105.39A(c) is not required  
37 to be provided again, but the local board of education shall include with its  
38 online final plan a brief explanation that low-performing identification  
39 continues pending assessment data from the 2021-2022 school year.  
40 (6) The provisions of G.S. 115C-105.39(c) through (e) shall not apply.

## 41 **PUBLIC SCHOOL UNIT CALENDARS FOR THE 2021-2022 SCHOOL YEAR**

42 **SECTION 7.49.(a)** Part 2 of Article 8 of Chapter 115C of the General Statutes is  
43 amended by adding a new section to read:

### 44 **"§ 115C-84.3. Remote instruction.**

45 (a) Remote instruction means instruction delivered to students in a remote location  
46 outside of the school facility, whether synchronously or asynchronously. Instructional days or  
47 hours provided through any of the following shall not be considered remote instruction:  
48

- 49 (1) North Carolina Virtual Public School courses.  
50 (2) E-learning courses that meet the requirements of G.S. 115C-238.85.



- 1           (3) Institution of higher education courses, as provided in Article 16 of this  
2           Chapter or G.S. 115D-20(4).
- 3           (4) Homebound instruction required for a student by an individualized education  
4           program, as defined in G.S. 115C-106.3(8), or a section 504 (29 U.S.C. § 794)  
5           plan.
- 6           (5) Instruction provided to a student during a short- or long-term suspension.
- 7           (b) A public school unit in a county that has received a good-cause waiver, as provided  
8           in G.S. 115C-84.2(d), for the school year may use up to 15 remote instruction days or 90 remote  
9           instruction hours when schools are unable to open due to severe weather conditions, energy  
10           shortages, power failures, or other emergency situations and may use that time toward the  
11           required instructional days or hours for the school calendar. All other public school units may  
12           use up to five remote instruction days or 30 remote instruction hours when schools are unable to  
13           open due to severe weather conditions, energy shortages, power failures, or other emergency  
14           situations and may use that time toward the required instructional days or hours for the school  
15           calendar.
- 16           (c) Except as provided in subsection (b) of this section, a public school unit shall not use  
17           remote instruction to satisfy the minimum required number of instructional days or hours for the  
18           school calendar.
- 19           (d) A governing board that chooses to use remote instruction as provided in subsection  
20           (b) of this section shall submit to the State Board, by July 1 annually, a remote instruction plan  
21           that provides a detailed framework for delivering quality remote instruction to students for the  
22           upcoming school year and information on the number of remote instruction days or hours used  
23           in the prior school year to satisfy instructional requirements, when applicable. At a minimum,  
24           the plans submitted by governing boards shall include the following:
- 25           (1) Identification of the resources that will be used to facilitate remote instruction.  
26           (2) Communication with and training opportunities for teachers, administrators,  
27           instructional support staff, parents, and students on how to access and  
28           effectively use remote instruction resources, including regular opportunities  
29           for students to use those resources during nonremote instructional days to  
30           ensure student success during remote instruction.
- 31           (3) Establishment of methods for tracking and reporting attendance during remote  
32           instruction, including protocols for determining attendance, the reporting  
33           system to be used, and how attendance procedures will be communicated to  
34           parents before remote instruction begins.
- 35           (4) Establishment of staff roles and expectations for remote instruction days,  
36           including teacher workdays, teacher accessibility, and noncertified staff  
37           workdays and responsibilities.
- 38           (5) Communication of learning targets to students on each remote instruction day  
39           and development of measures to ensure that remote instruction time, practice,  
40           and application components support learning growth that continues toward  
41           mastery of the standard course of study.
- 42           (6) Development of remote instruction options appropriate for teachers and  
43           students with limited connectivity capability, including the opportunity for  
44           students to download remote instruction materials in advance when  
45           practicable.
- 46           (7) Provision of remote instruction for students with disabilities in a manner  
47           consistent with each student's individualized education program (IEP), as  
48           defined in G.S. 115C-106.3, or section 504 (29 U.S.C. § 794) plan. Remote  
49           instruction supports shall be considered and included, as appropriate for the  
50           student, when an IEP or 504 plan is initially developed or at any subsequent  
51           review or revision of an IEP or 504 plan.

1 (e) The State Board of Education shall report by September 15 annually to the Joint  
 2 Legislative Education Oversight Committee on the following information related to remote  
 3 instruction:

4 (1) A copy of each governing board's remote instruction plan.

5 (2) A summary document of the following:

6 a. The number of remote instruction days or hours used by each public  
 7 school unit in the prior school year.

8 b. Strengths, challenges, and trends noted by the State Board in its review  
 9 of how governing boards implement remote instruction.

10 c. Any other data deemed by the State Board to be useful to the Joint  
 11 Legislative Education Oversight Committee in evaluating the use and  
 12 delivery of remote instruction in emergency circumstances."

13 **SECTION 7.49.(b)** G.S. 115C-84.2(a) reads as rewritten:

14 "(a) School Calendar. – Each local board of education shall adopt a school calendar  
 15 consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall include  
 16 the following:

17 (1) A minimum of 185 days or 1,025 hours of instruction covering at least nine  
 18 calendar months. The local board shall designate when the instructional days  
 19 shall occur. The number of instructional hours in an instructional day may  
 20 vary according to local board policy and does not have to be uniform among  
 21 the schools in the administrative unit. Local boards may approve school  
 22 improvement plans that include days with varying amounts of instructional  
 23 time. If school is closed early due to inclement weather, the day and the  
 24 scheduled amount of instructional hours may count towards the required  
 25 minimum to the extent allowed by State Board policy. The school calendar  
 26 shall include a plan for making up days and instructional hours missed when  
 27 schools are not opened due to inclement ~~weather~~ weather and may include the  
 28 use of remote instruction in accordance with G.S. 115C-84.3.

29 "...."

30 **SECTION 7.49.(c)** G.S. 115C-218.85(a)(1) reads as rewritten:

31 "(1) The school shall provide instruction each year for at least 185 days or 1,025  
 32 hours over nine calendar ~~months~~ months and may include the use of remote  
 33 instruction in accordance with G.S. 115C-84.3."

34 **SECTION 7.49.(d)** G.S. 115C-238.53(d) reads as rewritten:

35 "(d) A cooperative innovative high school approved under this Part shall ~~provide~~ do the  
 36 following:

37 (1) Provide instruction each school year for at least 185 days or 1,025  
 38 instructional hours during nine calendar months, ~~shall comply and may~~  
 39 include the use of remote instruction in accordance with G.S. 115C-84.3. The  
 40 requirements of G.S. 115C-84.2 shall not apply to the school calendar of a  
 41 program approved under this Part.

42 (2) Comply with laws and policies relating to the education of students with  
 43 disabilities, ~~and shall comply~~ disabilities.

44 (3) Comply with Article 27 of this Chapter. ~~The requirements of G.S. 115C-84.2~~  
 45 shall not apply to the school calendar of a program approved under this Part."

46 **SECTION 7.49.(e)** G.S. 115C-238.66(1)d. reads as rewritten:

47 "d. The board of directors shall adopt a school calendar consisting of a  
 48 minimum of 185 days or 1,025 hours of instruction covering at least  
 49 nine calendar ~~months~~ months and may include the use of remote  
 50 instruction in accordance with G.S. 115C-84.3."

51 **SECTION 7.49.(f)** G.S. 116-239.8(b)(2)c. reads as rewritten:

1 "c. The chancellor shall adopt a school calendar consisting of a minimum  
2 of 185 days or 1,025 hours of instruction covering at least nine  
3 calendar ~~months~~-months and may include the use of remote instruction  
4 in accordance with G.S. 115C-84.3."

5 **SECTION 7.49.(g)** Subdivision 6(e)(1) of S.L. 2018-32 reads as rewritten:

6 "(1) Provide instruction each year for at least 185 days or 1,025 hours over nine  
7 calendar ~~months~~-months and may include the use of remote instruction in  
8 accordance with G.S. 115C-84.3."

9 **SECTION 7.49.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new  
10 subdivision to read:

11 "(5b) G.S. 115C-84.3, Remote instruction."

12 **SECTION 7.49.(i)** This section is effective when it becomes law and applies to the  
13 2021-2022 school year. This section is repealed June 30, 2022.

## 14 **REMOTE INSTRUCTION FOR COVID-19 EMERGENCIES**

15 **SECTION 7.50.** Notwithstanding G.S. 115C-84.3, as enacted by this act, a public  
16 school unit shall have the authority to make day-to-day decisions for the 2021-2022 school year  
17 concerning whether shifting individual schools or individual classrooms that are providing  
18 in-person instruction to temporary remote instruction is necessary due to COVID-19 exposures  
19 that result in insufficient school personnel or required student quarantines. A public school unit  
20 shall report any shift by a school or classroom from in-person to temporary remote instruction as  
21 provided in this section to the Department of Public Instruction within 72 hours of the shift and  
22 shall return to in-person instruction as soon as personnel are available or the required quarantines  
23 are complete.  
24

## 25 **PLANNED VIRTUAL INSTRUCTION**

26 **SECTION 7.51.(a)** Notwithstanding G.S. 115C-84.3, as enacted by this act, public  
27 school units shall be authorized to provide virtual instruction during the 2021-2022 school year  
28 to a student with the consent of that student's parent or legal guardian in accordance with a virtual  
29 instruction plan providing the information required by this subsection, if submitted by the  
30 governing board to the Department of Public Instruction by August 1, 2021. Public school units  
31 shall limit the total number of students participating in virtual instruction to no more than fifteen  
32 percent (15%) of the total student enrollment of that unit. The Department of Public Instruction  
33 shall make available a copy of each governing board's virtual instruction plan to the Joint  
34 Legislative Education Oversight Committee and the Working Group on Virtual Academies, as  
35 enacted by Section 3C of this act, by August 15, 2021.

36 **SECTION 7.51.(b)** The virtual instruction plan required by subsection (a) of this  
37 section shall include the following:  
38

- 39 (1) The range of grades for which virtual instruction will be offered. The plan  
40 should note throughout the differences in delivery of virtual instruction for  
41 elementary, middle, and high school students.
- 42 (2) The types of virtual instruction that will be made available, including whether  
43 virtual instruction will be full-time or blended instruction.
- 44 (3) Whether the virtual instruction will be offered through a (i) school whose  
45 primary means of instruction is virtual instruction, (ii) school within a school,  
46 or (iii) customized offering unique to specific students.
- 47 (4) The estimated numbers of students to be served with virtual instruction.
- 48 (5) A means for identifying students participating in virtual instruction that will  
49 allow assessment of that subgroup's performance and EVAAS scores for  
50 students receiving virtual instruction in a school that does not exclusively  
51 provide virtual instruction.

- 1 (6) Participation requirements, including student eligibility and agreements for  
2 participation from students and parents.
- 3 (7) The methods by which enrollment, daily attendance, course credit accrual,  
4 progress toward graduation, and course completion will be monitored for  
5 students receiving virtual instruction.
- 6 (8) Identification of the resources that will be used to facilitate virtual instruction.
- 7 (9) The methods for communication with and training opportunities for teachers,  
8 administrators, instructional support staff, parents, and students engaged in  
9 virtual instruction.
- 10 (10) Establishment of staff roles and expectations when providing virtual  
11 instruction, including teacher accessibility.
- 12 (11) The measures used to ensure that both synchronous and asynchronous virtual  
13 instruction time, practice, and application components support learning  
14 growth that continues towards mastery of the standard course of study.
- 15 (12) Any unique infrastructure necessary to support virtual instruction.
- 16 (13) The methods for ensuring that virtual instruction for students with disabilities  
17 is delivered in a manner consistent with each student's individualized  
18 education program (IEP), as defined in G.S. 115C-106.3, or section 504 (29  
19 U.S.C. § 794) plan. Remote instruction supports shall be considered and  
20 included, as appropriate for the student, when an IEP or 504 plan is initially  
21 developed or at any subsequent review or revision of an IEP or 504 plan.
- 22 (14) Procedures to be used when making retention decisions for considering the  
23 appropriateness and effectiveness of continuing virtual instruction for students  
24 at risk of academic failure, including procedures for involving parents in these  
25 discussions.

26 **SECTION 7.51.(c)** No public school unit shall use virtual instruction to satisfy the  
27 minimum required number of instructional days or hours after June 30, 2022, without express  
28 authorization from the General Assembly, except for local school administrative units that were  
29 assigned a school code to operate a school with virtual instruction as the primary means of  
30 instruction as of May 1, 2021.

## 31 32 **VIRTUAL ACADEMIES STUDY**

33 **SECTION 7.52.** The Superintendent of Public Instruction shall establish a Working  
34 Group on Virtual Academies that includes interested stakeholders from, at a minimum, public  
35 school units, parents, and the State Board of Education to make recommendations related to  
36 virtual academies. The Working Group shall be chaired by the Superintendent or  
37 Superintendent's designee and shall review in its deliberations data and information gained from  
38 the 2020-2021 school year and from the virtual instruction plans submitted by public school units  
39 for the 2021-2022 school year. The Working Group shall report on the following to the Joint  
40 Legislative Education Oversight Committee no later than January 15, 2022:

- 41 (1) Definitions of virtual instruction and virtual academies, including any  
42 differences in the definitions for charter schools and other public school units.
- 43 (2) Requirements for authorization of virtual academies, including any  
44 differences in the requirements for charter schools and other public school  
45 units.
- 46 (3) Additional requirements for virtual academies, including, but not limited to:
  - 47 a. Infrastructure requirements, if any, such as access to internet  
48 connectivity, equipment, hardware, software, and technical support.
  - 49 b. Instructional requirements, including student monitoring, attendance  
50 and testing requirements, measures for completion of instructional  
51 days and hours requirements, synchronous instruction minimums, and

1 measures of course credit accrual, progress toward graduation, and  
2 course completion.  
3 c. Personnel requirements, including professional development.  
4 d. Participation requirements, including student eligibility and  
5 agreements for participation from students and parents.  
6 e. Special education requirements.  
7 f. Term of years for approval for a virtual academy and criteria for initial  
8 approval and renewal.  
9 g. Distinctions in requirements for different types of public school units.  
10 h. A means for identifying students participating in virtual instruction  
11 that will allow assessment of that subgroup's performance and EVAAS  
12 scores for students receiving virtual instruction in a school that does  
13 not exclusively provide virtual instruction.  
14

### 15 FLEXIBILITY FOR DPI POSITIONS TO SUPPORT THE EPSA

16 **SECTION 7.53.(a)** Section 7A.12 of S.L. 2012-142, as enacted by Section 2.1 of  
17 S.L. 2012-145, is repealed.

18 **SECTION 7.53.(b)** Beginning with the 2021-2022 fiscal year, the Department of  
19 Public Instruction may use the funds appropriated for the Excellent Public Schools Act, Read to  
20 Achieve Program, initially established under Section 7A.1 of S.L. 2012-142, to establish  
21 positions as necessary to support the program, including implementation of the requirements of  
22 the Excellent Public Schools Act of 2021, S.L. 2021-8.  
23

### 24 COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION 25 COMMISSION GRANT PROGRAMS

26 **SECTION 7.54.** Article 6C of Chapter 115C of the General Statutes reads as  
27 rewritten:

28 "Article 6C.

29 "Education and Workforce Innovation and CTE Grade Expansion Program.

#### 30 "§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.

31 (a) There is created the North Carolina Education and Workforce Innovation  
32 Commission (Commission). The Commission shall be located administratively in the  
33 Department of Public Instruction but shall exercise all its prescribed powers independently of the  
34 Department of Public Instruction. Of the funds appropriated for the Education and Workforce  
35 Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten  
36 percent (10%) of those funds each fiscal year may be used by the Department of Public  
37 Instruction to provide technical assistance and administrative assistance, including staff, to the  
38 Commission and for reimbursements and expenses for the Commission for the Education and  
39 Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion and~~  
40 CTE Grade Expansion Program.

41 (b) The Commission shall consist of the following 14 members:

- 42 (1) The Secretary of Commerce or his or her designee.
- 43 (2) The State Superintendent of Public Instruction or his or her designee.
- 44 (3) The Chair of the State Board of Education or his or her designee.
- 45 (4) The President of The University of North Carolina or his or her designee.
- 46 (5) The President of the North Carolina Community College System or his or her  
47 designee.
- 48 (6) Three members appointed by the Governor who have experience in education.
- 49 (7) Three members appointed by the General Assembly upon recommendation of  
50 the Speaker of the House of Representatives, as provided in G.S. 120-121,  
51 who have experience in businesses operating in North Carolina.

1 (8) Three members appointed by the General Assembly upon the  
2 recommendation of the President Pro Tempore of the Senate, as provided in  
3 G.S. 120-121, who have experience in businesses operating in North Carolina.

4 (b1) Members appointed by the Governor or the General Assembly shall serve for  
5 three-year terms commencing July 1 of the year of appointment and may serve successive terms.

6 (c) The Commission members shall elect a chair from the membership of the  
7 Commission. The Commission shall meet at least three times annually on the call of the Chair or  
8 as additionally provided by the Commission. A quorum is six members of the Commission.  
9 Members may not ~~send designees to Commission meetings nor may they~~ vote by proxy.

10 (d) The Commission shall develop and administer the Education and Workforce  
11 Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in  
12 collaboration with the North Carolina Career and Technical Education Foundation, Inc., and  
13 make awards of grants under the Program.

14 ~~(d1) The Commission shall develop and administer, in coordination with the State Board  
15 of Education and the Superintendent of Public Instruction, and in collaboration with the North  
16 Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education  
17 Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of  
18 grants under the Program.~~

19 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as~~  
20 ~~a grant administrator by providing~~ provide assistance and support to grantees for initiating,  
21 expanding, improving, and promoting career and technical education initiatives.

22 (e) ~~The Commission, in consultation with the North Carolina Career and Technical  
23 Education Foundation, Inc., Commission~~ shall publish a report on the Education and Workforce  
24 Innovation and CTE Grade Expansion Program ~~and the Career and Technical Education Grade  
25 Expansion Program~~ on or before April 30 of each year. The report shall be submitted to the  
26 Senate Appropriations Committee on Education/Higher Education, the House Appropriations  
27 Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight  
28 Committee, the State Board of Education, the State Board of Community Colleges, and the Board  
29 of Governors of The University of North Carolina. The report shall include at least all of the  
30 following information:

31 (1) An accounting of how funds and personnel resources were utilized for ~~each~~  
32 the program and their impact on student achievement, retention, and  
33 employability.

34 (2) Recommended statutory and policy changes.

35 (3) Recommendations for improvement of ~~each~~ the program.

36 (4) For the Career and Technical Education Grade Expansion Program, ~~Grants,~~  
37 recommendations on increasing availability of grants after the first two years  
38 ~~of the program~~ to include additional local school administrative ~~units~~ units,  
39 charter schools, or providing additional grants to prior recipients.

40 "**§ 115C-64.16. The Education and Workforce Innovation ~~Program~~ and CTE Grade**  
41 **Expansion Program; innovation grants.**

42 (a) Program Establishment. – There is established the Education and Workforce  
43 Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that  
44 will lead to more students graduating career and college ~~ready~~ and to prioritize the inclusion of  
45 students in sixth and seventh grades through grant awards provided to selected local school  
46 administrative units and charter schools.

47 (a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award  
48 competitive grants depending on the needs of the State, as determined by the Commission, by  
49 dividing the grants between each type as innovation grants pursuant to the provisions of this  
50 section or as grants for grade expansion for career and technical education pursuant to the  
51 provisions of G.S. 115C-64.17.

1        (a2) Innovation Grants. – Competitive grants shall be awarded to an a charter school, an  
2 individual school, school in a local school administrative unit, a local school administrative unit,  
3 or a regional partnership of more than one local school administrative unit to advance  
4 comprehensive, high-quality education that equips teachers and other hired personnel with the  
5 knowledge and skill required to succeed with all students. Before receiving a an innovation grant,  
6 applicants must meet all of the following conditions:

- 7            (1) Form a partnership, for the purposes of the grant, with either a public or private  
8            university or a community college.
- 9            (2) Form a partnership, for the purposes of the grant, with regional businesses and  
10            business leaders.
- 11            (3) Demonstrate the ability to sustain innovation once grant funding ends.

12        (b) Applicant Categories and Specific Requirements.—Requirements for Innovation  
13 Grants. –

- 14            (1) Individual schools. – ~~Individual public schools~~ Charter schools and individual  
15 public schools in local school administrative units must demonstrate all of the  
16 following in their applications:
  - 17            a. Partnerships with business and industry to determine the skills and  
18            competencies needed for students' transition into growth sectors of the  
19            regional economy.
  - 20            b. Aligned pathways to employment, including students' acquisition of  
21            college credit or industry recognized credentials.
  - 22            c. Development of systems, infrastructure, capacity, and culture to  
23            enable teachers and school leaders to continuously focus on improving  
24            individual student achievement.
- 25            (2) Local school administrative units. – Local school administrative units must  
26            demonstrate all of the following in their applications:
  - 27            a. Implementation of comprehensive reform and innovation.
  - 28            b. Appointment of a senior leader to manage and sustain the change  
29            process with a specific focus on providing parents with a portfolio of  
30            meaningful options among schools.
- 31            (3) Regional partnerships of two or more local school administrative units. –  
32            Partnerships of two or more local school administrative units must  
33            demonstrate all of the following in their applications:
  - 34            a. Implementation of resources of partnered local school administrative  
35            units in creating a tailored workforce development system for the  
36            regional economy and fostering innovation in each of the partnered  
37            local school administrative units.
  - 38            b. Promotion of the development of knowledge and skills in career  
39            clusters of critical importance to the region.
  - 40            c. Benefits of the shared strengths of local businesses and higher  
41            education.
  - 42            d. Usage of technology to deliver instruction over large geographic  
43            regions and build networks with industry.
  - 44            e. Implementation of comprehensive reform and innovation that can be  
45            replicated in other local school administrative units.

46        (c) Consideration of Factors in Awarding of Innovation Grants. – All applications must  
47 include information on at least the following in order to be considered for a an innovation grant:

- 48            (1) Describe the aligned pathways from school to high-growth careers in regional  
49            economies.
- 50            (2) Leverage technology to efficiently and effectively drive teacher and principal  
51            development, connect students and teachers to online courses and resources,

1 and foster virtual learning communities among faculty, higher education  
2 partners, and business partners.

- 3 (3) Establish a comprehensive approach to enhancing the knowledge and skills of  
4 teachers and administrators to successfully implement the proposed  
5 innovative program and to graduate all students ready for work and college.  
6 (4) Link to a proven provider of professional development services for teachers  
7 and administrators capable of providing evidence-based training and tools  
8 aligned with the goals of the proposed innovative program.  
9 (5) Form explicit partnerships with businesses and industry, which may include  
10 business advisory councils, internship programs, and other customized  
11 projects aligned with relevant workforce skills.  
12 (6) Partner with community colleges or public or private universities to enable  
13 communities to challenge every student to graduate with workplace  
14 credentials or college credit.  
15 (7) Align K-12 and postsecondary instruction and performance expectations to  
16 reduce the need for college remediation courses.  
17 (8) Secure input from parents to foster broad ownership for school choice options  
18 and to foster greater understanding of the need for continued education beyond  
19 high school.  
20 (9) Provide a description of the funds that will be used and a proposed budget for  
21 five years each of the grant years.  
22 (10) Describe the source of matching funds required in subsection (d) of this  
23 section.  
24 (11) Establish a strategy to achieve meaningful analysis of program outcomes due  
25 to the receipt of grant funds under this section.

26 (d) ~~Matching Private and Local Funds.~~ Funds for Innovation Grants. – All innovation  
27 grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not  
28 include other State funds. Matching funds may include in-kind contributions.

29 (e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission  
30 may be spent over a five-year period from the initial award. Grants may be awarded for new or  
31 existing projects. Grant funds shall not revert but shall be available until expended.

32 (f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of  
33 each year, ~~a~~ an innovation grant recipient shall submit to the Commission an annual report for  
34 the preceding grant year that describes the academic progress made by the students and the  
35 implementation of program initiatives.

36 **"§ 115C-64.17. The Career and Technical Education Grade Expansion Program Grants.**

37 (a) ~~Program Establishment.~~ CTE Grade Expansion Grants. – ~~There is established the~~  
38 ~~Career and Technical Education Grade Expansion Program (Program) to expand Career and~~  
39 ~~Technical Education Grade Expansion grants shall be awarded under the Program for the purpose~~  
40 ~~of expanding~~ career and technical education (CTE) programs by prioritizing the inclusion of  
41 students in sixth and seventh grade through grant awards provided to selected local school  
42 administrative units and charter schools for up to seven years. ~~Funds appropriated for the~~  
43 ~~Program Grant funds~~ shall be allocated to selected local school administrative units and charter  
44 schools as competitive grants of (i) ~~up to seven hundred thousand dollars (\$700,000) for the~~  
45 ~~2017-2018 fiscal year and (ii) grants,~~ to the extent funds are available, of up to one million dollars  
46 (\$1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used  
47 only for employing additional licensed personnel in career and technical education areas, career  
48 development coordination areas, and support service areas necessary for expanding the CTE  
49 program to sixth and seventh grade students. ~~The funds may be used for CTE programs at one or~~  
50 ~~more schools in the local school administrative unit.~~ For a local school administrative unit, the  
51 funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated



1 to the local school administrative unit or charter school each fiscal year ~~under the Program~~ shall  
2 not revert but shall be available for the purpose of the grant program until expended.

3 (b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local  
4 school administrative units and charter schools applying for ~~the Program~~ CTE grade expansion  
5 grants shall submit an application that includes at least the following information:

6 (1) A plan for expansion of the CTE program to sixth and seventh grade students,  
7 including the specific programs that will be expanded, the significance of CTE  
8 in the local school administrative ~~unit~~, unit or charter school, and how a grade  
9 expansion would enhance the education program and the community.

10 (2) A request for the amount of funds, a description of how the funds will be used,  
11 and any other sources of funds available to accomplish the purposes of this  
12 program.

13 (3) A proposed budget for seven years that provides detail on the use of the  
14 amount of funds to add personnel, increase career development efforts, and  
15 provide support services.

16 (4) A strategy to achieve meaningful analysis of program outcomes due to the  
17 receipt of grant funds under this section.

18 (c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year,  
19 the Commission shall accept applications for a grant until November 30, 2017. For subsequent  
20 fiscal years that funds are made available for the ~~Program~~, CTE grade expansion grants, the  
21 Commission shall accept applications for a grant until August 1 of each year. The Commission  
22 shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select  
23 recipients in a manner that considers diversity among the pool of applicants, including geographic  
24 location, location of industries in the area in which a local school administrative unit or charter  
25 school is located, and the size of the student population served by the unit, or charter school, in  
26 order to award funds to the extent possible to grant recipients that represent different regions and  
27 characteristics of the State. The Commission shall recommend recipients of the grants to the State  
28 Board of Education. The State Board, upon consultation with the Superintendent of Public  
29 Instruction, shall approve the recipients of grant awards.

30 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the  
31 Commission shall first allocate funds to applicants who received CTE grade expansion grant  
32 funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year  
33 grant recipients, any remaining funds may be used by the Commission to select new grant  
34 ~~recipients~~, recipients, as provided in G.S. 115C-64.16(a1). ~~The Commission, in consultation with~~  
35 ~~the Superintendent of Public Instruction, Commission~~ shall establish rules regarding any  
36 requirements for grant recipients to continue eligibility to receive funds each fiscal year,  
37 including timely and accurate reporting as required under subsection (e) of this section.

38 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven years  
39 after the initial grant award, a grant recipient shall submit to the Department of Public Instruction,  
40 Local Planning Systems Regional Services staff within the Division of Career and Technical  
41 Education, an annual report for the preceding year in which CTE grade expansion grant funds  
42 were expended that provides at least the following information on the program for sixth and  
43 seventh grade students:

44 (1) The use of grant funds, including the CTE programs and courses that have  
45 been expanded in the local school administrative unit or charter school to  
46 include sixth and seventh grade students.

47 (2) The number of students enrolled in CTE courses as part of the expansion.

48 (3) The number of students who subsequently enrolled in CTE courses in high  
49 school.

50 (4) The number of students who subsequently participated in internships,  
51 cooperative education, or apprenticeship programs.

- 1 (5) The number of students who subsequently earned (i) college credit and (ii)
- 2 approved industry certification and credentials.
- 3 (6) Any other information the Division of Career and Technical Education deems
- 4 necessary.

5 The Superintendent of Public Instruction shall provide a report to the Commission by October  
 6 15 of each year based on the information reported to the Local Planning Systems Regional  
 7 Services staff under this subsection, including how the grant recipients compare to CTE programs  
 8 statewide and whether the programs are aligned with the Master Plan for Career and Technical  
 9 Education adopted by the State Board."

10  
 11 **STATE BOARD OF EDUCATION PROGRAM OUTCOME REPORTING**

12 **SECTION 7.55.** G.S. 115C-12 is amended by adding a new subdivision to read:

13 "(25c) Reports on State-Funded Programs. – Beginning October 1, 2022, and  
 14 annually thereafter, the State Board of Education shall file a report with the  
 15 Senate Appropriations Committee on Education/Higher Education, the House  
 16 Appropriations Committee on Education, the Fiscal Research Division, and  
 17 the Joint Legislative Education Oversight Committee for all programs  
 18 administered through the State Board of Education and Department of Public  
 19 Instruction that were provided an expansion of State appropriations or a new  
 20 State appropriation in the Current Operations Appropriations Act from the  
 21 prior fiscal year, including grants to non-State entities as defined in  
 22 G.S. 143C-1-1. The report shall include information on program activities,  
 23 objectives, and accomplishments and prior year State fiscal year itemized  
 24 expenditures and fund sources. The State Board is not required to include  
 25 information in the report for programs with an existing reporting requirement  
 26 otherwise required by State law."

27  
 28 **ADOPTION OF THE STANDARD COURSE OF STUDY/ADVISORY**  
 29 **COMMISSION/SBE RULEMAKING**

30 **SECTION 7.56.(a)** G.S. 115C-12 reads as rewritten:

31 "**§ 115C-12. Powers and duties of the Board generally.**

32 The general supervision and administration of the free public school system shall be vested  
 33 in the State Board of Education. The State Board of Education shall establish all needed rules  
 34 and regulations for the system of free public schools, subject to laws enacted by the General  
 35 Assembly. Except as otherwise provided by law, the State Board of Education shall adopt any  
 36 rules, regulations, policies, standards, or statements of general applicability in accordance with  
 37 Chapter 150B of the General Statutes. Any such rules, regulations, policies, standards, or  
 38 statements of general applicability are not valid unless they are adopted in substantial compliance  
 39 with Chapter 150B of the General Statutes. In accordance with Sections 7 and 8 of Article III of  
 40 the North Carolina Constitution, the Superintendent of Public Instruction, as an elected officer  
 41 and Council of State member, shall administer all needed rules and regulations adopted by the  
 42 State Board of Education through the Department of Public Instruction. The powers and duties  
 43 of the State Board of Education are defined as follows:

- 44 ...
- 45 (9c) Power to Develop Content Standards. – The Board shall adopt rules  
 46 establishing the standard course of study, as provided in Part 1 of Article 8 of  
 47 this Chapter, in accordance with Article 2A of Chapter 150B of the General  
 48 Statutes.
    - 49 a. ~~The Board shall develop a comprehensive plan to revise content~~  
 50 ~~standards and the standard course of study in the core academic areas~~  
 51 ~~of reading, writing, mathematics, science, history, geography, and~~

1 eivies. The Board shall involve and survey a representative sample of  
 2 parents, teachers, and the public to help determine academic content  
 3 standard priorities and usefulness of the content standards. A full  
 4 review of available and relevant academic content standards that are  
 5 rigorous, specific, sequenced, clear, focused, and measurable,  
 6 whenever possible, shall be a part of the process of the development  
 7 of content standards. The revised content standards developed in the  
 8 core academic areas shall (i) reflect high expectations for students and  
 9 an in-depth mastery of the content; (ii) be clearly grounded in the  
 10 content of each academic area; (iii) be defined grade by grade and  
 11 course by course; (iv) be understandable to parents and teachers; (v)  
 12 be developed in full recognition of the time available to teach the core  
 13 academic areas at each grade level; and (vi) be measurable, whenever  
 14 possible, in a reliable, valid, and efficient manner for accountability  
 15 purposes.

16 b. High school course content standards shall include the knowledge and  
 17 skills necessary to pursue further postsecondary education or to attain  
 18 employment in the 21st century economy. The high school course  
 19 content standards also shall be aligned with the minimum  
 20 undergraduate course requirements for admission to the constituent  
 21 institutions of The University of North Carolina.

22 e. The Board also shall develop and implement an ongoing process to  
 23 align State programs and support materials with the revised academic  
 24 content standards for each core academic area on a regular basis.  
 25 Alignment shall include revising textbook criteria, support materials,  
 26 State tests, teacher and school administrator preparation, and ongoing  
 27 professional development programs to be compatible with content  
 28 standards. The Board shall develop and make available to teachers and  
 29 parents support materials, including teacher and parent guides, for  
 30 academic content standards. The State Board of Education shall work  
 31 in collaboration with the Board of Governors of The University of  
 32 North Carolina to ensure that teacher and school administrator degree  
 33 programs, ongoing professional development, and other university  
 34 activity in the State's public schools align with the State Board's  
 35 priorities.

36 ...."

37 **SECTION 7.56.(b)** G.S. 115C-81.5 reads as rewritten:

38 "**§ 115C-81.5. Standard course of study.**

39 (a) All children can learn. It is the intent of the General Assembly that the mission of the  
 40 public school community is to challenge with high expectations each child to learn, to achieve,  
 41 and to fulfill his or her potential. With that mission as its guide, the State Board of Education  
 42 shall adopt a plan of education and rules establishing a standard course of study as provided in  
 43 G.S. 115C-12(9c) ~~this Part~~ for the public schools of the State. It is the intent of the General  
 44 Assembly that the focus of State educational funding shall be to ensure that each student receives  
 45 a sound basic education. It is further a goal of the General Assembly to provide supplemental  
 46 funds to low-wealth counties to allow those counties to enhance the instructional program and  
 47 student achievement. Instruction shall be offered in the areas of arts, communication skills,  
 48 physical education and personal health and safety, mathematics, media and computer skills,  
 49 science, second languages, social studies, and career and technical education. In addition,  
 50 instruction shall be offered in all of the areas provided in this Part.

51 (b) The standard course of study shall provide all of the following:

- 1 (1) A core curriculum of academic content standards for all students that takes  
2 into account the special needs of children.

3 ...."

4 **SECTION 7.56.(c)** Part 1 of Article 8 of Chapter 115C of the General Statutes is  
5 amended by adding a new section to read:

6 "**§ 115C-81.6. Standard Course of Study Advisory Commission.**

7 (a) There is established the Standard Course of Study Advisory Commission, hereinafter  
8 referred to as the Commission. The purpose of the Commission is to involve stakeholders in  
9 establishing the rules for the academic content standards of the standard course of study. The  
10 Commission shall make recommendations regarding all aspects of the academic content  
11 standards of the standard course of study.

12 (b) The Commission shall be located administratively in the Department of Public  
13 Instruction but shall exercise all its powers and duties independently of the Department of Public  
14 Instruction.

15 (c) The Commission shall consist of the following members:

- 16 (1) The General Assembly, upon the recommendation of the President Pro  
17 Tempore of the Senate, shall appoint the following eight members:

- 18 a. One superintendent of a public school unit with a student population  
19 greater than 20,000 at the time of appointment.  
20 b. One principal of an elementary school.  
21 c. One high school teacher.  
22 d. One elementary school teacher.  
23 e. One parent of a student in middle or high school enrolled in a public  
24 school unit at the time of appointment.  
25 f. One curriculum specialist from a public school unit with a student  
26 population of 20,000 or less at the time of appointment.  
27 g. One member of the business community.  
28 h. One at-large member.

- 29 (2) The General Assembly, upon the recommendation of the Speaker of the House  
30 of Representatives, shall appoint the following eight members:

- 31 a. One superintendent of a public school unit with a student population  
32 of 20,000 or less at the time of appointment.  
33 b. One principal of a high school.  
34 c. One principal of a middle school.  
35 d. One middle school teacher.  
36 e. One parent of a student in elementary school enrolled in a public  
37 school unit at the time of appointment.  
38 f. One curriculum specialist from a public school unit with a student  
39 population of more than 20,000 at the time of appointment.  
40 g. One member of the business community.  
41 h. One at-large member.

- 42 (3) The Superintendent of Public Instruction or his or her designee.

- 43 (4) The President of the North Carolina Community College System, or the  
44 President's designee, as a nonvoting member.

- 45 (5) The President of The University of North Carolina, or the President's  
46 designee, as a nonvoting member.

- 47 (6) The President of the North Carolina Chamber, or the President's designee, as  
48 a nonvoting member.

49 (d) In making appointments to the Commission, the General Assembly is encouraged to  
50 select qualified citizens who are committed to improving the standard course of study and student  
51 achievement and who represent the racial, geographic, and gender diversity of the State.

1 Vacancies in the membership shall be filled by the General Assembly, as provided in  
2 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

3 (e) Members of the Commission shall serve four-year terms of office beginning on July  
4 1. No appointed member shall serve more than eight consecutive years. Vacancy appointments  
5 shall be made for the remainder of the term of office by the General Assembly, as provided in  
6 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.

7 (f) The Commission shall elect a chair, a vice-chair, and a secretary from among its  
8 membership. In the absence of the chair, the vice-chair shall preside over the Commission's  
9 meetings. All members are voting members, and a majority of the Commission constitutes a  
10 quorum. The Commission shall adopt rules to govern its proceedings.

11 (g) Meetings of the Commission shall be held upon the call of the chair or the vice-chair  
12 in the absence of the chair. The Superintendent shall call the initial meeting of the Commission.

13 (h) Members of the Commission shall receive compensation for their services and  
14 reimbursement for expenses incurred in the performance of their duties required by this Article  
15 at the rate prescribed in G.S. 138-5 and G.S. 138-6.

16 (i) The Superintendent of Public Instruction shall assign staff to assist the Commission's  
17 work. The Commission may contract with content area experts to assist in its deliberations from  
18 funds available.

19 (j) The Commission shall:

20 (1) Develop and recommend to the State Board of Education the rules for the  
21 academic content standards of the standard course of study in accordance with  
22 G.S. 115C-81.7.

23 (2) Develop optional support materials, including teacher and parent guides, for  
24 academic content standards that can be made available to teachers and parents  
25 upon approval by the State Board.

26 (3) Provide recommendations as requested to the State Board of Education related  
27 to alignment of State programs and support materials with the revised  
28 academic content standards for each core academic area, including revising  
29 instructional materials criteria, optional support materials, State tests, teacher  
30 and school administrator preparation, and ongoing professional development  
31 programs to be compatible with content standards.

32 (k) The Commission shall submit its recommendations under subsection (j) of this section  
33 to the State Board, including the recommended rules for the academic content standards of the  
34 standard course of study under subdivision (1) of subsection (j) of this section. The State Board  
35 shall submit the proposed text of the recommended rules for publication as notice of text in the  
36 North Carolina Register. The State Board shall adopt or reject the rules recommended under  
37 subdivision (1) of subsection (j) of this section following acceptance of comments and any  
38 required public hearing and shall adopt or reject all other recommendations under subdivisions  
39 (2) and (3) of subsection (j) of this section. The State Board shall not make any substantive  
40 changes to any recommendations of the Commission that it adopts. If the State Board rejects the  
41 recommendations, it shall state with specificity its reasons for rejection; the Commission may  
42 then amend the recommendation and resubmit it to the State Board. The Board shall adopt or  
43 reject the amended recommendation. If the State Board fails to adopt the Commission's original  
44 and amended recommendations, the State Board may develop and adopt its own rules for the  
45 academic content standards of the standard course of study.

46 (l) The Commission shall submit a report by December 1, 2022, and annually thereafter,  
47 to the Joint Legislative Education Oversight Committee and the State Board of Education of its  
48 activities during the preceding year, together with any recommendations and findings regarding  
49 the process for revisions to the standard course of study."

50 **SECTION 7.56.(d)** Part 1 of Article 8 of Chapter 115C of the General Statutes is  
51 amended by adding a new section to read:

1 **"§ 115C-81.7. Development of academic content standards for the standard course of study.**

2 (a) The State Board shall develop a comprehensive plan to revise, on a regular basis,  
3 academic content standards for the standard course of study in the core academic areas of reading,  
4 writing, mathematics, science, history, geography, and civics that clearly designates by year the  
5 subjects for review by the Commission. The State Board shall provide this plan to the  
6 Commission. The Commission shall review the designated subjects and standard course of study  
7 in accordance with the plan developed by the State Board.

8 (b) The Commission shall involve and survey a representative sample of parents,  
9 teachers, and the public to help determine academic content standard priorities and usefulness of  
10 the academic content standards. A full review of available and relevant academic content  
11 standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever  
12 possible, shall be a part of the process of the development of academic content standards. The  
13 revised academic content standards developed in the core academic areas shall do all of the  
14 following:

- 15 (1) Reflect high expectations for students and an in-depth mastery of the academic  
16 content.
- 17 (2) Be clearly grounded in the content of each academic content area.
- 18 (3) Be defined grade-by-grade and course-by-course.
- 19 (4) Be understandable to parents and teachers.
- 20 (5) Be developed in full recognition of the time available to teach the core  
21 academic areas at each grade level.
- 22 (6) Be measurable, whenever possible, in a reliable, valid, and efficient manner  
23 for accountability purposes.

24 (c) High school course academic content standards shall include the knowledge and skills  
25 necessary to pursue further postsecondary education or to attain employment in the twenty-first  
26 century economy. The high school course academic content standards also shall be aligned with  
27 the minimum undergraduate course requirements for admission to the constituent institutions of  
28 The University of North Carolina.

29 (d) The Board, in consultation with the Commission, also shall develop and implement  
30 an ongoing process to align State programs and support materials with the revised academic  
31 content standards for each core academic area on a regular basis. Alignment shall include revising  
32 instructional materials criteria, support materials, State tests, teacher and school administrator  
33 preparation, and ongoing professional development programs to be compatible with academic  
34 content standards.

35 (e) The State Board shall work in collaboration with the Board of Governors of The  
36 University of North Carolina to ensure that teacher and school administrator degree programs,  
37 ongoing professional development, and other university activity in the State's public schools align  
38 with the State Board's priorities."

39 **SECTION 7.56.(e)** Initial appointments to the Standard Course of Study Advisory  
40 Commission shall be made by the General Assembly for terms beginning September 1, 2021,  
41 and shall be appointed as follows:

- 42 (1) Notwithstanding G.S. 115C-81.6, as enacted by this act, members appointed  
43 pursuant to G.S. 115C-81.6(c)(1)a., c., e., and g. and G.S. 115C-81.6(c)(2)b.,  
44 d., f., and h. shall be appointed for two-year terms.
- 45 (2) Members appointed pursuant to G.S. 115C-81.6(c)(1)b., d., f., and h. and  
46 G.S. 115C-81.6(c)(2)a., c., e., and g. shall be appointed for four-year terms.

47 **SECTION 7.56.(f)** Notwithstanding G.S. 150B-21.2, the current standards that make  
48 up the standard course of study adopted pursuant to G.S. 115C-12(9c) and Part 1 of Article 8 of  
49 Chapter 115C of the General Statutes, which are subject to rulemaking as provided in Chapter  
50 150B of the General Statutes, shall be deemed permanent rules so long as they meet the following  
51 criteria:

- 1 (1) The standards were adopted by the State Board of Education prior to January  
2 1, 2021.
- 3 (2) The State Board of Education submits the standards to the Codifier of Rules  
4 in accordance with the requirements in 26 NCAC 02C no later than 60 days  
5 after this section becomes effective.

6 Permanent rules submitted in accordance with this subsection shall be effective on  
7 the date they are submitted to the Codifier of Rules.

8 **SECTION 7.56.(g)** When the Codifier of Rules enters the permanent rules submitted  
9 pursuant to subsection (f) of this section into the North Carolina Administrative Code, the  
10 Codifier shall publish notice of the permanent rules on the internet.

11 **SECTION 7.56.(h)** Any standards that make up the standard course of study that do  
12 not meet the criteria of subsection (f) of this section shall not be deemed permanent rules and  
13 shall be subject to the requirements of subsections (a) through (d) of this section and the  
14 provisions of Chapter 150B of the General Statutes. Except as provided in subsection (i) of this  
15 section, the standard course of study shall continue to be revised on the time line provided in the  
16 comprehensive plan developed by the State Board of Education under G.S. 115C-81.7, as enacted  
17 by this act, and in accordance with the rulemaking process under Chapter 150B of the General  
18 Statutes.

19 **SECTION 7.56.(i)** Notwithstanding G.S. 115C-81.7(a), the Standard Course of  
20 Study Advisory Commission shall review the social studies standard course of study during the  
21 2021-2022 school year and provide recommendations to the State Board of Education no later  
22 than July 1, 2022.

23 **SECTION 7.56.(j)** Notwithstanding S.L. 2019-82, to provide additional time for the  
24 development of content and to ensure sufficient professional development opportunities delayed  
25 due to COVID-19, the following social studies standard course of study changes shall apply:

- 26 (1) The course requirements of G.S. 115C-81.45(d), Founding Principles of the  
27 United States of America and North Carolina: Civic Literacy, shall apply to  
28 all students entering the ninth grade in the 2023-2024 school year.
- 29 (2) The course requirements of G.S. 115C-81.65, Economics and Personal  
30 Finance, shall apply to all students entering the ninth grade in the 2023-2024  
31 school year.
- 32 (3) All other revisions to the social studies standard course of study shall not be  
33 implemented prior to the 2023-2024 school year.

34 **SECTION 7.56.(k)** This section is effective the date this act becomes law and applies  
35 to all standard courses of study implemented on or after that date.

## 36 37 **CHANGES TO EDUCATOR LICENSURE REQUIREMENTS**

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

### 40 **"§ 115C-270.20. Licensure requirements.**

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

43 ...

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

50 ...

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

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

9        **SECTION 7.57.(b)** Clarify Residency License Requirements. –  
 10 G.S. 115C-270.20(a)(5) reads as rewritten:

- 11        "(5) Residency License or RL. – A one-year license, renewable twice, that meets  
 12 both of the following requirements:  
 13        a. Is requested by the local board of education and accompanied by a  
 14 certification of supervision from the recognized educator preparation  
 15 program in which the individual is enrolled.  
 16        b. The individual for whom the license is requested meets all of the  
 17 following requirements:  
 18            1.  ~~Holds a bachelor's degree at least one of the following:~~  
 19                I. A bachelor's degree.  
 20                II. An advanced degree.  
 21            2. Has either completed coursework relevant to the requested  
 22 licensure area or passed the content area examination relevant  
 23 to the requested licensure area that has been approved by the  
 24 State Board.  
 25            3. Is enrolled in a recognized educator preparation program.  
 26            4. Meets all other requirements established by the State Board,  
 27 including completing preservice requirements prior to  
 28 teaching."

29        **SECTION 7.57.(c)** Extension for Exam and Coursework Requirements. –  
 30 Notwithstanding G.S. 115C-270.15 and G.S. 115C-270.20, applicants for a continuing  
 31 professional license holding a current initial professional license, residency license, lateral entry  
 32 license, or limited license expiring June 30, 2021, who have not met the examination or  
 33 coursework requirements established by the State Board as of June 30, 2021, shall be provided  
 34 an extension until December 31, 2021.

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

36  
 37 **DELAY THE IMPLEMENTATION OF CLASS SIZE REQUIREMENTS FOR**  
 38 **KINDERGARTEN CLASSES**

39        **SECTION 7.58.** Notwithstanding G.S. 115C-301, Section 2(d) of S.L. 2018-2, and  
 40 any other provision of law, for the 2021-2022 school year only, if the total kindergarten average  
 41 daily membership for the first month of the 2021-2022 school year for a local school  
 42 administrative unit is five percent (5%) or more than the total kindergarten average daily  
 43 membership for the first month of the 2019-2020 school year for that unit, the following shall  
 44 apply:

- 45            (1) The average class size for kindergarten in that unit shall not exceed one  
 46 teacher per 20 students.  
 47            (2) At the end of the second school month and for the remainder of the school  
 48 year, the size of an individual class in kindergarten in that unit shall not exceed  
 49 one teacher per 23 students.  
 50

51 **CLARIFY THE DEFINITION OF YEAR-ROUND SCHOOL**



1           **SECTION 7.59.(a)** G.S. 115C-84.2(f)(5) reads as rewritten:

2           "(5) Year-round school. – A school with a single- or multi-track instructional  
3           calendar to provide instructional days throughout the entire school calendar  
4           year, beginning July 1 and ending June 30, by utilizing at least one of the  
5           following plans:

6           a. A plan dividing students into four groups and requiring each group to  
7           be in school for assigned and staggered quarters each school calendar  
8           year.

9           b. A plan providing students be scheduled to attend ~~45-four quarters of~~  
10           ~~between 43 and 47 instructional days followed by 15 days of vacation,~~  
11           ~~repeated throughout the each school calendar year-year, with vacation~~  
12           ~~periods for students of between 14 and 18 days separating each~~  
13           ~~quarter.~~

14           c. A plan dividing the school calendar year into five nine-week sessions  
15           of classes and requiring each student to attend four assigned and  
16           staggered sessions out of the five nine-week sessions to complete the  
17           student's instructional year.

18           d. In a local school administrative unit with both single- and multi-track  
19           instructional calendars, a plan for a single-track instructional calendar  
20           that is identical to at least one track of a multi-track instructional  
21           calendar adopted by the local board that meets the requirements of  
22           either sub-subdivision a. or sub-subdivision c. of this subdivision."

23           **SECTION 7.59.(b)** This section is effective the date this act becomes law and applies  
24           beginning with the 2021-2022 school year.

## 25           **SCHOOL PERFORMANCE GRADES/ANNUAL REPORT CARDS**

26           **SECTION 7.60.(a)** Display of School Performance Grades. – Notwithstanding  
27           G.S. 115C-12(9)c1. and G.S. 115C-83.15, the State Board of Education shall not calculate  
28           achievement, growth, and performance scores nor display performance scores, growth  
29           designations, and letter grades for schools for the 2021-2022 school year, based on data from the  
30           2020-2021 school year, but shall display a brief explanation that achievement, growth, and  
31           performance scores and letter grades were not calculated and assigned for the 2021-2022 school  
32           year because assessment data was heavily impacted by COVID-19 during the 2020-2021 school  
33           year.

34           **SECTION 7.60.(b)** Annual Report Cards. – Notwithstanding G.S. 115C-12(9)c1.  
35           and Part 1B of Article 8 of Chapter 115C of the General Statutes, the State Board of Education  
36           shall issue an annual report card for public school units for the 2021-2022 school year, based on  
37           data from the 2020-2021 school year, that only meets the minimum accountability, school  
38           identification, and related reporting requirements of the Elementary and Secondary Education  
39           Act of 1965 (ESEA), as amended, required under the federal waiver granted by the United States  
40           Department of Education to the State of North Carolina for the 2020-2021 school year, dated  
41           March 26, 2021.

42           **SECTION 7.60.(c)** Notwithstanding G.S. 115C-47(58), 115C-75.8(d)(7),  
43           115C-218.65, 115C-238.66(11), 116-239.8(b)(14), and subdivision 6(d)(2) of S.L. 2018-32, for  
44           the 2021-2022 school year, based on data from the 2020-2021 school year, public school units  
45           shall only be required to display the annual report card information issued by the State Board of  
46           Education pursuant to this Part.

## 47           **STUDENT DIGITAL LEARNING ACCESS**

48           **SECTION 7.61.(a)** Part 3A of Article 8 of Chapter 115C of the General Statutes is  
49           amended by adding a new section to read:  
50  
51

1 **"§ 115C-102.9. Digital learning dashboard.**

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

5 (1) In-school digital device access, including the following information  
6 disaggregated by public school unit, school, and grade level:

7 a. Number and percentage of students with access to digital devices  
8 within the school.

9 b. Source of digital devices, such as the public school unit or the student's  
10 home.

11 c. Type of device.

12 (2) Out-of-school digital device access, including the following information  
13 disaggregated by public school unit, school, and grade level:

14 a. Number and percentage of students with access to digital devices  
15 outside of the school.

16 b. Source of digital devices, such as the public school unit, the student's  
17 home, or both.

18 c. Type of device.

19 d. For homes with no devices, reason for lack of devices.

20 (3) Out-of-school internet connectivity, including the following information  
21 disaggregated by public school unit, school, and grade level:

22 a. Number and percentage of students with internet connectivity outside  
23 of the school available by the following categories:

24 1. Students with connectivity at home.

25 2. Students without connectivity at home but who have regular  
26 and reliable access to other sources of connectivity.

27 b. For students without home connectivity, primary source for internet  
28 connectivity outside of the school.

29 c. Type of connectivity, such as broadband, satellite, or dial-up.

30 d. For homes with no connectivity, reason for lack of connectivity.

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

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

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

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

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

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

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

49 "(19) Digital learning dashboard updates. – A regional school shall annually update  
50 information to the digital learning dashboard, as required by  
51 G.S. 115C-102.9."



1 (a) The State Board of Education shall adopt rules necessary for the Department of Public  
2 Instruction to implement this ~~Article~~, Article for the Governor Morehead School for the Blind,  
3 including, at a minimum, rules to address eligibility for admission criteria. In determining rules  
4 for admission criteria, the State Board of Education shall take into account the following factors:

- 5 (1) State and federal laws.
- 6 (2) Optimal academic and communicative outcomes for the child.
- 7 (3) Parental input and choice.
- 8 (4) Recommendations in a child's Individualized Education Program (IEP).

9 (b) Rules for the Governor Morehead School for the Blind shall be adopted in accordance  
10 with Chapter 150B of the General Statutes.

11 **"§ 115C-150.14. Tuition and room and board.**

12 (a) Only children who are residents of North Carolina are entitled to free tuition and room  
13 and board at ~~a school governed by this Article~~ the Governor Morehead School for the Blind.

14 (b) ~~A school governed by this Article~~ The Governor Morehead School for the Blind may  
15 enroll a foreign exchange student and shall charge the student the full, unsubsidized per capita  
16 cost of providing education at the school for the period of the student's attendance. ~~A school that~~  
17 ~~seeks to enroll foreign exchange students under this section~~ The School shall submit a plan prior  
18 to enrolling any of those students to the State Board of Education for approval, including the  
19 proposed costs to be charged to the students for attendance and information on compliance with  
20 federal law requirements. For the purposes of this section, a foreign exchange student is a student  
21 who is domiciled in a foreign country and has come to the United States on a valid, eligible  
22 student visa.

23 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have  
24 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C.  
25 § 1101(a)(15)(F) may only be enrolled in ~~a school governed by this Article~~ the School in grades  
26 nine through 12 for a maximum of 12 months at the ~~school~~ School.

27 **"§ 115C-150.15. Reporting to residential schools on deaf and the Governor Morehead**  
28 **School for the Blind on blind children.**

29 (a) Request for Consent. – Local superintendents shall require that the following request  
30 for written consent be presented to parents, guardians, or custodians of any ~~hearing-impaired or~~  
31 ~~visually impaired children~~ no later than October 1 of each school year: "North Carolina provides  
32 ~~three a public residential schools~~ school serving visually and ~~hearing-impaired~~ students: the  
33 Governor Morehead School for the ~~Blind~~, ~~the Eastern North Carolina School for the Deaf~~, and  
34 ~~the North Carolina School for the Deaf~~. Blind. Do you consent to the release of your contact  
35 information and information regarding your child and his or her visual impairment to ~~these~~  
36 ~~schools~~ this school so that you can receive more information on services offered by ~~those~~  
37 ~~campuses?~~ that campus?"

38 (b) Annual Report to ~~Residential Schools~~. the Governor Morehead School for the Blind.  
39 – Local superintendents shall report by November 30 each year the names and addresses of  
40 parents, guardians, or custodians of any ~~hearing-impaired or~~ visually impaired children who have  
41 given written consent to the directors of the Governor Morehead School for the ~~Blind~~, ~~the Eastern~~  
42 ~~North Carolina School for the Deaf~~, and ~~the North Carolina School for the Deaf~~. Blind. The  
43 report shall include ~~the type of disability of each child, including whether the hearing and~~ visual  
44 impairments range from partial to total disability, and if the child has multiple disabilities with  
45 the visual ~~or hearing~~ impairment not identified as the primary disability of the student. The report  
46 shall also be made to the Department of Public Instruction.

47 (c) Confidentiality of Records. – The directors of the Governor Morehead School for the  
48 ~~Blind~~, ~~the Eastern North Carolina School for the Deaf~~, and ~~the North Carolina School for the~~  
49 ~~Deaf~~ Blind shall treat any information reported to the ~~schools~~ School by a local superintendent  
50 under subsection (b) of this section as confidential, except that a director or the director's designee  
51 may contact the parents, guardians, or custodians of any ~~hearing-impaired or~~ visually impaired

1 children whose information was included in the report. The information shall not be considered  
2 a public record under G.S. 132-1.

3 "Part 2. Schools for Deaf and Hard of Hearing Students.

4 **"§ 115C-150.30. Definitions.**

5 The following definitions apply in this Part:

- 6 (1) Educational program. – The placement, services, and individualized  
7 instruction provided to a student to address the student's educational strengths,  
8 weaknesses, and objectives as part of the day program of a school for the deaf.  
9 (2) ENCSD. – The Eastern North Carolina School for the Deaf.  
10 (3) IEP. – An individualized education program, as defined in G.S. 115C-106.3.  
11 (4) NCSL. – North Carolina School for the Deaf.  
12 (5) Parent. – A student's parent or legal guardian.  
13 (6) School for the deaf. – A school for students who are deaf or hard of hearing  
14 located at either the Eastern North Carolina School for the Deaf or the North  
15 Carolina School for the Deaf.

16 **"§ 115C-150.31. General supervision over schools for the deaf.**

17 (a) State Board of Education Supervision. – The State Board of Education shall have  
18 general supervision over schools for the deaf in accordance with G.S. 115C-12 and shall establish  
19 approximately equivalent service areas for each school that cover the entire State. In establishing  
20 the service area for each school, the State Board shall consider both the geographic proximity to  
21 the school for the deaf and the population of the service area. The State Board shall evaluate the  
22 effectiveness of the schools for the deaf and shall, through the application of the accountability  
23 system developed under G.S. 115C-83.15 and G.S. 115C-105.35, measure the educational  
24 performance and growth of students placed in schools for the deaf. If appropriate, the Board may  
25 modify this system to adapt to the specific characteristics of these schools. The board of trustees  
26 for a school for the deaf shall be subject to rules adopted by the State Board of Education in  
27 accordance with Chapter 150B of the General Statutes.

28 (b) Independent Operation. – Except as otherwise provided for in this Part, the schools  
29 for the deaf shall be housed administratively within the Department of Public Instruction, but  
30 each school for the deaf shall operate independently with a board of trustees as the governing  
31 body. The Department of Public Instruction shall include schools for the deaf employees in  
32 coverage for professional liability policies purchased by the Department for its employees and  
33 shall facilitate the purchase of other insurance policies for schools for the deaf.

34 **"§ 115C-150.32. Board of trustees for each school for the deaf.**

35 (a) Appointment. – Each school for the deaf shall be governed by a separate board of  
36 trustees. There shall be five voting members for each board of trustees to be appointed as follows:

- 37 (1) Two members appointed by the General Assembly upon the recommendation  
38 of the Speaker of the House of Representatives.  
39 (2) Two members appointed by the General Assembly upon the recommendation  
40 of the President Pro Tempore of the Senate.  
41 (3) One member appointed by the Governor.

42 (b) Ex Officio, Nonvoting Members. – The President of the Eastern North Carolina  
43 School for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex  
44 officio member of the ENCSD Board of Trustees. The President of the North Carolina School  
45 for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex officio  
46 member of the NCSL Board of Trustees.

47 (c) Terms of Members. – Members shall be appointed for six-year terms. Terms shall  
48 commence July 1. Members shall serve until their successors are appointed and qualified. All  
49 vacancies shall be filled by the appointing authority for the vacating member for the remainder  
50 of the unexpired term. Vacancies of members appointed by the General Assembly shall be filled  
51 as provided in G.S. 120-122.

1       (d) Declarations of Vacancies. – Whenever an appointed member of a board of trustees  
2 shall fail, for any reason other than ill health or service in the interest of the State or nation, to be  
3 present at three successive regular meetings of the board, his or her place as a member of the  
4 board shall be deemed vacant.

5       (e) Chair; Vice-Chair. – A board of trustees shall elect one of its members as chair and  
6 one of its members as vice-chair, each for a two-year term, at the first meeting occurring after  
7 July 1 in even-numbered years.

8       (f) Meetings. – A board of trustees shall meet at least four times a year and also at such  
9 other times as it may deem necessary. A majority of the Board shall constitute a quorum for the  
10 transaction of business. All meetings shall be subject to Article 33C of Chapter 143 of the General  
11 Statutes. The members shall receive per diem compensation and necessary travel and subsistence  
12 expenses while engaged in the discharge of their official duties in accordance with the provisions  
13 of G.S. 138-5.

14       (g) Procedures. – A board of trustees shall determine its own rules of procedure and may  
15 delegate to committees that it creates any powers it deems appropriate.

16       (h) Code of Ethics. – A board of trustees shall adopt a resolution or policy containing a  
17 code of ethics, as required by G.S. 160A-86.

18 **§ 115C-150.33. Employees of schools for the deaf.**

19       (a) Director. – Each board of trustees of the ENCSD and NCSD, respectively, shall  
20 appoint a director for the school who shall act as secretary to the board of trustees in accordance  
21 with G.S. 115C-150.32 and shall manage day-to-day operations of the school and other duties as  
22 prescribed by the board of trustees. For purposes of application to other statutes in this Chapter,  
23 the director shall be the equivalent of a superintendent of schools and shall fulfill the duties of a  
24 superintendent as provided in Article 18 of this Chapter.

25       (b) Director Duties. – The director shall recommend school personnel to the board of  
26 trustees. The director shall supervise the administrative staff of the school, including the  
27 principal, director of human resources, and director of business and finance.

28       (c) Personnel Criteria. – The board of trustees shall employ and provide salary and  
29 benefits for a principal, teachers, and other employees in accordance with Article 19, Article 20,  
30 Article 21, Article 21A, Article 22, and Article 23 of this Chapter. An employee hired by the  
31 board of trustees shall be responsible for fulfilling the duties of that employee's position as  
32 required by those Articles. All employees of a school for the deaf are employees of the State.

33       (d) Personnel Pay. – School for the deaf personnel, including teachers, instructional  
34 support personnel, and other employees, shall be paid, at a minimum, in accordance with the  
35 appropriate State salary schedule for local school administrative unit personnel. School for the  
36 deaf personnel shall be eligible for all bonuses paid to local school administrative unit personnel  
37 to the extent that the school for the deaf personnel meet all qualifications other than the employer.

38 **§ 115C-150.34. Powers and duties.**

39       A board of trustees shall adopt rules necessary for the administration of the school for the  
40 deaf to implement the requirements of this Part. Each board of trustees shall have the following  
41 powers and duties:

42       (1) Sound basic education. – It shall be the duty of the board of trustees to provide  
43 admitted students with the opportunity to receive a sound basic education in  
44 grades kindergarten through 12 and to make all policy decisions with that  
45 objective in mind, including employment decisions, budget development, and  
46 other administrative actions, as directed by law. The board of trustees shall  
47 comply with the requirements of Part 1 of Article 8 and Article 10A of this  
48 Chapter.

49       (2) Exercise judicial functions. – The board of trustees may employ or contract  
50 with private counsel to provide advice and representation for the schools for  
51 the deaf. The board may institute all actions, suits, or proceedings against

1 officers, persons, or corporations, or their sureties, for the recovery,  
2 preservation, and application of all money or property which may be due to or  
3 should be applied to the support and maintenance of the school for the deaf.  
4 In all actions brought in any court against a board of trustees, the order or  
5 action of the board shall be presumed to be correct and the burden of proof  
6 shall be on the complaining party to show the contrary. G.S. 114-2.3 and  
7 G.S. 147-17 shall not apply to the schools for the deaf. The Attorney General  
8 shall provide representation to the board of trustees of a school for the deaf  
9 upon the request of that board.

10 (3) Academic program. – The board of trustees shall adopt rules governing class  
11 size, the instructional calendar, the length of the instructional day, and the  
12 number of instructional days in each term. The board of trustees shall adopt a  
13 school calendar consisting of a minimum of 185 days or 1,025 hours of  
14 instruction covering at least nine calendar months.

15 (4) School report cards. – A school for the deaf shall ensure that the report card  
16 issued for it by the State Board of Education is provided to the public.  
17 Beginning with the 2026-2027 school year, a school for the deaf shall ensure  
18 that the measures for educational performance and growth for the current and  
19 previous four school years are prominently displayed on the school website.

20 (5) Standards of performance and conduct. – The board of directors shall establish  
21 policies and standards for academic performance, attendance, and conduct for  
22 students of the school for the deaf. The policies of the board of trustees shall  
23 comply with Article 27 of this Chapter.

24 (6) School attendance. – Every parent, guardian, or other person in this State  
25 having charge or control of a child who is enrolled in the school for the deaf  
26 and who is less than 16 years of age shall cause such child to attend school  
27 continuously for a period equal to the time that the school for the deaf shall be  
28 in session. No person shall encourage, entice, or counsel any child to be  
29 unlawfully absent from the school for the deaf. Any person who aids or abets  
30 a student's unlawful absence from the school for the deaf shall, upon  
31 conviction, be guilty of a Class 1 misdemeanor. The principal shall be  
32 responsible for implementing such additional policies concerning compulsory  
33 attendance as shall be adopted by the board of trustees, including regulations  
34 concerning lawful and unlawful absences, permissible excuses for temporary  
35 absences, maintenance of attendance records, and attendance counseling.

36 (7) Uniform Education Reporting System. – The board of trustees shall comply  
37 with the reporting requirements established by the State Board of Education  
38 in the Uniform Education Reporting System.

39 (8) Education of children with disabilities. – The board of trustees shall require  
40 compliance with federal and State laws and policies relating to the education  
41 of children with disabilities for all students admitted to the schools for the  
42 deaf. An IEP shall be developed by the school for the deaf for all newly  
43 admitted students granted an educational program assignment.

44 (9) Extracurricular activities. – The board of trustees shall make all rules  
45 necessary for the conducting of extracurricular activities, including a program  
46 of athletics, where desired, without assuming liability therefor; provided, that  
47 all interscholastic athletic activities shall be conducted in accordance with  
48 rules and regulations prescribed by the State Board of Education.

49 (10) Fees, charges, and solicitations. – The board of trustees shall adopt rules  
50 governing solicitations of, sales to, and fundraising activities conducted by the  
51 students and faculty members in the school, and no fees, charges, or costs shall

1 be collected from students and school personnel without approval of the board  
2 of trustees as recorded in the minutes of said board; provided, this subdivision  
3 shall not apply to such textbooks fees as are determined and established by the  
4 State Board of Education. The board of trustees shall publish a schedule of  
5 approved fees, charges, and solicitations on the school's website by October  
6 15 of each school year and, if the schedule is subsequently revised, within 30  
7 days following the revision.

8 (11) Federal or private funds. – The board of trustees shall have power and  
9 authority to accept, receive, and administer any funds or financial assistance  
10 given, granted, or provided under the provisions of the Elementary and  
11 Secondary Education Act of 1965 (Public Law 89-10, 89th Congress, HR  
12 2362) and under the provisions of the Economic Opportunity Act of 1964  
13 (Public Law 88-452, 88th Congress, S. 2642), or other federal acts or funds  
14 from foundations or private sources, and to comply with all conditions and  
15 requirements necessary for the receipt, acceptance, and use of said funds. In  
16 the administration of such funds, the board of trustees shall have authority to  
17 enter into contracts with and to cooperate with and to carry out projects with  
18 nonpublic elementary and secondary schools, community groups, and  
19 nonprofit corporations and to enter into joint agreements for these purposes  
20 with other governing boards of public school units. The board of trustees shall  
21 furnish such information as shall be requested by the State Board of  
22 Education, from time to time, relating to any programs related or conducted  
23 pursuant to this subdivision.

24 (12) Educational research. – The board of trustees is authorized to sponsor or  
25 conduct educational research and special projects approved by the Department  
26 of Public Instruction and the State Board of Education that may improve the  
27 school for the deaf. Such research or projects may be conducted during the  
28 summer months and the board may use any available funds for such purposes.

29 (13) Anti-nepotism policies. – The board of trustees shall adopt rules requiring that  
30 before any immediate family, as defined in G.S. 115C-12.2, of any board of  
31 trustees' member or administrator, including directors, supervisors,  
32 specialists, staff officers, or principals, shall be employed or engaged as an  
33 employee, independent contractor, or otherwise by the board of trustees in any  
34 capacity, such proposed employment or engagement shall be (i) disclosed to  
35 the board of trustees and (ii) approved by the board of trustees in a duly called  
36 open-session meeting. The burden of disclosure of such a conflict of interest  
37 shall be on the applicable board member or administrator.

38 (14) Conduct and duties of personnel. – The board of trustees, upon the  
39 recommendation of the director, shall have full power to make rules governing  
40 the conduct of teachers, principals, and supervisors, the kind of reports they  
41 shall make, and their duties in the care of school property. Prior to the  
42 beginning of each school year, the board of trustees shall identify all reports  
43 that are required for the school year and shall, to the maximum extent possible,  
44 eliminate any duplicate or obsolete reporting requirements and consolidate  
45 remaining reporting requirements. Prior to the beginning of each school year,  
46 the board of trustees shall also identify software protocols that could be used  
47 to minimize repetitious data entry and shall make them available to teachers  
48 and other employees.

49 (15) Health and safety. – The board of trustees shall require that the school for the  
50 deaf meet the same health and safety standards required of a local school



1 administrative unit. The board shall comply with the requirements of Article  
2 25A of this Chapter, including the following:

3 a. The board shall ensure that the school for the deaf provides parents  
4 and guardians with information about cervical cancer, cervical  
5 dysplasia, human papillomavirus, and the vaccines available to  
6 prevent these diseases. This information shall be provided at the  
7 beginning of the school year to parents of children entering grades five  
8 through 12. This information shall include the causes and symptoms  
9 of these diseases, how they are transmitted, how they may be  
10 prevented by vaccination, including the benefits and possible side  
11 effects of vaccination, and places parents and guardians may obtain  
12 additional information and vaccinations for their children.

13 b. The board shall adopt policies to ensure that students in grades nine  
14 through 12 receive information annually on the manner in which a  
15 parent may lawfully abandon a newborn baby with a responsible  
16 person, in accordance with G.S. 7B-500.

17 (16) School-based mental health. – The board of trustees shall adopt a school-based  
18 mental health plan, including a mental health training program and suicide  
19 risk referral protocol, in accordance with G.S. 115C-376.5.

20 (17) School safety. – The board of trustees shall comply with the requirements of  
21 Article 8C of this Chapter, including the following:

22 a. School Risk Management Plan. – The board of trustees, in  
23 coordination with local law enforcement agencies, shall adopt a  
24 School Risk Management Plan (SRMP) relating to incidents of school  
25 violence. In constructing and maintaining these plans, the board of  
26 trustees shall utilize the School Risk and Response Management  
27 System established pursuant to G.S. 115C-105.49A. These plans are  
28 not considered a public record as the term "public record" is defined  
29 under G.S. 132-1 and shall not be subject to inspection and  
30 examination under G.S. 132-6.

31 b. Schematic diagrams and school crisis kits. – The board of trustees shall  
32 provide schematic diagrams and keys to the main entrance of school  
33 facilities to local law enforcement agencies, in addition to  
34 implementing the provisions in G.S. 115C-105.52.

35 c. School safety exercises. – At least once a year, a school for the deaf  
36 shall hold a full school-wide lockdown exercise with local law  
37 enforcement and emergency management agencies that are part of the  
38 school's SRMP.

39 d. Safety information provided to the Department of Public Safety,  
40 Division of Emergency Management. – The board of trustees shall  
41 provide the following: (i) schematic diagrams, including digital  
42 schematic diagrams, and (ii) emergency response information  
43 requested by the Division for the SRMP. The schematic diagrams and  
44 emergency response information are not considered public records as  
45 the term "public record" is defined under G.S. 132-1 and shall not be  
46 subject to inspection and examination under G.S. 132-6.

47 e. Anonymous tip line. – A school for the deaf shall develop and operate  
48 an anonymous tip line in accordance with G.S. 115C-105.51.

49 (18) Reporting school violence. – A board of trustees shall report all acts of school  
50 violence to the State Board of Education in accordance with  
51 G.S. 115C-12(21).

- 1           (19) Driving eligibility certificates and drivers' education. – The board of trustees  
2 shall apply the rules and policies established by the State Board of Education  
3 for issuance of driving eligibility certificates. The board of trustees shall  
4 provide drivers' education in accordance with Article 14 of this Chapter.
- 5           (20) Instructional materials. – The board of trustees shall have the authority to  
6 select, procure, and use textbooks not adopted by the State Board of  
7 Education, as provided in G.S. 115C-98(b1). The board shall have sole  
8 authority to select and procure supplementary instructional materials, whether  
9 or not the materials contain commercial advertising, pursuant to the provisions  
10 of G.S. 115C-98(b).
- 11          (21) Policy against bullying. – A school for the deaf shall adopt a policy against  
12 bullying or harassing behavior, including cyber-bullying, in accordance with  
13 Article 29C of this Chapter, and shall at the beginning of each school year  
14 provide the policy to staff, students, and parents, as defined in  
15 G.S. 115C-390.1(b)(8).
- 16          (22) Religious activity and moment of silence. – The board of trustees shall comply  
17 with the requirements of Article 29D of this Chapter. To afford students and  
18 teachers a moment of quiet reflection at the beginning of each day in the public  
19 schools, to create a boundary between school time and nonschool time, and to  
20 set a tone of decorum in the classroom that will be conducive to discipline and  
21 learning, the board of trustees may adopt a policy to authorize the observance  
22 of a moment of silence at the commencement of the first class of each day in  
23 all grades in the public schools. Such a policy shall provide that the teacher in  
24 charge of the room in which each class is held may announce that a period of  
25 silence not to exceed one minute in duration shall be observed and that during  
26 that period silence shall be maintained and no one may engage in any other  
27 activities. Such period of silence shall be totally and completely unstructured  
28 and free of guidance or influence of any kind from any sources.
- 29          (23) Display of the United States and North Carolina flags and recitation of the  
30 Pledge of Allegiance. – The board of trustees shall adopt policies to (i) require  
31 the display of the United States and North Carolina flags in each classroom,  
32 when available, (ii) require that recitation of the Pledge of Allegiance be  
33 scheduled on a daily basis, and (iii) provide age-appropriate instruction on the  
34 meaning and historical origins of the flag and the Pledge of Allegiance. These  
35 policies shall not compel any person to stand, salute the flag, or recite the  
36 Pledge of Allegiance. If flags are donated or are otherwise available, flags  
37 shall be displayed in each classroom.
- 38          (24) Child sexual abuse and sex trafficking training program. – The board of  
39 trustees shall adopt and implement a child sexual abuse and sex trafficking  
40 training program in accordance with G.S. 115C-375.20.
- 41          (25) Science safety requirements. –  
42           a. A board of trustees shall certify annually to the State Board of  
43 Education that the school's science laboratories for high school and  
44 middle school students are equipped with appropriate personal  
45 protective equipment for students and teachers.  
46           b. A board of trustees shall ensure that the school for the deaf complies  
47 with all State Board of Education policies related to science laboratory  
48 safety.
- 49          (26) Graduation projects. – A board of trustees shall not require a high school  
50 graduation project as a condition of graduation unless the board provides a  
51 method of reimbursement of up to seventy-five dollars (\$75.00) for expenses

- 1 related to the high school graduation project for any student identified as an  
2 economically disadvantaged student.
- 3 (27) Group accident and health insurance for students. – A board of trustees may  
4 purchase group accident, group health, or group accident and health insurance  
5 for students in accordance with G.S. 58-51-81.
- 6 (28) Access for youth groups. – Schools for the deaf are encouraged to facilitate  
7 access for students to participate in activities provided by any youth group  
8 listed in Title 36 of the United States Code as a patriotic society, such as the  
9 Boy Scouts of America, and its affiliated North Carolina groups and councils,  
10 and the Girl Scouts of the United States of America, and its affiliated North  
11 Carolina groups and councils. Student participation in any activities offered  
12 by these organizations shall not interfere with instructional time during the  
13 school day for the purposes of encouraging civic education.
- 14 (29) Parental notification of certain acts reported to law enforcement. – A board of  
15 trustees shall adopt a rule on the notification to parents or legal guardians of  
16 any students alleged to be victims of any act that is required to be reported to  
17 law enforcement and the superintendent under G.S. 115C-288(g).
- 18 (30) Seclusion and restraint report. – A board of trustees shall maintain a record of  
19 incidents reported under G.S. 115C-391.1(j)(4) and shall provide this  
20 information annually to the State Board of Education.
- 21 (31) Use of pesticides. – A board of trustees shall adopt rules that address the use  
22 of pesticides in schools. These policies shall:
- 23 a. Require the principal or the principal's designee to annually notify the  
24 students' parents, guardians, or custodians as well as school staff of the  
25 schedule of pesticide use on school property and their right to request  
26 notification. Such notification shall be made, to the extent possible, at  
27 least 72 hours in advance of nonscheduled pesticide use on school  
28 property. The notification requirements under this subdivision do not  
29 apply to the application of the following types of pesticide products:  
30 antimicrobial cleansers, disinfectants, self-contained baits and  
31 crack-and-crevice treatments, and any pesticide products classified by  
32 the United States Environmental Protection Agency as belonging to  
33 the U.S.E.P.A. Toxicity Class IV, "relatively nontoxic" (no signal  
34 word required on the product's label).
- 35 b. Require the use of Integrated Pest Management. As used in this  
36 sub-subdivision, "Integrated Pest Management" or "IPM" means the  
37 comprehensive approach to pest management that combines  
38 biological, physical, chemical, and cultural tactics as well as effective,  
39 economic, environmentally sound, and socially acceptable methods to  
40 prevent and solve pest problems that emphasizes pest prevention and  
41 provides a decision-making process for determining if, when, and  
42 where pest suppression is needed and what control tactics and methods  
43 are appropriate.
- 44 (32) Arsenic-treated wood. – A board of trustees shall prohibit the purchase or  
45 acceptance of chromated copper arsenate-treated wood for future use on  
46 school grounds. A board of trustees shall seal existing arsenic-treated wood in  
47 playground equipment or establish a time line for removing existing  
48 arsenic-treated wood on playgrounds, according to the guidelines established  
49 under G.S. 115C-12(33).
- 50 (33) Exposure to diesel exhaust fumes. – A board of trustees shall adopt rules to  
51 reduce students' exposure to diesel emissions.

- 1           (34) Nonprofit corporations. – A board of trustees may establish, control, and  
2 operate a nonprofit corporation that is created under Chapter 55A of the  
3 General Statutes and is a tax-exempt organization under the Internal Revenue  
4 Code to further their authorized purposes. A nonprofit corporation established  
5 as provided in this subdivision shall not have regulatory or enforcement  
6 powers and shall not engage in partisan political activity or policy advocacy.  
7 A board of trustees that establishes a nonprofit corporation shall make a report  
8 annually to the Joint Legislative Education Oversight Committee.
- 9           (35) Preschool programs. – The board of trustees may establish preschool  
10 programs within funds available for children who are deaf or hard of hearing  
11 and are at least 3 years old.
- 12           (36) Rulemaking. – The board of trustees shall be exempt from Article 2A of  
13 Chapter 150B of the General Statutes.

14 **"§ 115C-150.35. Admissions.**

15           (a) Rules. – Schools for the deaf shall admit students in accordance with eligibility  
16 criteria, standards, and procedures established through rules by the board of trustees in  
17 accordance with the requirements of this Part.

18           (b) Eligibility Criteria. – Eligibility criteria shall include consideration of the following:

- 19           (1) Evidence of hearing loss.  
20           (2) State and federal laws.  
21           (3) Optimal academic and communicative outcomes for the student.  
22           (4) Parental input and choice.  
23           (5) Student's possession of minimum daily living skills and level of functioning  
24 necessary to participate in the educational program.  
25           (6) Student's ability to participate in the education program without exhibiting  
26 behavior that is disruptive to other students or criminal activity.

27           (c) Procedures. – Admission procedures shall include the following:

- 28           (1) An application process that may be directly made by a parent or legal guardian  
29 to the school or upon recommendation of a local education agency. If a student  
30 has not been evaluated by a local school administrative unit and determined  
31 to be a child with a disability, a process for the school and local school  
32 administrative unit to enter into an agreement to determine if the student is a  
33 child with a disability.
- 34           (2) An admissions committee to make recommendations on an admissions status  
35 that includes, but is not limited to, the following members:  
36           a. A chair designated by the director of the school for the deaf.  
37           b. The applicant's parent or legal guardian.  
38           c. Any professionals necessary to interpret the evaluation results.  
39           d. If the applicant is currently enrolled in a public school unit, a written  
40 invitation shall be extended to a representative from that public school  
41 unit to attend and participate in the evaluation.
- 42           (3) An admissions evaluation that uses multiple sources of information in  
43 determining eligibility, including assessments, teacher recommendations,  
44 evidence of the applicant's physical and emotional health, indications of the  
45 applicant's level of functioning, including adaptive behavior skills, and the  
46 student's current or proposed individualized education plan.
- 47           (4) A final admissions determination made by the director of the school or  
48 designee.

49           (d) Admission Status. – A student may be admitted in one of the following statuses:

- 50           (1) Temporary assignment. – An applicant admitted for no more than 90 school  
51 days for the school staff to complete evaluations and gather additional

1 information for the admissions committee to make an eligibility  
2 determination. A student admitted to a temporary assignment status is not  
3 guaranteed admission to the educational program as a student who meets the  
4 school's eligibility criteria.

5 (2) Educational program assignment. – An applicant determined to meet the  
6 eligibility criteria and granted admission to the educational program.

7 (e) Disenrollment. – A student's continued enrollment in an educational program  
8 assignment status shall be subject to reevaluation by the admissions committee when determined  
9 necessary by the school to assess if the student continues to meet eligibility criteria. The  
10 disenrollment assessment shall follow the same procedures as the admissions process, and a final  
11 determination shall be made by the director or director's designee.

12 (f) Free Appropriate Public Education. – The student's local school administrative unit  
13 shall have the initial responsibility of identifying and evaluating the special education needs of  
14 the student and providing a special educational program and related services in accordance with  
15 Article 9 of this Chapter. If a parent submits an application to the school for the deaf for  
16 enrollment of the parent's child in the school's educational program, and if the child is determined  
17 to meet the eligibility criteria for admission to the school's educational program, the school for  
18 the deaf is responsible for the provision of a free appropriate public education. However, a  
19 subsequent determination by the school for the deaf that the student no longer meets eligibility  
20 criteria immediately transfers the responsibility for the provision of a special educational  
21 program and related services to ensure a free appropriate public education back to the student's  
22 local school administrative unit.

23 (g) Mediation. – Prior to seeking a due process hearing as provided in Article 9 of this  
24 Chapter, parents are encouraged to seek mediation under Article 9 of this Chapter in resolving  
25 any dispute with regards to a student's eligibility determination or IEP.

26 (h) Due Process Hearing. – A parent may seek an impartial due process hearing following  
27 a final determination on a student's eligibility by the director. If the parent pursues a due process  
28 hearing to challenge the school for the deaf's ineligibility determination, the student's "stay put"  
29 placement shall not be the school for the deaf but shall be the student's local school administrative  
30 unit.

31 **"§ 115C-150.36. Tuition, room and board for resident students.**

32 (a) A student who is a resident of North Carolina is entitled to free tuition for the  
33 educational program provided by the school for the deaf.

34 (b) A student who is a resident of North Carolina whose parent elects for the student to  
35 board at the school in order to access the educational program is entitled to free room and board.

36 **"§ 115C-150.37. Nonresident students.**

37 (a) For the purposes of this section, the following definitions shall apply:

38 (1) Foreign exchange student. – A student who is domiciled in a foreign country  
39 and has come to the United States on a valid, eligible student visa.

40 (2) Nonresident student. – An out-of-state student or foreign exchange student.

41 (3) Out-of-state student. – A student who is domiciled in a state other than North  
42 Carolina.

43 (b) A school for the deaf may enroll nonresident students in the educational program who  
44 otherwise meet admissions criteria established for all students. A school for the deaf shall charge  
45 the full, unsubsidized per capita cost of providing education at the school for the period of the  
46 nonresident student's attendance, including the cost of tuition and the cost of room and board for  
47 any student whose parent elects for the student to board at the school in order to access the  
48 educational program.

49 (c) A school for the deaf that seeks to enroll nonresident students under this section shall  
50 submit a plan prior to enrolling any of those students to the board of trustees for approval.

1 including the proposed costs to be charged to the nonresident students for tuition and room and  
2 board and information on compliance with federal law requirements.

3 **"§ 115C-150.38. Reporting to schools for the deaf on deaf or hard of hearing children.**

4 (a) Request for Consent. – Local superintendents shall require that the following request  
5 for written consent, along with any informational materials provided by the school for the deaf  
6 in the service area in which the local school administrative unit is located, be presented to parents,  
7 guardians, or custodians of any children who are deaf or hard of hearing no later than October 1  
8 of each school year: "North Carolina provides two public schools for the deaf serving students  
9 who are deaf or hard of hearing: the Eastern North Carolina School for the Deaf and the North  
10 Carolina School for the Deaf. Do you consent to the release of your contact information and  
11 information regarding your child and his or her hearing status to these schools so that you can  
12 receive more information on services offered by those campuses?"

13 (b) Annual Report to Schools for the Deaf. – Local superintendents shall report by  
14 November 30 each year the names and addresses of parents, guardians, or custodians of any  
15 hearing impaired children who have given written consent to the directors of the ENCSD and the  
16 NCSD. The report shall include whether the hearing impairments range from partial to total  
17 disability and if the child has multiple disabilities with the hearing impairment not identified as  
18 the primary disability of the student. The report shall also be made to the Department of Public  
19 Instruction.

20 (c) Confidentiality of Records. – The directors of the ENCSD and the NCSD shall treat  
21 any information reported to the schools by a local superintendent under subsection (b) of this  
22 section as confidential, except that a director or the director's designee may contact the parents,  
23 guardians, or custodians of any deaf or hard of hearing children whose information was included  
24 in the report. The information shall not be considered a public record under G.S. 132-1.

25 (d) Transfer of Information. – The local superintendent, or if there is no superintendent,  
26 the staff member with the highest decision-making authority, shall share a copy of all current  
27 evaluation data and a copy of the current or proposed individualized education plan with the  
28 ENCSD and the NCSD for any child enrolled in a public school unit who has been identified as  
29 a child with a disability who is deaf or hard of hearing that has applied for admission to a school  
30 for the deaf, upon the written request of a parent, guardian, or custodian of the student.

31 **"§ 115C-150.39. Applicability of Chapter.**

32 Except as otherwise provided in this Part, the requirements of this Chapter shall not apply to  
33 schools for the deaf. A school for the deaf shall be considered a State agency and shall comply  
34 with all requirements for State agencies unless otherwise specified in this Part. A school for the  
35 deaf shall not be considered a local school administrative unit."

36 **SECTION 7.62.(b)** G.S. 115C-5 reads as rewritten:

37 **"§ 115C-5. Definitions.**

38 As used in this Chapter unless the context requires otherwise:

39 ...

40 (3a) The governing body of a public school unit is the following:

- 41 a. For a local school administrative unit, the local board of education.
- 42 b. For a charter school, the nonprofit corporation board of directors.
- 43 c. For a regional school, the regional school board of directors.
- 44 d. For a school operated under Article 7A and Part 1 of Article 9C of this
- 45 Chapter, the State Board of Education.
- 46 e. For a school operated under Article 29A of Chapter 116 of the General
- 47 Statutes, the chancellor of the constituent institution.
- 48 f. For a school for the deaf operated under Part 2 of Article 9C of this
- 49 Chapter, the board of trustees.

50 ...

51 (7a) Public school unit. – Any of the following:

- 1 a. A local school administrative unit.  
 2 b. A charter school.  
 3 c. A regional school.  
 4 d. A school providing elementary or secondary instruction operated by  
 5 one of the following:  
 6 1. The State Board of Education, including schools operated  
 7 under Article 7A and Part 1 of Article 9C of this Chapter.  
 8 2. The University of North Carolina under Article 29A of Chapter  
 9 116 of the General Statutes.  
 10 e. A school for the deaf operated under Part 2 of Article 9C of this  
 11 Chapter.

12 ...."

13 **SECTION 7.62.(c)** G.S. 115C-105.51(g) reads as rewritten:

14 "(g) For the purposes of this section, a "public secondary school" is any of the following  
 15 types of public school serving grades six or higher:

- 16 (1) A school under the control of a local school administrative unit.  
 17 (2) A school under the control of the State Board of Education, including schools  
 18 operated under Article 7A and Part 1 of Article 9C of this Chapter.  
 19 (3) A school under the control of The University of North Carolina.  
 20 (4) A charter school.  
 21 (5) A regional school.  
 22 (6) A school for the deaf operated under Part 2 of Article 9C of this Chapter."

23 **SECTION 7.62.(d)** G.S. 126-5(c1) reads as rewritten:

24 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
 25 Chapter shall not apply to:

26 ...

- 27 (8a) Employees of a regional school established pursuant to Part 10 of Article 16  
 28 of Chapter 115C of the General Statutes.  
 29 (8b) Employees of a school for the deaf governed by Part 2 of Article 9C of Chapter  
 30 115C of the General Statutes.

31 ...."

32 **SECTION 7.62.(e)** G.S. 138-5(a) reads as rewritten:

33 "(a) Except as provided in subsections (c) and (f) of this section, members of State boards,  
 34 commissions, committees and councils which operate from funds deposited with the State  
 35 Treasurer shall be compensated for their services at the following rates:

- 36 (1) Except as otherwise provided by this subdivision, compensation at the rate of  
 37 fifteen dollars (\$15.00) per diem for each day of service. Members of the  
 38 North Carolina Vocational Rehabilitation Council, the Statewide Independent  
 39 Living Council, and the Commission for the Blind who are unemployed or  
 40 who shall forfeit wages from other employment to attend Council or  
 41 Commission meetings or to perform related duties, may receive compensation  
 42 not to exceed fifty dollars (\$50.00) per diem for attending these meetings or  
 43 performing related duties, as authorized by sections 105 and 705 of the  
 44 Rehabilitation Act of 1973, P.L. 102-569, 42 U.S.C. § 701, et seq., as  
 45 amended. Members of the Board of Trustees of the Eastern North Carolina  
 46 School for the Deaf and the Board of Trustees of the North Carolina School  
 47 for the Deaf may receive compensation not to exceed fifty dollars (\$50.00)  
 48 per diem for attending Trustee meetings or performing related duties.  
 49 (2) Reimbursement of subsistence expenses at the rates allowed to State officers  
 50 and employees by subdivision (3) of G.S. 138-6(a).

- 1 (3) Reimbursement of travel expenses at the rates allowed to State officers and  
2 employees by subdivisions (1) and (2) of G.S. 138-6(a).  
3 (4) For convention registration fees, the actual amount expended, as shown by  
4 receipt."

5 **SECTION 7.62.(f)** G.S. 150B-1(d) is amended by adding a new subdivision to read:  
6 "(31) The Eastern North Carolina School for the Deaf and the North Carolina  
7 School for the Deaf."

8 **SECTION 7.62.(g)** Section 10 of S.L. 2013-247 is repealed.

9 **SECTION 7.62.(h)** Section 8.15(b) of S.L. 2013-360 reads as rewritten:

10 **"SECTION 8.15.(b)** Notwithstanding G.S. 146-30 or any other provision of law, the  
11 Department of Public Instruction shall only retain ~~all~~ proceeds generated from the rental of  
12 building space on the residential school ~~campuses~~ campus of the Governor Morehead School for  
13 the Blind. The Department of Public Instruction shall use all receipts generated from ~~these~~ the  
14 leases to staff and operate the ~~North Carolina School for the Deaf, the Eastern North Carolina~~  
15 ~~School for the Deaf, and the Governor Morehead School~~. These receipts shall not be used to  
16 support administrative functions within the Department."

17 **SECTION 7.62.(i)** Notwithstanding G.S. 146-30 or any other provision of law,  
18 beginning with the 2022-2023 fiscal year, the Department of Public Instruction shall retain all  
19 proceeds generated from the rental of building space on the school campuses of the Eastern North  
20 Carolina School for the Deaf and the North Carolina School for the Deaf to be used in accordance  
21 with this subsection. The Department of Public Instruction shall allocate all receipts generated  
22 from these leases to each board of trustees in the amount generated from the individual school to  
23 supplement funds to staff and operate that school. These receipts shall not be used to support  
24 administrative functions within the Department of Public Instruction.

25 **SECTION 7.62.(j)** Notwithstanding Article 9C of Chapter 115C of the General  
26 Statutes, as amended by this act, the Department of Public Instruction may continue its  
27 administrative duties and responsibilities for the North Carolina School for the Deaf and the  
28 Eastern North Carolina School for the Deaf subject to Article 9C of Chapter 115C of the General  
29 Statutes as of June 30, 2022, until the board of trustees for each school has successfully  
30 transitioned into the administrative role required by this act, but in no event later than October 1,  
31 2022.

32 **SECTION 7.62.(k)** By May 1, 2022, the General Assembly and the Governor shall  
33 appoint the initial members of the boards of trustees for the North Carolina School for the Deaf  
34 and the Eastern North Carolina School for the Deaf to take office effective July 1, 2022.  
35 Notwithstanding G.S. 115C-150.32, as enacted by this act, of the members appointed by the  
36 General Assembly in 2022, the General Assembly shall appoint one of the members  
37 recommended by the Speaker of the House of Representatives and one of the members  
38 recommended by the President Pro Tempore of the Senate to a two-year term of office and one  
39 of the members recommended by the Speaker of the House of Representatives and one of the  
40 members recommended by the President Pro Tempore of the Senate to a four-year term of office.  
41 The member appointed by the Governor in 2022 shall be appointed to a six-year term of office.  
42 Upon the expiration of the initial terms appointed in 2022, all subsequent appointments by all  
43 appointing entities shall be for a six-year term of office, as provided in G.S. 115C-150.32, as  
44 enacted by this act.

45 **SECTION 7.62.(l)** Notwithstanding G.S. 115C-150.32(f), as enacted by this act,  
46 following the appointment of a majority of members of the boards of trustees of each school for  
47 the deaf, as provided in subsection (a) of this section, the director of each school for the deaf  
48 shall call an initial meeting of each board.

49 **SECTION 7.62.(m)** The Department of Public Instruction shall, in collaboration  
50 with the personnel from the North Carolina School for the Deaf and the Eastern North Carolina  
51 School for the Deaf, develop a transition plan for the change in administration of the schools for



1 the deaf for students who are deaf or hard of hearing in accordance with the requirements of this  
2 act to be effective July 1, 2022. By December 15, 2021, the Department of Public Instruction  
3 shall report to the Joint Legislative Education Oversight Committee on the plan for transition in  
4 administration of the schools for the deaf, including any legislative recommendations necessary  
5 to effectuate the transition.

6 **SECTION 7.62.(n)** Subsections (a) through (i) of this section become effective July  
7 1, 2022. The remainder of this section is effective the date this act becomes law.

#### 8 9 **AUTHORIZATION OF VIRTUAL CHARTER SCHOOLS/END PILOT**

10 **SECTION 7.63.(a)** Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of  
11 S.L. 2016-94 and Section 7.13 of S.L. 2018-5, is repealed.

12 **SECTION 7.63.(b)** The pilot program established under Section 8.35 of S.L.  
13 2014-100, as amended, shall end with the 2020-2021 school year and the two virtual charter  
14 schools participating in the pilot program pursuant to that section shall be deemed to be approved  
15 as charter schools by the State Board of Education pursuant to G.S. 115C-218.5 and shall operate  
16 as charter schools under Article 14A of Chapter 115C of the General Statutes. The virtual charter  
17 schools' contracts and the related documents of those schools shall be modified to reflect that the  
18 charter schools operate pursuant to Article 14A of Chapter 115C of the General Statutes. The  
19 virtual charter schools shall be permitted to enroll students in accordance with the enrollment  
20 increase authorized by Section 3.2 of S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3,  
21 for the 2021-2022 school year. Beginning with the 2022-2023 school year, the virtual charter  
22 schools shall be subject to G.S. 115C-218.7 and may increase enrollment up to twenty percent  
23 (20%) based on their enrollment from the 2021-2022 school year and for subsequent school years  
24 without the increase in enrollment being considered a material revision of a virtual charter  
25 school's charter. The length of the virtual charter schools' contracts shall be for five additional  
26 years, ending after the 2025-2026 school year, at which time the charter school contracts may be  
27 renewed for a subsequent 10 years pursuant to G.S. 115C-218.6.

28 **SECTION 7.63.(c)** G.S. 115C-218.1(a) reads as rewritten:

29 "(a) Any nonprofit corporation seeking to establish a classroom-based, online, or blended  
30 learning charter school may apply to establish a charter school. If the applicant seeks to convert  
31 a public school to a charter school, the application shall include a statement signed by a majority  
32 of the teachers and instructional support personnel currently employed at the school indicating  
33 that they favor the conversion and evidence that a significant number of parents of children  
34 enrolled in the school favor conversion."

35 **SECTION 7.63.(d)** G.S. 115C-218.6 reads as rewritten:

36 **"§ 115C-218.6. Review and renewal of charters.**

37 (a) The State Board of Education shall review the operations of each charter school at  
38 least once prior to the expiration of its charter to ensure that the school is meeting the expected  
39 academic, financial, and governance standards.

40 (b) The State Board of Education shall renew a charter upon the request of the chartering  
41 entity for subsequent periods of 10 years, unless one of the following applies:

42 (1) The charter school has not provided financially sound audits for the  
43 immediately preceding three years.

44 (2) The charter school's student academic outcomes for the immediately  
45 preceding three years have not been comparable to the academic outcomes of  
46 students in the local school administrative unit in which the charter school is  
47 located. In the case of a virtual charter school, the State Board shall compare  
48 the virtual charter school's student academic outcomes for the immediately  
49 preceding three years to the average of three comparable local school  
50 administrative units with similar student populations as measured by  
51 school-level metrics collected by the State.

- 1 (3) The charter school is not, at the time of the request for renewal of the charter,  
2 substantially in compliance with State law, federal law, the school's own  
3 bylaws, or the provisions set forth in its charter granted by the State Board of  
4 Education.

5 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,  
6 then the State Board may renew the charter for a period of less than 10 years or not renew the  
7 charter."

8 **SECTION 7.63.(e)** Article 14A of Chapter 115C of the General Statutes is amended  
9 by adding a new section to read:

10 **"§ 115C-218.16. Virtual charter schools.**

11 (a) Student Orientation. – Each virtual charter school shall offer student orientation,  
12 notify the parent or legal guardian and each student who enrolls in that school of the requirement  
13 to participate in the student orientation, and require all students enrolled to complete the student  
14 orientation prior to completing any other instructional activity.

15 (b) Engagement Policy. – For virtual charter schools, the school shall develop and adopt  
16 a policy regarding consequences for a student's failure to attend school and complete instructional  
17 activities. The policy shall state, at a minimum, that a virtual charter school shall submit a  
18 notification to the parent or legal guardian of a student who is not consistently engaged in  
19 instructional activities, as defined by the policy, that if a student fails to consistently complete  
20 instructional activities after the school sends a notification and reasonable intervention strategies  
21 have been implemented, the student shall be subject to certain consequences that may include  
22 disenrollment from the school. The parent or student must be provided a reasonable opportunity  
23 to participate in courses prior to disenrollment to demonstrate that failure to participate in courses  
24 is due to a lawful absence recognized under Part 1 of Article 26 of this Chapter and any applicable  
25 rules of the State Board of Education. If a virtual charter school disenrolls a student pursuant to  
26 this subsection, the school shall immediately notify the local school administrative unit in which  
27 the student resides in writing of the student's disenrollment. The student's local school  
28 administrative unit shall then promptly provide the parent or legal guardian a written list of  
29 educational options.

30 (c) Academic Mobility. – To facilitate the tracking of academic mobility, virtual charter  
31 schools shall request the following information from the parent or guardian of a student enrolled  
32 in the school: (i) for a newly enrolled student, the reasons for choosing enrollment and (ii) for a  
33 student terminating enrollment, the reasons for terminating enrollment.

34 (d) Student Progress Toward Graduation. – The virtual charter school shall conduct an  
35 annual measurement of each enrolled student accounting for credits earned as compared to  
36 expected credits earned within the course of the school year. Measurement of such progress shall  
37 account for specific characteristics of each enrolled student, including age and course credit  
38 accrued prior to enrollment in the virtual charter schools, and shall be consistent with  
39 evidence-based practices. The virtual charter school shall annually report this data to the State  
40 Board, which shall account for the data in determining student academic progress and outcomes.

41 (e) Graduation Rates. – In determining the high school graduation rate of a virtual charter  
42 school, the State Board shall include data about students who graduate from high school with a  
43 diploma within four years and shall provide additional weighting for graduation within five or  
44 six school years. The weighting shall reflect credit status of any student at the time of acceptance  
45 into the new high school if a student transfers schools in grades nine to 12. When a student in  
46 grades nine to 12 transfers to another school, to the extent allowable under federal law, the student  
47 shall be placed in the graduation cohort reflecting the current credit status of the student.  
48 However, only full academic year students or greater shall be included in the calculations of a  
49 virtual charter school's graduation rate. Students who are enrolled less than a full instructional  
50 year count for a factor of zero. Students who are enrolled for between one and two full  
51 instructional years count for a factor of one. Students who are enrolled for three full instructional

1 years count for a factor of two. Students who are enrolled for more than three full instructional  
2 years count for a factor of three.

3 (f) Achievement and Growth. – In determining the academic achievement and growth of  
4 virtual charter school students, the State Board shall include data related to how long each student  
5 has been enrolled in the same virtual charter school and provide additional weighting for students  
6 who have been enrolled in the same virtual charter school as follows: students who are enrolled  
7 for up to one instructional year count for a factor of one, students who are enrolled for up to two  
8 instructional years count for a factor of two, students who are enrolled for up to three instructional  
9 years count for a factor of three, and students who are enrolled for up to four instructional years  
10 count for a factor of four. Only full academic year students shall be included in accountability  
11 calculations for growth and achievement.

12 (g) Code of Ethics. – Virtual charter schools shall adopt a code of ethics, including  
13 provisions on conflicts of interest."

14 **SECTION 7.63.(f)** Subsections (c) through (e) of this section apply beginning with  
15 the 2021-2022 school year.

## 16 17 **WATER AND SEWER SERVICES TO CHARTER SCHOOLS**

18 **SECTION 7.64.(a)** Part 1 of Article 16 of Chapter 160A of the General Statutes is  
19 amended by adding a new section to read:

### 20 **"§ 160A-330. Provision of water and sewer services to charter schools.**

21 (a) For the purposes of this section, the term "charter property" means real property that  
22 is owned by or leased to an entity for use as a charter school facility for a charter school that has  
23 received State Board of Education approval under G.S. 115C-218.5.

24 (b) A municipality shall provide water, sewer, or water and sewer services to a charter  
25 property to which those services are not otherwise provided if the following requirements are  
26 met:

27 (1) The property owner of the charter property requests in writing water, sewer,  
28 or water and sewer services to the charter property.

29 (2) The municipality has available capacity in the requested service or services.

30 (3) The property owner of the charter property agrees in writing to the  
31 requirements contained in a utility extension agreement established by the  
32 municipal governing board.

33 (4) The property owner of the charter property agrees to payment of all costs for  
34 extending the requested services.

35 (c) A developer of a charter property, with the written consent of the property owner,  
36 may make the request for services under subsection (b) of this section, agree to the requirements  
37 of a utility extension agreement with the municipal governing board, and pay for the costs of  
38 extension of the requested services.

39 (d) If the charter property is not located within the municipal limits and the owner of the  
40 charter property petitions for annexation under Part 1 or Part 4 of Article 4A of this Chapter, the  
41 municipality shall grant the petition if the charter property is otherwise eligible for annexation  
42 under those Parts."

43 **SECTION 7.64.(b)** This section is effective the date this act becomes law.

## 44 45 **CLARIFY PRIVATE SCHOOL TESTING REQUIREMENTS**

46 **SECTION 7.65.(a)** G.S. 115C-549 reads as rewritten:

### 47 **"§ 115C-549. Standardized testing requirements.**

48 (a) Each private church school or school of religious charter shall administer, at least  
49 once in each school year, a nationally standardized test or other nationally standardized  
50 equivalent measurement selected by the chief administrative officer of such school, to all students  
51 enrolled or regularly attending grades three, six and ~~nine~~-nine, as follows:

1           (1) ~~The~~ For grades three and six, the nationally standardized test or other  
2           equivalent measurement selected must measure achievement in the areas of  
3           English grammar, reading, spelling and mathematics.

4           (2) For grade nine, the nationally standardized test or other equivalent  
5           measurement selected must measure either of the following:

6           a. Achievement in the areas of English grammar, reading, spelling, and  
7           mathematics.

8           b. Competencies in the verbal and quantitative areas.

9           (b) Each school shall make and maintain records of the results achieved by its students.  
10          For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13,  
11          at the principal office of such school, at all reasonable times, for annual inspection by a duly  
12          authorized representative of the State of North Carolina."

13          **SECTION 7.65.(b)** G.S. 115C-557 reads as rewritten:

14          "**§ 115C-557. Standardized testing requirements.**

15          (a) Each qualified nonpublic school shall administer, at least once in each school year, a  
16          nationally standardized test or other nationally standardized equivalent measurement selected by  
17          the chief administrative officer of such school, to all students enrolled or regularly attending  
18          grades three, six and ~~nine~~ nine, as follows:

19               (1) ~~The~~ For grades three and six, the nationally standardized test or other  
20               equivalent measurement selected must measure achievement in the areas of  
21               English grammar, reading, spelling and mathematics.

22               (2) For grade nine, the nationally standardized test or other equivalent  
23               measurement selected must measure either of the following:

24               a. Achievement in the areas of English grammar, reading, spelling, and  
25               mathematics.

26               b. Competencies in the verbal and quantitative areas.

27               (b) Each school shall make and maintain records of the results achieved by its students.  
28          For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13,  
29          at the principal office of such school, at all reasonable times, for annual inspection by a duly  
30          authorized representative of the State of North Carolina."

31          **SECTION 7.65.(c)** G.S. 115C-562.5(a)(4) reads as rewritten:

32               "(4) Administer, at least once in each school year, a nationally standardized test or  
33               other nationally standardized equivalent measurement selected by the chief  
34               administrative officer of the nonpublic school to all eligible students whose  
35               tuition and fees are paid in whole or in part with a scholarship grant enrolled  
36               in grades three and higher. ~~The~~ For grades three through eight, the nationally  
37               standardized test or other equivalent measurement selected must measure  
38               achievement in the areas of English grammar, reading, spelling, and  
39               mathematics. For grades nine through 12, the nationally standardized test or  
40               other equivalent measurement selected must measure either (i) achievement  
41               in the areas of English grammar, reading, spelling, and mathematics or (ii)  
42               competencies in the verbal and quantitative areas. Test performance data shall  
43               be submitted to the Authority by July 15 of each year. Test performance data  
44               reported to the Authority under this subdivision is not a public record under  
45               Chapter 132 of the General Statutes."

46          **SECTION 7.65.(d)** This section applies to the administration of tests beginning with  
47          the 2021-2022 school year.

48  
49          **MANDATORY TRAINING CONTRIBUTING TO CONTINUING EDUCATION**  
50          **CREDITS**

51          **SECTION 7.66.(a)** G.S. 115C-270.30 reads as rewritten:

1 "§ 115C-270.30. Licensure renewal.

2 ...  
3 (b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall  
4 include the following:

5 (1) For all teachers, at least eight continuing education credits with at least three  
6 credits required in a teacher's academic subject area.

7 (2) For elementary school teachers, at least three continuing education credits  
8 related to literacy. Literacy renewal credits shall include evidence-based  
9 assessment, diagnosis, and intervention strategies for students not  
10 demonstrating reading proficiency. Oral language, phonemic and  
11 phonological awareness, phonics, vocabulary, fluency, and comprehension  
12 shall be addressed in literacy-related activities leading to license renewal for  
13 elementary school teachers.

14 (2a) For all teachers, hours spent attending mandatory training programs shall  
15 contribute toward the calculation for continuing education credits if all of the  
16 following apply:

17 a. The mandatory training program is required by State law or by a local  
18 board of education as a condition of employment.

19 b. The teacher has otherwise met any applicable requirements for literacy  
20 renewal credits, credits required in a teacher's academic subject area,  
21 digital teaching or learning, or other licensure renewal requirements  
22 adopted by the State Board pursuant to this section.

23 ...  
24 (c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed  
25 at least once every five years by the State Board to do the following:

26 ...  
27 (3) Integrate digital teaching and learning into the requirements for licensure  
28 renewal. The State Board of Education shall not require the completion of  
29 continuing education credits solely related to digital teaching and learning but  
30 may require completion of up to two continuing education credits that include  
31 pedagogy on digital teaching and learning as a component of a general or  
32 content-specific continuing education credit."

33 **SECTION 7.66.(b)** This section is effective when it becomes law and applies to  
34 licenses renewed on or after that date.

35  
36 **REVISE PERSONAL LEAVE COSTS FOR TEACHERS**

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

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

39 (1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days  
40 for each full month of employment not to exceed two days per year. Personal  
41 leave may be accumulated without any applicable maximum until June 30 of  
42 each year. A teacher may carry forward to July 1 a maximum of five days of  
43 personal leave; the remainder of the teacher's personal leave shall be converted  
44 to sick leave on June 30. At the time of retirement, a teacher may also convert  
45 accumulated personal leave to sick leave for creditable service towards  
46 retirement. Teachers may transfer personal leave days between local school  
47 administrative units. The local school administrative unit shall credit a teacher  
48 who has separated from service and is reemployed within 60 months from the  
49 date of separation with all personal leave accumulated at the time of  
50 separation. Local school administrative units shall not advance personal leave.

1           (2)    ~~Use.~~ – Personal leave may be used only upon the authorization of the teacher's  
2           immediate ~~supervisor.~~ ~~A supervisor, as follows:~~

3           a.       ~~Unless the request is approved by the principal, a teacher shall not take~~  
4           personal leave on the first day the teacher is required to report for the  
5           school year, on a required teacher workday, on days scheduled for  
6           State testing, or on the day before or the day after a holiday or  
7           scheduled vacation day, ~~unless the request is approved by the~~  
8           ~~principal.~~ ~~day.~~

9           b.       ~~On all other days, days other than those referenced in sub-subdivision~~  
10          ~~a. of this subdivision, if the request is made at least five days in~~  
11          advance, the request shall be automatically granted subject to the  
12          availability of a substitute teacher, and the teacher cannot be required  
13          to provide a reason for the request. ~~Teachers may transfer personal~~  
14          ~~leave days between local school administrative units. The local school~~  
15          ~~administrative unit shall credit a teacher who has separated from~~  
16          ~~service and is reemployed within 60 months from the date of~~  
17          ~~separation with all personal leave accumulated at the time of~~  
18          ~~separation. Local school administrative units shall not advance~~  
19          ~~personal leave.~~

20          (3)    ~~Pay.~~ – The cost of personal leave shall be assessed as follows:

21          a.       Teachers using personal leave on teacher workdays shall receive full  
22          salary.

23          b.       Teachers using personal leave on ~~other days~~ days other than those  
24          referenced in sub-subdivision a. of this subdivision shall receive full  
25          salary as long as the teacher provides a reason for the request. If the  
26          teacher does not provide a reason for the request, the teacher shall  
27          receive full salary less the required substitute deduction. If, however,  
28          full cost of hiring a substitute for the teacher. If no substitute is hired  
29          for a teacher, ~~the any~~ substitute reduction shall be refunded to that  
30          teacher."

31                **SECTION 7.67.(b)** This section is effective the date this act becomes law and applies  
32 beginning with the 2021-2022 school year.

### 33 **PROGRAM ENHANCEMENT TEACHER ALLOTMENT/K-12**

34                **SECTION 7.68.(a)** G.S. 115C-301 reads as rewritten:

35                "**§ 115C-301. Allocation of teachers; class size.**

36                ...

37                (a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public  
38 School Fund shall consist of the following position allotments:

39                (1) Classroom teachers for kindergarten through twelfth grade, which shall  
40 include funds for ~~program enhancement teachers for sixth through twelfth~~  
41 ~~grade,~~ self-contained exceptional children teachers, math, science, and  
42 computer teachers, and matching benefits.

43                (2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

44                ...

45                (c) Maximum Class Size for Kindergarten Through Third Grade. Grade and Allotment  
46 Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in  
47 a local school administrative unit shall at no time exceed the funded allotment ratio of teachers  
48 to students in kindergarten through third grade. At the end of the second school month and for  
49 the remainder of the school year, the size of an individual class in kindergarten through third  
50

1 grade shall not exceed the allotment ratio by more than three students. The funded class size  
 2 allotment ratio for kindergarten through third grade shall be as follows:

- 3 (1) For kindergarten, one teacher per 18 students.
- 4 (2) For first grade, one teacher per 16 students.
- 5 (3) For second grade, one teacher per 17 students.
- 6 (4) For third grade, one teacher per 17 students.

7 Within the remaining funds available for classroom teachers in the State Public School Fund,  
 8 the State Board of Education shall set the teacher-to-student ratios for class size in grades four  
 9 through 12 to allot those positions. In grades four through 12, local school administrative units  
 10 shall have the maximum flexibility to use allotted teacher positions to maximize student  
 11 achievement.

12 ...  
 13 (c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~-Twelfth  
 14 Grade. –

- 15 (1) Definitions. – For the purposes of this section, "program enhancement" refers  
 16 to any of the following:  
 17 a. Arts disciplines, including dance, music, theater, and the visual arts.  
 18 b. Physical education and health programs.  
 19 c. World languages.  
 20 d. Other supplemental classes as defined by the State Board of Education.
- 21 (2) Allotment ratio calculation. – The allotment ratio for kindergarten through  
 22 ~~fifth-twelfth~~ grade program enhancement teachers shall be one teacher per ~~191~~  
 23 140 students.
- 24 (3) Appropriation. – Beginning with the ~~2019-2020~~-2021-2022 fiscal year, there  
 25 is appropriated from the General Fund to the Department of Public Instruction  
 26 for the allotment for program enhancement teachers for kindergarten through  
 27 ~~fifth-twelfth~~ grade an amount equal to the percentage of the total funds  
 28 required to allot program enhancement teacher positions for kindergarten  
 29 through ~~fifth-twelfth~~ grade on a basis of one teacher per ~~191~~-140 students for  
 30 each fiscal year as follows:

Fiscal Year	Appropriation
<del>2019-2020</del>	50%
<del>2020-2021</del>	75%
2021-2022 and each subsequent fiscal year thereafter	100%.

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

38 ...."

39 **SECTION 7.68.(b)** G.S. 115C-105.25(5d) reads as rewritten:  
 40 "(5d) No positions shall be transferred out of the allocation for program  
 41 enhancement teachers for kindergarten through ~~fifth-twelfth~~ grade except as  
 42 provided in this subdivision. Positions allocated for program enhancement  
 43 teachers for kindergarten through ~~fifth-twelfth~~ grade may be converted into  
 44 positions allocated for classroom teachers for kindergarten through twelfth  
 45 grade. For the purposes of this subdivision, the term "program enhancement"  
 46 is as defined in G.S. 115C-301(c2)."

47 **SECTION 7.68.(c)** This section applies beginning with the 2021-2022 school year.

48  
 49 **PERMANENT CHARTER SCHOOL TRANSPORTATION GRANT PROGRAM**

50 **SECTION 7.69.(a)** Article 14A of Chapter 115C of the General Statutes is amended  
 51 by adding a new section to read:

1 **"§ 115C-218.42. Charter School Transportation Grant Program.**

2 (a) Purpose; Definition. – There is established the Charter School Transportation Grant  
3 Program (Program). The purpose of the Program shall be to award grant funds to a charter school  
4 that meets the requirements of subsection (b) of this section for the reimbursement of up to  
5 sixty-five percent (65%) of the eligible student transportation costs incurred by the school in  
6 accordance with the provisions of this section. For purposes of this section, the term "eligible  
7 student transportation costs" means costs incurred by the charter school for (i) transportation fuel,  
8 (ii) vehicle maintenance, (iii) contracted transportation services, and (iv) transportation personnel  
9 salaries.

10 (b) Program Eligibility. – If a charter school has student enrollment in a semester of the  
11 school year of at least fifty percent (50%) of its students residing in households with an income  
12 level not in excess of the amount required for a student to qualify for the federal free or  
13 reduced-price lunch program, the charter school may apply to the Department for grant funds  
14 under the Program for reimbursement of up to sixty-five percent (65%) of the eligible student  
15 transportation costs incurred by the school for that semester.

16 (c) Applications. – By August 1 of each year, the Department shall establish the criteria  
17 and guidelines for the grant application process for the upcoming school year, including any  
18 documentation required to be submitted with the application. Each school year, the Department  
19 shall accept applications until December 31 for eligible student transportation costs incurred  
20 during the fall semester of the school year and until May 15 for eligible student transportation  
21 costs incurred during the spring semester of the school year.

22 (d) Award of Funds. – From funds made available for the Program, the Department shall  
23 award grant funds to the selected charter schools by February 15 for eligible student  
24 transportation costs incurred during the fall semester of the same school year and by June 15 for  
25 eligible student transportation costs incurred during the spring semester of the prior school year.  
26 The total amount of each grant awarded under the Program shall not exceed one hundred  
27 thousand dollars (\$100,000) per charter school per school year.

28 (e) Reporting. – No later than March 15 of each year in which funds are awarded under  
29 the Program, the Department shall report to the Joint Legislative Education Oversight  
30 Committee, the Joint Legislative Transportation Oversight Committee, the Senate  
31 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal  
32 Research Division on the administration of the Program, including at least the following  
33 information:

34 (1) The number of charter schools that received grant funds.

35 (2) The amount of grant funds awarded to those charter schools.

36 (3) Whether implementing the Program has led to an increase in charter schools  
37 offering lunch.

38 (4) Whether implementing the Program has led to an increase in student lunch  
39 participation at charter schools offering lunch.

40 (5) Whether implementing the Program has increased or expanded the offering of  
41 student transportation by charter schools.

42 (6) The modes of student transportation offered by charter schools that received  
43 grant funds."

44 **SECTION 7.69.(b)** Notwithstanding G.S. 115C-218.42(c), as enacted by this act,  
45 for the 2021-2022 school year, the Department shall establish criteria and guidelines for the grant  
46 application process by October 1, 2021.

47 **SECTION 7.69.(c)** This section is effective July 1, 2021, and applies beginning with  
48 the 2021-2022 school year.

49  
50 **STUDENT TRANSPORTATION SUPPORT**



1           **SECTION 7.70.(a)** Smart School Bus Safety Pilot Program. – The Department of  
2 Public Instruction shall establish the 2021 Smart School Bus Safety Pilot Program (Program),  
3 beginning with the 2021-2022 school year and ending on or before January 1, 2025. The purpose  
4 of the Program is to modernize the transportation of public school students through technology  
5 in response to the COVID-19 pandemic, as follows:

6           (1) Participation. – As part of the Program, participating local school  
7 administrative units and charter schools shall identify and contract with  
8 qualifying vendors, as determined by the unit or charter school, to provide  
9 technology and services for student transportation in accordance with this  
10 subsection. Notwithstanding G.S. 115C-240(d), participating local school  
11 administrative units and charter schools shall have discretion over the  
12 selection of qualifying vendors pursuant to the Program, and the selection of  
13 a qualifying vendor shall not be subject to approval by the State Board of  
14 Education or the Department of Public Instruction. The following local school  
15 administrative units and charter schools are authorized to participate in the  
16 Program, subject to the requirements of this subsection:

- 17           a. Burke County Schools.
- 18           b. Caldwell County Schools.
- 19           c. Chatham County Schools.
- 20           d. Clinton City Schools.
- 21           e. Elizabeth City-Pasquotank Public Schools.
- 22           f. Elkin City Schools.
- 23           g. Gaston County Schools.
- 24           h. Harnett County Schools.
- 25           i. Hickory City Schools.
- 26           j. Iredell-Statesville Schools.
- 27           k. Johnston County Schools.
- 28           l. Martin County Schools.
- 29           m. New Hanover County Schools.
- 30           n. Sampson County Schools.
- 31           o. Surry County Schools.
- 32           p. Transylvania County Schools.
- 33           q. Union County Public Schools.
- 34           r. Watauga County Schools.
- 35           s. Wayne County Public Schools.
- 36           t. Winston-Salem/Forsyth County Schools.
- 37           u. Alpha Academy.
- 38           v. Sallie B Howard School.
- 39           w. Sugar Creek Charter.
- 40           x. Thomas Jefferson Classical.

41           (2) Option to leave. – Any local school administrative unit or charter school  
42 authorized to participate in the Program may elect not to participate. For each  
43 local school administrative unit or charter school that elects not to participate  
44 in the Program, the Department may authorize one replacement local school  
45 administrative unit or charter school with a similar population of students to  
46 participate in the Program.

47           (3) Technology and services. – Participating units and charter schools shall have  
48 discretion over the specific technology and services provided by qualifying  
49 vendors as long as the technology and services meet the requirements of either  
50 of the following sub-subdivisions of this subdivision:

- 1 a. Improve communications and information. – Technology and services  
2 that meet at least all of the following requirements:  
3 1. Improve overall communications and reporting on school  
4 buses.  
5 2. Enable employee time tracking, student ridership tracking, and  
6 contact tracing in the event of a COVID-19 infection.  
7 3. Enable global positioning system (GPS) tracking of school  
8 buses.  
9 4. Enable turn-by-turn navigation along bus routes.  
10 5. Optimize time, expenditure, and safety of bus routes.  
11 6. Provide pre- and post-trip vehicle inspections that may be  
12 transmitted to the Department of Public Instruction on a  
13 regular basis.  
14 7. Communicate ridership information to the student information  
15 management system.  
16 8. Permit parents or legal guardians to access applicable  
17 information.  
18 9. Conform to applicable guidance provided by the North  
19 Carolina Department of Health and Human Services for the  
20 transportation of students during the COVID-19 pandemic.  
21 10. Facilitate the receipt of Medicaid reimbursement for eligible  
22 student transportation services.
- 23 b. Internet connectivity. – Technology and services that provide students  
24 on school buses with access to the internet over Wi-Fi and meet at least  
25 all of the following requirements:  
26 1. Provide participating units and charter schools with  
27 customizable connectivity options.  
28 2. Comply with all State and federal law.
- 29 (4) Miscellaneous. – The following requirements shall apply to each participating  
30 local school administrative unit and charter school:  
31 a. Every school bus in a participating local school administrative unit or  
32 charter school designed for the transportation of children with  
33 disabilities shall be outfitted with technology provided pursuant to the  
34 Program as long as the technology is appropriate for children with  
35 disabilities and can be provided in a cost-effective manner.  
36 b. At the conclusion of the Program, all hardware provided to a  
37 participating local school administrative unit or charter school shall  
38 become the property of the unit or charter school.  
39 c. Participating local school administrative units and charter schools  
40 shall make use of technology or services provided pursuant to the  
41 Program at least through the conclusion of the 2023-2024 school year.
- 42 (5) Reports. – No later than July 1, 2022, and annually thereafter in any year in  
43 which the Program is in effect, the Department of Public Instruction, in  
44 consultation with each participating local school administrative unit and  
45 charter school, shall report at least all of the following information to the Joint  
46 Legislative Education Oversight Committee, any committee constituted by  
47 the House of Representatives or Senate to address school safety, and the Fiscal  
48 Research Division:  
49 a. An itemized breakdown of software infrastructure, hardware  
50 infrastructure, and equipment provided by qualifying vendors to

1 participating local school administrative units and charter schools  
2 pursuant to the Program.

3 b. A description of all services provided by qualifying vendors to  
4 participating local school administrative units and charter schools  
5 pursuant to the Program.

6 c. A list of qualifying vendors contracting with participating local school  
7 administrative units and charter schools pursuant to the Program.

8 d. The impact and effectiveness of the Program.

9 e. All expenditures of State funds pursuant to the Program.

10 **SECTION 7.70.(b)** Allocation of Funds for the Program. – Funds appropriated by  
11 this act to the Department of Public Instruction from the State Fiscal Recovery Fund for the  
12 2021-2022 fiscal year for the Program shall be allocated to local school administrative units and  
13 charter schools as follows:

14 (1) The sum of thirteen million nine hundred seventy thousand dollars  
15 (\$13,970,000) for the technology and services described in sub-subdivision a.  
16 of subdivision (3) of subsection (a) of this section, as follows:

17 a. Four hundred seventy-eight thousand dollars (\$478,000) to Burke  
18 County Schools.

19 b. Five hundred forty thousand dollars (\$540,000) to Caldwell County  
20 Schools.

21 c. Four hundred thirty-six thousand dollars (\$436,000) to Chatham  
22 County Schools.

23 d. One hundred forty thousand dollars (\$140,000) to Clinton City  
24 Schools.

25 e. Four hundred thirty-five thousand dollars (\$435,000) to Elizabeth  
26 City-Pasquotank Public Schools.

27 f. Fifty-one thousand dollars (\$51,000) to Elkin City Schools.

28 g. Nine hundred seventy-eight thousand dollars (\$978,000) to Gaston  
29 County Schools.

30 h. One million sixty thousand dollars (\$1,060,000) to Harnett County  
31 Schools.

32 i. One hundred fifty thousand five hundred dollars (\$150,500) to  
33 Hickory City Schools.

34 j. One million four hundred twenty-five thousand dollars (\$1,425,000)  
35 to Johnston County Schools.

36 k. Nine hundred twelve thousand dollars (\$912,000) to Iredell-Statesville  
37 Schools.

38 l. Two hundred seventy-three thousand dollars (\$273,000) to Martin  
39 County Schools.

40 m. Nine hundred eighty-four thousand dollars (\$984,000) to New  
41 Hanover County Schools.

42 n. Five hundred twenty thousand dollars (\$520,000) to Sampson County  
43 Schools.

44 o. Four hundred two thousand five hundred dollars (\$402,500) to Surry  
45 County Schools.

46 p. Two hundred thirty-eight thousand dollars (\$238,000) to Transylvania  
47 County Schools.

48 q. One million six hundred fifty thousand dollars (\$1,650,000) to Union  
49 County Public Schools.

50 r. Three hundred thirty-seven thousand dollars (\$337,000) to Watauga  
51 County Schools.

- 1 s. One million seventy-nine thousand dollars (\$1,079,000) to Wayne  
2 County Public Schools.
- 3 t. One million four hundred fifty-six thousand dollars (\$1,456,000) to  
4 Winston-Salem/Forsyth County Schools.
- 5 u. Eighty-one thousand dollars (\$81,000) to Alpha Academy.
- 6 v. One hundred thirteen thousand dollars (\$113,000) to Sallie B Howard  
7 School.
- 8 w. One hundred fifty-five thousand dollars (\$155,000) to Sugar Creek  
9 Charter.
- 10 x. Seventy-six thousand dollars (\$76,000) to Thomas Jefferson Classical.
- 11 (2) The sum of four million one hundred seventy-eight thousand dollars  
12 (\$4,178,000) for the technology and services described in sub-subdivision b.  
13 of subdivision (3) of subsection (a) of this section, as follows:
- 14 a. One hundred forty-three thousand dollars (\$143,000) to Burke County  
15 Schools.
- 16 b. One hundred sixty-two thousand dollars (\$162,000) to Caldwell  
17 County Schools.
- 18 c. One hundred thirty thousand dollars (\$130,000) to Chatham County  
19 Schools.
- 20 d. Forty-two thousand dollars (\$42,000) to Clinton City Schools.
- 21 e. One hundred thirty thousand dollars (\$130,000) to Elizabeth  
22 City-Pasquotank Public Schools.
- 23 f. Fifteen thousand five hundred dollars (\$15,500) to Elkin City Schools.
- 24 g. Two hundred ninety-two thousand dollars (\$292,000) to Gaston  
25 County Schools.
- 26 h. Three hundred seventeen thousand dollars (\$317,000) to Harnett  
27 County Schools.
- 28 i. Forty-five thousand dollars (\$45,000) to Hickory City Schools.
- 29 j. Four hundred twenty-six thousand dollars (\$426,000) to Johnston  
30 County Schools.
- 31 k. Two hundred seventy-three thousand dollars (\$273,000) to  
32 Iredell-Statesville Schools.
- 33 l. Eighty-two thousand dollars (\$82,000) to Martin County Schools.
- 34 m. Two hundred ninety-four thousand dollars (\$294,000) to New  
35 Hanover County Schools.
- 36 n. One hundred fifty-six thousand dollars (\$156,000) to Sampson County  
37 Schools.
- 38 o. One hundred twenty thousand dollars (\$120,000) to Surry County  
39 Schools.
- 40 p. Seventy-one thousand five hundred dollars (\$71,500) to Transylvania  
41 County Schools.
- 42 q. Four hundred ninety-three thousand dollars (\$493,000) to Union  
43 County Public Schools.
- 44 r. One hundred one thousand dollars (\$101,000) to Watauga County  
45 Schools.
- 46 s. Three hundred twenty-three thousand dollars (\$323,000) to Wayne  
47 County Public Schools.
- 48 t. Four hundred thirty-five thousand dollars (\$435,000) to  
49 Winston-Salem/Forsyth County Schools.
- 50 u. Twenty-four thousand dollars (\$24,000) to Alpha Academy.
- 51 v. Thirty-four thousand dollars (\$34,000) to Sallie B Howard School.

- 1 w. Forty-six thousand dollars (\$46,000) to Sugar Creek Charter.  
2 x. Twenty-three thousand dollars (\$23,000) to Thomas Jefferson  
3 Classical.

4 **SECTION 7.70.(c)** Proposal to Add Medicaid Coverage for Transportation Provided  
5 by Public School Units. – No later than March 1, 2022, the Department of Health and Human  
6 Services, Division of Health Benefits, and the Department of Public Instruction shall jointly  
7 submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice  
8 and the Joint Legislative Education Oversight Committee with a proposal for adding the  
9 Medicaid coverage for school-based transportation services described in the November 1, 2016,  
10 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled  
11 "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal  
12 Medicaid law and regulations. The proposal shall include all of the following:

- 13 (1) A detailed description of the coverage to be added.  
14 (2) A detailed description of the required documentation for reimbursement.  
15 (3) An updated analysis of the fiscal impact both to the Department of Health and  
16 Human Services and to all public school units of adding the coverage.  
17 (4) The identification of any State appropriations needed to implement the  
18 coverage.  
19 (5) A recommended time frame for implementing the coverage.  
20 (6) Proposed language for any legislative changes needed to implement the  
21 coverage.

22 **SECTION 7.70.(d)** Subsections (a) and (b) of this section become effective July 1,  
23 2021. Except as otherwise provided, this section is effective when it becomes law.  
24

## 25 **LIFE CHANGING EXPERIENCES SCHOOL PROGRAM**

26 **SECTION 7.71.(a)** Of the funds appropriated to the Department of Public  
27 Instruction by this act for the Life Changing Experiences School Program, the Department shall  
28 contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate  
29 the Life Changing Experiences School Program (Project), beginning with the 2021-2022 school  
30 year. The Project shall be operated and administered for students in grades six through 11 in at  
31 least the following local school administrative units: Cleveland County Schools, Greene County  
32 Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools,  
33 Mitchell County Schools, and Pitt County Schools. The Department may select one or more  
34 additional local school administrative units to participate in the Project if the funds are sufficient  
35 to support additional units. These contract funds shall not be used for any purpose other than to  
36 implement the Project in the local school administrative units, which consists of traveling 3-D,  
37 interactive, holistic, and evidence-based multimedia education in-school programs. The Project  
38 shall include theme-specific programs screened at school assemblies and additional follow-up  
39 applications that address dangerous life- and community-threatening activities that negatively  
40 impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying.  
41 The goal of these programs is to increase positive intentions and behavioral outcomes by teaching  
42 students the techniques and skills that empower them to reach meaningful life goals, employ  
43 positive behaviors, and start businesses and social enterprises.

44 **SECTION 7.71.(b)** The Children and Parent Resource Group, Inc., in consultation  
45 with the Department of Public Instruction, shall submit a report on the Project authorized by  
46 subsection (a) of this section by March 1, 2022, and annually thereafter, to the Joint Legislative  
47 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher  
48 Education, the House Appropriations Committee on Education, and the Fiscal Research Division.  
49 Each report shall include an accounting of expenditures and student outcome data related to the  
50 operation of the Project.  
51

**INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

**SECTION 7.72.(a)** Establish; Purpose. – There is established the Innovative Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford County Schools for the purpose of reforming its current career and technical education (CTE) program to more deliberately prepare its students for high-wage, high-skills careers. The Program shall focus on hosting signature career academies at traditional high schools located in the local school administrative unit that specialize in defined areas of career and technical education.

**SECTION 7.72.(b)** Components of the Program. – The Program shall include at least the following key components in establishing a minimum of four but no more than six signature career academies at high schools in the local school administrative unit:

- (1) One school-selected priority career pathway that does not compete with career pathways at other signature career academies in the local school administrative unit in addition to CTE courses offered as elective options and business and computer science courses.
- (2) School and community stakeholder input on the development of the priority career pathways and the phaseout of other CTE programs.
- (3) Partnerships with higher education institutions and business and industry entities for specific equipment needs and the design of clearly defined career pathways.
- (4) The option for eighth grade students to apply to attend a signature career academy of their choice at a high school located in the local school administrative unit.
- (5) Reassignment of current CTE teachers to focus on an area of expertise for a signature career academy and the creation of partnerships with higher education faculty and employees of industry and business to volunteer to serve as co-teachers in the specialized areas.

**SECTION 7.72.(c)** Flexibility for Teachers. – Notwithstanding any other provision of law, in addition to the authority provided to a local board of education to employ adjunct instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the local school administrative unit shall have the flexibility to contract with individuals who have education and training related to the specific skills and career pathways that are the focus of a signature career academy. Any individual who has direct contact with students pursuant to the authority provided by this subsection shall be subject to a criminal history check to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

**SECTION 7.72.(d)** Reporting. – By June 30 of the first school year of operation of the Program, and every June 30 thereafter for the duration of the Program operated as a pilot, Guilford County Schools shall report to the Department of Public Instruction on (i) implementation and administration of the Program, including the use of additional resources provided as an appropriation of State funds specifically for the Program, (ii) data from the Program on student completion rates for career pathways and any other data requested by the Department, and (iii) any recommendations on the modification of the Program or the potential application of the Program in other local school administrative units.

By August 15 of the first year of reporting by Guilford County Schools under this subsection, and every August 15 thereafter for the duration of the Program operated as a pilot, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the information submitted by Guilford County Schools pursuant to this subsection.

**SECTION 7.72.(e)** Term of the Program. – The Program may operate for up to six school years as a pilot program, beginning with the 2021-2022 school year. Before the end of the school year in which the Program will expire as a pilot, the Guilford County Board of Education may apply to the State Board of Education for the Program to be included as an ongoing component of Guilford County Schools' career and technical education local plan submitted to

1 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in  
2 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to  
3 teachers as provided in subsection (c) of this section. The Guilford County Board of Education  
4 may request as part of the application that the General Assembly appropriate additional resources  
5 for the operation of the Program but may continue to operate the Program if other sources of  
6 funds are available. The State Board shall consider the data submitted to the Department of Public  
7 Instruction on the operation of the Program pursuant to subsection (d) of this section when  
8 reviewing the Program to become a component of the career and technical education local plan.  
9

#### 10 **APSEED PILOT PROJECT/FUNDS**

11 **SECTION 7.73.(a)** The Department of Public Instruction, Office of Early Learning  
12 (Office), shall establish a one-year pilot project to implement the "ApSeed" program, a program  
13 designed to prepare preschool-age children, ages birth through 4 years of age, for prekindergarten  
14 through an interactive learning device known as a "seedling" (a device similar to an iPad). The  
15 seedling provides games varying in skill level depending on the age and capability of the child  
16 and advances in level as the child gains proficiency.

17 **SECTION 7.73.(b)** The following counties shall participate in the pilot project  
18 described under subsection (a) of this section: Forsyth, Hoke, New Hanover, Watauga, and  
19 Yadkin. Each of those counties shall select preschool-age children to participate in the pilot  
20 project. The county, in its discretion, shall identify and select children having the greatest need,  
21 taking into consideration poverty level as a factor.

22 **SECTION 7.73.(c)** Of the funds appropriated to the Department, the sum of two  
23 million five hundred seventy-five thousand eight hundred thirty-one dollars (\$2,575,831) for the  
24 2021-2022 fiscal year shall be used to provide for the equipment and costs associated with the  
25 "ApSeed" pilot project established by this act. These funds shall be allocated to the five counties  
26 participating in the pilot project, with each county receiving an amount up to two hundred sixteen  
27 thousand dollars (\$216,000), as determined by the Office.

28 **SECTION 7.73.(d)** Within six months after completion of the pilot project, the  
29 Office shall submit a report to the Joint Legislative Education Oversight Committee, the Senate  
30 Appropriations Committee on Education/Higher Education, the House Appropriations  
31 Committee on Education, and the Fiscal Research Division. The report shall include, at a  
32 minimum, each of the following:

- 33 (1) The number of children served, by age and county.
- 34 (2) The skills gained by the participants as compared to those children who did  
35 not participate in the pilot project.
- 36 (3) The extent of parental involvement in the pilot project.
- 37 (4) Total project costs, including any administrative costs.
- 38 (5) The amount of funds needed to expand the program statewide.
- 39 (6) Any other relevant information deemed appropriate.

40 **SECTION 7.73.(e)** This section is effective when this act becomes law.  
41

#### 42 **ENVIRONMENTAL ENHANCEMENTS OF PUBLIC SCHOOLS/SMITHFIELD** 43 **FOODS AGREEMENT**

44 **SECTION 7.74.(a)** The Smithfield Foods Public School Environmental  
45 Enhancement Fund is established as a special fund in the State Treasury. The purpose of the  
46 Smithfield Foods Public School Environmental Enhancement Fund is to receive funds received  
47 by the State resulting from the environmental enhancement provision of the agreement entered  
48 into between the Attorney General of North Carolina and Smithfield Foods, Inc., and its  
49 subsidiaries, dated July 25, 2000 (Agreement). The State Controller shall transfer any available  
50 funds received by the State under the Agreement on or after July 1, 2019, into the Smithfield  
51 Foods Public School Environmental Enhancement Fund.

1           **SECTION 7.74.(b)** The State Controller shall reserve to the Smithfield Foods Public  
2 School Environmental Enhancement Fund all monies received from the Agreement pursuant to  
3 subsection (a) of this section. Funds reserved in the Smithfield Foods Public School  
4 Environmental Enhancement Fund do not constitute an "appropriation made by law," as that  
5 phrase is used in Section 7(1) of Article V of the North Carolina Constitution. The Governor, or  
6 an agency, department, office, or division designated by the Governor, and the Attorney General  
7 are prohibited from directing the use of funds deposited in the Smithfield Foods Public School  
8 Environmental Enhancement Fund unless those funds are appropriated by an act of the General  
9 Assembly.

10           **SECTION 7.74.(c)** It is the intent of the General Assembly to appropriate funds from  
11 the Smithfield Foods Public School Environmental Enhancement Fund to the Department of  
12 Public Instruction for the 2022-2023 fiscal year, and for subsequent fiscal years, under a plan  
13 that provides for the allocation of funds to local school administrative units for environmental  
14 enhancements. The Department shall collaborate with all interested State agencies and  
15 stakeholders to develop a plan to allocate funds to local school administrative units for  
16 environmental enhancements projects, with priority given to obtaining environmental easements,  
17 for constructing and maintaining wetlands, and for other similar environmental purposes,  
18 including a competitive grant program for the evaluation of student-initiated projects for  
19 environmental enhancements to their school campus where selected projects shall qualify for a  
20 grant award of up to one hundred fifty thousand dollars (\$150,000) for the implementation of the  
21 project. The plan shall, at a minimum, include consultation with the Department of  
22 Environmental Quality to prioritize the allocation of funds to local school administrative units.

## 23 24 **COMPLIANCE WITH CURSIVE WRITING/MULTIPLICATION TABLES** 25 **REQUIREMENTS**

26           **SECTION 7.75.(a)** G.S. 115C-81.81 reads as rewritten:

27 "**§ 115C-81.81. Annual report on cursive writing and multiplication ~~tables~~tables; penalty**  
28 **for noncompliance.**

29           (a) The State Board of Education and the Department of Public Instruction shall report  
30 to the Joint Legislative Education Oversight Committee by March 30 of each year on the  
31 compliance of each local school administrative unit with the requirements regarding cursive  
32 writing pursuant to G.S. 115C-81.75 and the memorization of multiplication tables pursuant to  
33 G.S. 115C-81.80. The report shall include at least the following information:

- 34           (1) The number and percentage of local school administrative units in the State  
35 complying and not complying with G.S. 115C-81.75 and a list of both sets of  
36 units.
- 37           (2) The number and percentage of local school administrative units in the State  
38 complying and not complying with G.S. 115C-81.80 and a list of both sets of  
39 units.
- 40           (3) A list of all instructional strategies used by each local school administrative  
41 unit to comply with G.S. 115C-81.75 categorized by unit.
- 42           (4) A list of each instructional strategy identified pursuant to subdivision (3) of  
43 this section and the corresponding number and percentage of local school  
44 administrative units in the State using that strategy to comply with  
45 G.S. 115C-81.75.
- 46           (5) If, in any given year, one or more local school administrative units does not  
47 respond to inquiries from the Department of Public Instruction related to this  
48 section, the number and percentage of local school administrative units in the  
49 State that were nonresponsive and a list of those units.
- 50           (6) The number of local superintendents who had pay withheld and the amount of  
51 pay withheld for noncompliance pursuant to subsection (b) of this section.



1       (b) Penalty for Noncompliance. – If the State Board of Education and the Department of  
2 Public Instruction determine that a local superintendent has (i) willfully failed to comply with  
3 the requirements regarding cursive writing pursuant to G.S. 115C-81.75 and the memorization  
4 of multiplication tables pursuant to G.S. 115C-81.80 or (ii) willfully failed to respond to inquiries  
5 from the Department of Public Instruction regarding the reporting requirements under subsection  
6 (a) of this section, no State funds shall be allocated to pay the superintendent's salary for the  
7 period of time the superintendent is in noncompliance. The local board of education shall  
8 continue to be responsible for complying with the terms of the superintendent's employment  
9 contract."

10       **SECTION 7.75.(b)** G.S. 115C-81.75 reads as rewritten:

11       "**§ 115C-81.75. Cursive writing.**

12       (a) The standard course of study shall include the requirement that the public schools  
13 provide instruction in cursive writing so that students create readable documents through legible  
14 cursive handwriting by the end of fifth grade.

15       (b) A local superintendent who has failed to provide instruction in the local school  
16 administrative unit in accordance with this section may be subject to a penalty for noncompliance  
17 pursuant to G.S. 115C-81.81(b)."

18       **SECTION 7.75.(c)** G.S. 115C-81.80 reads as rewritten:

19       "**§ 115C-81.80. Multiplication tables.**

20       (a) The standard course of study shall include the requirement that students enrolled in  
21 public schools memorize multiplication tables to demonstrate competency in efficiently  
22 multiplying numbers.

23       (b) A local superintendent who has failed to provide instruction in the local school  
24 administrative unit in accordance with this section may be subject to a penalty for noncompliance  
25 pursuant to G.S. 115C-81.81(b)."

26       **SECTION 7.75.(d)** This section applies beginning with the 2021-2022 school year.  
27

28       **REQUIRE STATE BOARD TO GRANT QUALIFYING CHARTER APPLICATIONS**  
29       **AND PROVIDE APPLICANTS AN OPPORTUNITY TO CORRECT DEFECTS**

30       **SECTION 7.76.(a)** G.S. 115C-218.5 reads as rewritten:

31       "**§ 115C-218.5. Final approval and denial of applications for charter schools.**

32       (a) The State Board ~~may~~ shall grant final approval of an application if it finds the  
33 following:

- 34           (1) The application meets the requirements set out in this Article and such other  
35 requirements as may be adopted by the State Board of Education.
- 36           (2) The applicant has the ability to operate the school and would be likely to  
37 operate the school in an educationally and economically sound manner.
- 38           (3) Granting the application would achieve one or more of the purposes set out in  
39 G.S. 115C-218.

40       ~~In reviewing applications for the establishment of charter schools within a local school~~  
41 ~~administrative unit, the State Board is encouraged to give preference to applications that~~  
42 ~~demonstrate the capability to provide comprehensive learning experiences to students identified~~  
43 ~~by the applicants as at risk of academic failure.~~

44       (b) The State Board shall make final decisions on the approval or denial of applications  
45 by August 15 of a calendar year on all applications it receives prior to a date established by the  
46 Office of Charter Schools for receipt of applications in that application cycle. The State Board  
47 may make the final decision for approval contingent upon the successful completion of a planning  
48 period prior to enrollment of students.

49       (c) The State Board of Education may authorize a school before the applicant has secured  
50 its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary

1 for it to raise working capital. The State Board shall not allocate any funds to the school until the  
2 school has obtained space.

3 (d) The State Board of Education may grant the initial charter for a period not to exceed  
4 10 years.

5 (e), (f) Repealed by Session Laws 2016-79, s. 1.1, effective June 30, 2016, and applicable  
6 beginning with the 2016-2017 school year.

7 (g) If the State Board of Education denies final approval of an application for the  
8 establishment of a charter school, the State Board shall enumerate all reasons for denying the  
9 application, publish those reasons on its website, and provide the applicant with an opportunity  
10 to correct the defects in its application and reapply. If the nonprofit corporation reapplies to  
11 establish that charter school, and the State Board determines that the defects it previously  
12 identified have been cured and no new defects exist, the State Board shall grant final approval of  
13 the application. If the State Board identifies one or more new defects in the reapplication of the  
14 nonprofit corporation, the State Board may again deny the application. The State Board shall  
15 again enumerate all reasons for denying the application, publish those reasons on its website, and  
16 provide the applicant with 30 days to correct the defects in its application and reapply. If the  
17 nonprofit corporation reapplies, and the State Board determines that the new defects have been  
18 cured, the State Board shall grant final approval of the application."

19 **SECTION 7.76.(b)** No later than December 1, 2021, the State Board of Education  
20 shall adopt a process for implementing the changes to G.S. 115C-218.5, as enacted by this act.

21 **SECTION 7.76.(c)** This section is effective when it becomes law and applies to  
22 applications for new charter schools submitted on or after December 1, 2021.

## 23 24 **ALLOW SCHOOLS IN ALL ZONING DISTRICTS**

25 **SECTION 7.77.(a)** G.S. 160D-701 reads as rewritten:

### 26 **"§ 160D-701. Purposes.**

27 (a) Zoning regulations shall be made in accordance with a comprehensive plan and shall  
28 be designed to promote the public health, safety, and general welfare. To that end, the regulations  
29 may address, among other things, the following public purposes: to provide adequate light and  
30 air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen  
31 congestion in the streets; to secure safety from fire, panic, and dangers; to facilitate the efficient  
32 and adequate provision of transportation, water, sewerage, schools, parks, and other public  
33 requirements; and to promote the health, safety, morals, or general welfare of the community.  
34 The regulations shall be made with reasonable consideration, among other things, as to the  
35 character of the district and its peculiar suitability for particular uses and with a view to  
36 conserving the value of buildings and encouraging the most appropriate use of land throughout  
37 the local government's planning and development regulation jurisdiction.

38 (b) ~~The regulations may not include, as a basis for denying a zoning or rezoning request~~  
39 ~~from a school, the level of service of a road facility or facilities abutting the school or proximately~~  
40 ~~located to the school. Zoning regulations shall provide that schools are a permitted use in all~~  
41 zoning districts, as provided in G.S. 160D-913.1."

42 **SECTION 7.77.(b)** Article 9 of Chapter 160D of the General Statutes is amended  
43 by adding a new section to read:

### 44 **"§ 160D-913.1. Schools are a permitted use.**

45 (a) Local government development regulations shall provide that a school is a permitted  
46 use as a matter of right in all zoning districts. The procedures of Article 6 of this Chapter shall  
47 not apply to a school. No development regulation for any zoning district may require a school to  
48 only be located on a site contiguous to a State-maintained road or highway.

49 (b) No school may be sited closer than within a 300 linear foot radius of an adult  
50 establishment, as defined in G.S. 14-202.10.

1 (c) Prior to the commencement of any construction on a site, a school shall notify the  
2 local government with development jurisdiction of the school's intent to construct. Notice under  
3 this section shall be in writing at least 60 days prior to the commencement of construction. A  
4 notice given under this section shall be valid for two years, excluding any time the school has a  
5 building permit application pending before the local government.

6 (d) This section shall not apply to zoning districts dedicated to industrial purposes  
7 inconsistent with school traffic and usage. Article 6 of this Chapter shall apply to a school  
8 desiring to construct a site in a zoning district dedicated to industrial purposes inconsistent with  
9 school traffic and usage.

10 (e) As used in this section, the following definitions shall apply:

11 (1) Construction. – The building, erection, renovation, or establishment of school  
12 buildings, facilities, and infrastructure and shall not include routine  
13 maintenance and repair.

14 (2) School. – As defined in G.S. 160A-307.1(b)(2)."

15 **SECTION 7.77.(c)** G.S. 160A-307.1 reads as rewritten:

16 **"§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

17 (a) A city may only require street improvements related to schools that are required for  
18 safe ingress and egress to the municipal street system and that are physically connected to a  
19 driveway on the school site. The required improvements shall not exceed those required pursuant  
20 to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street  
21 improvements related to schools as provided in ~~G.S. 160A-372.~~ G.S. 160D-804. The cost of any  
22 improvements to the municipal street system pursuant to this section shall be reimbursed by the  
23 city. Any agreement between a school and a city to make improvements to the municipal street  
24 system shall not include a requirement for acquisition of right-of-way by the school, unless the  
25 school is owned by an entity that has eminent domain power. Any right-of-way costs incurred by  
26 a school for required improvements pursuant to this section shall be reimbursed by the city.  
27 Notwithstanding any provision of this Chapter to the contrary, a city may not condition the  
28 approval of any ~~zoning, rezoning, or permit request~~ development approval on the waiver or  
29 reduction of any provision of this section.

30 (b) ~~The term~~ As used in this section, the following definitions shall apply:

31 (1) Development approval. – As defined in G.S. 160D-102.

32 (2) ~~"school," as used in this section, means any facility engaged in the educational~~  
33 ~~instruction of children in any grade or combination of grades from~~  
34 ~~kindergarten through the twelfth grade at which attendance satisfies the~~  
35 ~~compulsory attendance law and includes charter schools authorized under~~  
36 ~~G.S. 115C-218.5.~~ School. – Any facility, including relocatable or modular  
37 units as either accessory or primary facilities, that is part of a public school  
38 unit, as defined in G.S. 115C-5, or part of any nonpublic school that meets the  
39 requirements of Part 1 or Part 2 of Article 39 of Chapter 115C of the General  
40 Statutes."

41 **SECTION 7.77.(d)** G.S. 14-202.11(c) reads as rewritten:

42 (c) ~~Nothing~~ Except as provided in this subsection, nothing in this section shall be deemed  
43 to preempt local government regulation of the location or operation of adult establishments or  
44 other sexually oriented businesses to the extent consistent with the constitutional protection  
45 afforded free speech. In addition to any local regulation established under G.S. 160D-902, no  
46 adult establishment may be located closer than within a 300 linear foot radius of a school, as  
47 defined in G.S. 160A-307.1(b)(2)."

48 **SECTION 7.77.(e)** This section becomes effective October 1, 2021, and applies to  
49 school zoning applications pending or submitted on or after that date.

50  
51 **CLARIFY REPORTING ON TEACHER VACANCIES**

1           **SECTION 7.78.(a)** G.S. 115C-299.5 reads as rewritten:

2   "**§ 115C-299.5. Duty to monitor the state of the teaching profession.**

3       (a)   Definitions. – As used in this section, the following definitions apply:

4           (1)   Hard-to-staff school. – Any school identified as low-performing, as provided  
5               in G.S. 115C-105.37.

6           (2)   Hard-to-staff subject area. – A subject area that is either of the following:

7               a.     As defined by the United States Department of Education.

8               b.     A subject area that has resulted in a long-term vacancy of 16 months  
9               or more at a particular school in a local school administrative unit.

10          (3)   Teacher vacancy. – A teaching position that a local board of education is  
11               unable to fill with a teacher licensed in that subject area, including a position  
12               that meets any of the following criteria:

13           a.     Is not filled by a teacher who has one of the following licenses in the  
14               subject area of the position:

15               1.     Continuing Professional License.

16               2.     Initial Professional License.

17               3.     Lifetime License.

18               4.     Limited License.

19               5.     Residency License.

20           b.     Is not filled by a licensed teacher in a permanent assignment.

21           c.     Is filled by a substitute teacher or interim teacher.

22           d.     Is filled by a teacher with (i) an emergency license or (ii) another  
23               permit or license not included in sub-subdivision a. of this subdivision.

24       (b)   State of the Teaching Profession Report. – The State Board of Education shall monitor  
25       and compile an annual report by December 15 annually on the state of the teaching profession in  
26       North Carolina that includes data on the decisions of teachers to leave the teaching profession  
27       and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The  
28       State Board shall adopt standard procedures for each local board of education to use in requesting  
29       information required by this report and shall require each local board of education to report the  
30       information to the State Board in a standard format adopted by the State Board.

31       (c)   Teachers Leaving the Profession. – The report shall include the following data on the  
32       decisions of teachers to leave the teaching profession in the prior school year:

33           (1)   The number of teachers who left the profession without remaining in the field  
34               of education and the reasons for teachers leaving the profession.

35           (2)   The number of teachers who left their employment to teach in other states.

36           (3)   The number of teachers who left their employment to work in another school  
37               in North Carolina, including nonpublic schools and charter schools.

38           (4)   The number of teachers who left a classroom position for another type of  
39               educational position.

40           (5)   The number of teachers who left employment in hard-to-staff schools.

41           (6)   The number of teachers who left employment in hard-to-staff subject areas.

42       (d)   Teacher Effectiveness. – The annual teacher transition report by the State Board of  
43       Education shall disaggregate the data included in subsection (c) of this section by teacher  
44       effectiveness status at a statewide level. The report shall not disaggregate data on teacher  
45       effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of  
46       this Chapter, local school administrative units shall provide to the State Board of Education, for  
47       the purposes of this report, any North Carolina Educator Evaluation System (NCEES)  
48       effectiveness status assigned to teachers who left employment. The State Board of Education  
49       shall not report disaggregated data that reveals confidential information in a teacher's personnel  
50       file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally  
51       identifiable to an individual teacher.

1 (e) ~~Teacher Vacancies. – The report shall include data on teaching positions that local~~  
2 ~~boards of education are unable to fill with a teacher licensed in that subject area~~ teacher vacancies  
3 by the fortieth school instructional day of the local school administrative unit's calendar. The  
4 report shall aggregate all data to provide both statewide information and information specific to  
5 each local school administrative ~~units, unit,~~ unit, including the following:

- 6 (1) The number of teacher vacancies by subject area.
- 7 (2) The number of teacher vacancies by school with identification of hard-to-staff  
8 schools.

9 (f) Teacher Licensure. – The report shall include the number of teachers in each of the  
10 following licensure categories, by subject area, aggregated to provide statewide information and  
11 information specific to each local school administrative unit and school:

- 12 (1) Continuing Professional License.
- 13 (2) Initial Professional License.
- 14 (3) Lifetime License.
- 15 (4) Limited License.
- 16 (5) Residency License.
- 17 (6) Emergency License."

18 **SECTION 7.78.(b)** No later than September 15, 2021, the Department of Public  
19 Instruction shall provide guidance to local school administrative units on positions considered  
20 vacant for purposes of the report required pursuant to G.S. 115C-299.5(e), as amended by this  
21 section. That guidance shall include at least the following direction:

- 22 (1) A teaching position filled by a teacher with a lateral entry license shall not be  
23 considered vacant.
- 24 (2) A teaching position filled by a teacher who has been issued a permit to teach  
25 pursuant to 16 NCAC 06C .0346 or other applicable rule or policy shall be  
26 considered vacant.

27 **SECTION 7.78.(c)** This section is effective when it becomes law.  
28

## 29 **INTERNET-BASED SCHOOL BUSINESS SYSTEMS/SCHOOL BUSINESS SYSTEM** 30 **MODERNIZATION FUNDS GRANT PROGRAM**

31 **SECTION 7.79.(a)** Beginning with the 2021-2022 school year, local boards of  
32 education and charter schools shall ensure that all school business systems are (i) housed off the  
33 property of the unit or school and (ii) composed of internet-based software.

34 **SECTION 7.79.(b)** From funds available to the Department of Public Instruction for  
35 the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the  
36 Department shall establish a grant program for the 2021-2022 fiscal year to provide funds to  
37 eligible local school administrative units and charter schools to transition from school business  
38 systems that are located on the premises of the local school administrative unit or charter school  
39 to internet-based school business systems. A local school administrative unit or charter school is  
40 eligible to receive funds under the grant program if the school does not participate in the School  
41 Business System Modernization Plan. Funds shall be provided to local school administrative  
42 units and charter schools in appropriate amounts, as determined by the Department.  
43

## 44 **INCREASE TRANSPORTATION EFFICIENCY BUFFER FOR CURRITUCK** 45 **COUNTY SCHOOLS**

46 **SECTION 7.80.(a)** For purposes of calculating the transportation efficiency budget  
47 rating for Currituck County Schools, the Department of Public Instruction shall include an  
48 assumption that the transportation efficiency budget rating is at least 15 percentage points higher  
49 than the actual transportation efficiency budget rating calculated by the Department for Currituck  
50 County Schools.

51 **SECTION 7.80.(b)** This section applies beginning with the 2021-2022 school year.

**SCHOLARPATH**

**SECTION 7.81.(a)** The Department of Public Instruction shall contract with a third-party entity to create the Twelfth Grade Transition Pilot. The department shall implement an education planning and communication platform that helps students and parents prepare for the twelfth-grade transition by utilizing O\*NET Data to connect and match students to current opportunities in high demand careers while protecting student data through de-individualized methods.

**SECTION 7.81.(b)** Of the funds appropriated to the Department by this act, one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used for the implementation of this program.

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

**TEACHER SALARY SCHEDULE**

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

**2021-2022 Teacher Monthly Salary Schedule**

<b>Years of Experience</b>	<b>"A" Teachers</b>
0	\$3,500
1	\$3,600
2	\$3,700
3	\$3,800
4	\$3,900
5	\$4,000
6	\$4,100
7	\$4,200
8	\$4,300
9	\$4,400
10	\$4,500
11	\$4,600
12	\$4,700
13	\$4,800
14	\$4,900
15	\$5,000
16	\$5,050
17	\$5,100
18	\$5,150
19	\$5,200
20	\$5,250
21	\$5,300
22	\$5,350
23	\$5,400
24	\$5,450
25+	\$5,550.

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

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

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

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

- 18 (1) The first step of the salary schedule shall be equivalent to the sixth step of the  
19 "A" salary schedule.
- 20 (2) These employees shall receive the following salary supplements each month:  
21 a. One hundred dollars (\$100.00).  
22 b. Ten percent (10%) of their monthly salary, including the supplement  
23 provided pursuant to sub-subdivision a. of this subdivision.
- 24 (3) These employees are eligible to receive salary supplements equivalent to those  
25 of teachers for academic preparation at the six-year degree level or the  
26 doctoral degree level.
- 27 (4) The twenty-sixth step of the salary schedule shall be seven and one-half  
28 percent (7.5%) higher than the salary received by these same employees on  
29 the twenty-fifth step of the salary schedule.

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

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

- 35 (1) The applicable amount on the salary schedule for the applicable school year.
- 36 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
37 the sum of the following:  
38 a. The salary the teacher received in the 2013-2014 school year pursuant  
39 to Section 35.11 of S.L. 2013-360.  
40 b. The longevity that the teacher would have received under the longevity  
41 system in effect for the 2013-2014 school year provided in Section  
42 35.11 of S.L. 2013-360 based on the teacher's current years of service.  
43 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 44 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
45 year, the sum of the salary and annual bonus the teacher received in the  
46 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.
- 47 (4) For school counselors, the salary the school counselor received in the  
48 2020-2021 school year pursuant to Section 1 of S.L. 2020-45.

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

51

1 **RESTORE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND**  
2 **INSTRUCTIONAL SUPPORT PERSONNEL**

3 **SECTION 7A.1A.(a)** G.S. 115C-302.10 is repealed.

4 **SECTION 7A.1A.(b)** Notwithstanding any other provision of law, beginning with  
5 the 2021-2022 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on  
6 June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel  
7 are paid on the "M" salary schedule and (ii) whether they receive a salary supplement for  
8 academic preparation at the six-year or doctoral degree level.

9  
10 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

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

13 **"§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

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

17 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

18 (2) A score of the following or higher on an edTPA assessment or an equivalent  
19 score on a nationally normed and valid pedagogy assessment used to  
20 determine clinical practice performance:

21 a. A score of 42 for the World Languages and Classical Languages  
22 edTPA assessment.

23 b. A score of 57 for the Elementary Education edTPA assessment.

24 c. A score of 48 for all other edTPA assessments.

25 (b) Notwithstanding any other provision of law, to the extent funds are made available  
26 for this purpose, a highly qualified graduate who is employed by a local board of education shall  
27 receive a salary supplement each month at the highest level for which the graduate qualifies as  
28 follows:

29 (1) A graduate who accepts initial employment at a school identified as  
30 low-performing by the State Board of Education pursuant to  
31 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first  
32 three years of employment as a teacher, without a break in service, equivalent  
33 to the difference between the State-funded salary of the graduate and the  
34 State-funded salary of a similarly situated teacher with three years of  
35 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)  
36 remains teaching at the same school or (ii) accepts subsequent employment at  
37 another low-performing school or local school administrative unit identified  
38 as low-performing.

39 (2) A graduate licensed and employed to teach in the areas of special education,  
40 science, technology, engineering, or mathematics shall receive a salary  
41 supplement during the graduate's first two years of employment as a teacher,  
42 without a break in service, equivalent to the difference between the  
43 State-funded salary of the graduate and the State-funded salary of a similarly  
44 situated teacher with two years of experience on the "A" Teachers Salary  
45 Schedule, as long as the graduate continues teaching in one of those areas.

46 (3) All other graduates shall receive a salary supplement during the graduate's  
47 first year of employment as a teacher, without a break in service, equivalent  
48 to the difference between the State-funded salary of the graduate and the  
49 State-funded salary of a similarly situated teacher with one year of experience  
50 on the "A" Teachers Salary Schedule."



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

3  
4 **BONUSES FOR TEACHERS**

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

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

10           (1) Teacher. – Teachers and instructional support personnel.

11           (2) Qualifying public school unit. – Any of the following:

12               a. A local school administrative unit.

13               b. A charter school.

14               c. A regional school.

15               d. An innovative school.

16               e. A laboratory school under Article 29A of Chapter 116 of the General  
17 Statutes.

18               f. A school governed by the State Board of Education under Article 9C  
19 of Chapter 115C of the General Statutes.

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

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

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

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

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

35           (1) The Third Grade Read to Achieve Teacher Bonus Program provided in  
36 Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97  
37 and Section 8.10 of S.L. 2018-5.

38           (2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in  
39 Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.

40           (3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section  
41 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

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

45  
46 **ADVANCED COURSE AND CTE TEACHER BONUSES**

47           **SECTION 7A.4.(a)** Establish Advanced Course and CTE Bonus Program. – The  
48 State Board of Education shall establish a teacher bonus program for the 2021-2023 fiscal  
49 biennium to reward teacher performance and encourage student learning and improvement. To  
50 attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying  
51 teachers whose salaries are supported from State funds in January of 2022 and January of 2023,

1 based on data from the 2020-2021 and 2021-2022 school years, respectively, in accordance with  
2 this section.

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

5 (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
6 courses, International Baccalaureate Diploma Programme courses, or the  
7 Cambridge Advanced International Certificate of Education (AICE) program  
8 who meets the following criteria:

9 a. Is employed by, or retired having last held a position at, one or more  
10 of the following:

11 1. A qualifying public school unit.

12 2. The North Carolina Virtual Public School program.

13 b. Taught one or more students who received a score listed in subsection  
14 (c) of this section.

15 (2) Eligible career and technical education (CTE) teacher. – A teacher who meets  
16 the following criteria:

17 a. Is employed by, or retired having last held a position at, a qualifying  
18 public school unit.

19 b. Taught one or more students who attained approved industry  
20 certifications or credentials consistent with G.S. 115C-156.2.

21 (3) Qualifying public school unit. – Any of the following:

22 a. A local school administrative unit.

23 b. A charter school.

24 c. A regional school.

25 d. A school providing elementary or secondary instruction operated by  
26 the State Board of Education under Article 7A of Chapter 115C of the  
27 General Statutes.

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

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

33 a. Remains employed teaching in the same qualifying public school unit,  
34 or, if an eligible advanced course teacher is only employed by the  
35 North Carolina Virtual Public School program, remains employed  
36 teaching in that program, at least from the school year the data is  
37 collected until January 1 of the corresponding school year that the  
38 bonus is paid.

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

42 1. The age of at least 65 with five years of creditable service.

43 2. The age of at least 60 with 25 years of creditable service.

44 3. Thirty years of creditable service.

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

48 (1) For Advanced Placement courses, a score of three or higher on the College  
49 Board Advanced Placement Examination.

50 (2) For International Baccalaureate Diploma Programme courses, a score of four  
51 or higher on the International Baccalaureate course examination.

- 1 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge  
2 AICE program examinations.

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

- 5 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught  
6 by a teacher who provided instruction in a course that led to the attainment of  
7 an industry certification or credential with a twenty-five dollar (\$25.00) value  
8 ranking as determined under subsection (e) of this section.

- 9 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a  
10 teacher who provided instruction in a course that led to the attainment of an  
11 industry certification or credential with a fifty dollar (\$50.00) value ranking  
12 as determined under subsection (e) of this section.

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

- 19 (1) Academic rigor shall be based on the number of instructional hours, including  
20 work experience or internship hours, required to earn the industry certification  
21 or credential, with extra weight given for coursework that also provides  
22 community college credit.

- 23 (2) Employment value shall be based on the entry wage, growth rate in  
24 employment for each occupational category, and average annual openings for  
25 the primary occupation linked with the industry certification or credential.

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

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

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

- 40 (1) Number of students enrolled and taking examinations in each of the following  
41 categories of courses:

- 42 a. Advanced Placement.  
43 b. International Baccalaureate Diploma Programme.  
44 c. Cambridge AICE program.  
45 d. Courses needed for the attainment of an industry certification or  
46 credential.

- 47 (2) Number of students receiving outcomes on examinations resulting in the  
48 award of a bonus for a teacher in each category of courses identified in  
49 sub-subdivision a. of subdivision (1) of this subsection.

- 50 (3) Number of teachers receiving a bonus in each category of courses identified  
51 in sub-subdivision a. of subdivision (1) of this subsection.

- 1 (4) The amounts awarded to teachers for each category of courses identified in
- 2 sub-subdivision a. of subdivision (1) of this subsection.
- 3 (5) The type of industry certifications and credentials earned by the students, the
- 4 value ranking for each certification and credential, the number of bonuses
- 5 earned for each certification or credential, and the total bonus amount awarded
- 6 for each certification or credential.
- 7

**SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS**

9 **SECTION 7A.5.(a)** Definitions. – For purposes of this section, the following

10 definitions shall apply:

- 11 (1) Eligible employee. – A person who meets all of the following criteria:
- 12 a. Accepts employment as a teacher with an eligible employer for the
- 13 2021-2022 school year.
- 14 b. Was not employed by the eligible employer identified in
- 15 sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
- 16 c. Is employed by the eligible employer identified in sub-subdivision a.
- 17 of this subdivision as of October 1, 2021.
- 18 (2) Eligible employer. – The governing board of a local school administrative unit
- 19 that receives at least one of the following in the 2021-2022 fiscal year:
- 20 a. Small county school system supplemental funding.
- 21 b. Supplemental funding for local school administrative units in
- 22 low-wealth counties.
- 23 (3) Local funds. – Matching funds provided by an eligible employer to enable an
- 24 eligible employee to qualify for the signing bonus program established by this
- 25 section.
- 26 (4) Teacher. – Teachers and instructional support personnel.

27 **SECTION 7A.5.(b)** Signing Bonus Program. – For the 2021-2022 fiscal year, the

28 Department of Public Instruction shall establish and administer a signing bonus program for

29 teachers. Signing bonuses shall be provided to all eligible employees who are employed by an

30 eligible employer as long as they are matched on the basis of one dollar (\$1.00) in State funds

31 for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in State funds.

32 **SECTION 7A.5.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher

33 who receives a signing bonus pursuant to this section is ineligible to receive another signing

34 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2024,

35 at the earliest. This section shall not apply to any legislatively mandated bonuses received by

36 teachers that are not signing bonuses.

37 **SECTION 7A.5.(d)** Bonuses as Additions. – The bonuses awarded pursuant to this

38 section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled

39 to receive.

40 **SECTION 7A.5.(e)** Not for Retirement. – Notwithstanding G.S. 135-1(7a), the

41 bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135

42 of the General Statutes, Retirement System for Teachers and State Employees.

43 **SECTION 7A.5.(f)** Future Signing Bonuses. – It is the intent of the General

44 Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal

45 year.

**PRINCIPAL SALARY SCHEDULE**

48 **SECTION 7A.6.(a)** The following annual salary schedule for principals shall apply

49 for the 2021-2022 fiscal year, beginning July 1, 2021:

**2021-2022 Principal Annual Salary Schedule**

51 Avg. Daily Membership	Base	Met Growth	Exceeded Growth
--------------------------	------	------------	-----------------

1	0-200	\$68,806	\$75,687	\$82,567
2	201-400	\$72,246	\$79,471	\$86,695
3	401-700	\$75,687	\$83,256	\$90,824
4	701-1,000	\$79,127	\$87,040	\$94,952
5	1,001-1,600	\$82,567	\$90,824	\$99,080
6	1,601+	\$86,008	\$94,609	\$103,210.

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

- 13 (1) A principal shall be paid according to the Exceeded Growth column of the  
14 schedule if the school growth scores show the school or schools exceeded  
15 expected growth in at least two of the prior three school years.
- 16 (2) A principal shall be paid according to the Met Growth column of the schedule  
17 if any of the following apply:
  - 18 a. The school growth scores show the school or schools met expected  
19 growth in at least two of the prior three school years.
  - 20 b. The school growth scores show the school or schools met expected  
21 growth in at least one of the prior three school years and exceeded  
22 expected growth in one of the prior three school years.
  - 23 c. The principal supervised a school in at least two of the prior three  
24 school years that was not eligible to receive a school growth score.
- 25 (3) A principal shall be paid according to the Base column if either of the  
26 following applies:
  - 27 a. The school growth scores show the school or schools did not meet  
28 expected growth in at least two of the prior three years.
  - 29 b. The principal has not supervised any school as a principal for a  
30 majority of the school year in at least two of the prior three school  
31 years.

32 **SECTION 7A.6.(b)** For purposes of determining the average daily membership of a  
33 principal's school, the average daily membership for the school from the 2019-2020 school year  
34 shall be used. If the school did not have an average daily membership in the 2019-2020 school  
35 year, the projected average daily membership for the school for the 2021-2022 school year shall  
36 be used.

37 **SECTION 7A.6.(c)** For purposes of determining the school growth scores for each  
38 school the principal supervised in at least two of the prior three school years, school growth  
39 scores from the three most recent available school years, up to the 2018-2019 school year, shall  
40 be used.

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

44 **SECTION 7A.6.(e)** A principal compensated in accordance with this section for the  
45 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

- 46 (1) The applicable amount on the salary schedule for the applicable year.
- 47 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,  
48 the sum of the following:
  - 49 a. The salary the principal received in the 2016-2017 fiscal year pursuant  
50 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**

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$69,494	\$76,443	\$83,393
201-400	\$72,969	\$80,266	\$87,563
401-700	\$76,443	\$84,087	\$91,732
701-1,000	\$79,918	\$87,910	\$95,902
1,001-1,600	\$83,393	\$91,732	\$100,072
1,601+	\$86,868	\$95,555	\$104,242.

**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 twenty-two percent (22%). 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)** 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.(c)** Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the

1 amounts of those longevity payments are included in the monthly amounts provided to assistant  
 2 principals pursuant to subsection (a) of this section.

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

- 5 (1) The applicable amount on the salary schedule for the applicable year.
- 6 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal  
 7 year, the sum of the following:
  - 8 a. The salary the assistant principal received in the 2016-2017 fiscal year  
 9 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - 10 b. The longevity that the assistant principal would have received as  
 11 provided for State employees under the North Carolina Human  
 12 Resources Act for the 2016-2017 fiscal year based on the assistant  
 13 principal's current years of service.
- 14 (3) For assistant principals who were not eligible for longevity in the 2016-2017  
 15 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
 16 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 17 (4) For assistant principals who received a salary supplement based on academic  
 18 preparation in the 2020-2021 fiscal year, the salary the assistant principal  
 19 received in the 2020-2021 fiscal year pursuant to Section 1 or Section 6 of  
 20 S.L. 2020-45.

21  
 22 **CENTRAL OFFICE SALARIES**

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

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

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

	<b>2021-2022 Fiscal Year</b>
	<b>Maximum</b>
36 School Administrator I	\$6,697
37 School Administrator II	\$7,096
38 School Administrator III	\$7,520
39 School Administrator IV	\$7,814
40 School Administrator V	\$8,125
41 School Administrator VI	\$8,608
42 School Administrator VII	\$8,951.

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

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

<b>2021-2022 Fiscal Year</b>
<b>Maximum</b>

1	Superintendent I	\$9,488
2	Superintendent II	\$10,054
3	Superintendent III	\$10,657
4	Superintendent IV	\$11,297
5	Superintendent V	\$11,978.

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

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

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

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

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

		<b>2022-2023 Fiscal Year</b>
		<b>Maximum</b>
31	School Administrator I	\$6,764
32	School Administrator II	\$7,167
33	School Administrator III	\$7,596
34	School Administrator IV	\$7,893
35	School Administrator V	\$8,207
36	School Administrator VI	\$8,694
37	School Administrator VII	\$9,040.

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

		<b>2022-2023 Fiscal Year</b>
		<b>Maximum</b>
43	Superintendent I	\$9,583
44	Superintendent II	\$10,154
45	Superintendent III	\$10,763
46	Superintendent IV	\$11,410
47	Superintendent V	\$12,097.

48  
 49 **NONCERTIFIED PERSONNEL SALARIES**

50 **SECTION 7A.10.(a)** Beginning with the 2021-2022 fiscal year, the State Board of  
 51 Education shall increase the minimum of all salary grades and ranges it maintains for noncertified



1 public school employees, as necessary, to achieve a minimum hourly compensation rate of  
2 thirteen dollars (\$13.00) per hour.

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

6 (1) For permanent, full-time employees on a 12-month contract, by the greater of  
7 the following:

8 a. Two and one-half percent (2.5%).

9 b. An amount necessary to increase the minimum hourly compensation  
10 rate of the employee to thirteen dollars (\$13.00) per hour pursuant to  
11 subsection (a) of this section.

12 (2) For the following employees, by an equitable amount based on the amounts  
13 specified in subdivision (1) of this subsection:

14 a. Permanent, full-time employees on a contract for fewer than 12  
15 months.

16 b. Permanent, part-time employees.

17 c. Temporary and permanent hourly employees.

18 **SECTION 7A.10.(c)** For the 2022-2023 fiscal year, beginning July 1, 2022, it is the  
19 intent of the General Assembly to do the following:

20 (1) Require the State Board of Education to increase the minimum of all salary  
21 grades and ranges it maintains for noncertified public school employees, as  
22 necessary, to achieve a minimum hourly compensation rate of fifteen dollars  
23 (\$15.00) per hour.

24 (2) Increase the annual salary for noncertified public school employees whose  
25 salaries are supported from State funds by the greater of the following:

26 a. Two and one-half percent (2.5%).

27 b. An amount necessary to increase the minimum hourly compensation  
28 rate of the employee to fifteen dollars (\$15.00) per hour.

## 30 PAID PARENTAL LEAVE

31 **SECTION 7A.11.(a)** Article 23 of Chapter 115C of the General Statutes is amended  
32 by adding a new section to read:

### 33 **"§ 115C-336.2. Paid parental leave for eligible public school employees.**

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

35 (1) Child. – A newborn biological child or a newly placed adopted, foster, or  
36 otherwise legally placed child under the age of 18 whose parent is a public  
37 school employee eligible for leave under subsection (c) of this section.

38 (2) Parent. – A parent by childbirth, adoption, foster care, or another legal  
39 placement.

40 (3) Public safety concern. – A significant impairment of a local school  
41 administrative unit's ability to conduct its operations in a manner that protects  
42 the health and safety of the school community.

43 (4) Public school employee. – Any employee of a local school administrative unit.

44 (5) Qualifying event. – When a public school employee becomes a parent to a  
45 child.

46 (b) Paid Parental Leave. – The State Board of Education shall adopt rules permitting an  
47 eligible public school employee to be granted one of the following types of fully paid parental  
48 leave, in accordance with this section:

49 (1) Eight weeks or 320 hours of leave when the public school employee gives  
50 birth to a child.

51 (2) Four weeks or 160 hours of leave for any other qualifying event.

1       (c) Eligibility. – To be eligible for the leave provided in subsection (b) of this section, a  
2 public school employee shall meet all of the following requirements:

3           (1) Have been continuously employed by the local school administrative unit for  
4 at least 12 months immediately preceding the first request for paid parental  
5 leave.

6           (2) Meet one of the following requirements:

7           a. Be employed full-time in a permanent, probationary, or time-limited  
8 position.

9           b. Be employed on a part-time basis and work at least half-time. A public  
10 school employee that is an eligible employee pursuant to this  
11 sub-subdivision shall receive parental leave that is prorated based on  
12 the amounts provided in subsection (b) of this section.

13       (d) Requirements. – The paid parental leave authorized by this section shall be adopted  
14 and implemented by local school administrative units in accordance with the following  
15 requirements:

16           (1) Parental leave shall be:

17           a. Granted upon verification of a qualifying event, if the eligible public  
18 school employee provides at least 10 weeks' advance notice of the  
19 employee's intention to use parental leave, unless there is good cause  
20 for not giving timely advance notice.

21           b. Used by the eligible public school employee within 12 months of the  
22 qualifying event.

23           c. In addition to, and not in lieu of, shared leave under G.S. 115C-12.2  
24 and other leave authorized by federal or State law.

25           d. Available without exhaustion of the employee's sick and vacation  
26 leave.

27           (2) Parental leave may be granted subject to public safety concerns, which shall  
28 be addressed by the local school administrative unit in the discretion of the  
29 unit in a manner that is appropriate and equitable.

30           (3) Parental leave may not be used for retirement purposes.

31           (4) Parental leave shall have no cash value upon termination from State  
32 employment.

33       (e) Statutory Construction. – This section is consistent with and does not abridge federal  
34 or State law. Nothing in this section shall be construed to provide a private right of action."

35       **SECTION 7A.11.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

36       "(47) Duty to Adopt Paid Parental Leave Rules. – The State Board of Education, in  
37 consultation with the State Human Resources Commission, shall adopt rules  
38 providing for paid parental leave in accordance with G.S. 115C-336.2."

39       **SECTION 7A.11.(c)** G.S. 115C-336.1 reads as rewritten:

40       "**§ 115C-336.1. ~~Parental~~ Additional parental leave.**

41       ~~A~~In addition to paid parental leave provided pursuant to G.S. 115C-336.2, a school employee  
42 may use annual leave or leave without pay to care for a newborn child or for a child placed with  
43 the employee for adoption or foster care. A school employee may also use up to 30 days of sick  
44 leave to care for a child placed with the employee for adoption. The leave may be for consecutive  
45 workdays during the first 12 months after the date of birth or placement of the child, unless the  
46 school employee and the local board of education agree otherwise."

47       **SECTION 7A.11.(d)** G.S. 115C-302.1(j) reads as rewritten:

48       "(j) Additional Parental Leave. – ~~A~~In addition to paid parental leave provided pursuant  
49 to G.S. 115C-336.2, a teacher may use annual leave, personal leave, or leave without pay to care  
50 for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher  
51 may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption.

1 The leave may be for consecutive workdays during the first 12 months after the date of birth or  
2 placement of the child, unless the teacher and local board of education agree otherwise."

3 **SECTION 7A.11.(e)** This section is effective when this act becomes law and applies  
4 beginning with the 2021-2022 school year.

## 6 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

### 8 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

9 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
10 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with  
11 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
12 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
13 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
14 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
15 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
16 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
17 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
18 of the Escheat Fund income for that fiscal year.

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

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

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

30 "**§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**  
31 **individuals.**

32 ...

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

40 ...

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

46 ...."

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

### 49 **PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

50 **SECTION 8.3.(a)** Program Established. – Of the funds appropriated by this act for  
51 the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina

1 for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of  
2 Governors shall make funds available to (i) the Patriot Foundation, a nonprofit corporation, and  
3 (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of  
4 establishing and administering scholarships under the Program, originally established pursuant  
5 to Section 3.4 of S.L. 2020-97, in accordance with the requirements of this section.

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

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

- 13 (1) Armed Forces. – A component of the United States Army, Navy, Marine  
14 Corps, Air Force, and Coast Guard, including their reserve components.
- 15 (2) Eligible child or eligible children. – Any person (i) who is attending or has  
16 been accepted to enroll in an eligible postsecondary institution, (ii) who is a  
17 legal resident of North Carolina when scholarship documentation is  
18 completed, provided that if a child is claimed as a dependent by the child's  
19 parent, residency may be established based on a parent meeting  
20 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) who has  
21 complied with the requirements of the Selective Service System, if applicable,  
22 and (iv) whose parent is a veteran or a currently serving member of the Armed  
23 Forces that meets the following:
- 24 a. Meets one of the following residency conditions:
- 25 1. Is a resident of North Carolina at the time of scholarship  
26 documentation completion.
- 27 2. Was a resident of North Carolina at the time of entrance into  
28 service in the Armed Forces.
- 29 3. Was permanently stationed in North Carolina at the time of his  
30 or her death.
- 31 4. Is an active duty service member permanently stationed in  
32 North Carolina at the time of documentation completion.
- 33 b. Meets one of the following service conditions:
- 34 1. Was a member of the Armed Forces who was killed in action  
35 or in the line of duty, or died of wounds or other causes not due  
36 to the service member's willful misconduct during a period of  
37 war, national emergency, or training in preparation for future  
38 conflicts and is a direct result of service in the line of duty.
- 39 2. Was a member of the Armed Forces who died of  
40 service-connected injuries, wounds, illness, or other causes  
41 incurred or aggravated while a member of the Armed Forces  
42 during a period of war, national emergency, or training in  
43 preparation for future conflicts and is a direct result of service  
44 in the line of duty. Standard documentation of the parent's  
45 death, wounds, injury, or illness must be supplied by a  
46 scholarship recipient at the time of scholarship request.
- 47 3. Is a veteran of the Armed Forces who incurred traumatic  
48 injuries or wounds or sustained a major illness while a member  
49 of the Armed Forces during a period of war or national  
50 emergency and is receiving compensation for a wartime

- 1 service-connected disability of at least fifty percent (50%) as  
 2 rated by the U.S. Department of Veterans Affairs.
- 3 4. Is a current member of the Armed Forces who incurred  
 4 traumatic injuries or wounds or sustained a major illness while  
 5 a member of the Armed Forces during a period of war, national  
 6 emergency, or training in preparation for future conflicts and  
 7 is a direct result of service in the line of duty. The parent's  
 8 traumatic wounds, injury, or major illness must be documented  
 9 by the member's Unit Commander.
- 10 (3) Eligible disabled veteran. – Any person who is (i) a veteran of the Armed  
 11 Forces who incurred traumatic injuries or wounds or sustained a major illness  
 12 while a member of the Armed Forces during a period of war or national  
 13 emergency and is receiving compensation for a wartime service-connected  
 14 disability of at least fifty percent (50%) as rated by the U.S. Department of  
 15 Veterans Affairs, (ii) a resident of North Carolina when scholarship  
 16 documentation is completed, and (iii) is attending or has been accepted to  
 17 enroll in an eligible postsecondary institution.
- 18 (4) Eligible postsecondary institution. – A school that is any of the following:  
 19 a. A constituent institution of The University of North Carolina.  
 20 b. A community college under the jurisdiction of the State Board of  
 21 Community Colleges.  
 22 c. A private educational institution as defined in G.S. 143B-1224.  
 23 d. A private vocational institution, including Federal Aviation  
 24 Administration certificated aviation training programs.
- 25 (5) Eligible spouse. – Any person (i) who is attending or has been accepted to  
 26 enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
 27 North Carolina when scholarship documentation is completed, (iii) who has  
 28 complied with the requirements of the Selective Service System, if applicable,  
 29 and (iv) whose spouse meets one of the conditions set forth in  
 30 sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of  
 31 this subsection.
- 32 (6) Veteran. – An individual who has served and is no longer serving in the Armed  
 33 Forces of the United States. For the purposes of this section, the veteran must  
 34 have separated from the Armed Forces under honorable conditions or whose  
 35 death or disability of at least fifty percent (50%) or more was incurred as a  
 36 direct result of service in the line of duty.

37 **SECTION 8.3.(d)** Administration; Awards. – Within the funds made available for  
 38 the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each  
 39 separately administer and award scholarships to eligible applicants in accordance with the  
 40 requirements of the North Carolina Patriot Star Family Scholarship Program. In administering  
 41 the Program, each nonprofit corporation shall be responsible for Program oversight for the  
 42 scholarships awarded through its organization to ensure compliance with the provisions of this  
 43 section.

44 Each nonprofit corporation shall, at a minimum, establish criteria and procedures  
 45 related to scholarship documentation completion, the amount of individual scholarships, the  
 46 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the  
 47 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its  
 48 administration of the Program.

49 If an eligible child or eligible spouse receives a scholarship or other grant covering  
 50 the cost of attendance at an eligible postsecondary institution for which the scholarship is  
 51 awarded, then the amount of a scholarship awarded under this section shall be reduced so that

1 the sum of all grants and scholarships covering the cost of attendance received by the eligible  
2 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes  
3 of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and  
4 school-related expenses, including laptops, equipment, tutoring support, as well as room and  
5 board as long as the scholarship recipient is enrolled as at least a half-time student at the  
6 institution. Off-campus housing costs for room and board are also included to the extent the  
7 eligible postsecondary institution includes it in its cost of attendance.

8 **SECTION 8.3.(e) Reporting.** – The Patriot Foundation shall submit a report by April  
9 1 of each year in which the Patriot Foundation spends State funds made available for the Program  
10 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
11 activities related to the Program and the use of the State funds.

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

## 16 17 **FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS**

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

## 24 25 **ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS**

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

27 **"§ 116-143.6. Full scholarship students attending constituent institutions.**

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

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

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

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

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

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

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

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

47 **SECTION 8.7.(b)** This section applies beginning with the 2021-2022 academic year.

## 48 49 **COLLABORATORY/FIREFIGHTING FOAM REGISTRY/PFAS BAN**

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

"Article 82B."Management of Aqueous Film-Forming Foams."§ 58-82B-1. Findings.

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

"§ 58-82B-5. Reporting requirement.

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

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

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

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

- (1) Educate and inform every fire department it regulates of the reporting requirements imposed by this Article.
- (2) Assist the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill in the development of an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.
- (3) Adopt rules to implement the requirements of this Article. OSFM may adopt temporary rules and shall adopt permanent rules no later than July 1, 2022.

"§ 58-82B-15. Report.

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

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

- (1) The number of trucks at each department that carry AFFF and the volume, trade name, and Chemical Abstract Service (CAS) number of the AFFF on each truck.

- 1 (2) The fire station, including street address, where each truck is located.
  - 2 (3) The volume, trade name, and CAS number of AFFF stored by each fire  
3 department or unit of local government at a station or other location, as well  
4 as the address of each location where AFFF are stored.
  - 5 (4) The volume, trade name, and CAS number of AFFF products that are no  
6 longer utilized and could be removed from inventory for disposal.
  - 7 (5) The volume of AFFF used by each fire department annually, including all of  
8 the following:
    - 9 a. The date, time, and location, including street address and global  
10 positioning system (GPS) coordinates, where AFFF was deployed and  
11 the trade name and CAS number of the AFFF used.
    - 12 b. The total volume of AFFF deployed, including gallons of foam and  
13 gallons of water and total concentration of foam.
    - 14 c. The reason for the deployment of AFFF, such as firefighting, fire  
15 prevention, other emergency response actions intended to protect  
16 property or public safety, training, or an accidental spill.
  - 17 (6) A photograph of the label and the container of the foam. For the purpose of  
18 this subdivision, a photograph includes an electronic image produced by the  
19 camera of an electronic device.
  - 20 (7) Any other data deemed relevant by the Collaboratory to establish a statewide  
21 inventory of AFFF used for fighting fires or firefighter training.
- 22 OSFM and all units of local government shall provide any information or assistance  
23 requested by the Collaboratory to acquire, compile, manage, interpret, and maintain the data  
24 required by this section. The tool and database required by this section shall be online and  
25 operational no later than June 1, 2022.

26 **SECTION 8.10.(c)** Article 21A of Chapter 143 of the General Statutes is amended  
27 by adding a new Part to read:

28 "Part 8. Responsible Firefighting Foam Management Act.

29 **"§ 143-215.104LL. Definitions.**

30 The following definitions apply in this Part:

- 31 (1) Class B firefighting foam. – Foams designed for flammable liquid fires.
- 32 (2) PFAS chemicals. – Per-fluoroalkyl and poly-fluoroalkyl substances that are a  
33 group of manufactured chemicals containing at least two fully fluorinated  
34 carbon atoms, excluding polymers, gases, and volatile liquids, and designed  
35 to be fully functional in Class B firefighting foam.
- 36 (3) Testing. – Any calibration, conformance, or fixed system testing of Class B  
37 firefighting foam.
- 38 (4) Testing facility. – A facility that allows the discharge of Class B firefighting  
39 foam for testing in nonemergency situations.

40 **"§ 143-215.104MM. Prohibition of certain firefighting foams for training, practice, or**  
41 **testing.**

42 (a) No person, local government, or State agency may discharge for training or practice  
43 purposes Class B firefighting foam that contains intentionally added PFAS chemicals.

44 (b) No person, local government, or State agency may discharge for testing purposes  
45 Class B firefighting foam that contains intentionally added PFAS chemicals unless otherwise  
46 required by law or an authority having jurisdiction and a testing facility has implemented  
47 appropriate containment, treatment, and disposal measures to prevent releases of Class B  
48 firefighting foam into the environment.

49 (c) Non-fluorinated training foams or other non-fluorinated surrogates shall be used for  
50 firefighting training, and training shall be conducted under conditions conducive to the collection  
51 of spent foam regardless of foam type.



1 (d) The Office of the State Fire Marshal may adopt rules to implement this Part."

2 **SECTION 8.10.(d)** This section is effective the date this act becomes law.

3  
4 **AP FEES FOR NCSSM/UNCSA HS STUDENTS**

5 **SECTION 8.13.(a)** Part 5 of Article 1 of Chapter 116 of the General Statutes is  
6 amended by adding a new section to read:

7 "**§ 116-43.30. Advanced Placement courses for secondary school students.**

8 (a) It is the intent of the State to enhance accessibility and encourage secondary school  
9 students to enroll in and successfully complete more rigorous Advanced Placement courses to  
10 enable success in postsecondary education for all students. To attain this goal, to the extent funds  
11 are made available for this purpose, secondary school students enrolled in the North Carolina  
12 School of Science and Mathematics and the University of North Carolina School of the Arts shall  
13 be exempt from paying any fees for registration and administration of examinations for Advanced  
14 Placement courses in which the student is enrolled, regardless of the score the student achieves  
15 on an examination.

16 (b) The University of North Carolina System Office shall report annually by December  
17 15 to the Senate Appropriations Committee on Education/Higher Education, the House  
18 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative  
19 Education Oversight Committee on Advanced Placement course information for the North  
20 Carolina School of Science and Mathematics and the University of North Carolina School of the  
21 Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

22 (1) Number of students enrolled in Advanced Placement courses and participating  
23 in Advanced Placement course examinations, including demographic  
24 information by gender and race.

25 (2) Student performance on Advanced Placement course examinations, including  
26 information by course and school.

27 (3) Amount of State funds expended for fees for Advanced Placement courses by  
28 school."

29 **SECTION 8.13.(b)** The initial report required pursuant to G.S. 116-43.30(b) shall  
30 be submitted to the Senate Appropriations Committee on Education/Higher Education, the House  
31 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative  
32 Education Oversight Committee by December 15, 2022.

33  
34 **UNC PROGRAM OUTCOME REPORTING**

35 **SECTION 8.14.** G.S. 116-11 is amended by adding a new subdivision to read:

36 "(9c) Reports on State-funded programs. – Beginning October 1, 2022, and annually  
37 thereafter, The University of North Carolina System Office shall file a report  
38 with the Senate Appropriations Committee on Education/Higher Education,  
39 the House Appropriations Committee on Education, the Fiscal Research  
40 Division, and the Joint Legislative Education Oversight Committee for all  
41 programs administered through The University of North Carolina that were  
42 provided an expansion of State appropriations or a new State appropriation in  
43 the Current Operations Appropriations Act from the prior fiscal year,  
44 including grants to non-State entities as defined in G.S. 143C-1-1. The report  
45 shall include information on program activities, objectives, and  
46 accomplishments and prior year State fiscal year itemized expenditures and  
47 fund sources. The System Office is not required to include information in the  
48 report for programs with an existing reporting requirement otherwise required  
49 by State law."

50  
51 **CHANGES TO UNC CARRYFORWARD AUTHORITY**

SECTION 8.15. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the ~~purpose purposes~~ set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed five percent (5.0%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
- (3) University of North Carolina System Office Budget Code 16010.

~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward amount of up to two and one half percent (2.5%). One half of any amounts carried forward exceeding two and one half percent (2.5%) shall be distributed to The University of North Carolina System Office, to be disbursed to the constituent institutions at the discretion of the Board of Governors, with the remaining amount being retained in that budget code.~~

- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).
- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used for one-time expenditures; provided, however, expenditures~~ authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."

**BEYOND ACADEMICS SCHOLARSHIP PROGRAM/UNCG**

**SECTION 8.16.(a)** Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 35A.

"Comprehensive Transition Postsecondary (CTP) Scholarships.

**"§ 116-295. Comprehensive Transition Postsecondary Scholarship Program established; administration of scholarships.**

(a) Program Established. – There is established the Comprehensive Transition Postsecondary (CTP) Scholarship Program to provide scholarships to full-time North Carolina students with intellectual disabilities enrolled in the Integrative Community Studies program, also known as the Beyond Academics program, which is a certificate accomplishment program at the University of North Carolina at Greensboro. The Integrative Community Studies program is approved by the United States Department of Education as a CTP Program, pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f-1140i.

(b) Administration of the Program. – The University of North Carolina at Greensboro shall administer the CTP Scholarship Program pursuant to policies adopted by the Board of Trustees of the University of North Carolina at Greensboro that are consistent with the requirements of this Article.

1 **"§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established;**  
2 **administration of fund.**

3 (a) Fund Established. – There is established the Comprehensive Transition  
4 Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this  
5 Article. All funds appropriated for the program, all returned scholarship monies, and all interest  
6 earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the  
7 end of each fiscal year shall not revert to the General Fund but shall remain available for the  
8 award of scholarships under this Article.

9 (b) Administration of Fund. – The University of North Carolina at Greensboro shall  
10 administer the CTP Scholarship Fund.

11 **"§ 116-297. Student eligibility; award of scholarships.**

12 (a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet  
13 all of the following conditions:

14 (1) Qualify as a resident for tuition purposes under the criteria set forth in  
15 G.S. 116-143.1 and in accordance with the coordinated and centralized  
16 residency determination process administered by the State Education  
17 Assistance Authority.

18 (2) Meet enrollment standards by being admitted, enrolled, and classified as a  
19 full-time student in the Integrative Community Studies CTP Program at the  
20 University of North Carolina at Greensboro.

21 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate  
22 need according to the federal methodology in Title IV of the Higher Education  
23 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

24 (b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in  
25 the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under  
26 G.S. 116-296, scholarships shall be awarded to eligible students in an amount to cover the cost  
27 of attendance in the CTP program at the University of North Carolina at Greensboro. If a student  
28 who is eligible for a scholarship under this section also receives a scholarship or other grant  
29 covering the cost of attendance, then the amount of the scholarship shall be reduced by an  
30 appropriate amount determined by the University of North Carolina at Greensboro so that the  
31 total amount of scholarships and grants received by the student does not exceed the cost of  
32 attendance. The cost of attendance shall be determined by the University of North Carolina at  
33 Greensboro. In the event there are not sufficient funds available for scholarships for each eligible  
34 student to cover the cost of attendance, the University of North Carolina at Greensboro may  
35 adjust the distribution of the amount of scholarships as necessary in an academic year."

36 **SECTION 8.16.(b)** This section becomes effective beginning with the 2022-2023  
37 academic year.

38  
39 **UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT**

40 **SECTION 8.17.(a)** The Board of Governors of The University of North Carolina  
41 shall contract with an independent research organization to conduct an evaluation of its current  
42 programs at each constituent institution of The University of North Carolina related to its  
43 operational costs, student outcomes, and return on investment (ROI) of each program. The  
44 evaluation conducted by the independent research organization shall include an analysis of at  
45 least the following information by constituent institution and undergraduate and graduate degree  
46 programs:

47 (1) The number of students in each program.

48 (2) The number of faculty and other staff employed for each program.

49 (3) The related costs to operate each program, inclusive of total staff  
50 compensation and benefits, facility costs, and any other related expenses,  
51 including overhead.

- 1 (4) A detailed correlation between degree of study and directly related career roles
- 2 and associated expected starting compensation, as well as expected career
- 3 earnings for students upon completion of those programs.
- 4 (5) A detailed ROI for each program.
- 5 (6) ROI for State funding expenditures.
- 6 (7) ROI for student funding expenditures.

7 **SECTION 8.17.(b)** By September 1, 2023, the Board of Governors shall report to  
8 the Senate Appropriations Committee on Education/Higher Education, the House Appropriations  
9 Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal  
10 Research Division of the General Assembly on the results of the evaluation conducted by the  
11 independent research organization pursuant to subsection (a) of this section.  
12

### 13 **COLLABORATORY/STUDY OF A CYANOBACTERIAL ALGAL BLOOM** 14 **TREATMENT**

15 **SECTION 8.18.(a)** Findings. – The General Assembly finds it is in the best interests  
16 of the State, upon consideration of bids and proposals by any agencies of the State bound by the  
17 North Carolina Administrative Code on procurement, to remediate and prevent cyanobacterial  
18 harmful algal blooms in the lakes and reservoirs of North Carolina by selecting an in situ  
19 treatment of the nutrient impaired surface waters in lakes and reservoirs through giving  
20 preference to those vendors who comply with the following specifications, which is to be  
21 considered as constituting the best practices for cyanobacterial harmful algal bloom remediation  
22 and prevention in North Carolina waters:

- 23 (1) The technology employed must be approved by the United States
- 24 Environmental Protection Agency and certified to meet or exceed The
- 25 American National Standards for health effects of drinking water treatment
- 26 chemicals (NSF/ANSI/CAN 60) and be registered for application by the State.
- 27 (2) A vendor must have previous experience treating water bodies larger than
- 28 1,000 acres with proven success in the United States.
- 29 (3) A treatment aim must be to reduce cyanotoxins in the water to less than
- 30 harmful levels.
- 31 (4) A treatment technology employed must be ready to use without limitation of
- 32 size or shape of the waterbody.
- 33 (5) A preference must be given to employment of technology allowing for
- 34 application under emergency situations and within less than 96 hours from
- 35 approval.
- 36 (6) A preference must be given to products that are modular and can be used as a
- 37 preventative measure.
- 38 (7) A preference must be given to products that are quick and easy to apply and
- 39 are safe to the applicator.
- 40 (8) A preference must be given to products that float on the surface of the water
- 41 and do not sink immediately to the bottom of the water column and are not
- 42 diminished in effectiveness by mixing with sediment.
- 43 (9) A preference must be given to products that are distributed autonomously
- 44 across the water body after a localized application.
- 45 (10) A preference must be given to products with a time release mechanism that
- 46 applies constant and prolonged oxidative stress of the cyanobacteria triggered
- 47 by the programmed cell death signaling cascade resulting in their collapse.
- 48 (11) A preference must be given for products manufactured in the United States.

49 **SECTION 8.18.(b)** The North Carolina Policy Collaboratory at the University of  
50 North Carolina at Chapel Hill (Collaboratory) shall evaluate the effectiveness and efficacy of an  
51 approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on

1 cyanobacterial harmful algal blooms under subsection (a) of this section. The Collaboratory shall  
2 report the results of the evaluation no later than April 1, 2023, to the Joint Legislative Oversight  
3 Committee on Agriculture and Natural and Economic Resources; the chairs of the House of  
4 Representatives Appropriations Committee on Agriculture and Natural and Economic  
5 Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and  
6 Economic Resources; and the Fiscal Research Division.

## 7 8 **NC PATRIOT STAR FAMILY RECOVERY SCHOLARSHIP PROGRAM**

9 **SECTION 8.19.(a)** Program Established. – Of the funds appropriated by this act  
10 from the State Fiscal Recovery Fund to the Board of Governors of The University of North  
11 Carolina for the North Carolina Patriot Star Family Recovery Scholarship Program (Program),  
12 the Board of Governors shall make funds available to the Patriot Foundation, a nonprofit  
13 corporation, for the purpose of establishing and administering scholarships under the NC Patriot  
14 Star Family Recovery Scholarship Program in accordance with the requirements of this section.

15 **SECTION 8.19.(b)** Purpose of the Program. – The Patriot Foundation shall provide  
16 for scholarships under the Program to eligible children, eligible spouses of certain veterans,  
17 eligible children of certain currently serving members of the Armed Forces, and eligible disabled  
18 veterans to attend eligible postsecondary institutions to help remediate the impacts of the  
19 COVID-19 pandemic so that individuals who meet certain income criteria can recover learning  
20 and achieve credential and degree attainment.

21 **SECTION 8.19.(c)** Definitions. – For the purposes of this section, the following  
22 definitions apply:

- 23 (1) Armed Forces. – A component of the United States Army, Navy, Marine  
24 Corps, Air Force, and Coast Guard, including their reserve components.
- 25 (2) Eligible child or eligible children. – Any person (i) who is a legal resident of  
26 North Carolina when scholarship documentation is completed, provided that  
27 if a child is claimed as a dependent by the child's parent, residency may be  
28 established based on a parent meeting sub-sub-subdivision 4. of  
29 sub-subdivision a. of this subdivision, and (ii) whose parent is a veteran or a  
30 currently serving member of the Armed Forces that meets the following:
- 31 a. Meets one of the following residency conditions:
- 32 1. Is a resident of North Carolina at the time of scholarship  
33 documentation completion.
  - 34 2. Was a resident of North Carolina at the time of entrance into  
35 service in the Armed Forces.
  - 36 3. Was permanently stationed in North Carolina at the time of his  
37 or her death.
  - 38 4. Is an active duty service member permanently stationed in  
39 North Carolina at the time of documentation completion.
- 40 b. Meets one of the following service conditions:
- 41 1. Was a member of the Armed Forces who was killed in action  
42 or in the line of duty or died of wounds or other causes not due  
43 to the service member's willful misconduct during a period of  
44 war, national emergency, or training in preparation for future  
45 conflicts and is a direct result of service in the line of duty.
  - 46 2. Was a member of the Armed Forces who died of  
47 service-connected injuries, wounds, illness, or other causes  
48 incurred or aggravated while a member of the Armed Forces  
49 during a period of war, national emergency, or training in  
50 preparation for future conflicts and is a direct result of service  
51 in the line of duty. Standard documentation of the parent's

- 1 death, wounds, injury, or illness must be supplied by a  
 2 scholarship recipient at the time of scholarship request.
- 3 3. Is a veteran of the Armed Forces who incurred traumatic  
 4 injuries or wounds or sustained a major illness while a member  
 5 of the Armed Forces during a period of war, national  
 6 emergency, or training in preparation for future conflicts and  
 7 is a direct result of service in the line of duty and is receiving  
 8 compensation for a wartime service-connected disability of at  
 9 least fifty percent (50%) as rated by the U.S. Department of  
 10 Veterans Affairs.
- 11 4. Is a current member of the Armed Forces who incurred  
 12 traumatic injuries or wounds or sustained a major illness while  
 13 a member of the Armed Forces during a period of war or  
 14 national emergency. The parent's traumatic wounds, injury, or  
 15 major illness must be documented by the member's Unit  
 16 Commander.
- 17 (3) Eligible disabled veteran. – Any person who (i) is a veteran of the Armed  
 18 Forces who incurred traumatic injuries or wounds or sustained a major illness  
 19 while a member of the Armed Forces during a period of war or national  
 20 emergency and is receiving compensation for a wartime service-connected  
 21 disability of at least fifty percent (50%) as rated by the U.S. Department of  
 22 Veterans Affairs and (ii) is a resident of North Carolina at the time of  
 23 scholarship documentation completion.
- 24 (4) Eligible postsecondary institution. – A school that is any of the following:  
 25 a. A constituent institution of The University of North Carolina.  
 26 b. A community college under the jurisdiction of the State Board of  
 27 Community Colleges.  
 28 c. A private educational institution as defined in G.S. 143B-1224.  
 29 d. A private vocational institution, including Federal Aviation  
 30 Administration certificated aviation training programs.
- 31 (5) Eligible spouse. – Any person (i) who is a legal resident of North Carolina  
 32 when scholarship documentation is completed and (ii) whose spouse meets  
 33 one of the conditions set forth in sub-sub-subdivisions 1. through 3. of  
 34 sub-subdivision b. of subdivision (2) of this subsection.
- 35 (6) Veteran. – An individual who has served and is no longer serving in the Armed  
 36 Forces of the United States. For the purposes of this section, the veteran must  
 37 have separated from the Armed Forces under honorable conditions or whose  
 38 death or disability of at least fifty percent (50%) or more was incurred as a  
 39 direct result of service in the line of duty.
- 40 **SECTION 8.19.(d)** Other Eligibility Requirements. – Any eligible child, eligible  
 41 spouse, or eligible disabled veteran shall also meet the following conditions to be eligible for a  
 42 scholarship under the Program:
- 43 (1) Has a household income of less than three hundred fifty percent (350%) of the  
 44 federal poverty level. Veterans disability compensation and related  
 45 compensation benefits received by a veteran shall not be included in  
 46 calculating the income level of an applicant's household for the purposes of  
 47 determining eligibility for a scholarship under the Program. An applicant shall  
 48 provide any financial information necessary to the Patriot Foundation for the  
 49 purposes of calculating income eligibility under this subdivision.
- 50 (2) Is attending or has been accepted to enroll in an eligible postsecondary  
 51 institution.

- 1 (3) Has complied with the requirements of the Selective Service System, if  
2 applicable.

3 **SECTION 8.19.(e)** Administration; Awards. – Within the funds made available for  
4 the Program, the Patriot Foundation shall administer and award scholarships to eligible applicants  
5 in accordance with the requirements of the Program. In administering the Program, the Patriot  
6 Foundation shall be responsible for Program oversight for the scholarships awarded through its  
7 organization to ensure compliance with the provisions of this section. The Patriot Foundation  
8 may contract with the State Education Assistance Authority (Authority) for administrative  
9 assistance for the Program. The Patriot Foundation may use funds allocated to it under this  
10 section for any administrative costs associated with a contract with the Authority.

11 The Patriot Foundation shall, at a minimum, establish criteria and procedures related  
12 to scholarship documentation completion, the amount of individual scholarships, the permissible  
13 uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for  
14 a revocation of a scholarship, and any other procedures it deems necessary for its administration  
15 of the Program.

16 If a scholarship recipient receives a scholarship or other grant covering the cost of  
17 attendance at an eligible postsecondary institution for which the scholarship is awarded, then the  
18 amount of a scholarship awarded under this section shall be reduced so that the sum of all grants  
19 and scholarships covering the cost of attendance received by the recipient does not exceed the  
20 cost of attendance for the institution. For the purposes of this section, cost of attendance shall  
21 include monies for tuition, fees, books, supplies, and school-related expenses, including laptops,  
22 equipment, tutoring support, as well as room and board as long as the scholarship recipient is  
23 enrolled as at least a half-time student at the institution. Off-campus housing costs for room and  
24 board are also included to the extent the eligible postsecondary institution includes it in its cost  
25 of attendance.

26 **SECTION 8.19.(f)** Reporting. – The Patriot Foundation shall submit a report by  
27 April 1 of each year in which the Patriot Foundation spends federal funds made available for the  
28 Program to the Joint Legislative Education Oversight Committee and the Fiscal Research  
29 Division on the activities related to the Program and the use of the funds through the deadline  
30 established by federal law and guidelines.

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

### 32 **TUITION GRANTS FOR NCSSM/UNCSA GRADUATES**

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

35 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and  
36 Mathematics and the University of North Carolina School of the Arts.

37 **"§ 116-209.90. Tuition grants for graduates to attend an eligible institution of higher**  
38 **education.**

39 (a) Within the funds available, a high school graduate from the North Carolina School of  
40 Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts  
41 (UNCSA) in each school year, beginning with the 2020-2021 school year, who meets the  
42 following conditions shall be eligible for a tuition grant awarded under this Part:

- 43 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1  
44 and in accordance with the coordinated and centralized residency  
45 determination process administered by the Authority.  
46 (2) Enrolls as a full-time student in an eligible institution of higher education in  
47 the next academic year after graduation.

48 Students who receive initial tuition grants as a cohort of a high school graduating class of  
49 NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic  
50 years.

1 years for up to a total of four academic years. A student must be continuously enrolled in an  
2 eligible institution of higher education after the award of the initial tuition grant to be eligible for  
3 tuition grants in subsequent academic years. The Authority shall have the discretion to waive this  
4 requirement if the student is able to demonstrate that any of the following have substantially  
5 disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii)  
6 serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary  
7 hardship.

8 (b) For the purposes of this Part, "an eligible institution of higher education" shall mean  
9 a constituent institution of The University of North Carolina or a private postsecondary institution  
10 located in North Carolina as described in G.S. 116-280(3). The amount of the tuition grant to  
11 each graduate shall be determined and distributed as provided in G.S. 116-209.91.

12 **"§ 116-209.91. Administration of tuition grants.**

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

26 (b) Except as otherwise provided in this section, the amount of the grant awarded to a  
27 student shall cover (i) to attend a constituent institution, the tuition cost at the constituent  
28 institution in which the student is enrolled or (ii) to attend a private postsecondary institution  
29 located in North Carolina, the tuition cost, in whole or in part, at the private postsecondary  
30 institution in an amount up to the highest amount of undergraduate resident tuition charged at a  
31 constituent institution of The University of North Carolina for that academic year.

32 No tuition grant awarded to a student under this section shall exceed the cost of attendance  
33 at a constituent institution for which the student is enrolled, or if enrolled in a North Carolina  
34 private postsecondary institution, exceed the highest amount of undergraduate resident tuition  
35 charged at a constituent institution of The University of North Carolina for that academic year.

36 (c) If a student, who is eligible for a tuition grant under this section, also receives a  
37 scholarship or other grant covering the cost of attendance at the eligible institution of higher  
38 education for which the tuition grant is awarded, then the amount of the tuition grant shall be  
39 reduced by an appropriate amount determined by the Authority so that the total amount of  
40 scholarships and grants received by the student does not exceed the cost of attendance for the  
41 institution. The cost of attendance shall be determined by the Authority for each eligible  
42 institution of higher education.

43 (d) In the event there are not sufficient funds to provide each eligible student who has  
44 applied in accordance with the application process and the schedule established by the Authority  
45 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata  
46 share of funds available for the academic year covered by the appropriation in the preceding  
47 fiscal year.

48 **"§ 116-209.92. North Carolina Tuition Grant Fund Reserve.**

49 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be  
50 administered by the Authority. All funds appropriated to or otherwise received by the Authority  
51 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned



1 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the  
 2 academic year that begins in the fiscal year following the fiscal year in which the appropriation  
 3 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more  
 4 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended  
 5 for administrative purposes."

6 **SECTION 8A.1.(b)** It is the intent of the General Assembly to appropriate from the  
 7 General Fund to the North Carolina Tuition Grant Fund Reserve the following additional funds  
 8 for the purpose of awarding tuition grants for future high school graduating classes of the North  
 9 Carolina School of Science and Mathematics (NCSSM), including students graduating from the  
 10 Morganton campus of NCSSM, and the University of North Carolina School of the Arts:

- 11 (1) For the 2023-2024 fiscal year, the sum of two million six hundred thirty-nine  
 12 thousand seven hundred eighty-two dollars (\$2,639,782) in recurring funds.
- 13 (2) For the 2024-2025 fiscal year, the sum of six hundred thirty-one thousand  
 14 twenty-four dollars (\$631,024) in recurring funds.
- 15 (3) For the 2025-2026 fiscal year, the sum of six hundred thirty-one thousand  
 16 twenty-four dollars (\$631,024) in recurring funds.
- 17 (4) For the 2026-2027 fiscal year, the sum of six hundred thirty-one thousand  
 18 twenty-four dollars (\$631,024) in recurring funds.

## 20 PUBLIC COLLEGES AND UNIVERSITIES NEED-BASED FINANCIAL AID 21 CONSOLIDATION

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

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

### 25 **§ 116-209.80. Definitions.**

26 The following definitions apply to this Part:

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

### 41 **§ 116-209.81. Eligibility requirements for a scholarship.**

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

- 45 (1) Qualify as a resident for tuition purposes under the criteria set forth in  
 46 G.S. 116-143.1 and in accordance with the coordinated and centralized  
 47 residency determination process administered by the Authority.
- 48 (2) Meet enrollment standards by being admitted, enrolled, and classified as an  
 49 undergraduate student in a matriculated status at an eligible postsecondary  
 50 institution. The President of The University of North Carolina and the

1 President of the North Carolina Community College System may jointly agree  
2 to additional enrollment standards for the Program.

3 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate  
4 need according to federal methodology in Title IV of the Higher Education  
5 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

6 (b) In addition to the criteria set forth in subsection (a) of this section, in order for a  
7 student to continue to be eligible for a scholarship for the student's second and subsequent  
8 academic years, the student must meet achievement standards by maintaining satisfactory  
9 academic progress in a course of study in accordance with the standards and practices used for  
10 federal Title IV programs by the eligible postsecondary institution in which the student is  
11 enrolled.

12 **"§ 116-209.82. Semester limitation on eligibility for scholarship.**

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

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

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

31 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

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

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

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

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

(b) Notwithstanding any other provision of law to the contrary, the Authority shall conduct periodic evaluations of expenditures under the Program administered by the Authority to determine if allocations are utilized to ensure access to eligible postsecondary institutions and to meet the goals of respective programs. The authority may make recommendations of the redistribution of funds to the President of The University of North Carolina and the President of the North Carolina Community College System, who then may jointly authorize redistribution of funds for a particular fiscal year.

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

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

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

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

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

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

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

(4) All returned scholarship funds from the Program.

(5) All interest earned on these funds.

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

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

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

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

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of

1 financial assistance to students enrolled in The University of North  
2 Carolina from the Education Lottery Scholarship Program for the  
3 2017-2018, 2018-2019, and 2019-2020 fiscal years.

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

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

9 b. An amount equal to the proportionate share of the appropriation for  
10 the Education Lottery Scholarship based on awards of financial  
11 assistance to students enrolled in North Carolina community colleges  
12 from the Education Lottery Scholarship Program for the 2017-2018,  
13 2018-2019, and 2019-2020 fiscal years.

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

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

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

28 "**§ 116B-7. Distribution of fund.**

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

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

49 **SECTION 8A.2.(c)** By May 1, 2022, the President of The University of North  
50 Carolina and the President of the North Carolina Community College System shall report to the  
51 Fiscal Research Division, the House Appropriations Education Committee, and the Senate

1 Appropriations on Education/Higher Education Committee on the following regarding the  
2 consolidation of student financial assistance for constituent institutions of The University of  
3 North Carolina and the community colleges:

- 4 (1) The payment schedule required by G.S. 116-209.83, as enacted by this  
5 section.
- 6 (2) Potential ways to include students with intellectual and developmental  
7 disabilities as eligible for scholarships through the North Carolina  
8 Need-Based Scholarship Program for Public Colleges and Universities or  
9 other student financial assistance recommendations, including grants or other  
10 funding sources for students enrolled in Comprehensive Transition Programs.
- 11 (3) Any recommended legislative changes, including for the North Carolina  
12 Need-Based Scholarship Program for Public Colleges and Universities.

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

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

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

19 "**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

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

35 A postsecondary institution that grants a waiver under ~~G.S. 115C-499.2A, 115D-40.2,~~  
36 ~~116-25.1, G.S. 116-209.82 or 116-281.1~~ G.S. 116-281.1 shall certify the granting of the waiver  
37 in a manner acceptable to the Authority and shall also maintain documentation substantiating the  
38 reason for the waiver."

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

40 "**§ 115D-40.1. Targeted Financial Assistance for Community College ~~Students.~~ Students;**  
41 **participation in federal programs.**

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

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

- 1 (1) Students who enroll in low-enrollment programs that prepare students for  
2 high-demand occupations.
- 3 (2) Students with disabilities who have been referred by the Department of Health  
4 and Human Services, Division of Vocational Rehabilitation, and are enrolled  
5 in a community college.
- 6 (3) Students enrolled in fewer than six credit hours per semester who otherwise  
7 qualify for need-based financial aid programs.

8 (c) Administration of ~~Program-Targeted Financial Assistance.~~ – The State Board shall  
9 adopt rules and policies for the disbursement of the targeted financial assistance provided in  
10 ~~subsections (a) and subsection~~ (b) of this section. Degree, diploma, and certificate students must  
11 complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial  
12 assistance. The State Board may contract with the State Education Assistance Authority for  
13 administration of these targeted financial assistance funds. ~~These funds shall not revert at the end~~  
14 ~~of each fiscal year but shall remain available until expended for need-based financial assistance.~~  
15 ~~The interest earned on the funds provided in subsections (a) and (b) of this section may be used~~  
16 ~~to support the costs of administering the Community College Grant Program. If the interest~~  
17 ~~earnings are not adequate to support the administrative costs, up to one percent (1%) of funds~~  
18 ~~provided in subsection (a) of this section may be used to support the costs of administering the~~  
19 ~~Community College Grant Program.~~

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

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

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

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

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

### 38 EQUITY IN OPPORTUNITY ACT

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

- 41 "3. Is entering either kindergarten or the eligible to enter  
42 kindergarten, first grade-grade, or second grade pursuant to  
43 Article 25 of this Chapter. A child who is the age of 4 on or  
44 before April 16 is eligible to attend the following school year  
45 if the principal, or equivalent, of the school in which the child  
46 seeks to enroll finds that the student meets the requirements of  
47 G.S. 115C-364(d) and those findings are submitted to the  
48 Authority with the child's application."

49 **SECTION 8A.3.(b)** G.S. 115C-562.1(3)a.6. reads as rewritten:  
50

1 "6. Is a child whose parent or legal guardian (i) is on full-time duty  
 2 status in the active uniformed service of the United States,  
 3 including members of the National Guard and Reserve on  
 4 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and  
 5 10 U.S.C. § 12401, et ~~seq.~~ seq., or (ii) receives an honorable  
 6 discharge as an active duty member from the uniformed service  
 7 of the United States within 18 months prior to application."

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

- 11 (1) Was enrolled in a North Carolina public school or a Department of Defense  
 12 Elementary and Secondary School located in North Carolina for the fall  
 13 semester of the 2019-2020 school year.
- 14 (2) Was enrolled in a nonpublic school that meets the requirements of Part 1, 2,  
 15 or 3 of Article 39 of this Chapter for the spring semester of the 2019-2020  
 16 school year and the entire 2020-2021 school year.
- 17 (3) Meets the eligibility requirements of G.S. 115C-562.1(3)a1. and b.
- 18 (4) Submits a scholarship application for the 2021-2022 school year.

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

22 **SECTION 8A.3.(d)** G.S. 115C-562.1(3)a. is amended by adding a new  
 23 sub-sub-subdivision to read:

24 "7. Is a child who meets both of the following:  
 25 I. Was enrolled in a nonpublic school that meets the  
 26 requirements of Part 1 and Part 2 of this Article during  
 27 the spring semester prior to the school year for which  
 28 the student is applying.  
 29 II. Was enrolled for the fall semester prior to the spring  
 30 semester of the school year in which the student  
 31 enrolled in the nonpublic school in one of the  
 32 following:  
 33 A. A North Carolina public school.  
 34 B. A Department of Defense Elementary and  
 35 Secondary School established pursuant to 10  
 36 U.S.C. § 2164 and located in North Carolina."

37 **SECTION 8A.3.(e)** G.S. 115C-562.1(3)b. reads as rewritten:

38 "b. Meets one of the following criteria:

- 39 1. Resides in a household with an income level not in excess of  
 40 one hundred ~~fifty-seventy-five~~ percent ~~(150%)-(175%)~~ of the  
 41 amount required for the student to qualify for the federal free  
 42 or reduced-price lunch program. The Authority shall not count  
 43 any distribution from the estate of a decedent in calculating the  
 44 income level of the applicant's household for the purposes of  
 45 determining eligibility for a scholarship under this  
 46 ~~sub-subdivision-sub-sub-subdivision.~~
- 47 2. Is a child in foster care as defined in G.S. 131D-10.2. The  
 48 Authority shall not consider the household income of the foster  
 49 parent, as defined in G.S. 131D-10.2, in determining the  
 50 eligibility of a foster care child."

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

1       "(b) Scholarship grants awarded to eligible students residing in households with an income  
2 level not in excess of the amount required for the student to qualify for the federal free or  
3 reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars~~  
4 ~~(\$4,200) per year.~~ be, per year per eligible student, in an amount of up to ninety percent (90%)  
5 of the average State per pupil allocation for average daily membership in the prior fiscal year.  
6 Scholarship grants awarded to eligible students residing in households with an income level in  
7 excess of the amount required for the student to qualify for the federal free or reduced-price lunch  
8 program shall be for amounts of not more than ninety percent (90%) of the required tuition and  
9 fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school  
10 may include tuition and fees for books, transportation, equipment, or other items required by the  
11 nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars (\$4,200)~~  
12 ~~exceed,~~ per year per eligible student, an amount equal to ninety percent (90%) of the average  
13 State per pupil allocation for average daily membership in the prior fiscal year and no scholarship  
14 grant shall exceed the required tuition and fees for the nonpublic school the eligible student will  
15 attend."

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

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

18 **"§ 115C-562.3. Verification of ~~eligibility~~eligibility; information from other State agencies.**

19       ...

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

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

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

31 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

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

48       ...

49       (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for  
50 one fiscal year pursuant to subsection (a) of this section shall be used as follows:



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

5           (2) Any remaining funds shall revert to the General Fund."

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

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

9           "**§ 115C-567.1. Outreach and assistance for parents and students.**

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

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

20           (2) Employ sufficient staff who have demonstrated a capacity of direct parent and  
21 family outreach, program promotion, and procedural knowledge to assist  
22 parents through scholarship application processes and provide guidance on the  
23 scholarship grant program, including by doing the following:

24           a. One-on-one parent and family engagement.

25           b. Scholarship education and public awareness.

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

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

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

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

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

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

42           "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,  
43 the Authority may retain ~~the lesser of up to four two and one-half percent (4%)-(2.5%)~~ of the  
44 funds appropriated ~~or one million five hundred thousand dollars (\$1,500,000)~~ each fiscal year  
45 for administrative costs associated with the scholarship grant program."

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

48           "Article 41.

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

50           "**§ 115C-590. North Carolina Personal Education Savings Account Student Accounts for**  
51 **Children with Disabilities Program established.**

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

4 **"§ 115C-591. Definitions.**

5 The following definitions apply in this Article:

- 6 (1) Authority. – Defined in G.S. 116-201.
- 7 (2) Division. – The Division of Nonpublic Education, Department of  
 8 Administration.
- 9 (2a) Educational technology. – As defined annually by the Authority, an item,  
 10 piece of equipment, material, product, or system which may be purchased  
 11 commercially off the shelf, modified, or customized and that is used primarily  
 12 for educational purposes for a child with a disability.
- 13 (3) Eligible student. – A student residing in North Carolina who has not yet  
 14 received a high school diploma and who meets all of the following  
 15 requirements:
- 16 a. Is eligible to attend a North Carolina public school pursuant to  
 17 G.S. 115C 366. Article 25 of this Chapter. A child who is the age of 4  
 18 on or before April 16 is eligible to attend the following school year if  
 19 the principal, or equivalent, of the school in which the child seeks to  
 20 enroll finds that the student meets the requirements of  
 21 G.S. 115C-364(d) and those findings are submitted to the Authority  
 22 with the child's application.
- 23 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~  
 24 ~~status eligible for enrollment for~~ as a full-time student taking at least  
 25 12 hours of academic credit.
- 26 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~  
 27 ~~including, for example, intellectual disability, hearing impairment,~~  
 28 ~~speech or language impairment, visual impairment, serious emotional~~  
 29 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~  
 30 ~~other health impairments, specific learning disability, or disability as~~  
 31 ~~may be required to be included under IDEA. G.S. 115C-106.3(1).~~
- 32 d. Has not been placed in a nonpublic school or facility by a public  
 33 agency at public expense.
- 34 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or 2 nonpublic school that  
 35 consents to comply with the requirements of G.S. 115C-562.5.
- 36 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of  
 37 Article 39 of this Chapter, as identified by the Division.
- 38 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 39 (5a) Part 1 or 2 nonpublic school. – A nonpublic school that meets the requirements  
 40 of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed  
 41 eligible by the Division.
- 42 ~~(5a)~~(5b) Part-time student. – A child enrolled part time in a public school and part  
 43 time in a nonpublic school that exclusively provides services for children with  
 44 disabilities.
- 45 (6) Personal Education ~~Savings~~ Student Account or PESA. – ~~A bank~~ An  
 46 electronic account provided to a parent for the purpose of holding scholarship  
 47 funds awarded by the Authority for an eligible student to be used for  
 48 qualifying education expenses under G.S. 115C-595.

49 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

50 (a) Application Selection. – The Authority shall make available no later than February 1  
 51 of each year applications to eligible students for the award of scholarship funds for a personal

1 education ~~savings~~ student account to be used for qualifying education expenses to attend a  
2 nonpublic school. Information about scholarship funds and the application process shall be made  
3 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~  
4 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
5 the following ~~criteria~~: criteria for applications received by March 1 of each year:

- 6 (1) First priority shall be given to eligible students who were awarded scholarship  
7 funds for a PESA during the previous school year ~~if those students have~~  
8 ~~applied by March 1 year.~~
- 9 (2) After funds have been awarded to prior recipients as provided in subdivision  
10 (1) of this subsection, any remaining funds shall be used to award scholarship  
11 funds for a PESA for all other eligible students.

12 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for  
13 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each  
14 year for an amount not to exceed nine thousand dollars (\$9,000) per eligible student in an amount,  
15 per year per eligible student, of up to the sum of the following from the prior fiscal year: the State  
16 allocation per funded child with disabilities plus eighty-five percent (85%) of the average State  
17 per pupil allocation, except for the allocation for children with disabilities, for the fiscal school  
18 year in for which the application is received, except for eligible part-time students, who shall be  
19 awarded scholarships each year for an amount not to exceed four thousand five hundred dollars  
20 (\$4,500) fifty percent (50%) of the sum from the prior fiscal year as described in this subsection  
21 per eligible student for the fiscal school year in for which the application is received. Any funds  
22 remaining in an electronic account provided under subsection (b2) of this section at the end of a  
23 school year for eligible students who qualify only under this subsection shall be returned to the  
24 Authority.

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

- 29 (1) Autism.
- 30 (2) Hearing impairment.
- 31 (3) Moderate or severe intellectual or developmental disability.
- 32 (4) Multiple, permanent orthopedic impairments.
- 33 (5) Visual impairment.

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

41 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
42 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
43 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each  
44 quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject  
45 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
46 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
47 electronic account at the beginning of the fiscal school year. After the initial disbursement of  
48 funds, each subsequent, quarterly semester disbursement of funds shall be subject to the  
49 submission by the parent of an expense report. The expense report shall be submitted  
50 electronically and shall include documentation that the student received an education, as  
51 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter semester.

1 The ~~debit card or the~~ electronic account shall be renewed upon the receipt of the parental  
2 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal  
3 ~~school years. Any funds remaining on the card or in the electronic account at the end of the fiscal~~  
4 ~~year may be carried forward to the next fiscal year if the card or electronic account is renewed.~~  
5 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall  
6 be returned to the Authority.

7 (c) ~~Eligibility for the other scholarship programs is provided for as follows:~~ Eligibility for  
8 Other Scholarship Programs. –

9 (1) An eligible student under this Article may receive, in addition to a PESA, a  
10 scholarship under Part 2A of Article 39 of this Chapter.

11 (2) ~~An eligible student under this Article may receive, in addition to a PESA and~~  
12 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~  
13 ~~the special education scholarship program for children with disabilities~~  
14 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~  
15 ~~more of the following disabilities:~~

16 a. ~~Autism.~~

17 b. ~~Developmental disability.~~

18 c. ~~Hearing impairment.~~

19 d. ~~Moderate or severe intellectual disability.~~

20 e. ~~Multiple, permanent orthopedic impairments.~~

21 f. ~~Visual impairment.~~

22 (d) Applications Not Public Records. – Applications for scholarship funds and personally  
23 identifiable information related to eligible students receiving funds shall not be a public record  
24 under Chapter 132 of the General Statutes. For the purposes of this section, personally  
25 identifiable information means any information directly related to a student or members of a  
26 student's household, including the name, birthdate, address, Social Security number, telephone  
27 number, e-mail address, or any other information or identification number that would provide  
28 information about a specific student or members of a specific student's household.

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

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

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

### 43 "§ 115C-593. Student continuing eligibility.

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

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

49 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
50 The psychologist or psychiatrist shall assess, after review of appropriate  
51 medical and educational records, if the education and related services received

1 by the student in the nonpublic school setting have improved the child's  
2 educational performance and if the student would continue to benefit from  
3 placement in the nonpublic school setting. The psychologist or psychiatrist  
4 shall verify the outcome of the assessment on a form to be provided to the  
5 Authority.

6 **"§ 115C-594. Verification of ~~eligibility~~; eligibility; information from other State agencies.**

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

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

17 (c) By December 1 of each year, the Department of Public Instruction shall provide the  
18 Authority the State allocation per funded child with disabilities and the average State per pupil  
19 allocation for that fiscal year to determine the maximum scholarship amount for eligible students  
20 to be awarded in the following fiscal year in accordance with G.S. 115C-592(b).

21 **"§ 115C-595. Parental agreement; use of funds.**

22 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
23 recipient with a written agreement, applicable for each year the eligible student receives  
24 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
25 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
26 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
27 A parent or eligible student's failure to comply with this section shall result in a forfeit of  
28 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
29 agree to the following conditions in order to receive scholarship funds under this Article:

- 30 (1) Use at least a portion of the scholarship funds to provide an education to the  
31 eligible student in, at a minimum, the subjects of English language arts,  
32 mathematics, social studies, and science.
- 33 (2) Unless the student is a part-time eligible student, release a local education  
34 agency in which the student is eligible to attend under G.S. 115C-366 of all  
35 obligations to educate the eligible student while the eligible student is  
36 receiving scholarship funds under this Article. A parent of a student, other  
37 than a part-time eligible student, who decides to enroll the student into the  
38 local education agency or other North Carolina public school during the term  
39 of the agreement shall notify the Authority to request a release from the  
40 agreement and shall return any unexpended funds to the Authority.
- 41 (3) Use the scholarship funds deposited into a personal education ~~savings~~-student  
42 account only for the following qualifying education expenses of the eligible  
43 student:
- 44 a. Tuition and fees for a ~~nonpublic school that meets the requirements of~~  
45 ~~Part 1 or Part 2 of Article 39 of this Chapter and is subject to the~~  
46 ~~requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school,  
47 disbursed as provided in subdivision (1) of subsection (a1) of this  
48 section.
- 49 b. Textbooks required by a nonpublic school.
- 50 c. Tutoring and teaching services provided by an individual or facility  
51 accredited by a State, regional, or national accrediting organization.

- 1 d. Curricula.
- 2 e. Fees for nationally standardized norm-referenced achievement tests,
- 3 advanced placement tests, or nationally recognized college entrance
- 4 exams.
- 5 f. Fees charged to the account holder for the management of the PESA.
- 6 g. Fees for services provided by a public school, including individual
- 7 classes and extracurricular programs.
- 8 h. Premiums charged to the account holder for any insurance or surety
- 9 bonds required by the Authority.
- 10 i. Educational therapies from a licensed or accredited practitioner or
- 11 provider.
- 12 j. Educational technology defined by the Authority as approved for use
- 13 pursuant to ~~Part 1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
- 14 k. Student transportation, pursuant to a contract with an entity that
- 15 regularly provides student transportation, to and from (i) a provider of
- 16 education or related services or (ii) an education activity.
- 17 l. Transaction or merchant fees charged to the account holder, not to
- 18 exceed two and one-half percent (2.5%) of the cost of the item or
- 19 service.
- 20 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding
- 21 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible
- 22 student may pay tuition to Part 1 or 2 nonpublic schools that are not
- 23 G.S. 115C-562.5 compliant schools with funds other than funds available in
- 24 the personal education student account and then request reimbursement from
- 25 the Authority from scholarship funds if the parent complies with the
- 26 provisions of subdivision (2) of subsection (a1) of this section.
- 27 (4) Not use scholarship funds for any of the following purposes:
- 28 a. Computer hardware or other technological devices not defined by the
- 29 Authority as educational technology approved for use pursuant to ~~Part~~
- 30 ~~1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
- 31 b. Consumable educational supplies, including paper, pen, or markers.
- 32 c. Tuition and fees at an institution of higher education, as defined in
- 33 G.S. 116-143.1, or a private postsecondary institution.
- 34 d. Tuition and fees for a nonpublic school that meets the requirements of
- 35 Part 3 of Article 39 of this Chapter.
- 36 (a1) Disbursement of Funds for Tuition. – The method by which the Authority shall
- 37 disburse scholarship funds awarded to eligible students for tuition at a nonpublic school shall be
- 38 based upon whether the nonpublic school is a G.S. 115C-562.5 compliant school. Scholarship
- 39 funds for tuition shall be disbursed as follows:
- 40 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
- 41 times each school year, scholarship funds from the personal education student
- 42 account for eligible students who attend G.S. 115C-562.5 compliant schools.
- 43 The funds shall be remitted to the G.S. 115C-562.5 compliant school for
- 44 endorsement by at least one of the student's parents. The parent shall
- 45 restrictively endorse the scholarship funds awarded to the eligible student for
- 46 deposit into the account of the G.S. 115C-562.5 compliant school to the credit
- 47 of the eligible student. The parent shall not designate any entity or individual
- 48 associated with the school as the parent's attorney-in-fact to endorse the
- 49 scholarship funds. A parent's failure to comply with this subdivision shall
- 50 result in forfeiture of the scholarship funds for tuition. Scholarship funds

1 forfeited for failure to comply with this subdivision shall be returned to the  
2 Authority to be awarded to another student.

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

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

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

20 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
21 **savings student account information.**

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

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

28 **"§ 115C-597. Administration.**

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

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

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

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

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

48 ~~(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship~~  
49 ~~funds under this Article, the Authority may retain up to two hundred fifty thousand dollars~~  
50 ~~(\$250,000) each fiscal year for administrative costs associated with the program, including~~  
51 ~~contracting with non-State entities for administration of certain components of the program.~~

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

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

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

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

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

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

(b) The Authority shall analyze, in conjunction with the Department of Public Instruction, past trends in scholarship data on an annual basis to ensure that the amount of funds transferred each fiscal year by the Authority to the Department for reevaluations by local school administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual annual cost requirements.

**"§ 115C-600. Personal Education Student Account Fund Reserve.**

(a) The Personal Education Student Account Fund Reserve (Reserve) is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship funds in accordance with this Article. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used in the fiscal year following the fiscal year in which the funds were appropriated to the Reserve (i) to award scholarship funds to eligible students for the school year that begins in the fiscal year following the fiscal year in which the funds were appropriated, (ii) for administrative costs, and (iii) for reevaluations by local school administrative units of eligible students under G.S. 115C-599. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this Article. Funds appropriated in a particular fiscal year to be used in the following fiscal year that are unexpended at the end of the fiscal year following the fiscal year in which the funds were appropriated shall be carried forward for one fiscal year and may be used for the purposes set forth in this Article. The Authority shall not expend funds that are carried forward for a fiscal year until the funds from the prior year appropriation to be used to award scholarships are expended. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund.

(b) Appropriations. – The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars



1 (\$1,000,000) each fiscal year to the Reserve for 10 years for the Personal Education Student  
 2 Accounts for Children with Disabilities Program. To that end, there is appropriated from the  
 3 General Fund to the Board of Governors of The University of North Carolina the following  
 4 amounts each fiscal year to be allocated to the Authority for the program in accordance with this  
 5 Article:

<u>Fiscal Year</u>	<u>Appropriation</u>
6 <u>2023-2024</u>	<u>\$32,643,166</u>
7 <u>2024-2025</u>	<u>\$33,643,166</u>
8 <u>2025-2026</u>	<u>\$34,643,166</u>
9 <u>2026-2027</u>	<u>\$35,643,166</u>
10 <u>2027-2028</u>	<u>\$36,643,166</u>
11 <u>2028-2029</u>	<u>\$37,643,166</u>
12 <u>2029-2030</u>	<u>\$38,643,166</u>
13 <u>2030-2031</u>	<u>\$39,643,166</u>
14 <u>2031-2032</u>	<u>\$40,643,166</u>
15 <u>2032-2033 and each subsequent fiscal year thereafter</u>	<u>\$41,643,166</u>

16  
 17 When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified  
 18 in this subsection, the Director of the Budget shall include the appropriated amount specified in  
 19 this subsection for that fiscal year.

20 (c) **Administrative Funds.** – Of the funds allocated to the Authority to award scholarships  
 21 pursuant to this section, the Authority may retain up to four percent (4%) of the funds  
 22 appropriated each fiscal year for administrative costs associated with the program, including  
 23 contracting with non-State entities for administration of certain components of the program."

24 **SECTION 8A.3.(m)** It is the intent of the General Assembly to move the Special  
 25 Education Scholarships for Children with Disabilities and the Personal Education Savings  
 26 Account program funding, in addition to any other funds appropriated by the General Assembly  
 27 for the Personal Education Student Accounts for Children with Disabilities Program, into the  
 28 Personal Education Student Account Fund Reserve established under G.S. 115C-600, as enacted  
 29 by this section, so that funds appropriated for scholarships in a fiscal year are awarded to students  
 30 for the school year in the following fiscal year.

31 **SECTION 8A.3.(n)** Notwithstanding G.S. 115C-592, as amended by this section, a  
 32 student who was awarded scholarship funds for a Personal Education Savings Account (PESA)  
 33 pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or  
 34 a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the  
 35 General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship  
 36 funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school  
 37 year if the student applies by March 1, 2022.

38 **SECTION 8A.3.(o)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
 39 repealed.

40 **SECTION 8A.3.(p)** G.S. 115C-555(4) reads as rewritten:

41 "(4) It receives no funding from the State of North Carolina. For the purposes of  
 42 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~  
 43 ~~Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to  
 44 eligible students attending a nonpublic school shall not be considered funding  
 45 from the State of North Carolina."

46 **SECTION 8A.3.(q)** G.S. 115C-567.1(a), as enacted by subsection (j) of this section,  
 47 reads as rewritten:

48 "(a) The State Education Assistance Authority, in its administration of scholarship  
 49 programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article 41 of this~~  
 50 ~~Chapter, and Part 1H of Article 9 of this Chapter~~ may contract with a nonprofit corporation  
 51 representing parents and families, for outreach and scholarship education, program promotion,

1 and application assistance for parents and students. The Authority shall issue a request for  
2 proposals in order to enter into a contract with a nonprofit corporation that meets the following  
3 requirements during the term of the contract:

- 4 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General  
5 Statutes and comply at all times with the provisions of section 501(c)(3) of the  
6 Internal Revenue Code.
- 7 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and  
8 family outreach, program promotion, procedural knowledge to assist parents  
9 through scholarship application process and provide guidance on the  
10 scholarship grant program, including by doing the following:
  - 11 a. One-on-one parent and family engagement.
  - 12 b. Scholarship education and public awareness.
- 13 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the  
14 Internal Revenue Code.
- 15 (4) Have no State officer or employee serving on the board of the nonprofit.
- 16 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit  
17 at the call of its chair."

18 **SECTION 8A.3.(r)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
19 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

20 **SECTION 8A.3.(s)** G.S. 105-153.5(b)(12) reads as rewritten:

21 "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
22 student account under Article 41 of Chapter 115C of the General Statutes."

23 **SECTION 8A.3.(t)** This section does not affect the rights or liabilities of the State,  
24 a taxpayer, or another person arising under a statute amended by this section before the effective  
25 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued  
26 under the amended statute before the effective date of its amendment.

27 **SECTION 8A.3.(u)** Authorize Counties to Use Local Funds to Supplement K-12  
28 Scholarships. – G.S. 153A-149(c) is amended by adding a new subdivision to read:

29 "(17a) K-12 Scholarship Programs. – To provide supplemental funds for students  
30 receiving K-12 scholarships for educational purposes as authorized by  
31 G.S. 153A-460."

32 **SECTION 8A.3.(v)** Article 23 of Chapter 153A of the General Statutes is amended  
33 by adding a new section to read:

34 "**§ 153A-460. K-12 scholarship programs.**

35 (a) For the purposes of this section, a K-12 scholarship is a State-funded scholarship  
36 awarded to a student for educational purposes in accordance with Part 2A of Article 39 or Article  
37 41 of Chapter 115C of the General Statutes.

38 (b) Each county is authorized to appropriate funds in accordance with subsection (c) of  
39 this section to provide an amount of up to one thousand dollars (\$1,000) per child residing in the  
40 county who meets all of the following requirements to supplement a qualifying child's  
41 scholarship:

- 42 (1) The child has been awarded a K-12 scholarship for the school year.
- 43 (2) The child is enrolled in a nonpublic school located within the county for the  
44 school year.

45 (c) The county may request, no later than January 15 annually, de-identified data from  
46 the State Education Assistance Authority on the number of students receiving K-12 scholarship  
47 funds, by type of K-12 scholarship, in the current fiscal year who both live in that county and  
48 attend a nonpublic school in that county. The county shall use this information as a basis for  
49 determining the amount of funds to appropriate for award of supplemental funds for the following  
50 fiscal year. The county may provide supplemental funds for eligible students receiving  
51 scholarships under one or both of the qualifying K-12 scholarships.

1       (d) A county appropriating funds pursuant to this section shall remit the appropriated  
2 funds to the State Education Assistance Authority for expenditure to supplement K-12  
3 scholarships awarded for the school year occurring in that fiscal year no later than July 15  
4 annually. The State Education Assistance Authority shall act as the fiscal agent for the county in  
5 the disbursement of funds to eligible students pursuant to G.S. 115C-562.2(f) or  
6 G.S. 115C-592(f), as applicable."

7       **SECTION 8A.3.(w)** G.S. 115C-562.2 is amended by adding a new subsection to  
8 read:

9       "(f) A county may provide funds to supplement scholarships for eligible students residing  
10 within the county pursuant to G.S. 153A-460 for a school year. The Authority shall require  
11 applicants to state their county of residence in the application and may verify residency as  
12 provided in G.S. 115C-562.3. When requested by January 15, the Authority shall provide  
13 de-identified data to a county by February 15 on the number of students who, in the current school  
14 year, (i) received scholarship grants pursuant to this Part, (ii) resided in the county, and (iii) were  
15 enrolled in a nonpublic school located in the county. If a county appropriates supplemental funds  
16 for scholarships pursuant to G.S. 153A-460, the Authority shall disburse up to one thousand  
17 dollars (\$1,000) in scholarship funds for that school year to each eligible student residing in that  
18 county who is enrolled in a nonpublic school located in the county to supplement the scholarship  
19 grants awarded pursuant to this Part. Funds disbursed to eligible students under this subsection  
20 shall be subject to the same limitations and requirements as scholarship grants provided with  
21 State funds under this Part and shall supplement but not supplant State funds. The Authority shall  
22 return to the county any unused funds at the end of each fiscal year. The Authority shall adopt  
23 rules for the disbursement of funds pursuant to this subsection."

24       **SECTION 8A.3.(x)** G.S. 115C-592 is amended by adding a new subsection to read:

25       "(f) Supplemental Local Scholarship Funds. – A county may provide supplemental  
26 scholarship funds for eligible students residing within the county pursuant to G.S. 153A-460 for  
27 a school year. The Authority shall require applicants to state their county of residence in the  
28 application and may verify residency as provided in G.S. 115C-594. When requested by January  
29 15, the Authority shall provide de-identified data to a county by February 15 on the number of  
30 students who, in the current school year, (i) received scholarships pursuant to this Article, (ii)  
31 resided in the county, and (iii) were enrolled in a nonpublic school located in the county. If a  
32 county appropriates supplemental funds for scholarships pursuant to G.S. 153A-460, the  
33 Authority shall disburse up to one thousand dollars (\$1,000) in scholarship funds for that school  
34 year to each eligible student residing in that county who is enrolled in a nonpublic school located  
35 in the county to supplement the scholarship funds awarded pursuant to this Article. Funds  
36 disbursed to eligible students under this subsection shall be subject to the same limitations and  
37 requirements as scholarship funds provided with State funds under this Article and shall  
38 supplement but not supplant State funds. The Authority shall return to the county any unused  
39 funds at the end of each fiscal year. The Authority shall adopt rules for the disbursement of funds  
40 pursuant to this subsection."

41       **SECTION 8A.3.(y)** Notwithstanding G.S. 115C-562.8(d), as enacted by subsection  
42 (i) of this section, of the funds appropriated in the 2019-2020 fiscal year for the award of  
43 scholarship grants for the 2020-2021 school year pursuant to G.S. 115C-562.8, the State  
44 Education Assistance Authority may use up to three hundred thousand dollars (\$300,000) for the  
45 2021-2022 fiscal year of any unexpended funds available at the end of the 2020-2021 fiscal year  
46 for the purpose of establishing the infrastructure for the supplemental local scholarship funds.

47       **SECTION 8A.3.(z)** Subsections (a) and (b) of this section apply beginning with  
48 applications for scholarship funds for the spring semester of the 2021-2022 school year.  
49 Subsections (d) through (h) of this section apply beginning with applications for scholarship  
50 funds for the 2022-2023 school year. Subsections (i) and (j) of this section are effective June 30,  
51 2021. Subsection (l) of this section applies to applications for scholarship funds beginning with

1 the 2022-2023 school year. Subsections (o) through (r) of this section become effective July 1,  
2 2022. Subsection (s) of this section applies to taxable years beginning on or after January 1, 2022.  
3 Subsections (u) through (x) of this section apply beginning with county budget ordinances  
4 adopted for the 2022-2023 fiscal year that provide funds for students receiving scholarship funds  
5 for the 2022-2023 school year. Subsection (y) of this section is effective June 30, 2021.

## 7 SEAA GOVERNANCE STRUCTURE MODIFICATIONS/BUDGET CODE CHANGES

8 SECTION 8A.4.(a) G.S. 116-203 reads as rewritten:

### 9 "§ 116-203. Authority created as subdivision of State; appointment, terms and removal of 10 board of directors; officers; quorum; expenses and compensation of directors.

11 (a) Authority Created. – There is created and constituted a political subdivision of the  
12 State to be known as the "State Education Assistance ~~Authority.~~" Authority (Authority) to be  
13 housed administratively within The University of North Carolina System Office for  
14 organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers  
15 conferred by this Article shall be deemed and held to be the performance of an essential  
16 governmental ~~function.~~ function in administering a system of financial assistance to qualified  
17 students of the State. The Authority shall exercise its statutory powers independently from the  
18 System Office and the Board of Governors of The University of North Carolina.

19 (b) Membership. – The Authority shall be governed by a board of directors consisting of  
20 nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex  
21 ~~officio. The members shall be officio~~ as follows:

22 (1) Seven members appointed ~~by the Governor, three of whom~~ according to the  
23 following:

24 a. The Board of Governors of The University of North Carolina shall  
25 appoint the following members:

26 1. One member who shall have expertise in secondary or higher  
27 education, two of whom education.

28 2. One member who shall be a chief financial officer or chief  
29 administrative officer from a nonpublic school that enrolls  
30 students receiving scholarship funds pursuant to Part 2A of  
31 Article 39 of Chapter 115C of the General Statutes.

32 3. One member who shall have expertise in finance, one of whom  
33 finance.

34 b. The Governor shall appoint the following members:

35 1. One member who shall have expertise in finance.

36 2. One member who shall have expertise in secondary or higher  
37 education.

38 3. One member who shall be a member of the public at large with  
39 an interest in higher education, and one of whom education.

40 4. One member who shall be a chief financial officer from a  
41 college or university that is a member of North Carolina  
42 Independent Colleges and Universities, Inc., appointed upon  
43 the recommendation of North Carolina Independent Colleges  
44 and Universities, Inc.

45 (2) The chief financial officer of The University of North Carolina shall serve as  
46 an ex officio member.

47 (3) The chief financial officer of the North Carolina Community College System  
48 shall serve as an ex officio member.

49 (c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of  
50 subsection (b) of this section shall serve for a term of four years and until their successors are

1 appointed and duly qualified. Immediately after appointment, the directors shall enter upon the  
2 performance of their duties.

3 (d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by  
4 the ~~Governor~~ appointing authority in the same manner as the original appointment for the  
5 remainder of the unexpired term.

6 (e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board  
7 of directors appointed by ~~the Governor~~ that authority for misfeasance, malfeasance, or  
8 nonfeasance.

9 (f) Officers. – The board shall annually elect one of its members as chair and another as  
10 ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not~~  
11 ~~be a member of the board.~~ vice chair. The chair, or in the chair's absence, the vice-chair, shall  
12 preside at all meetings of the board. In the absence of both the chair and vice-chair, the board  
13 shall appoint a chair pro tempore, who shall preside at such meetings.

14 (f1) Executive Director. – The President of The University of North Carolina shall appoint  
15 the Executive Director of the Authority, who shall be the Authority's principal executive officer,  
16 and the Executive Director shall be responsible to the President. The Executive Director shall  
17 serve as secretary to the board of directors.

18 (g) Quorum. – Five directors shall constitute a quorum for the transaction of the business  
19 of the Authority, and no vacancy in the membership of the board shall impair the right of a  
20 quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote  
21 of at least a majority of the members of the board present at any meeting is required for the  
22 adoption of any resolution or motion or for other official action.

23 (h) Expenses. – The members of the board shall receive per diem and allowances as  
24 provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from  
25 funds provided under this Article, or as otherwise provided."

26 **SECTION 8A.4.(b)** G.S. 116-204 reads as rewritten:

27 **"§ 116-204. Powers of Authority.**

28 The Authority is hereby authorized and empowered:

- 29 (1) To fix and revise from time to time and charge and collect fees for its acts and  
30 ~~undertakings;~~undertakings.
- 31 (2) To establish rules and regulations concerning its acts and  
32 ~~undertakings;~~undertakings.
- 33 (3) To acquire, hold and dispose of personal property in the exercise of its powers  
34 and the performance of its ~~duties;~~duties.
- 35 (4) To make and enter into all contracts and agreements necessary or incidental  
36 to the performance of its duties and the execution of its powers under this  
37 ~~Article;~~Article.
- 38 (5) To employ, ~~in its discretion,~~ upon approval by the President of The University  
39 of North Carolina or his or her designee, consultants, attorneys, ~~accountants,~~  
40 ~~and financial experts,~~ superintendents, managers financial professionals,  
41 liaison personnel, clerical staff, and such other employees and agents as may  
42 be necessary in its judgment, and to fix their compensation ~~to be payable from~~  
43 ~~funds made available to the Authority by law;~~ from any funds made available  
44 to the Authority through appropriations by the General Assembly, the  
45 availability of receipts, or both.
- 46 (6) To receive and accept from any federal or private agency, corporation,  
47 association or person grants to be expended in accomplishing the objectives  
48 of the Authority, and to receive and accept from the State, from any  
49 municipality, county or other political subdivision thereof and from any other  
50 source aid or contributions of either money, property, or other things of value,

1 to be held, used and applied only for the purposes for which such grants and  
2 contributions may be ~~made;~~made.

- 3 (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and  
4 to make and from time to time amend and repeal bylaws, rules and regulations  
5 not inconsistent with law to carry into effect the powers and purposes of the  
6 ~~Authority;~~Authority.
- 7 (8) To do all other acts and things necessary or convenient to carry out the powers  
8 expressly granted in this Article; provided, however, that nothing in this  
9 Article shall be construed to empower the Authority to engage in the business  
10 of banking or insurance.
- 11 (9) To collect loan repayments for loans awarded under the Teaching Fellows  
12 Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding  
13 for more than 30 days.
- 14 (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund  
15 for Prospective Teachers pursuant to Article 32A of Chapter 115C of the  
16 General Statutes if the loan repayment is outstanding for more than 30 days.
- 17 (11) To administer the awarding of scholarship grants to students attending  
18 nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the  
19 General Statutes.
- 20 (12) To administer the coordinated and centralized process for determining  
21 residency for tuition and State-funded financial aid purposes that is jointly  
22 developed and implemented by The University of North Carolina, the North  
23 Carolina Community College System, and the Authority, in consultation with  
24 the North Carolina Independent Colleges and Universities.
- 25 (13) To collect loan repayments for scholarship loans awarded under the former  
26 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
27 repayment is outstanding for more than 30 days."

28 **SECTION 8A.4.(c)** G.S. 116-205 reads as rewritten:

29 **"§ 116-205. Title to property; use of State lands; offices.**

30 (a) Title to any property acquired by the Authority shall be taken in the name of the  
31 Authority.

32 (b) The State hereby consents, subject to the approval of the ~~Governor~~Governor, the  
33 Board of Governors of The University of North Carolina, and Council of State, to the use of any  
34 other lands or property owned by the State, which are deemed by the Authority to be necessary  
35 for its purposes.

36 (c) ~~The~~Upon approval by The University of North Carolina System Office, the Authority  
37 may establish such offices in ~~state-owned~~State-owned or rented structures as it deems  
38 appropriate for its purposes."

39 **SECTION 8A.4.(d)** G.S. 116-209.14 reads as rewritten:

40 **"§ 116-209.14. Annual reports.**

41 The Authority shall, following the close of each fiscal year, publish an annual report of its  
42 activities for the preceding year to the ~~Governor~~Board of Governors of The University of North  
43 Carolina, the Governor, and the General Assembly. Each report shall set forth a complete  
44 operating and financial statement covering the operations of the Authority during the year. The  
45 operations of the Authority shall be subject to the oversight of the State Auditor pursuant to  
46 Article 5A of Chapter 147 of the General Statutes."

47 **SECTION 8A.4.(e)** G.S. 116-209.21 is repealed.

48 **SECTION 8A.4.(f)** Notwithstanding any other provision of law to the contrary, the  
49 Director of the Budget shall, in consultation with The University of North Carolina and the North  
50 Carolina State Education Assistance Authority, make necessary permanent adjustments to The  
51 University of North Carolina's certified budget for the 2021-2022 fiscal year to ensure that State

1 appropriations for programs administered by the State Education Assistance Authority are clearly  
2 identified in a separate budget code or budget codes from the funds for the programs and for the  
3 support of the operations of The University of North Carolina System Office. The budget code  
4 changes authorized by this section are effective from July 1, 2021, and shall be reflected in the  
5 base budget for the 2023-2025 fiscal biennium.

6 **SECTION 8A.4.(g)** For the board of directors of the State Education Assistance  
7 Authority, subsection (a) of this section applies to the appointment of seats expiring or the  
8 appointment to fill vacancies in seats occurring on or after the date this act becomes law.  
9 Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancies for seats for (i)  
10 a member who has expertise in finance and (ii) a member who has expertise in secondary or  
11 higher education, the Board of Governors of The University of North Carolina shall appoint the  
12 member to fill that vacant seat in accordance with G.S. 116-203(b)(1).

13 **SECTION 8A.4.(h)** Except as otherwise provided, this section is effective the date  
14 this act becomes law.

## 15 **CHANGES TO THE NC PRINCIPAL FELLOWS/TP3 PROGRAM**

16 **SECTION 8A.6.** Article 5C of Chapter 116 of the General Statutes reads as  
17 rewritten:

18 "Article 5C.

19 "North Carolina Principal Fellows and ~~Transforming Principal Preparation Program.~~

20 **"§ 116-74.41. North Carolina Principal Fellows and ~~TP3~~ Commission established;**  
21 **membership.**

22 (a) There is established the North Carolina Principal Fellows and ~~TP3~~ Commission. The  
23 Commission shall exercise its powers and duties independently in its administration of the North  
24 Carolina Principal Fellows and ~~Transforming Principal Preparation Program~~ in accordance with  
25 this Article. The Director of the Program shall staff the Commission in accordance with  
26 G.S. 116-74.49. The State Education Assistance Authority as created in G.S. 116-203 shall be  
27 responsible for awarding grants upon selection of the recipients by the Commission in accordance  
28 with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling  
29 through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48.

30 ...  
31 **"§ 116-74.41A. Definitions.**

32 For the purposes of this Article, the following definitions apply:

- 33 (1) Authority or SEAA. – The State Education Assistance Authority as created in  
34 G.S. 116-203.
- 35 (2) Commission. – The North Carolina Principal Fellows and ~~TP3~~ Commission.
- 36 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of  
37 higher education that has an evidence-based plan for preparing school leaders  
38 who implement school leadership practices linked to increased student  
39 achievement.
- 40 (4) High-need local school administrative unit. – A local school administrative  
41 unit with the majority of its schools deemed to be high-need schools as defined  
42 in subdivision (5) of this subsection.
- 43 (5) High-need school. – A public school that meets one or more of the following  
44 criteria:
  - 45 a. Is a school identified under Part A of Title I of the Elementary and  
46 Secondary Education Act of 1965, as amended.
  - 47 b. Is a persistently low-achieving school, as identified by the Department  
48 of Public Instruction for purposes of federal accountability.
  - 49

- 1 c. A middle school containing any of grades five through eight that feeds  
2 into a high school with less than a seventy-five percent (75%)  
3 four-year cohort graduation rate.
- 4 d. A high school with less than a seventy-five percent (75%) four-year  
5 cohort graduation rate.
- 6 (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 7 (7) Principal. – The highest administrative official in a public school building  
8 with primary responsibility for the instructional leadership, talent  
9 management, and organizational development of the school.
- 10 (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 11 (9) Program. – The North Carolina Principal Fellows ~~and Transforming Principal~~  
12 ~~Preparation~~ Program established pursuant to G.S. 116-74.44.
- 13 (10) Public school. – An elementary or secondary school located in North Carolina  
14 that is operated by a local board of education, charter school board of  
15 directors, regional school board of directors, chancellor for a University of  
16 North Carolina laboratory school, an innovative school operator, or the United  
17 States government.
- 18 (11) School leader. – An individual employed in a school leadership role, including  
19 principal or assistant principal roles.
- 20 (12) Student achievement. – At the whole school level, after three years of leading  
21 a school, consistent and methodologically sound measures of:  
22 a. Student academic achievement.  
23 b. Aggregated individual student academic growth.  
24 c. Additional outcomes, such as high school graduation rates, the  
25 percentage of students taking advanced-level coursework, or the  
26 percentage of students who obtain a career-related credential through  
27 a national business certification exam.
- 28 (13) Trust Fund. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund  
29 established pursuant to G.S. 116-74.41B.
- 30 **"§ 116-74.41B. The North Carolina Principal Fellows ~~and TP3~~ Trust Fund.**
- 31 (a) Trust Fund Established. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund  
32 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
33 to, or otherwise received by, (i) the Program for the award of grants pursuant to G.S. 116-74.44,  
34 (ii) all funds received as repayment of scholarship loans, including under the former Principal  
35 Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation  
36 Program under G.S. 116-209.77, and (iii) all interest earned on these funds shall be placed in the  
37 Trust Fund.
- 38 (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
39 for the purposes set forth in this subsection, including the award of grants pursuant to  
40 G.S. 116-74.44, administrative costs, and costs associated with Program operations in  
41 accordance with this Article. The Authority may use up to two percent (2%) of the funds  
42 appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust  
43 Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds  
44 advanced under the Program, and may allocate to the Commission up to eight hundred thousand  
45 dollars (\$800,000) from the Trust Fund each fiscal year for the following:
- 46 (1) The salary and benefits of the director and staff of the Program.  
47 (2) The expenses of the Commission to administer the Program.  
48 (3) Program monitoring and evaluation.  
49 (4) Extracurricular enhancement activities for the Program.  
50 (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.



1 Within funds available in the Trust Fund that are not otherwise obligated for grant awards,  
2 the Commission may also approve that monies in the Trust Fund be used for program monitoring  
3 and evaluation and for program enhancement resources that are intended to improve the program  
4 outcomes. These funds are in addition to any funds allocated to the Commission for these  
5 purposes under this subsection.

6 ...  
7 **"§ 116-74.44. North Carolina Principal Fellows ~~and Transforming Principal Preparation~~**  
8 **Program established; administration.**

9 (a) Established. – There is established the North Carolina Principal Fellows ~~and~~  
10 ~~Transforming Principal Preparation~~ Program as a competitive grant program for eligible entities  
11 for the purpose of elevating educators in North Carolina public schools by transforming the  
12 preparation of principals across the State and providing for forgivable scholarship loans to the  
13 participants of those school leader preparation programs. The Authority shall administer the  
14 North Carolina Principal Fellows ~~and Transforming Principal Preparation~~ Program in  
15 collaboration with the Commission as set forth in this Article to provide funds for the preparation  
16 and support of highly effective future school principals in North Carolina.

17 ...  
18 **"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;**  
19 **reporting requirements.**

20 ...  
21 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority  
22 of its decisions on the duration and renewal of grants to eligible entities made in accordance with  
23 the following:

24 ...  
25 (3) In evaluating performance for purposes of grant renewal and making its  
26 renewal decisions to provide to the Authority, the Commission shall consider  
27 at least the following:

- 28 a. For all grantees, the primary consideration in renewing grants shall be  
29 the extent to which program participants improved student  
30 achievement in eligible schools.
- 31 b. Other criteria from data received in the annual report in subsection (d)  
32 of this section may include the following:
  - 33 1. The percentage of program completers who are placed as  
34 school leaders in this State within three years of receiving a  
35 grant.
  - 36 2. The percentage of program completers who are rated proficient  
37 or above on the North Carolina School Executive Evaluation  
38 Rubric.
  - 39 3. The use of a rigorous, annual assessment process of each  
40 aspiring school leader.
  - 41 4. The inclusion of a robust coaching model for each aspiring  
42 school leader throughout the residency.

43 ...  
44 **"§ 116-74.49. Staff to the Commission.**

45 The Commission shall appoint a director of the North Carolina Principal Fellows ~~and~~  
46 ~~Transforming Principal Preparation~~ Program. The director shall chair and staff the Commission  
47 and shall administer the extracurricular enhancement activities of the Program. The University  
48 of North Carolina System Office shall provide office space for the Program. The office space  
49 shall not be located on the campus of a constituent institution."

1 STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S  
2 SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

3 SECTION 8A.7.(a) G.S. 116-204 reads as rewritten:

4 "§ 116-204. Powers of Authority.

5 The Authority is hereby authorized and empowered:

6 ...

7 (11a) To be responsible for the disbursement and accounting of funds for the State's  
8 Scholarships for Children of Wartime Veterans established by Part 2 of Article  
9 14 of Chapter 143B of the General Statutes.

10 ...."

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

12 "§ 116B-7. Distribution of fund.

13 ...

14 (b) An amount specified in the Current Operations Appropriations Act shall be  
15 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~  
16 Board of Governors of The University of North Carolina to be allocated to the State Education  
17 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans  
18 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be  
19 used only for residents of this State who (i) are worthy and needy as determined by the  
20 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher  
21 education of this State."

22 SECTION 8A.7.(c) G.S. 143B-1211 reads as rewritten:

23 "§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

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

26 ...

27 (11) Manage and maintain the State's Scholarships for Children of Wartime  
28 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the  
29 General Statutes and in support of the Veterans' Affairs  
30 ~~Commission~~Commission; provided, however, the disbursement of  
31 scholarships to the children of wartime veterans shall be performed by the  
32 State Education Assistance Authority established pursuant to Article 23 of  
33 Chapter 116 of the General Statutes.

34 ...."

35 SECTION 8A.7.(d) G.S. 143B-1220 reads as rewritten:

36 "§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.

37 There is hereby created the Veterans' Affairs Commission of the Department of Military and  
38 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and  
39 duties, as delegated by the Secretary of Military and Veterans Affairs:

40 ...

41 (3) To promulgate rules and regulations concerning the awarding of scholarships  
42 for children of North Carolina veterans as provided by this Article. The  
43 Commission shall make rules and regulations consistent with the provisions  
44 of this Article. All rules and regulations not inconsistent with the provisions  
45 of this Chapter heretofore adopted by the State Board of Veterans' Affairs  
46 shall remain in full force and effect unless and until repealed or superseded by  
47 action of the Veterans' Affairs Commission. All rules and regulations adopted  
48 by the Commission shall be enforced by the Department of Military and  
49 Veterans ~~Affairs~~Affairs and, in the disbursement of scholarships, the  
50 Authority, as directed by the Department on behalf of the Commission; and

51 ...."

1           **SECTION 8A.7.(e)** G.S. 143B-1224 reads as rewritten:

2   "**§ 143B-1224. Definitions.**

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

4       ...

5       (2a)   "Authority" means the State Education Assistance Authority established  
6           pursuant to Article 23 of Chapter 116 of the General Statutes.

7       ...."

8           **SECTION 8A.7.(f)** G.S. 143B-1225 reads as rewritten:

9   "**§ 143B-1225. Scholarship.**

10       ...

11       (b)   The Veterans' Affairs Commission shall select recipients for scholarships and notify  
12       the Authority of the recipients for the disbursement of scholarships in accordance with the  
13       provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans'  
14       Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies  
15       from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall  
16       notify the recipient by May 1st of the year in which the recipient enrolls in college."

17           **SECTION 8A.7.(g)** G.S. 143B-1227 reads as rewritten:

18   "**§ 143B-1227. Administration and funding.**

19       (a)   The administration of the scholarship program shall be vested in the Department of  
20       Military and Veterans Affairs, and the disbursing and accounting activities required shall be a  
21       the responsibility of the Department of Military and Veterans Affairs Authority. The Veterans'  
22       Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,  
23       establish the effective date of scholarships, and may notify the Authority of the need to suspend  
24       or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not  
25       comply with the registration requirements of the Selective Service System or does not maintain  
26       an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the  
27       seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the  
28       peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain  
29       the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such  
30       rules and regulations not inconsistent with the other provisions of this Part as it deems necessary  
31       for the orderly administration of the program. It may require of State or private educational  
32       institutions, as defined in this Part, such reports and other information as it may need to carry out  
33       the provisions of this Part. ~~The Department of Military and Veterans Affairs Authority shall~~  
34       disburse scholarship payments for recipients certified eligible by the Department of Military and  
35       Veterans Affairs upon certification of enrollment by the enrolling institution.

36       (b)   Funds for the support of this program shall be appropriated to the ~~Department of~~  
37       Military and Veterans Affairs Board of Governors of The University of North Carolina to be  
38       allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,  
39       and other charges, and shall be placed in a separate budget code from which disbursements shall  
40       be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as  
41       provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of  
42       this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~  
43       ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~  
44       ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~  
45       ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated  
46       for payments under the provisions of this section shall be in accordance with those standards and  
47       procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

48       (c)   Allowances for room and board in State educational institutions shall be at such rate  
49       as established by the Secretary of the Department of Military and Veterans Affairs.

50       (d)   Scholarship recipients electing to attend a private educational institution shall be  
51       granted a monetary allowance for each term or other academic period attended under their

1 respective scholarship awards. All recipients under Class I-B scholarship shall receive an  
2 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III  
3 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course  
4 or institution. The amount of ~~said~~the allowances shall be determined by the Director of the  
5 Budget and made known prior to the beginning of each fall quarter or semester; provided that the  
6 Director of the Budget may change the allowances at intermediate periods when in his or her  
7 judgment such changes are necessary. Disbursements by the State shall be to the private  
8 institution concerned, for credit to the account of each recipient attending ~~said~~the institution.  
9 The manner of payment to any private institution shall be as prescribed by the ~~Department of~~  
10 ~~Military and Veterans Affairs~~Authority. The participation by any private institution in the  
11 program shall be subject to the applicable provisions of this Part and to examination by State  
12 auditors of the accounts of scholarship recipients attending or having attended private  
13 institutions. The ~~Veterans' Affairs Commission~~Authority may defer making an award or may  
14 suspend an award in any private institution which does not comply with the provisions of this  
15 Part relating to ~~said~~the institutions.

16 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~  
17 Authority may prescribe special procedures for adjusting the accounts of scholarship recipients  
18 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory  
19 to the ~~Veterans' Affairs Commission~~Authority may withdraw from State or private educational  
20 institutions prior to the completion of the term, semester, quarter or other academic period being  
21 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,  
22 paying the recipient the dollar value of his or her unused ~~entitlements~~scholarship for the  
23 academic period being attended, with a corresponding deduction of this period from his or her  
24 remaining scholarship eligibility time.

25 (f) From the funds appropriated from the General Fund each fiscal year to support the  
26 program, the Authority may use up to one hundred fifty thousand dollars (\$150,000) each fiscal  
27 year for administrative costs for the disbursement and accounting activities for the program."

28 **SECTION 8A.7.(h)** This section applies beginning with scholarships awarded for  
29 the 2021-2022 academic year.

## 30 31 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

32 **SECTION 8A.8.(a)** Scholarship Program Established. – Of the funds appropriated  
33 by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North  
34 Carolina for the Washington Center Internship Scholarship Program, the State Education  
35 Assistance Authority (Authority) shall award scholarship grants to students who are residents of  
36 North Carolina and are enrolled in their second year or higher in a constituent institution of The  
37 University of North Carolina to attend a semester or summer term internship program at The  
38 Washington Center for Internships and Academic Seminars (Washington Center) located in  
39 Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines  
40 and procedures established by the Authority consistent with its practices for administering  
41 State-funded financial aid. The guidelines and procedures shall include an application process  
42 and schedule, notification and disbursement procedures, standards for reporting, and standards  
43 for return of funds when a student withdraws from the program. A student who meets the  
44 eligibility criteria of the Washington Center to attend a semester or summer term internship  
45 program may apply to the Authority for a grant to cover costs related to the internship program  
46 in an amount of up to seven thousand dollars (\$7,000). The Authority shall award grants to  
47 students in the order in which applications are received.

48 **SECTION 8A.8.(b)** Limitations on Grant Amount. – If a student who is eligible for  
49 a grant pursuant to this section also receives a scholarship or other grant covering the cost of  
50 attendance for the program, then the amount of the State grant shall be reduced by an appropriate  
51 amount determined by the Authority. The Authority shall reduce the amount of the grant so that

1 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost  
2 of attendance for the program, including program fees, housing, and incidental costs. The cost of  
3 attendance shall be established by the Authority in accordance with information provided to the  
4 Authority by the Washington Center.

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

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

15 **SECTION 8A.8.(e)** Reporting. – By March 1, 2023, the Authority, in consultation  
16 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,  
17 the Senate Appropriations Committee on Education/Higher Education, the House of  
18 Representatives Appropriations Committee on Education, and the Fiscal Research Division on  
19 the implementation of the scholarship program, including the number of participating students  
20 and the amount of awards for each semester or summer term by constituent institution.

21 **SECTION 8A.8.(f)** This section applies beginning with the award of scholarship  
22 grants for the 2022 spring academic semester.  
23

## 24 **PRIVATE COLLEGES AND UNIVERSITIES/SUPPORT FOR RESPONSES TO THE** 25 **COVID-19 PANDEMIC**

26 **SECTION 8A.9.(a)** Of the funds appropriated by this act to the Board of Governors  
27 of The University of North Carolina to be allocated to the State Education Assistance Authority  
28 (Authority) from the State Fiscal Recovery Fund, the Authority shall provide funds to eligible  
29 private postsecondary institutions, as defined in G.S. 116-280(3), by apportioning the funds to  
30 those institutions according to the following:

31 (1) The Authority shall first distribute funds to each eligible private  
32 postsecondary institution on the basis of two thousand five hundred dollars  
33 (\$2,500) per student who received a scholarship pursuant to Article 34 of  
34 Chapter 116 of the General Statutes in the 2019-2020 academic year.

35 (2) After the Authority distributes funds to eligible private postsecondary  
36 institutions pursuant to subdivision (1) of this section, the Authority shall  
37 distribute any remaining funds to eligible private postsecondary institutions  
38 that qualified to receive federal funds pursuant to section 314(a)(2) of the  
39 Coronavirus Response and Relief Supplemental Appropriations Act, 2021,  
40 P.L. 116-260, under one of the following programs:

- 41 a. Historically Black Colleges and Universities (HBCUs).
- 42 b. Minority Serving Institutions (MSIs).
- 43 c. Strengthening Institutions Program (SIPs).

44 Funds under this subdivision shall be distributed to an eligible private  
45 postsecondary institution in an amount proportional to the amount of federal  
46 funds the institution qualified for under the programs listed in  
47 sub-subdivisions a. through c. of this subdivision relative to the total amount  
48 of federal funds from the programs listed in sub-subdivisions a. through c. of  
49 this subdivision that were allocated to all of the qualifying eligible private  
50 postsecondary institutions.

1           **SECTION 8A.9.(b)** In applying the allocation methods set forth in subsection (a) of  
 2 this section, the Authority shall distribute a total amount of funds to eligible private  
 3 postsecondary institutions based on the following estimated schedule, provided funds may be  
 4 subject to adjustment as the Authority deems necessary:

	<b>Institution</b>	<b>Amount of Funds</b>
5	Barton College	\$1,534,341
6	Belmont Abbey College	\$1,142,500
7	Bennett College	\$3,014,603
8	Brevard College	\$823,752
9	Cabarrus College of Health Sciences	\$497,500
10	Campbell University	\$3,577,500
11	Carolinas College of Health Sciences	\$107,500
12	Catawba College	\$1,525,000
13	Chowan University	\$2,215,028
14	Davidson College	\$250,000
15	Duke University	\$552,500
16	Elon University	\$815,000
17	Gardner-Webb University	\$2,513,410
18	Greensboro College	\$1,212,992
19	Guilford College	\$1,905,616
20	High Point University	\$815,000
21	Johnson & Wales University-Charlotte	\$1,145,000
22	Johnson C. Smith University	\$14,312,710
23	Lees-McRae College	\$1,244,121
24	Lenoir-Rhyne University	\$2,602,301
25	Livingstone College	\$12,588,213
26	Louisburg College	\$1,358,141
27	Mars Hill University	\$1,777,095
28	Meredith College	\$1,742,500
29	Methodist University	\$1,923,884
30	Mid-Atlantic Christian University	\$254,757
31	Montreat College	\$858,684
32	North Carolina Wesleyan College	\$3,449,645
33	Pfeiffer University	\$1,702,892
34	Queens University of Charlotte	\$1,180,000
35	Salem College	\$955,697
36	Shaw University	\$11,861,809
37	Southeastern Baptist Theological Seminary	\$330,000
38	St. Andrews University	\$502,500
39	St. Augustine's University	\$8,123,866
40	University of Mount Olive	\$3,356,227
41	Wake Forest University	\$667,500
42	Warren Wilson College	\$505,000
43	William Peace University	\$1,310,218
44	Wingate University	\$3,739,997
45	Watts School of Nursing	\$5,000

46           **SECTION 8A.9.(c)** The funds distributed to eligible private postsecondary  
 47 institutions under this section shall be used to mitigate losses in revenue and to respond to the  
 48 negative impacts of the COVID-19 pandemic for any permissible uses allowed under federal law  
 49 and guidance, including, but not limited to, financial assistance for students, COVID-19 testing,  
 50

1 cleaning costs, personal protective equipment and any other necessary equipment, and ventilation  
2 improvements for congregate settings.

3  
4 **PART IX. HEALTH AND HUMAN SERVICES**

5  
6 **PART IX-A. AGING AND ADULT SERVICES**

7  
8 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

9 **SECTION 9A.1.(a)** For each year of the 2021-2023 fiscal biennium, the maximum  
10 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
11 eighty-two dollars (\$1,182) per month per resident.

12 **SECTION 9A.1.(b)** For each year of the 2021-2023 fiscal biennium, the maximum  
13 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
14 hundred fifteen dollars (\$1,515) per month per resident.

15  
16 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS  
17 ALLOWANCE**

18 **SECTION 9A.2.(a)** Effective October 1, 2021, the Department of Health and Human  
19 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
20 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
21 per recipient to seventy dollars (\$70.00) per month per recipient.

22 **SECTION 9A.2.(b)** Effective October 1, 2021, and notwithstanding the increase in  
23 the personal needs allowance authorized by subsection (a) of this section or any other provision  
24 of law to the contrary, the following limits are applicable for determining financial eligibility for  
25 State-County Special Assistance:

- 26 (1) The total countable monthly income for individuals residing in adult care  
27 home facilities shall not exceed one thousand two hundred twenty-eight  
28 dollars (\$1,228) per month.  
29 (2) The total countable monthly income for individuals residing in  
30 Alzheimer's/Dementia special care units shall not exceed one thousand five  
31 hundred sixty-one dollars (\$1,561) per month.  
32

33 **REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY  
34 SPECIAL ASSISTANCE IN-HOME PAYMENTS**

35 **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

36 "(a) The Department of Health and Human Services may use funds from the existing  
37 State-County Special Assistance budget to provide Special Assistance payments to eligible  
38 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be  
39 made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
40 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
41 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
42 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
43 payment amount is appropriate for the individual as determined by the local case manager. The  
44 Department shall implement Special Assistance in-home eligibility policies and procedures to  
45 assure that in-home program participants are those individuals who need and, but for the in-home  
46 program, would seek placement in an adult care home facility. The Department's policies and  
47 procedures shall include the use of a functional assessment."  
48

49 **STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES**

50 **SECTION 9A.3A.(a)** It is the intent of the General Assembly to provide greater  
51 parity among individuals receiving benefits under the State-County Special Assistance Program

1 authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special  
 2 care unit, or an in-home living arrangement. To that end, by November 1, 2021, the Department  
 3 of Health and Human Services, Division of Aging and Adult Services, shall apply to the federal  
 4 Social Security Administration (SSA) for approval to allow eligible individuals residing in  
 5 in-home living arrangements to qualify for State-County Special Assistance under the Social  
 6 Security Optional State Supplement Program in the same manner as individuals residing in adult  
 7 care homes or special care units. Additionally, by November 1, 2021, the Department of Health  
 8 and Human Services, Division of Health Benefits, shall submit a State Plan amendment to the  
 9 Centers for Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for  
 10 individuals residing in in-home living arrangements who qualify for State-County Special  
 11 Assistance under the Social Security Optional State Supplement Program. It is the further intent  
 12 of the General Assembly to appropriate sufficient funds in future fiscal years to support annual  
 13 adjustment of the State-County Special Assistance Program payment rates using the federally  
 14 approved Social Security cost-of-living adjustment. This subsection is effective when it becomes  
 15 law.

16 **SECTION 9A.3A.(b)** Part 3 of Article 2 of Chapter 108A of the General Statutes,  
 17 as amended by Section 9A.3 of this act, reads as rewritten:

18 "Part 3. State-County Special Assistance.

19 **"§ 108A-40. Authorization of State-County Special Assistance Program.**

20 The Department is authorized to establish and supervise a State-County Special Assistance  
 21 Program. ~~This program is to be administered by county~~ County departments of social services  
 22 shall administer this program under rules and regulations of the Social Services Commission.

23 **"§ 108A-41. ~~(See Editor's note)~~ Eligibility.**

24 (a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to  
 25 all persons residing in adult care homes—homes, special care units, and in-home living  
 26 arrangements for care found to be essential in accordance with the rules and regulations adopted  
 27 by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the  
 28 term "adult care home" includes a supervised living facility for adults with intellectual and  
 29 developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

30 (b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person  
 31 described in subsection (a) of this section who meets all of the following criteria:

32 (1) Meets one of the following:

- 33 a. Is 65 years of age or older.  
 34 b. Is between the ages of 18 and 65, and is permanently and totally  
 35 disabled or is legally blind pursuant to G.S. 111-11.

36 (1a) Needs placement in an adult care home or special care unit and either resides  
 37 in an adult care home or special care unit, or would seek placement in an adult  
 38 care home or special care unit if not for the State-County Special Assistance  
 39 Program.

40 (2) ~~(Effective until contingency met — see Editor's note)~~ Has insufficient  
 41 income or other resources to provide a reasonable subsistence compatible with  
 42 decency and health as determined by the rules and regulations of the Social  
 43 Services Commission; and Commission. The following income limits are  
 44 applicable for determining financial eligibility for State-County Special  
 45 Assistance:

- 46 a. The total countable monthly income for individuals residing in adult  
 47 care home facilities or in-home living arrangements without a  
 48 diagnosis of Alzheimer's disease or dementia shall not exceed the basic  
 49 rate established in subsection (a) of G.S. 108A-42.1 plus a personal  
 50 needs allowance in an amount determined by the General Assembly.



b. The total countable monthly income for individuals residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall not exceed the enhanced rate established in subsection (b) of G.S. 108A-42.1 plus a personal needs allowance in an amount determined by the General Assembly.

(2) ~~(For contingent effective date, see Editor's note) Has both (i) income at or below one hundred percent (100%) of the federal poverty level guidelines published by the United States Department of Health and Human Services and (ii) insufficient income or other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission.~~

(3) Is one of the following:

- a. A resident of North Carolina for at least 90 days immediately prior to receiving this assistance.
- b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November 1, 2014.
- c. A person discharged from a State facility who was a patient in the facility as a result of an interstate mental health compact that requires the State to continue treating the person within the State. As used in this sub-subdivision the term State facility is a facility listed under G.S. 122C-181.

(c) When determining whether a person has insufficient resources to provide a reasonable subsistence compatible with decency and health, there shall be excluded from consideration the person's primary place of residence and the land on which it is situated, and in addition there shall be excluded real property contiguous with the person's primary place of residence in which the property tax value is less than twelve thousand dollars (\$12,000).

(d) The county shall also have the option of granting assistance to Certain Disabled persons as defined in the rules and regulations adopted by the Social Services Commission. Nothing in this Part should be interpreted so as to preclude any individual county from operating any program of financial assistance using only county funds.

...

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

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

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

...

**"§ 108A-47.1. Special Assistance in-home payments.**

(a) ~~The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in in-home living arrangements. The standard monthly payment to individuals enrolled in the Special Assistance in-home program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in~~

1 an adult care home and qualified for Special Assistance, except if a lesser payment amount is  
2 appropriate for the individual as determined by the local case manager. The Department shall  
3 implement Special Assistance in-home eligibility policies and procedures to assure that in-home  
4 program participants are those individuals who need and, but for the in-home program, would  
5 seek placement in an adult care home facility. The Department's policies and procedures shall  
6 include the use of a functional assessment.

7 (b) All county departments of social services shall participate in the State-County Special  
8 Assistance in-home program by making Special Assistance in-home slots available to individuals  
9 who meet the eligibility requirements established by the Department pursuant to subsection (a)  
10 of this section. By February 15, 2013, the Department shall establish a formula to determine the  
11 need for additional State-County Special Assistance in-home slots for each county. Beginning  
12 July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as  
13 necessary.

14 ...."

15 **SECTION 9A.3A.(c)** G.S. 143B-139.5 reads as rewritten:

16 "**§ 143B-139.5. Department of Health and Human Services; adult care State/county share**  
17 **of costs for State-County Special Assistance programs.**

18 State funds available to the Department of Health and Human Services shall pay fifty percent  
19 (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care  
20 homes including area mental health agency-operated or contracted-group ~~homes, homes, special~~  
21 care units, and in-home living arrangements. The Department shall use the State's appropriation  
22 to the State-County Special Assistance program for this ~~program, for the State-County Special~~  
23 Assistance in-home program, program and for rental assistance. Each county shall use county  
24 funds budgeted for the State-County Special Assistance program for this ~~program, for the~~  
25 State-County Special Assistance in-home program, program and for rental assistance."

26 **SECTION 9A.3A.(d)** Subsections (b) and (c) of this section become effective on  
27 July 1, 2022, or 30 days after the date both the SSA and CMS approve the applications submitted  
28 by the Department of Health and Human Services pursuant to subsection (a) of this section,  
29 whichever is later. The Secretary of the Department of Health and Human Services shall report  
30 to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of  
31 the approval. Subsections (b) and (c) of this section shall not become effective if either the SSA  
32 or CMS disapproves the applications submitted by the Department of Health and Human Services  
33 pursuant to subsection (a) of this section. If the Department of Health and Human Services has  
34 not received notification of application approval from both the SSA and CMS by June 30, 2023,  
35 then subsections (b) and (c) of this section shall expire. This subsection is effective when it  
36 becomes law.

37 **SECTION 9A.3A.(e)** Of the funds appropriated in this act to the Department of  
38 Health and Human Services, Division of Aging and Adult Services, the sum of thirty million  
39 dollars (\$30,000,000) in recurring funds for the 2022-2023 fiscal year shall be used to implement  
40 the changes to the State-County Special Assistance Program enacted by subsections (b) and (c)  
41 of this section. The Division of Aging and Adult Services may transfer the funds allocated under  
42 this subsection to the Division of Social Services, the Division of Health Benefits, or both, as  
43 necessary to effectuate the purposes of this section. These funds shall not be used for any purpose  
44 other than the purposes specified in this section. If either the SSA or CMS disapproves the  
45 applications submitted by the Department of Health and Human Services pursuant to subsection  
46 (a) of this section, these funds shall revert to the General Fund. This subsection is effective July  
47 1, 2021.

48 **SECTION 9A.3A.(f)** Section 9A.1 and Section 9A.2(b) of this act are repealed on  
49 the date subsections (b) and (c) of this section become effective. This subsection is effective  
50 when it becomes law.

1 **AUTHORIZATION FOR LOCAL ENTITIES TO SET REIMBURSEMENT RATES**  
2 **FOR ADULT DAY CARE, ADULT DAY HEALTH, AND ASSOCIATED**  
3 **TRANSPORTATION SERVICES FUNDED BY THE HOME AND COMMUNITY**  
4 **CARE BLOCK GRANT AND THE STATE ADULT DAY CARE FUND**

5 **SECTION 9A.3B.(a)** G.S. 143B-181.1 reads as rewritten:

6 **"§ 143B-181.1. Division of Aging – creation, powers and duties.**

7 (a) There is hereby created within the office of the Secretary of the Department of Health  
8 and Human Services a Division of Aging, which shall have the following functions and duties:

9 ...

10 (11) To administer a Home and Community Care Block Grant for older adults,  
11 effective July 1, 1992. The Home and Community Care Block Grant shall be  
12 comprised of applicable Older Americans Act funds, Social Services Block  
13 Grant funding in support of the Respite Care Program (G.S. 143B-181.10),  
14 State funds for home and community care services administered by the  
15 Division of Aging, portions of the State In-Home and Adult Day Care funds  
16 (Chapter 1048, 1981 Session Laws) administered by the Division of Social  
17 Services which support services to older adults, and other funds appropriated  
18 by the General Assembly as part of the Home and Community Care Block  
19 Grant. Funding currently administered by the Division of Social Services to  
20 be included in the block grant will be based on the expenditures for older  
21 adults at a point in time to be mutually determined by the Divisions of Social  
22 Services and Aging. Reimbursement rates for adult day care services, adult  
23 day health services, and associated transportation services paid under the  
24 Home and Community Care Block Grant and the State Adult Day Care Fund  
25 shall be established at the local level. These rates shall reflect geographical  
26 differences, the availability of services, the cost to provide services, and other  
27 local variables. The total amount of Older Americans Act funds to be included  
28 in the Home and Community Care Block Grant and the matching rates for the  
29 block grant shall be established by the Department of Health and Human  
30 Services, Division of Aging. Allocations made to counties in support of older  
31 adults shall not be less than resources made available for the period July 1,  
32 1990, through June 30, 1991, contingent upon availability of current State and  
33 federal funding; and

34 ...

35 (c) The Secretary of Health and Human Services shall adopt rules to implement this Part  
36 and Title 42, Chapter 35, of the United States Code, entitled Programs for Older Americans."

37 **SECTION 9A.3B.(b)** G.S. 143B-153 reads as rewritten:

38 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

39 There is hereby created the Social Services Commission of the Department of Health and  
40 Human Services with the power and duty to adopt rules and regulations to be followed in the  
41 conduct of the State's social service programs with the power and duty to adopt, amend, and  
42 rescind rules and regulations under and not inconsistent with the laws of the State necessary to  
43 carry out the provisions and purposes of this Article. Provided, however, the Department of  
44 Health and Human Services shall have the power and duty to adopt rules and regulations to be  
45 followed in the conduct of the State's medical assistance program. [The Commission has the  
46 following powers and duties:]

47 ...

48 (2a) The Social Services Commission shall have the power and duty to establish  
49 standards and adopt rules and regulations:

50 a. For social services programs established by federal legislation and by  
51 Article 3 of G.S. Chapter ~~108A~~;108A.

- 1                   b.     For implementation of Title XX of the Social Security Act, except for
- 2                             Title XX services provided solely through the Division of Mental
- 3                             Health, Developmental Disabilities, and Substance Abuse Services, by
- 4                             promulgating rules and regulations in the following areas:
- 5                             1.     Eligibility for all services established under a Comprehensive
- 6                                     Annual Services Plan, as required by federal ~~law;~~law.
- 7                             2.     Standards to implement all services established under the
- 8                                     Comprehensive Annual Services ~~Plan;~~Plan.
- 9                             3.     Maximum rates of payment for the provision of social
- 10                                    ~~services;~~services, except there shall be no maximum statewide
- 11                                    reimbursement rate for adult day care services, adult day health
- 12                                    services, and the associated transportation services, as these
- 13                                    reimbursement rates shall be determined at the local level to
- 14                                    allow flexibility in responding to local variables.
- 15                             4.     Fees for services to be paid by recipients of social
- 16                                    ~~services;~~services.
- 17                             5.     Designation of certain mandated services, from among the
- 18                                    services established by the Secretary ~~below,~~in accordance
- 19                                    with sub-subdivision c. of this subdivision which shall be
- 20                                    provided in each county of the ~~State;~~and State.
- 21                             6.     Title XX services for the blind, after consultation with the
- 22                                    Commission for the Blind.
- 23                    c.     Provided, that the Secretary is authorized to promulgate all other rules
- 24                             in at least the following areas:
- 25                             1.     Establishment, identification, and definition of all services
- 26                                    offered under the Comprehensive Annual Services ~~Plan;~~Plan.
- 27                             2.     Policies governing the allocation, budgeting, and expenditures
- 28                                    of funds administered by the ~~Department;~~Department.
- 29                             3.     Contracting for and purchasing ~~services;~~and services
- 30                             4.     Monitoring for effectiveness and compliance with State and
- 31                                    federal law and regulations.

...."

**SECTION 9A.3B.(c)** The Department of Health and Human Services, Division of Aging and Adult Services, Division of Social Services, and the Social Services Commission shall amend or repeal any rules requiring a maximum statewide reimbursement rate for adult day care and adult day health services paid under the Home and Community Care Block Grant and the State Adult Day Care Fund. Rules shall be promulgated to allow the reimbursement rates for adult day care services, adult day health services, and associated transportation services to be set by each county lead agency for planning and coordination. The rates shall reflect geographical differences, the availability of services, the cost to provide services, and other local variables.

**SECTION 9A.3B.(d)** This section is effective when it becomes law.

**RAPID REHOUSING, HOME IMPROVEMENTS, AND HOME REPAIRS FOR INDIVIDUALS AND FAMILIES AT RISK OF HOMELESSNESS**

**SECTION 9A.4.** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Aging and Adult Services, the sum of fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated for rapid rehousing services, home improvements, and home repairs to assist individuals and families at risk of homelessness due to the COVID-19 public health emergency with obtaining safe housing. The funds allocated under this section shall remain available until depleted or on the date federal law requires the funds to be fully expended,

1 whichever is earlier. These funds shall be used to supplement and not supplant existing funds for  
2 homelessness prevention activities and may be used to provide financial assistance to eligible  
3 individuals and families to cover the cost of acute needs such as the following:

- 4 (1) Security deposits and rental assistance for a period not to exceed 12 months  
5 per individual or family.
- 6 (2) Utility deposits and utility assistance for a period not to exceed 12 months per  
7 individual or family.
- 8 (3) Temporary hotel stays while awaiting more permanent housing.
- 9 (4) Housing navigation services.
- 10 (5) Case management services related to the rapid attainment of safe housing.
- 11 (6) Activities to increase local capacity for housing services and other related  
12 services to prevent homelessness, such as the evidenced-based coordinated  
13 entry system.
- 14 (7) Funds to support vulnerable seniors age 60 and older to remain in in-home  
15 living arrangements rather than congregate care settings during the COVID-19  
16 public health emergency.

## 17 18 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

### 19 20 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

21 **SECTION 9B.1.** Any non-State entity, as defined in G.S. 143C-1-1, that is a  
22 recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to  
23 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
24 Research Division as follows:

- 25 (1) By July 1, 2022, on the use of directed grant funds received under Part IX of  
26 this act for the 2021-2022 fiscal year.
- 27 (2) By July 1, 2023, on the use of directed grant funds received under Part IX of  
28 this act for the 2022-2023 fiscal year.

### 29 30 **FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES 31 THROUGH TECHNOLOGY (NC FAST) SYSTEM**

32 **SECTION 9B.2.(a)** The State Controller shall transfer the sum of thirty-nine million  
33 six hundred sixty-three thousand three hundred seventeen dollars (\$39,663,317) in nonrecurring  
34 funds for the 2021-2022 fiscal year and the sum of thirty-eight million three hundred fifty-five  
35 thousand six hundred forty dollars (\$38,355,640) in nonrecurring funds for the 2022-2023 fiscal  
36 year from funds available in the Medicaid Transformation Reserve in the General Fund to the  
37 Department of Health and Human Services, Division of Central Management and Support, to be  
38 used as follows:

- 39 (1) Twenty-six million three hundred nineteen thousand five hundred dollars  
40 (\$26,319,500) in nonrecurring funds for the 2021-2022 fiscal year and  
41 twenty-seven million three hundred twenty-two thousand six hundred  
42 seventy-five dollars (\$27,322,675) in nonrecurring funds for the 2022-2023  
43 fiscal year shall be used to fund deployment of the child welfare case  
44 management component of the NC FAST system, as provided in Section 9I.15  
45 of this act, and to match federal funds to expedite deployment of this  
46 functionality.
- 47 (2) Ten million six hundred five thousand nine hundred eighty-eight dollars  
48 (\$10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five  
49 million eight hundred seventy-six thousand eight hundred six dollars  
50 (\$5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used  
51 to match federal funds to expedite development and implementation of the

1 following within the NC FAST system: (i) updates and changes with respect  
2 to Medicaid Transformation, (ii) document management, and (iii) independent  
3 verification and validation support.

- 4 (3) Two million seven hundred thirty-seven thousand eight hundred twenty-nine  
5 dollars (\$2,737,829) in nonrecurring funds for the 2021-2022 fiscal year and  
6 five million one hundred fifty-six thousand one hundred fifty-nine dollars  
7 (\$5,156,159) in nonrecurring funds for the 2022-2023 fiscal year for  
8 infrastructure modernization.

9 Funds transferred under this subsection are appropriated for the purposes set forth in  
10 this subsection.

11 **SECTION 9B.2.(b)** Of the funds appropriated in this act from the General Fund to  
12 the Department of Health and Human Services, Division of Central Management and Support,  
13 the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars  
14 (\$19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million  
15 nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring  
16 funds for the 2022-2023 fiscal year shall be used for operations and maintenance expenses for  
17 the North Carolina Families Accessing Services Through Technology (NC FAST) system.

18 **SECTION 9B.2.(c)** The Department of Health and Human Services, Division of  
19 Central Management and Support, shall report any change in approved federal funding or federal  
20 match rates within 30 days after the change to the Joint Legislative Oversight Committee on  
21 Health and Human Services, the Joint Legislative Oversight Committee on Information  
22 Technology, and the Fiscal Research Division.

23 **SECTION 9B.2.(d)** Departmental receipts appropriated in this act in the amount of  
24 seventy-nine million eight hundred nine thousand seventy-eight dollars (\$79,809,078) for the  
25 2021-2022 fiscal year and in the amount of seventy-eight million four hundred seventy-nine  
26 thousand four hundred seventy-seven dollars (\$78,479,477) for the 2022-2023 fiscal year shall  
27 be used for the purposes described in this section.

## 28 29 **MEDICAID TRANSFORMATION RESERVE FUNDS FOR INFORMATION** 30 **TECHNOLOGY DIVISION SUPPORT OF MEDICAID APPLICATIONS**

31 **SECTION 9B.2A.(a)** The State Controller shall transfer the sum of two million  
32 seven hundred thousand dollars (\$2,700,000) in nonrecurring funds for the 2021-2022 fiscal year  
33 and the sum of two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for  
34 the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the  
35 General Fund to the Department of Health and Human Services, Division of Central Management  
36 and Support, Information Technology Division, to be used for information technology support  
37 of Medicaid applications. Funds transferred under this subsection are appropriated for the  
38 purposes set forth in this section.

39 **SECTION 9B.2A.(b)** Departmental receipts appropriated in this act in the amount  
40 of two million seven hundred thousand dollars (\$2,700,000) for the 2021-2022 fiscal year and in  
41 the amount of two million five hundred thousand dollars (\$2,500,000) for the 2022-2023 fiscal  
42 year shall be used for the purposes described in subsection (a) of this section.

## 43 44 **COMMUNITY HEALTH GRANT PROGRAM**

45 **SECTION 9B.3.(a)** Funds appropriated in this act to the Department of Health and  
46 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
47 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue  
48 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
49 2017-57.

50 **SECTION 9B.3.(b)** The Office of Rural Health shall make the final decision about  
51 awarding grants under this Program, but no single grant award shall exceed one hundred fifty

1 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
2 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
3 served by the applicant or the number of indigent clients served by the applicant; the availability  
4 of, or arrangements for, after-hours care; and collaboration between the applicant and a  
5 community hospital or other safety net organizations.

6 **SECTION 9B.3.(c)** Grant recipients shall not use these funds to do any of the  
7 following:

- 8 (1) Enhance or increase compensation or other benefits of personnel,  
9 administrators, directors, consultants, or any other persons receiving funds for  
10 program administration; provided, however, funds may be used to hire or  
11 retain health care providers. The use of grant funds for this purpose does not  
12 obligate the Department of Health and Human Services to continue to fund  
13 compensation beyond the grant period.
- 14 (2) Supplant existing funds, including federal funds traditionally received by  
15 federally qualified community health centers. However, grant funds may be  
16 used to supplement existing programs that serve the purposes described in  
17 subsection (a) of this section.
- 18 (3) Finance or satisfy any existing debt.

19 **SECTION 9B.3.(d)** The Office of Rural Health may use up to two hundred thousand  
20 dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for  
21 administrative purposes.

22 **SECTION 9B.3.(e)** By September 1 of each year, the Office of Rural Health shall  
23 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
24 community health grants that includes at least all of the following information:

- 25 (1) The identity and a brief description of each grantee and each program or  
26 service offered by the grantee.
- 27 (2) The amount of funding awarded to each grantee.
- 28 (3) The number of individuals served by each grantee, and for the individuals  
29 served, the types of services provided to each.
- 30 (4) Any other information requested by the Office of Rural Health as necessary  
31 for evaluating the success of the Community Health Grant Program.

32 **SECTION 9B.3.(f)** By November 1, 2021, the Office of Rural Health shall report to  
33 the Joint Legislative Oversight Committee on Health and Human Services on the implementation  
34 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
35 of S.L. 2017-57:

- 36 (1) Establishment of a Primary Care Advisory Committee and that Committee's  
37 development of an objective and equitable process for grading applications  
38 for grants funded under the Community Health Grant Program.
- 39 (2) Development of a standardized method for grant recipients to report objective,  
40 measurable quality health outcomes.

## 41 42 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 43 **ACCOUNTABILITY**

44 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
45 within the Department of Health and Human Services is eliminated.

46 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
47 is repealed.

## 48 49 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY** 50 **DENTAL CLINICS**

1           **SECTION 9B.6.** Funds appropriated in this act to the Department of Health and  
2 Human Services, Division of Central Management and Support, Office of Rural Health, for  
3 allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not  
4 be spent for any purpose other than to provide direct services to patients and to purchase  
5 necessary dental supplies. None of these funds may be spent for administrative purposes.  
6

7 **FUNDS FOR LOCAL START DENTAL, INC.**

8           **SECTION 9B.7.** Funds appropriated in this act to the Department of Health and  
9 Human Services, Division of Central Management and Support, Office of Rural Health, for  
10 allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for  
11 any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental  
12 supplies, necessary dental equipment, or a combination of these. None of these funds may be  
13 spent for administrative purposes.  
14

15 **FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM**

16           **SECTION 9B.8.(a)** Of the funds appropriated in this act from the State Fiscal  
17 Recovery Fund to the Department of Health and Human Services, Division of Central  
18 Management and Support, Office of Rural Health, the sum of one million five hundred thousand  
19 dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a  
20 grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the  
21 statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP.  
22 These grant funds shall be used to respond to the COVID-19 public health emergency by  
23 providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry,  
24 as defined in G.S. 143B-139.4B.

25           **SECTION 9B.8.(b)** By July 1, 2022, the East Carolina University Center for  
26 Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee  
27 on Health and Human Services and the Fiscal Research Division on the use of the grant funds  
28 allocated by subsection (a) of this section.  
29

30 **VIRTUAL BEHAVIORAL HEALTH SERVICES GRANT PROGRAM**

31           **SECTION 9B.8A.(a)** Of the funds appropriated in this act from the State Fiscal  
32 Recovery Fund to the Department of Health and Human Services, Division of Central  
33 Management and Support, Office of Rural Health, the sum of ten million dollars (\$10,000,000)  
34 in nonrecurring funds for the 2021-2022 fiscal year shall be used to award competitive grants to  
35 hospitals to fund expanded telepsychiatry capabilities to respond to the COVID-19 public health  
36 emergency by allowing patients being served in primary care settings to access hospital-based  
37 virtual psychiatric assessments and consultations. At a minimum, the expanded telepsychiatry  
38 capabilities must facilitate patient access to hospital-based virtual telepsychiatry services from a  
39 primary care provider's office, from home, or from another nonhospital setting. The Office of  
40 Rural Health shall establish the procedures and criteria for awarding grants under this section and  
41 make the final decision about grant awards, subject to the following limitations:

- 42           (1) The size of a single grant award may not exceed one million five hundred  
43           thousand dollars (\$1,500,000).
- 44           (2) An applicant may not receive more than one grant.
- 45           (3) In awarding grants under this section, the Department shall select applicants  
46           located in multiple geographic areas of the State.

47           **SECTION 9B.8A.(b)** By February 1, 2022, the Department of Health and Human  
48 Services shall announce the recipients of the competitive grant awards authorized under  
49 subsection (a) of this section and report to the Joint Legislative Oversight Committee on Health  
50 and Human Services on the following:

- 51           (1) The amount awarded to each grantee.



- 1 (2) The anticipated number of persons to be served by each grantee.
- 2 (3) The geographic area to be served as a result of each grantee's expanded
- 3 telepsychiatry services.
- 4

5 **SCHOOL-BASED VIRTUAL CARE PILOT PROGRAM TO ADDRESS HEALTH**  
6 **DISPARITIES IN HISTORICALLY UNDERSERVED AREAS**  
7 **DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH**  
8 **EMERGENCY**

9 **SECTION 9B.8B.** Of the funds appropriated in this act from the State Fiscal  
10 Recovery Fund to the Department of Health and Human Services, Division of Central  
11 Management and Support, Office of Rural Health, the sum of one million dollars (\$1,000,000)  
12 in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to  
13 Atrium Health, Inc., a nonprofit corporation. Atrium Health, Inc., shall use these funds to support  
14 the development and implementation of a school-based virtual care pilot program to address  
15 health disparities in historically underserved areas disproportionately impacted by the COVID-19  
16 public health emergency. The pilot program shall utilize telehealth services to facilitate student  
17 access to health care services and resources that improve health outcomes through the care  
18 coordination efforts of local providers. The funds allocated under this section shall be distributed  
19 equally among 10 participating pilot program sites. The pilot program sites shall be located at  
20 four elementary schools in Anson County and six elementary schools in Forsyth County where  
21 at least ninety percent (90%) of the students are eligible for free or reduced lunch.  
22

23 **COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS**

24 **SECTION 9B.9.(a)** Of the funds appropriated in this act to the Department of Health  
25 and Human Services, Division of Central Management and Support, for each year of the  
26 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit  
27 organizations:

- 28 (1) The sum of eleven million three hundred fifty-three thousand nine hundred  
29 eleven dollars (\$11,353,911) in recurring funds for each year of the 2021-2023  
30 fiscal biennium.
- 31 (2) Two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for each  
32 year of the 2021-2023 fiscal biennium to assist with funding for purposes  
33 described in subdivision (e)(4) of this section.
- 34 (3) The sum of four million seven hundred seventy-four thousand five hundred  
35 twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal  
36 biennium appropriated in Section 9L.1 of this act in Social Services Block  
37 Grant funds.
- 38 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each  
39 year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act  
40 in Substance Abuse Prevention and Treatment Block Grant funds.

41 **SECTION 9B.9.(b)** The Department shall continue administering a competitive  
42 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,  
43 includes each of the following:

- 44 (1) A request for application (RFA) process to allow nonprofits to apply for and  
45 receive State funds on a competitive basis. The Department shall require  
46 nonprofits to include in the application a plan to evaluate the effectiveness,  
47 including measurable impact or outcomes, of the activities, services, and  
48 programs for which the funds are being requested.
- 49 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
50 the total amount of the grant award.

- 1 (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
2 that are able to leverage non-State funds in addition to the grant award.
- 3 (4) A process that awards grants to nonprofits that have the capacity to provide  
4 services on a statewide basis and that support any of the following State health  
5 and wellness initiatives:
- 6 a. A program targeting advocacy, support, education, or residential  
7 services for persons diagnosed with autism.
  - 8 b. A system of residential supports for those afflicted with substance  
9 abuse addiction.
  - 10 c. A program of advocacy and supports for individuals with intellectual  
11 and developmental disabilities or severe and persistent mental illness,  
12 substance abusers, or the elderly.
  - 13 d. Supports and services to children and adults with developmental  
14 disabilities or mental health diagnoses.
  - 15 e. A food distribution system for needy individuals.
  - 16 f. The provision and coordination of services for the homeless.
  - 17 g. The provision of services for individuals aging out of foster care.
  - 18 h. Programs promoting wellness, physical activity, and health education  
19 programming for North Carolinians.
  - 20 i. The provision of services and screening for blindness.
  - 21 j. A provision for the delivery of after-school services for  
22 apprenticeships or mentoring at-risk youth.
  - 23 k. The provision of direct services for amyotrophic lateral sclerosis  
24 (ALS) and those diagnosed with the disease.
  - 25 l. A comprehensive smoking prevention and cessation program that  
26 screens and treats tobacco use in pregnant women and postpartum  
27 mothers.
  - 28 m. A program providing short-term or long-term residential substance  
29 abuse services. For purposes of this sub-subdivision, "long-term"  
30 means a minimum of 12 months.
  - 31 n. A program that provides year-round sports training and athletic  
32 competition for children and adults with disabilities.

33 It is the intent of the General Assembly that annually the Secretary evaluate  
34 and prioritize the categories of health and wellness initiatives described under  
35 this subdivision to determine the best use of these funds in making grant  
36 awards, exclusive of direct allocations made by the General Assembly.

- 37 (5) A process that ensures that funds received by the Department to implement  
38 the plan supplement and do not supplant existing funds for health and wellness  
39 programs and initiatives.
- 40 (6) A process that allows grants to be awarded to nonprofits for up to two years.
- 41 (7) A requirement that initial disbursement of the grants be awarded no later than  
42 30 days after certification of the State budget for the respective fiscal year.
- 43 (8) A requirement that nonprofits awarded grants use no more than fifteen percent  
44 (15%) of their total proposed expenditures for administrative costs, unless  
45 otherwise required by law.

46 **SECTION 9B.9.(c)** No later than July 1 of each year, as applicable, the Secretary  
47 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
48 recipients for the respective grant period pursuant to the amounts designated under subsection  
49 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary  
50 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
51 on the grant awards that includes at least all of the following:

- 1 (1) The identity and a brief description of each grantee and each program or  
2 initiative offered by the grantee.
- 3 (2) The amount of funding awarded to each grantee.
- 4 (3) The number of persons served by each grantee, broken down by program or  
5 initiative.

6 **SECTION 9B.9.(d)** No later than December 1 of each fiscal year, each nonprofit  
7 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
8 to the Division of Central Management and Support a written report of all activities funded by  
9 State appropriations. The report shall include the following information about the fiscal year  
10 preceding the year in which the report is due:

- 11 (1) The entity's mission, purpose, and governance structure.
- 12 (2) A description of the types of programs, services, and activities funded by State  
13 appropriations.
- 14 (3) Statistical and demographical information on the number of persons served by  
15 these programs, services, and activities, including the counties in which  
16 services are provided.
- 17 (4) Outcome measures that demonstrate the impact and effectiveness of the  
18 programs, services, and activities.
- 19 (5) A detailed program budget and list of expenditures, including all positions  
20 funded, matching expenditures, and funding sources.

21 **SECTION 9B.9.(e)** For the 2021-2023 fiscal biennium only, from the funds  
22 identified in subsection (a) of this section, the Department shall make the following allocations,  
23 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
24 required to seek future funding through the competitive grants process in accordance with  
25 subsection (b) of this section:

- 26 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
27 the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 28 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)  
29 for each year of the 2021-2023 fiscal biennium and one million six hundred  
30 thousand dollars (\$1,600,000) appropriated in Section 9L.1(a) of this act in  
31 Substance Abuse Prevention and Treatment Block Grant funds in each year  
32 of the 2021-2023 fiscal biennium to Triangle Residential Options for  
33 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals  
34 with substance abuse addiction.
- 35 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
36 each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls  
37 Clubs across the State to implement (i) programs that improve the motivation,  
38 performance, and self-esteem of youth and (ii) other initiatives that would be  
39 expected to reduce gang participation, school dropout, and teen pregnancy  
40 rates.
- 41 (4) Five hundred thousand dollars (\$500,000) in each year of the 2021-2023 fiscal  
42 biennium to Cross Trail Outfitters for purposes of promoting wellness and  
43 physical activity for youth 7 to 20 years of age.
- 44 (5) The sum of five hundred thousand dollars (\$500,000) in each year of the  
45 2021-2023 fiscal biennium to the North Carolina Senior Games for purposes  
46 of promoting health and education for North Carolinians 50 years of age and  
47 better.
- 48 (6) The sum of two hundred thousand dollars (\$200,000) in each year of the  
49 2021-2023 fiscal biennium to Special Olympics North Carolina to promote  
50 training and athletic competition for children and adults with intellectual  
51 disabilities.

1  
2 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

3  
4 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED**  
5 **FACILITIES**

6 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,  
7 Division of Child Development and Early Education, shall continue implementing the  
8 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
9 years of age on or before August 31 of the program year. In determining eligibility, the Division  
10 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
11 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
12 family incomes in excess of seventy-five percent (75%) of median income if those children have  
13 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
14 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
15 United States, including the North Carolina National Guard, State military forces, or a reserve  
16 component of the Armed Forces who was ordered to active duty by the proper authority within  
17 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
18 Armed Forces of the United States, including the North Carolina National Guard, State military  
19 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
20 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
21 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

22 Other than developmental disabilities or other chronic health issues, the Division shall  
23 not consider the health of a child as a factor in determining eligibility for participation in the NC  
24 Pre-K program.

25 **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and  
26 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
27 private child care centers providing NC Pre-K classrooms.

28 **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
29 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
30 standards for preschool students as provided in G.S. 115C-521.1.

31 **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection (c)  
32 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
33 prescribed by the Division of Child Development and Early Education regarding programmatic  
34 standards and classroom requirements.

35 **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
36 the standard decision-making process developed by the Division of Child Development and Early  
37 Education in awarding NC Pre-K classroom slots and student selection.

38 **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early  
39 Education shall submit an annual report no later than March 15 of each year to the Joint  
40 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
41 Management, and the Fiscal Research Division. The report shall include the following:

- 42 (1) The number of children participating in the NC Pre-K program by county.  
43 (2) The number of children participating in the NC Pre-K program who have  
44 never been served in other early education programs such as child care, public  
45 or private preschool, Head Start, Early Head Start, or early intervention  
46 programs.  
47 (3) The expected NC Pre-K expenditures for the programs and the source of the  
48 local contributions.  
49 (4) The results of an annual evaluation of the NC Pre-K program.

1           **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
2 partnerships shall be subject to the financial and compliance audits authorized under  
3 G.S. 143B-168.14(b).  
4

5           **HOLD HARMLESS STAR RATINGS FOR LICENSED CHILD CARE FACILITIES**  
6           **WHEN ERS ASSESSMENTS RESUME/REPORT**

7           **SECTION 9C.2.(a)** Notwithstanding any other provision of law to the contrary,  
8 when the Department of Health and Human Services, Division of Child Development and Early  
9 Education (Division), resumes environmental rating scale (ERS) (star rating) assessments, the  
10 Division shall not require a licensed child care facility to undergo an ERS assessment if  
11 conducting the assessment would cause the child care facility to lose a star rating due to (i) the  
12 facility's loss in educators who enabled the facility to meet the star-rating requirements and (ii)  
13 its inability to replace those educators, within a reasonable period of time, with individuals having  
14 similar levels of education.

15           **SECTION 9C.2.(b)** Notwithstanding any other provision of law to the contrary,  
16 when ERS assessments resume and the Division of Child Development and Early Education  
17 (Division) is awarding quality rating improvement system (QRIS) "education points" to a  
18 licensed child care facility toward its star rating, if the percentage of lead teachers in the program  
19 required to meet the "rated licensed education requirements" criteria is set at seventy-five percent  
20 (75%) for the program to earn those "education points" toward the facility's star rating, the  
21 Division shall lower the seventy-five percent (75%) threshold to fifty percent (50%) of lead  
22 teachers through June 30, 2023.

23           **SECTION 9C.2.(c)** The Division of Child Development and Early Education shall  
24 submit a report to the Joint Legislative Oversight Committee on Health and Human Services by  
25 March 30, 2023, and the report shall include the following:

- 26           (1)     Number of new high school Early Childhood Career and Technical Pathways  
27           programs across the State between June 30, 2021, and January 31, 2023.
- 28           (2)     New community college and university courses that award college credit  
29           towards a degree in early childhood based on work experience between June  
30           30, 2021, and January 31, 2023.
- 31           (3)     New community college and university courses that allow college credits for  
32           taking online health, safety, and nutrition training modules between June 30,  
33           2021, and January 31, 2023.
- 34           (4)     Number of enrollees in the Early Childhood and Infant-Toddler Certificate  
35           Programs, number of graduates from the programs with certificates, and the  
36           increase in the number of enrollees and graduates from the programs between  
37           June 30, 2021, and January 31, 2023.
- 38           (5)     Number of early childhood educators using T.E.A.C.H. scholarships to pay  
39           for college tuition and the increase in the number of early childhood educators  
40           using T.E.A.C.H. scholarships to pay for college tuition between June 30,  
41           2021, and January 31, 2023.
- 42           (6)     Availability of WAGE\$ salary supplement program by county, the number of  
43           early childhood educators working toward degrees in early childhood  
44           education who received salary supplements from WAGE\$, and the increase  
45           in the number of early childhood educators receiving WAGE\$ salary  
46           supplements between June 30, 2021, and January 31, 2023.
- 47           (7)     The number and percentage increase of early childhood educators with  
48           associate degrees in early childhood education between June 30, 2021, and  
49           January 31, 2023.
- 50           (8)     The number and percentage increase of early childhood educators with  
51           associate degrees between June 30, 2016, and June 30, 2021.

1           **SECTION 9C.2.(d)** Subsection (a) of this section is effective when it becomes law  
 2 and expires six months after the date the Governor signs an executive order rescinding Executive  
 3 Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective  
 4 Actions to Prevent the Spread of COVID-19. Subsection (b) of this section is effective when it  
 5 becomes law and expires June 30, 2023.

6  
 7 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

8           **SECTION 9C.3.** Of the funds appropriated in this act to the Department of Health  
 9 and Human Services, Division of Child Development and Early Education, funds shall be  
 10 allocated to raise the base reimbursement rates for child care centers participating in the North  
 11 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year  
 12 rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022  
 13 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated  
 14 pursuant to this section be used to increase the salaries of teachers working in child care centers  
 15 as a means to address disparities in teacher salaries among teachers working in child care centers  
 16 versus those working in public schools or Head Start centers.

17  
 18 **CHILD CARE SUBSIDY RATES**

19           **SECTION 9C.4.(a)** The maximum gross annual income for initial eligibility,  
 20 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 21 of the federal poverty level as follows:

22 <b>AGE</b>	23 <b>INCOME PERCENTAGE LEVEL</b>
24           0 – 5	200%
25           6 – 12	133%

26           The eligibility for any child with special needs, including a child who is 13 years of  
 27 age or older, shall be two hundred percent (200%) of the federal poverty level.

28           **SECTION 9C.4.(b)** Fees for families who are required to share in the cost of care  
 29 are established based on ten percent (10%) of gross family income. When care is received at the  
 30 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.  
 31 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

32           **SECTION 9C.4.(c)** Payments for the purchase of child care services for low-income  
 33 children shall be in accordance with the following requirements:

- 34           (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
 35 and licensed child care centers and homes that meet the minimum licensing  
 36 standards that are participating in the subsidized child care program shall be  
 37 paid the one-star county market rate or the rate they charge privately paying  
 38 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 39           (2) Licensed child care centers and homes with two or more stars shall receive the  
 40 market rate for that rated license level for that age group or the rate they charge  
 41 privately paying parents, whichever is lower, unless prohibited by subsection  
 42 (g) of this section.
- 43           (3) No payments shall be made for transportation services charged by child care  
 44 facilities.
- 45           (4) Payments for subsidized child care services for postsecondary education shall  
 46 be limited to a maximum of 20 months of enrollment. This shall not be  
 47 determined before a family's annual recertification period.
- 48           (5) The Department of Health and Human Services shall implement necessary  
 49 rule changes to restructure services, including, but not limited to, targeting  
 benefits to employment.

1           **SECTION 9C.4.(d)** Provisions of payment rates for child care providers in counties  
2 that do not have at least 50 children in each age group for center-based and home-based care are  
3 as follows:

4           (1) Except as applicable in subdivision (2) of this subsection, payment rates shall  
5 be set at the statewide or regional market rate for licensed child care centers  
6 and homes.

7           (2) If it can be demonstrated that the application of the statewide or regional  
8 market rate to a county with fewer than 50 children in each age group is lower  
9 than the county market rate and would inhibit the ability of the county to  
10 purchase child care for low-income children, then the county market rate may  
11 be applied.

12           **SECTION 9C.4.(e)** A market rate shall be calculated for child care centers and  
13 homes at each rated license level for each county and for each age group or age category of  
14 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
15 within the county. The Division of Child Development and Early Education shall also calculate  
16 a statewide rate and regional market rate for each rated license level for each age category.

17           **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall  
18 continue implementing policies that improve the quality of child care for subsidized children,  
19 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
20 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
21 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate  
22 number of four- and five-star-rated facilities, the Division shall continue a transition period that  
23 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
24 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
25 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

26           **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
27 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
28 that provides for the purchase of care in child care facilities for minor children of needy families.  
29 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
30 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
31 any additional applicable requirements of federal law or regulations. Child care arrangements  
32 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
33 meet the requirements established by other State law and by the Social Services Commission.

34           County departments of social services or other local contracting agencies shall not  
35 use a provider's failure to comply with requirements in addition to those specified in this  
36 subsection as a condition for reducing the provider's subsidized child care rate.

37           **SECTION 9C.4.(h)** Payment for subsidized child care services provided with  
38 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
39 and policies issued by the Division of Child Development and Early Education for the subsidized  
40 child care program.

41           **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be  
42 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
43 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
44 child care subsidies only if at least one of the following conditions is met:

45           (1) The child for whom a child care subsidy is sought is receiving child protective  
46 services or foster care services.

47           (2) The child for whom a child care subsidy is sought is developmentally delayed  
48 or at risk of being developmentally delayed.

49           (3) The child for whom a child care subsidy is sought is a citizen of the United  
50 States.

1           **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of  
2 Child Development and Early Education, shall require all county departments of social services  
3 to include on any forms used to determine eligibility for child care subsidy whether the family  
4 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

5           **SECTION 9C.4.(k)** Department of Defense–certified child care facilities licensed  
6 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
7 provides for the purchase of care in child care facilities for minor children in needy families,  
8 provided that funds allocated from the State-subsidized child care program to Department of  
9 Defense–certified child care facilities shall supplement and not supplant funds allocated in  
10 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
11 Department of Defense–certified child care facilities and who are eligible to receive subsidized  
12 child care shall be as set forth in this section.

#### 13 14 **CHILD CARE ALLOCATION FORMULA**

15           **SECTION 9C.5.(a)** The Department of Health and Human Services, Division of  
16 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
17 funds to pay the costs of necessary child care for minor children of needy families. The  
18 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
19 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
20 allocation. The Department of Health and Human Services shall use the following method when  
21 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
22 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 23           (1) Funds shall be allocated to a county based upon the projected cost of serving  
24 children under age 11 in families with all parents working who earn less than  
25 the applicable federal poverty level percentage set forth in Section 9C.4(a) of  
26 this act.
- 27           (2) The Division may withhold up to two percent (2%) of available funds from  
28 the allocation formula for (i) preventing termination of services throughout  
29 the fiscal year and (ii) repayment of any federal funds identified by counties  
30 as overpayments, including overpayments due to fraud. The Division shall  
31 allocate to counties any funds withheld before the end of the fiscal year when  
32 the Division determines the funds are not needed for the purposes described  
33 in this subdivision. The Division shall submit a report to the Joint Legislative  
34 Oversight Committee on Health and Human Services and the Fiscal Research  
35 Division, which report shall include each of the following:
- 36           a. The amount of funds used for preventing termination of services and  
37 the repayment of any federal funds.
- 38           b. The date the remaining funds were distributed to counties.
- 39           c. As a result of funds withheld under this subdivision and after funds  
40 have been distributed, any counties that did not receive at least the  
41 amount the counties received the previous year and the amount by  
42 which funds were decreased.

43           The Division shall submit a report in each year of the 2021-2023 fiscal  
44 biennium 30 days after the funds withheld pursuant to this subdivision are  
45 distributed but no later than April 1 of each respective year.

- 46           (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
47 for vulnerable populations, which include a child identified as having special  
48 needs and a child whose application for assistance indicates that the child and  
49 the child's family is experiencing homelessness or is in a temporary living  
50 situation. A child identified by this subdivision shall be given priority for



1 receiving services until such time as set-aside allocations for vulnerable  
2 populations are exhausted.

3 **SECTION 9C.5.(b)** The Division may reallocate unused child care subsidy voucher  
4 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
5 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
6 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
7 levels within the funds allocated to the counties. A county with a spending coefficient over one  
8 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
9 before receiving any reallocated funds.

10 **SECTION 9C.5.(c)** When implementing the formula under subsection (a) of this  
11 section, the Division shall include the market rate increase in the formula process rather than  
12 calculating the increases outside of the formula process. Additionally, the Department shall do  
13 the following:

- 14 (1) Deem a county's initial allocation as the county's expenditure in the previous  
15 fiscal year or a prorated share of the county's previous fiscal year expenditures  
16 if sufficient funds are not available.
- 17 (2) Effective immediately following the next new decennial census data release,  
18 implement (i) one-third of the change in a county's allocation in the year  
19 following the data release, (ii) an additional one-third of the change in a  
20 county's allocation beginning two years after the initial change under this  
21 subdivision, and (iii) the final one-third change in a county's allocation  
22 beginning the following two years thereafter.

#### 23 24 **SMART START INITIATIVES**

25 **SECTION 9C.6.(a)** Policies. – The North Carolina Partnership for Children, Inc.,  
26 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s  
27 mission of improving child care quality in North Carolina for children from birth to 5 years of  
28 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child  
29 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated  
30 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State  
31 funding for local partnerships shall also be used for evidence-based or evidence-informed  
32 programs for children from birth to 5 years of age that do the following:

- 33 (1) Increase children's literacy.
- 34 (2) Increase the parents' ability to raise healthy, successful children.
- 35 (3) Improve children's health.
- 36 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

37 **SECTION 9C.6.(b)** Administration. – Administrative costs shall be equivalent to,  
38 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the  
39 total statewide allocation to all local partnerships. For purposes of this subsection, administrative  
40 costs shall include costs associated with partnership oversight, business and financial  
41 management, general accounting, human resources, budgeting, purchasing, contracting, and  
42 information systems management. The North Carolina Partnership for Children, Inc., shall  
43 continue using a single statewide contract management system that incorporates features of the  
44 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local  
45 partnerships are required to participate in the contract management system and, directed by the  
46 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with  
47 other local partnerships to increase efficiency and effectiveness.

48 **SECTION 9C.6.(c)** Salaries. – The salary schedule developed and implemented by  
49 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds  
50 that may be used for the salary of the Executive Director of the North Carolina Partnership for

1 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for  
2 Children, Inc., shall base the schedule on the following criteria:

- 3 (1) The population of the area serviced by a local partnership.
- 4 (2) The amount of State funds administered.
- 5 (3) The amount of total funds administered.
- 6 (4) The professional experience of the individual to be compensated.
- 7 (5) Any other relevant factors pertaining to salary, as determined by the North  
8 Carolina Partnership for Children, Inc.

9 The salary schedule shall be used only to determine the maximum amount of State  
10 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit  
11 a local partnership from using non-State funds to supplement an individual's salary in excess of  
12 the amount set by the salary schedule established under this subsection.

13 **SECTION 9C.6.(d) Match Requirements.** – The North Carolina Partnership for  
14 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
15 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023  
16 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local  
17 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
18 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
19 match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium.  
20 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
21 the required match for a fiscal year in order to meet the match requirement of the succeeding  
22 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
23 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
24 match requirement of this subsection. Volunteer services that qualify as professional services  
25 shall be valued at the fair market value of those services. All other volunteer service hours shall  
26 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
27 Employment Security of the Department of Commerce in the Employment and Wages in North  
28 Carolina Annual Report for the most recent period for which data are available. Expenses,  
29 including both those paid by cash and in-kind contributions, incurred by other participating  
30 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
31 partnerships also may be considered resources available to meet the required private match. In  
32 order to qualify to meet the required private match, the expenses shall:

- 33 (1) Be verifiable from the contractor's records.
- 34 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
35 generally accepted accounting principles for nonprofit organizations.
- 36 (3) Not include expenses funded by State funds.
- 37 (4) Be supplemental to and not supplant preexisting resources for related program  
38 activities.
- 39 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
40 be necessary and reasonable for the proper and efficient accomplishment of  
41 the Program's objectives.
- 42 (6) Be otherwise allowable under federal or State law.
- 43 (7) Be required and described in the contractual agreements approved by the  
44 North Carolina Partnership for Children, Inc., or the local partnership.
- 45 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
46 partnership by the contractor in the same manner as reimbursable expenses.

47 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
48 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
49 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
50 responsible for compiling information on the private cash and in-kind contributions into a report,  
51 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows

1 verification by the Department of Revenue. The same match requirements shall apply to any  
2 expansion funds appropriated by the General Assembly.

3 **SECTION 9C.6.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,  
4 and all local partnerships shall use competitive bidding practices in contracting for goods and  
5 services on contract amounts as follows:

- 6 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
7 by a written policy as developed by the Board of Directors of the North  
8 Carolina Partnership for Children, Inc.
- 9 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
10 thousand dollars (\$15,000), three written quotes.
- 11 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty  
12 thousand dollars (\$40,000), a request for proposal process.
- 13 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
14 proposal process and advertising in a major newspaper.

15 **SECTION 9C.6.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,  
16 shall not reduce the allocation for counties with less than 35,000 in population below the  
17 2012-2013 funding level.

18 **SECTION 9C.6.(g)** Performance-Based Evaluation. – The Department of Health  
19 and Human Services shall continue to implement the performance-based evaluation system.

20 **SECTION 9C.6.(h)** Expenditure Restrictions. – Except as provided in subsection (i)  
21 of this section, the Department of Health and Human Services and the North Carolina Partnership  
22 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
23 Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed  
24 in the following manner:

- 25 (1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the  
26 purposes of this section, "capital expenditures" means expenditures for capital  
27 improvements as defined in G.S. 143C-1-1(d)(5).
- 28 (2) Expenditures of State funds for advertising and promotional activities are  
29 prohibited for the 2021-2023 fiscal biennium.

30 For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds  
31 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
32 any private funds the local partnerships receive on those activities.

33 **SECTION 9C.6.(i)** Notwithstanding subsection (h) of this section, the North  
34 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
35 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall  
36 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
37 for fundraising. The report shall include the following:

- 38 (1) The amount of funds expended on fundraising.
- 39 (2) Any return on fundraising investments.
- 40 (3) Any other information deemed relevant.

## 41 42 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 43 **LIBRARY**

44 **SECTION 9C.7.(a)** A portion of the funds allocated in this act to the North Carolina  
45 Partnership for Children, Inc., from the Department of Health and Human Services, shall  
46 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy  
47 program that mails age-appropriate books on a monthly basis to children registered for the  
48 program.

49 **SECTION 9C.7.(b)** The North Carolina Partnership for Children, Inc., may use up  
50 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
51 of the funds for program evaluation. Funds allocated under this section shall not be subject to

1 administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be  
2 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
3 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
4 Section 9C.6(d) of this act.

#### 5 6 **FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION** 7 **FROM CERTAIN REQUIREMENTS**

8 **SECTION 9C.8.** Additional recurring funds allocated from education lottery  
9 receipts in accordance with Section 4.3 of this act to the North Carolina Partnership for Children,  
10 Inc., (Smart Start) from the Department of Health and Human Services, Division of Child  
11 Development and Early Education, for each year of the 2021-2023 fiscal biennium may be used  
12 for any of Smart Start's programs and are not subject to the administrative cost requirements  
13 under Section 9C.6(b) of this act, child care services funding requirements under  
14 G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or  
15 match requirements under Section 9C.6(d) of this act.

#### 16 17 **GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA** 18 **FUNDS**

19 **SECTION 9C.9.** Of the funds appropriated in this act from the State Fiscal Recovery  
20 Fund to the Department of Health and Human Services, Division of Child Development and  
21 Early Education (Division), the sum of ten million dollars (\$10,000,000) in nonrecurring funds  
22 for the 2021-2022 fiscal year shall be used to provide grants for child care facilities and North  
23 Carolina prekindergarten (NC Pre-K) classrooms in response to the COVID-19 pandemic,  
24 particularly those located in child care deserts and low-performing and high-poverty districts.  
25 The Division shall award grants under this section pursuant to criteria established by the Division  
26 in accordance with federal law and guidance. These grants shall be one-time awards to assist with  
27 new or expanded high-quality child care initiatives as follows:

- 28 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child  
29 care facility.
- 30 (2) Quality improvements for existing NC Pre-K classrooms or child care  
31 facilities that increase the classroom or facility's capacity or upgrade its star  
32 rating.
- 33 (3) Capital improvements or renovations, including adding or upgrading outdoor  
34 play and learning environments, or increasing a facility's total capacity.

#### 35 36 **PART IX-D. HEALTH BENEFITS** 37

##### 38 **CONTINUE MEDICAID ANNUAL REPORT**

39 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health  
40 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
41 accompanying tables. DHB shall publish the report and tables on its website no later than  
42 December 31 following each State fiscal year.

##### 43 44 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

45 **SECTION 9D.2.(a)** The Department of Health and Human Services shall issue  
46 Medicaid identification cards to recipients on an annual basis with updates as needed.

47 **SECTION 9D.2.(b)** This section expires on the effective date of amendment to rule  
48 10A NCAC 23B .0102, notice of which was published in the North Carolina Register on June 1,  
49 2021.

##### 50 51 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

1           **SECTION 9D.3.** The Department of Health and Human Services, Division of Health  
2 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
3 services, medical equipment, supplies, and appliances by implementation of volume purchase  
4 plans, single source procurement, or other contracting processes in order to improve cost  
5 containment.

6  
7           **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM**  
8           **MODIFICATIONS**

9           **SECTION 9D.4.** Except for statutory changes or where otherwise specified, the  
10 Department of Health and Human Services shall not be required to maintain, after June 30, 2023,  
11 any modifications to the Medicaid and NC Health Choice programs required by this Subpart.  
12

13           **ADMINISTRATIVE HEARINGS FUNDING**

14           **SECTION 9D.5.** Of the funds appropriated in this act to the Department of Health  
15 and Human Services, Division of Health Benefits, for administrative contracts and interagency  
16 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one  
17 million dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars  
18 (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH).  
19 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant  
20 and recipient appeals and to contract for other services necessary to conduct the appeals process.  
21 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services  
22 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals  
23 process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support  
24 this administrative function. Upon receipt of invoices from OAH for covered services rendered  
25 in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn  
26 down for this purpose.  
27

28           **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

29           **SECTION 9D.6.(a)** The Department of Health and Human Services, Division of  
30 Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years  
31 shall, when received, be accounted for as nontax revenue for each of those fiscal years. The  
32 treatment under this section of any revenue derived from federal programs shall be in accordance  
33 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

34           **SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and  
35 Human Services shall deposit from its revenues one hundred forty-six million seven hundred five  
36 thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer  
37 to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health  
38 and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred  
39 five thousand five hundred eighty-four dollars (\$153,805,584) with the Department of State  
40 Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of  
41 advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources  
42 from State-owned and State-operated hospitals that are used to provide indigent and nonindigent  
43 care services. The return from State-owned and State-operated hospitals to the Department of  
44 Health and Human Services shall be made from nonfederal resources in the following manner:

- 45           (1) The University of North Carolina Hospitals at Chapel Hill shall make the  
46 following deposits:  
47           a. For the 2021-2022 fiscal year, the amount of thirty-one million three  
48 hundred five thousand five hundred eighty-four dollars (\$31,305,584).  
49           b. For the 2022-2023 fiscal year, the amount of thirty-one million three  
50 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 intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	<b>2021-2022</b>	<b>2022-2023</b>
Alliance Behavioral Healthcare	\$2,858,418	\$2,856,834
Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652
Eastpointe	\$1,664,172	\$1,663,249
Partners Health Management	\$2,637,754	\$2,749,261
Sandhills Center	\$1,879,510	\$1,878,469
Trillium Health Resources	\$2,656,332	\$2,654,860
Vaya Health	\$1,580,769	\$1,579,892

**SECTION 9D.7.(b)** In the event that a county other than Cabarrus County or Union County disengages from an LME/MCO and realigns with another LME/MCO during the 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

**DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

**SECTION 9D.8.** Of the federal disproportionate share adjustment receipts arising from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year, forty-three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.

**CREATION OF THE HCBS FUND**

**SECTION 9D.8A.(a)** The HCBS Fund is established as a nonreverting special fund in the Department of Health and Human Services, Division of Health Benefits (DHB). The HCBS Fund shall consist of the savings realized by DHB as a result of federal receipts arising from the enhanced federal medical assistance percentage (FMAP) for home and community-based services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act of 2021, P.L. 117-2 (ARPA).

Upon receipt by DHB of those federal receipts arising from the enhanced FMAP for HCBS, DHB is directed to deposit the savings associated with those receipts into the HCBS Fund. DHB is authorized to utilize funds in the HCBS Fund to implement, or supplement the implementation of, activities to enhance, expand, or strengthen HCBS under the Medicaid

1 program, in accordance with section 9817 of the ARPA. To the extent that any funds are utilized  
2 by DHB under this section, the funds are appropriated for the purpose set forth in this section.

3 **SECTION 9D.8A.(b)** DHB shall utilize the federal receipts arising from the  
4 enhanced FMAP for HCBS under section 9817(a) of the ARPA and the savings associated with  
5 those receipts to fund the increase in CAP/DA slots, the increase in Innovations Waiver slots,  
6 HCBS provider rate increases to be used to increase direct care worker wages, and an increase to  
7 the private duty nursing Medicaid rate that are required under Sections 9D.11, 9D.12, 9D.15A,  
8 and 9D.15B, respectively, of this act.

9 **SECTION 9D.8A.(c)** DHB shall ensure that a minimum of eighty-eight million five  
10 hundred thousand dollars (\$88,500,000) is remaining in the HCBS Fund at the end of the  
11 2021-2023 fiscal biennium for use by DHB in the 2023-2025 fiscal biennium for activities  
12 authorized under this section.

13 **SECTION 9D.8A.(d)** This section expires June 30, 2025.  
14

### 15 **COPAYMENTS FOR MEDICAID SERVICES**

16 **SECTION 9D.10.(a)** Beginning July 1, 2022, the copayments for Medicaid services  
17 shall be increased to four dollars (\$4.00). This section does not apply to services provided under  
18 sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act  
19 or to recipients prohibited by federal law from cost-sharing requirements.

20 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of  
21 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
22 and Medicaid Services to implement this section.  
23

### 24 **FINAL EXTENSION OF TEMPORARILY INCREASED REIMBURSEMENT RATES**

25 **SECTION 9D.10A.(a)** Section 4.6 of S.L. 2020-4, as amended by Section 2.1 of  
26 S.L. 2021-3, reads as rewritten:

27 "**SECTION 4.6.** In addition to the five percent (5%) rate increases already requested by the  
28 Department of Health and Human Services (DHHS) in the 1135 Medicaid disaster State Plan  
29 amendment (SPA) submitted to the Centers for Medicare and Medicaid Services on April 8,  
30 2020, for certain provider types, DHHS shall increase the fee-for-service Medicaid rates paid  
31 directly by the Division of Health Benefits for all remaining provider types by five percent (5%).  
32 The rate increases authorized under this section shall be effective March 1, 2020. Any rate  
33 increases authorized under this section shall expire on the earlier of the following dates:

- 34 (1) The date the declared nationwide public health emergency as a result of the  
35 2019 novel coronavirus expires.
- 36 (2) The date Executive Order No. 116, Declaration of a State of Emergency to  
37 Coordinate Response and Protective Actions to Prevent the Spread of  
38 COVID-19 expires or is rescinded.
- 39 (3) ~~June-November 30, 2021.~~"

40 **SECTION 9D.10A.(b)** No later than September 30, 2021, DHHS shall notify the  
41 Center for Medicare and Medicaid Services and any impacted provider of the resumption of the  
42 payment rates in effect prior to the Medicaid rate increases implemented as a result of Section  
43 4.6 of S.L. 2020-4.  
44

### 45 **EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS** 46 **(CAP/DA) WAIVER SLOTS**

47 **SECTION 9D.11.** The Department of Health and Human Services, Division of  
48 Health Benefits (DHB), shall increase the number of Community Alternatives Program for  
49 Disabled Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available  
50 October 1, 2021.  
51

**EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

**SECTION 9D.12.(a)** DHB shall amend the North Carolina Innovations Waiver to increase the number of slots by 1,000 in the following manner:

- (1) Six hundred forty slots to be made available no later than January 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.
- (2) One hundred sixty slots to be distributed in accordance with subsection (b) of this section and to be made available no later than January 1, 2022, unless the distribution method in subsection (b) of this section requires approval by the Centers for Medicare and Medicaid Services (CMS). If CMS approval is required, then the following shall apply:
  - a. These slots shall be made available January 1, 2022, or the date that CMS grants or denies approval, whichever is later.
  - b. If CMS does not approve the distribution method in subsection (b) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.
  - c. If CMS has not made any determination by April 1, 2022, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section on that date.
- (3) One hundred sixty slots to be made available no later than October 1, 2022, and to be distributed using the allocation formula currently in place as of the effective date of this section.
- (4) Forty slots to be distributed in accordance with subsection (b) of this section and to be made available no later than October 1, 2022, unless the distribution method in subsection (b) of this section requires approval by CMS not previously granted under subdivision (2) of this subsection. If CMS approval not previously granted is required, then the following shall apply:
  - a. These slots shall be made available October 1, 2022, or the date that CMS grants or denies approval, whichever is later.
  - b. If CMS does not approve the distribution method in subsection (b) of this section, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section.
  - c. If CMS has not made any determination by January 1, 2023, then these slots shall be distributed using the allocation formula currently in place as of the effective date of this section on that date.

**SECTION 9D.12.(b)** DHB shall distribute the slots identified under subdivisions (2) and (4) of subsection (a) of this section to the local management entities/managed care organizations (LME/MCOs) based on a per capita basis calculated as the number of slots multiplied by the population in each LME/MCO's catchment area divided by the population of the State. Once distributed to each LME/MCO, the additional slots shall be made available to the counties on a per capita basis calculated as the number of slots multiplied by the population of the county divided by the population in the LME/MCO's catchment area. Within each county, the slots shall be filled on a first-come, first-served basis determined by the length of time an individual has been on the waiting list.

**SECTION 9D.12.(c)** In order to serve the maximum possible number of individuals that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue any amendment or change to the current North Carolina Innovations Waiver or any additional 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the registry with lower acuity needs are still served at an appropriate level but in a tier with a lower spending cap than the one allowed by the current waiver. In designing these changes, DHB shall make every effort to allow for a seamless transition between tiers, or between waivers, for



1 individuals whose level of need increases or decreases. DHB shall provide flexibility for  
2 LME/MCOs to determine how best to distribute funding in order to serve a greater number of  
3 individuals on the registry. Notwithstanding subsection (a) of this section, DHB is authorized to  
4 utilize any funds currently attributed to the North Carolina Innovations Waiver on any waiver  
5 under this subsection approved by CMS, so long as the number of individuals served is increased.

6 **SECTION 9D.12.(d)** This section is effective when it becomes law.  
7

8 **PLAN FOR ADEQUATE PROVIDER SUPPLY FOR SERVICES PROVIDED**  
9 **THROUGH THE INNOVATIONS WAIVER**

10 **SECTION 9D.12A.** The Department of Health and Human Services, Division of  
11 Health Benefits (DHB), shall begin to plan for additional North Carolina Innovations Waiver  
12 slots that could be added in the future. No later than March 1, 2022, DHB shall submit a report  
13 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that outlines  
14 the plans for adding a minimum of 1,000 waiver slots in the 2023-2025 fiscal biennium and that  
15 contains recommendations for ensuring that there would be adequate health care providers to  
16 support the needs of the additional individuals served under the waiver should the number of  
17 slots be increased in the future.  
18

19 **ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS**  
20 **TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM**

21 **SECTION 9D.14.(a)** Section 9A of S.L. 2015-245, as amended by Section 2(e1) of  
22 S.L. 2016-121, reads as rewritten:

23 "**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~  
24 directed to seek approval from CMS through either the 1115 waiver required by subdivision (1)  
25 of Section 5 of this act or another federal authority to allow parents-a parent to retain Medicaid  
26 eligibility while their child is being served temporarily by the foster care program. It is the intent  
27 of the General Assembly to expand Medicaid eligibility to cover this population upon  
28 implementation of the 1115 waiver, if CMS approves this coverage in the waiver when (i) the  
29 parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes,  
30 (ii) the child is being served temporarily by the foster care system, regardless of the type of  
31 out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a  
32 court-ordered plan of reunification, as determined by DHHS."

33 **SECTION 9D.14.(b)** G.S. 108A-54.3A is amended by adding a new subdivision to  
34 read:

35 "(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall  
36 retain eligibility for Medicaid under this section so long as all of the following  
37 criteria are met:

- 38 a. The parent has lost legal custody of a child pursuant to Subchapter I  
39 of Chapter 7B of the General Statutes.  
40 b. A child of the parent is temporarily in the legal custody of  
41 State-sponsored foster care or temporarily receiving foster care  
42 assistance under Title IV-E of the Social Security Act.  
43 c. The parent is making reasonable efforts to comply with a  
44 court-ordered plan of reunification, as determined by the Department.  
45 d. The parent continues to meet the family income requirements under  
46 subdivision (1) or (2) of this section."

47 **SECTION 9D.14.(c)** Subsection (b) of this section is effective upon the approval by  
48 the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance  
49 with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection  
50 (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of  
51 the Department of Health and Human Services shall notify the Revisor of Statutes of the effective

1 date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior  
2 to June 30, 2023, then this section shall expire on that date.

#### 3 4 **INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES**

5 **SECTION 9D.15.(a)** It is the intent of the General Assembly to assist in increasing  
6 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per  
7 hour. To that end, the Department of Health and Human Services, Division of Health Benefits  
8 (DHB), shall provide a rate increase to intermediate care facilities for individuals with intellectual  
9 disabilities (ICF/IIDs), including ICF/IID-level group homes, enrolled in the Medicaid or NC  
10 Health Choice program. This rate increase shall be effective on the date approved by the Centers  
11 for Medicare and Medicaid Services. Any provider receiving a rate increase under this section  
12 shall be required to use at least eighty percent (80%) of the funding that results from that rate  
13 increase to increase the rate of pay paid to its direct care employees. This wage increase shall be  
14 provided in addition to the rate of pay each employee was receiving as of September 1, 2021.  
15 DHB shall determine the amount of the rate increase under this section and the definition of direct  
16 care worker to be applied.

17 **SECTION 9D.15.(b)** Upon implementation of the rate increase under subsection (a)  
18 of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to  
19 local management entities/managed care organizations (LME/MCOs) and to prepaid health plans  
20 (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts  
21 sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as  
22 paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs  
23 shall be required to implement that rate increase. Providers receiving a rate increase under this  
24 section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP,  
25 or DHB.

26 **SECTION 9D.15.(c)** Prior to receiving the rate increase under this section, all  
27 ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or  
28 PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being  
29 used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for  
30 documentation that shall be required as verification that the provider used the rate increase in the  
31 manner required by this section, and LME/MCOs and PHPs shall use these same standards at a  
32 minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as  
33 payroll-based journals. Providers receiving a rate increase under this section shall keep  
34 documentation of the use of that rate increase and make the documentation available upon request  
35 by DHB or by the relevant LME/MCO or PHP.

36 **SECTION 9D.15.(d)** In addition to other allowable reasons for recoupment of funds,  
37 DHB may recoup part or all of the funds related to the rate increase received by a provider  
38 pursuant to this section if DHB determines that the provider did not use at least eighty percent  
39 (80%) of the funding that results from that rate increase to increase the rate of pay paid to its  
40 direct care employees.

41 **SECTION 9D.15.(e)** This section is effective when it becomes law.

#### 42 43 **INCREASE RATES TO HCBS PROVIDERS TO INCREASE DIRECT CARE WORKER** 44 **WAGES**

45 **SECTION 9D.15A.(a)** It is the intent of the General Assembly to assist in increasing  
46 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per  
47 hour. To that end, the Department of Health and Human Services, Division of Health Benefits  
48 (DHB), shall provide a rate increase to home and community-based providers enrolled in the  
49 Medicaid or NC Health Choice program.

50 This rate increase shall be effective on the date approved by the Centers for Medicare  
51 and Medicaid Services. DHB shall determine (i) the amount of the rate increase under this

1 section, (ii) the manner in which each provider is required to utilize that increased rate and to  
2 demonstrate compliance with those requirements, and (iii) the definition of direct care worker to  
3 be applied.

4 **SECTION 9D.15A.(b)** To the fullest extent possible, DHB shall use federal receipts  
5 arising from the enhanced federal medical assistance percentage (FMAP) for home and  
6 community-based services (HCBS) available to the State under section 9817(a) of the American  
7 Rescue Plan Act of 2021, P.L. 117-2, (ARP) to fund the provider rate increases required by this  
8 section.

9 **SECTION 9D.15A.(c)** Any increase in rates under this section to providers of private  
10 duty nursing services shall be in addition to the legislative rate increase required under Section  
11 9D.15B of this act.

12 **SECTION 9D.15A.(d)** This section is effective when it becomes law.

#### 13 14 **INCREASE PRIVATE DUTY NURSING RATES**

15 **SECTION 9D.15B.** Beginning October 1, 2021, the Department of Health and  
16 Human Services, Division of Health Benefits, shall increase to ten dollars and seventy-five cents  
17 (\$10.75) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid  
18 Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and  
19 3G-2: Private Duty Nursing for Beneficiaries Under 21 years of Age.

#### 20 21 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID** 22 **TRANSFORMATION NEEDS**

23 **SECTION 9D.16.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
24 Fund may be transferred to the Department of Health and Human Services, Division of Health  
25 Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims  
26 related to services billed under the fee-for-service payment model for recipients who are being,  
27 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be  
28 transferred to DHB as the need to pay claims run out arises and need not be transferred in one  
29 lump sum. To the extent that any funds are transferred under this subsection, the funds are  
30 appropriated for the purpose set forth in this subsection.

31 **SECTION 9D.16.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
32 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one  
33 hundred forty-two million eight hundred seventy-seven thousand six hundred thirty-one dollars  
34 (\$142,877,631) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred  
35 twenty-eight million eight hundred two thousand eight hundred sixty dollars (\$128,802,860) in  
36 nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may  
37 be transferred to DHB for the sole purpose of providing the State share for qualifying needs  
38 directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds  
39 may be transferred to DHB as qualifying needs arise during the 2021-2023 fiscal biennium and  
40 need not be transferred in one lump sum.

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

- 43 (1) Program design.
- 44 (2) Beneficiary and provider experience.
- 45 (3) Information technology upgrades, operations, and maintenance.
- 46 (4) Data management tools.
- 47 (5) Program integrity.
- 48 (6) Quality review.
- 49 (7) Actuarial rate setting functions.
- 50 (8) Technical and operational integration.
- 51 (9) BH IDD tailored plan health homes.

1 (10) Legal fees.

2 (11) Expenses related to the Enhanced Case Management and Other Services Pilot  
3 Program, commonly referred to as the "Healthy Opportunities Pilots."

4 **SECTION 9D.16.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
5 request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made  
6 to OSBM and shall include the amount requested and the specific qualifying need for which the  
7 funds are to be used. None of the funds identified in subsection (b) of this section shall be  
8 transferred to DHB until OSBM verifies the following information:

9 (1) The amount requested is to be used for a qualifying need in the 2021-2023  
10 fiscal biennium.

11 (2) The amount requested provides a State share that will not result in total  
12 requirements that exceed eight hundred forty million dollars (\$840,000,000)  
13 in nonrecurring funds for the 2021-2023 fiscal biennium.

14 **SECTION 9D.16.(d)** Federal Fund Receipts. – Any federal funds received in any  
15 fiscal year by DHB that represent a return of State share already expended on a qualifying need  
16 related to the funds received by DHB under this section shall be deposited into the Medicaid  
17 Transformation Fund.

18  
19 **CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED**  
20 **PLANS**

21 **SECTION 9D.17.(a)** During the initial four-year contract term for Medicaid BH  
22 IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human  
23 Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any  
24 local management entity/managed care organization (LME/MCO) to be accredited by any one  
25 specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD  
26 tailored plan contract to be accredited by a nationally recognized accreditation organization that  
27 has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which  
28 DHB approves the accreditation organization selected by the LME/MCO.

29 **SECTION 9D.17.(b)** No accreditation organization shall be approved by DHB for  
30 use by an LME/MCO under this section unless the accreditation organization meets, at a  
31 minimum, all of the following criteria:

32 (1) Prior experience conducting accreditation reviews for managed care  
33 organizations in at least five other states within the United States or in at least  
34 two regions that correspond to the areas covered by the regional office  
35 locations of the United States Department of Health and Human Services.

36 (2) A review program that includes, at a minimum, standards for the following  
37 aspects of operation of the LME/MCO:

- 38 a. Quality assurance.  
39 b. Provider credentialing.  
40 c. Utilization review.  
41 d. Enrollee rights and responsibilities.  
42 e. Medical records.  
43 f. Governance of the LME/MCO.  
44 g. Preventative health services.

45 (3) Development of accreditation standards that include input from the medical,  
46 managed care organization, and health care consumer communities.

47 (4) Reviews of, and updates to, the standards listed under subdivision (3) of this  
48 subsection at regular intervals not exceeding two years.

49 (5) An internal quality assurance program that ensures the quality and continuity  
50 of its review program.

- 1 (6) No current involvement in the operation of the LME/MCO or the delivery of  
2 health services to any of its enrollees.
- 3 (7) No contract or consultations with the LME/MCO within the prior two years  
4 for any services other than accreditation.

5 **SECTION 9D.17.(c)** All accreditation organizations approved for use by an  
6 LME/MCO under this section shall be required to submit their standards for accreditation to DHB  
7 every three years to maintain approval for use by the LME/MCO.

## 8

### 9 **EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT**

10 **SECTION 9D.18.(a)** Evaluation. – The Department of Health and Human Services,  
11 Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing  
12 and administrative functions for the Medicaid and NC Health Choice programs and how those  
13 staffing needs and administrative functions will change as the Medicaid and NC Health Choice  
14 programs move further into a managed care service delivery environment. In conducting this  
15 evaluation, DHB shall do all of the following:

- 16 (1) Identify the changing administrative needs and required staff based upon the  
17 introduction of capitated contracts for standard benefit plans and BH IDD  
18 tailored benefit plans.
- 19 (2) Determine whether any administrative or staffing functions are duplicative of  
20 any functions carried out through vendor contracts, by local management  
21 entities/managed care organizations (LME/MCOs), or prepaid health plans  
22 (PHPs).

23 **SECTION 9D.18.(b)** Initial Report. – No later than March 1, 2022, DHB shall report  
24 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research  
25 Division on the evaluation required by subsection (a) of this section as it pertains to the  
26 implementation of capitated contracts for standard benefit plans for PHPs. The report shall  
27 include planned staffing and administrative changes, including any changes to contractual  
28 agreements with vendors, to align more appropriately with a managed care delivery environment  
29 for the Medicaid and NC Health Choice programs. The report shall also include a detailed time  
30 line for making changes within DHB as managed care continues.

31 **SECTION 9D.18.(c)** Final Report. – No later than March 1, 2024, DHB shall report  
32 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research  
33 Division on the evaluation required by subsection (a) of this section as it pertains to the  
34 implementation of capitated contracts for standard benefit plans operated by PHPs and the  
35 implementation of BH IDD tailored plans. The report shall include the staffing and administrative  
36 changes that have been made since the initial report required under subsection (b) of this section.  
37 The report shall also include any additional planned staffing and administrative changes and any  
38 planned changes to contractual agreements with vendors to continue to align DHB's functions  
39 more appropriately with a managed care delivery environment for the Medicaid and NC Health  
40 Choice programs. The report shall also include an updated detailed time line for making these  
41 changes within DHB, as well as an assessment of whether the goals of the time line submitted in  
42 the initial report were met.

### 43

### 44 **REIMBURSE DME PRESCRIBED BY PODIATRISTS**

45 **SECTION 9D.19.** No later than January 1, 2022, the Department of Health and  
46 Human Services, Division of Health Benefits, shall update the following Medicaid clinical  
47 coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices,  
48 prosthetic devices, and other durable medical equipment when there is a documented medical  
49 necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist  
50 acting within that podiatrist's scope of practice:

- 1 (1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and  
2 Supplies.
- 3 (2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.  
4

#### 5 **PHPS/REIMBURSEMENT OF PRESCRIPTION DRUGS AT PHARMACIST'S COST**

6 **SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health  
7 plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the  
8 reimbursement for the ingredient cost for prescription drugs and the prescription drug dispensing  
9 fee shall be set at one hundred percent (100%) of the Medicaid fee-for-service reimbursement,  
10 pursuant to the Centers for Medicare and Medicaid Services' National Drug Acquisition Cost and  
11 the cost of dispensing study conducted on behalf of the North Carolina Department of Health and  
12 Human Services, Division of Health Benefits.

13 **SECTION 9D.19A.(b)** This section is effective when it becomes law and expires  
14 June 30, 2026.  
15

#### 16 **SEND NOTICE/MEDICAID ELIGIBILITY REDETERMINATIONS DURING PUBLIC** 17 **HEALTH EMERGENCY**

18 **SECTION 9D.20.(a)** Section 6(a) of S.L. 2020-88 reads as rewritten:

19 "**SECTION 6.(a)** County departments of social services shall do all of the following:

- 20 (1) Resume Medicaid eligibility redeterminations for beneficiaries whose annual  
21 or other periodic renewal of Medicaid eligibility is due on or after September  
22 1, 2020.
- 23 (2) Resume requesting post-eligibility verification information for Medicaid  
24 applications received on or after September 1, 2020.
- 25 (3) Make a good-faith effort to redetermine Medicaid eligibility for Medicaid  
26 beneficiaries who were due for an annual or other periodic renewal of  
27 Medicaid eligibility prior to September 1, 2020, but for whom recertification  
28 did not occur.
- 29 (4) Make a good-faith effort to request post-eligibility verification information for  
30 Medicaid applications received prior to September 1, 2020, for which  
31 post-eligibility verifications have not been requested.
- 32 (5) For individuals determined to be ineligible for Medicaid during the period in  
33 which the termination of benefits would result in the State being ineligible for  
34 the increased Medicaid funding under Section 6008 of P.L. 116-127, at the  
35 time of determination of ineligibility, provide the beneficiary with the  
36 following information:
  - 37 a. The results of the eligibility determination.
  - 38 b. Notice that the individual's enrollment in Medicaid will end after the  
39 month in which the public health emergency ends.
  - 40 c. Notice that the individual may and should report any changes in  
41 circumstances while that individual remains enrolled and that the  
42 county department of social services shall redetermine that individual's  
43 Medicaid eligibility based on the reported changes."

44 **SECTION 9D.20.(b)** This section is effective when it becomes law.  
45

#### 46 **CHARTER SCHOOLS MEDICAID REIMBURSEMENT**

47 **SECTION 9D.21.** G.S. 115C-218.105 is amended by adding a new subsection to  
48 read:

49 "(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina  
50 Medicaid program, a charter school that is approved by the State as a public school pursuant to  
51 this Article shall be deemed a local government entity that is responsible, or assumes

1 responsibility, either directly or indirectly through an agency or other political subdivision, for  
2 the payment of the nonfederal share for reimbursable medical services, if any, provided by the  
3 charter school. The nonfederal share shall consist exclusively of public funds. For purposes of  
4 this subsection, "reimbursable medical services" means services, including administrative  
5 activities related to those services, that are medically necessary and for which federal payment is  
6 available under the North Carolina Medicaid Program established under Part 6 of Article 2 of  
7 Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share"  
8 means the share of expenditures for the reimbursable medical services that draws down federal  
9 financial participation."

10  
11 **REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES**  
12 **PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE**

13 **SECTION 9D.22.(a)** Intent. – It is the intent of the General Assembly to provide  
14 funding to hospitals for behavioral health services provided to Medicaid beneficiaries while those  
15 beneficiaries await discharge to a more appropriate setting.

16 **SECTION 9D.22.(b)** Criteria for Coverage. – The Department of Health and Human  
17 Services, Division of Health Benefits (DHB), is directed to develop a clinical coverage policy,  
18 or amend an existing clinical coverage policy as applicable, assign a CPT code, and develop  
19 billing instructions for Medicaid coverage of the services described in subsection (c) of this  
20 section provided to a beneficiary who meets all of the following criteria:

- 21 (1) The beneficiary no longer meets criteria for observation under Section  
22 3.2.1(b) of Medicaid Clinical Coverage Policy 2A-1: Acute Inpatient Hospital  
23 Services.
- 24 (2) The beneficiary is not currently receiving inpatient behavioral health services  
25 covered under Medicaid Clinical Coverage Policy 8B: Inpatient Behavioral  
26 Health Services.
- 27 (3) A physician, physician assistant, or nurse practitioner has determined that one  
28 of the following actions is appropriate for the beneficiary:
  - 29 a. Admission to an inpatient psychiatric or behavioral health facility.
  - 30 b. Admission to a facility, other than an inpatient facility, for care for  
31 psychiatric or behavioral health needs, such as a group home.
  - 32 c. Arrangement for community-based services or supports without which  
33 the beneficiary cannot be safely discharged to the beneficiary's home  
34 due to the beneficiary's psychiatric or behavioral health needs.
- 35 (4) The beneficiary has been in the care of the hospital for a minimum of 30  
36 continuous hours.

37 **SECTION 9D.22.(c)** Services Covered. – The clinical coverage policy developed in  
38 accordance with this section shall provide Medicaid coverage of the following services in an  
39 acute care hospital setting when medically necessary and ordered by a physician or other  
40 appropriate provider:

- 41 (1) Treatment, including assessment and medication management, of both  
42 psychiatric and behavioral health conditions and physical health conditions.
- 43 (2) Crisis stabilization and support.
- 44 (3) Ongoing monitoring of a beneficiary's medical status and medical clearance.
- 45 (4) Nursing services and support.
- 46 (5) Reasonable and appropriate efforts to maintain patient safety.
- 47 (6) Provision of community resource information and psychoeducation, including  
48 connections to the relevant local management entity/managed care  
49 organization (LME/MCO).
- 50 (7) Development of a safety plan, including any revisions to that plan.

1 (8) Coordination with the beneficiary or the beneficiary's legal representative and  
2 the LME/MCO to establish a safe discharge plan or transfer plan.

3 Services developed in accordance with this subsection shall be considered outpatient  
4 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,  
5 shall continue to be billed as separate and additional services not included as part of this new  
6 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance  
7 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH  
8 IDD tailored plan, as defined in G.S. 108D-1.

9 **SECTION 9D.22.(d)** Reimbursement for Beneficiaries Enrolled in NC Medicaid  
10 Direct. – Services covered under the Medicaid clinical coverage policy developed in accordance  
11 with subsection (b) of this section and provided to beneficiaries enrolled in NC Medicaid  
12 Direct who are not also enrolled with an LME/MCO shall be reimbursed at a fee-for-service rate  
13 determined by DHB.

14 **SECTION 9D.22.(e)** Reimbursement for Beneficiaries Enrolled in an LME/MCO or  
15 a BH IDD Tailored Plan. – Services covered under the Medicaid clinical coverage policy  
16 developed in accordance with subsection (b) of this section shall be covered by LME/MCOs,  
17 including LME/MCOs operating BH IDD tailored plans. If a beneficiary who is an enrollee of  
18 an LME/MCO or a BH IDD tailored plan receives these services, then the applicable LME/MCO  
19 shall be responsible for making the reimbursement payment to the hospital billing for the  
20 services. The reimbursement amount shall be determined through negotiations between each  
21 hospital and LME/MCO. If an LME/MCO and any hospital are unable to negotiate a  
22 reimbursement amount for these services, then the reimbursement rate shall be the most prevalent  
23 semiprivate room rate at the applicable hospital.

24 **SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human  
25 Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid  
26 Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage  
27 required by this section. The new Medicaid covered services and rates shall be implemented July  
28 1, 2022. If approval from CMS is not granted by July 1, 2022, DHB shall retroactively implement  
29 services and rates upon approval from CMS to July 1, 2022. The new Medicaid covered services  
30 and rates shall only be implemented to the extent allowable by CMS.

31 **SECTION 9D.22.(g)** Capitation Rates. – It is the intent of the General Assembly  
32 that there will be no increase in the capitation rates paid to LME/MCOs for any services  
33 developed under this section. If an increase in capitation rates paid to LME/MCOs is necessary  
34 to maintain the actuarial soundness of those paid capitation rates, then DHB shall increase the  
35 capitation rates by the minimum amount necessary for federal approval of the rates.

36 **SECTION 9D.22.(h)** Effective Date. – This section is effective when it becomes  
37 law.

## 38 **PART IX-E. HEALTH SERVICE REGULATION**

### 39 **MODIFICATION OF CERTIFICATE OF NEED EXEMPTION FOR LEGACY** 40 **MEDICAL CARE FACILITIES**

41 **SECTION 9E.4.** G.S. 131E-184(h) reads as rewritten:

42 "(h) The Department must exempt from certificate of need review the acquisition or  
43 reopening of a Legacy Medical Care Facility. The person seeking to operate a Legacy Medical  
44 Care Facility shall give the Department written notice of all of the following:

45 (1) Its intention to acquire or reopen a Legacy Medical Care Facility within the  
46 same county and the same service area as the facility that ceased continuous  
47 operations. If the Legacy Medical Care Facility will become operational in a  
48 new location within the same county and the same service area as the facility  
49 that ceased continuous operations, then the person responsible for giving the  
50  
51



1 written notice required by this section shall notify the Department, as soon as  
2 reasonably practicable and prior to becoming operational, of the new location  
3 of the Legacy Medical Care Facility. For purposes of this subdivision, "service  
4 area" means the service area identified in the North Carolina State Medical  
5 Facilities Plan in effect at the time the written notice required by this section  
6 is given to the Department.

7 (2) That the facility will be operational within 36 months of the notice.

8 The Department shall extend the time by which a facility must be operational in order to be  
9 exempt from certificate of need review under this subsection by an additional 36-month period  
10 if the person seeking to reopen or acquire the Legacy Medical Care Facility gives the Department  
11 written notice of extension within 36 months of the original notice of intent to acquire or reopen  
12 the Legacy Medical Care Facility. The written notice of extension must notify the Department  
13 (i) that the person has undertaken all reasonable efforts to make the facility operational within 36  
14 months of the notice of intent, (ii) that, despite these reasonable efforts, the person does not  
15 anticipate the facility will be operational within that time, and (iii) of its intention that the facility  
16 will be operational within 36 months of the notice of extension.

17 A person seeking to operate a Legacy Medical Care Facility located in a development tier  
18 one or tier two area, as defined in G.S. 143B-437.08, may request an additional extension of time  
19 by which the facility must be operational in order to be exempt from certificate of need review  
20 under this subsection by providing an additional written notice of extension to the Department,  
21 delivered prior to the conclusion of the original 36-month extension period, affirming that the  
22 person has entered into a contract for the acquisition or reopening of the Legacy Medical Care  
23 Facility and that, pursuant to the terms of the contract, the facility will commence operations  
24 within 36 months of the conclusion of the original notice of extension. Upon receipt of this notice,  
25 the Department shall grant an extension of the time by which the facility must be operational that  
26 is sufficient to permit the acquisition or reopening of the Legacy Medical Care Facility as  
27 provided in the contract."

## 29 PATIENT VISITATION PROTOCOLS DURING DECLARED DISASTERS AND 30 EMERGENCIES/NO PATIENT LEFT ALONE

31 SECTION 9E.5.(a) Part 2 of Article 5 of Chapter 131E of the General Statutes is  
32 amended by adding a new section to read:

33 "§ 131E-84.05. Patient visitation by clergy, including during declared disasters or  
34 emergencies.

35 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any  
36 other provision of law to the contrary, each hospital licensed under this Article shall allow a  
37 clergy member to visit any patient admitted to the hospital who requests or consents to be visited  
38 by a clergy member during the patient's hospital stay, including a hospital stay that occurs during  
39 a declared disaster or emergency. A hospital may require a visiting clergy member to submit to  
40 health screenings necessary to prevent the spread of infectious diseases, and, notwithstanding  
41 anything to the contrary in this section, a hospital may restrict a visiting clergy member who does  
42 not pass a health screening requirement or who has tested positive for an infectious disease. A  
43 hospital may require a visiting clergy member to adhere to infection control procedures, including  
44 wearing personal protective equipment, as long as the infection control procedures do not  
45 interfere with the religious beliefs of the patient or the visiting clergy member."

46 SECTION 9E.5.(b) Part 2 of Article 5 of Chapter 131E of the General Statutes is  
47 amended by adding a new section to read:

48 "§ 131E-79.3. Hospital patient visitation, civil penalty.

49 (a) Notwithstanding any provision of this Article, Chapter 166A of the General Statutes,  
50 or any other provision of law to the contrary, each hospital licensed under this Chapter shall  
51 permit patients to receive visitors to the fullest extent permitted under any applicable rules,

1 regulations, or guidelines adopted by either the Centers for Medicare and Medicaid Services or  
2 the Centers for Disease Control and Prevention or any federal law.

3 (b) In the event the Centers for Medicare and Medicaid Services, the Centers for Disease  
4 Control and Prevention, or any other federal agency finds a hospital has violated any rule,  
5 regulation, guidance, or federal law relating to a patient's visitation rights, the Department may  
6 issue a warning to the hospital about the violation and give the hospital not more than 24 hours  
7 to allow visitation. If visitation is not allowed after the 24-hour warning period, the Department  
8 shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) for each  
9 instance on each day the hospital was found to have a violation. This civil penalty shall be in  
10 addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or other  
11 federal agency may choose to impose.

12 (c) Notwithstanding the provisions of subsection (b) of this section, in the event that  
13 circumstances require the complete closure of a hospital to visitors, the hospital shall use its best  
14 efforts to develop alternate visitation protocols that would allow visitation to the greatest extent  
15 safely possible. If those alternate protocols are found by the Centers for Medicare and Medicaid  
16 Services, the Centers for Disease Control and Prevention, or any other federal agency to violate  
17 any rule, regulation, guidance, or federal law relating to a patient's visitation rights, the  
18 Department may impose a civil penalty in an amount not less than five hundred dollars (\$500.00)  
19 for each instance on each day the hospital was found to have a violation. This civil penalty shall  
20 be in addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or  
21 other federal agency may choose to impose."

22 **SECTION 9E.5.(c)** Part 1 of Article 6 of Chapter 131E of the General Statutes is  
23 amended by adding a new section to read:

24 **"§ 131E-112.5. Patient visitation rights for nursing home residents and combination home**  
25 **residents.**

26 Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or any  
27 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and  
28 civil penalty provisions specified in G.S. 131E-79.3 apply to nursing homes and combination  
29 homes licensed under this Part."

30 **SECTION 9E.5.(d)** Article 10 of Chapter 131E of the General Statutes is amended  
31 by adding a new section to read:

32 **"§ 131E-207.5. Patient visitation rights for residents of hospice care facilities.**

33 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any  
34 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and  
35 civil penalty provisions specified in G.S. 131E-79.3 apply to hospice care facilities licensed  
36 under this Article."

37 **SECTION 9E.5.(e)** Part 1 of Article 1 of Chapter 131D of the General Statutes is  
38 amended by adding a new section to read:

39 **"§ 131D-7.5. Patient visitation rights for adult care home residents and special care unit**  
40 **residents.**

41 (a) Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or  
42 any other provision of law to the contrary, any facility licensed under this Chapter shall allow  
43 residents to receive visitors of their choice, except when any of the following have been  
44 established by clear and convincing evidence:

- 45 (1) Infection control issues are present.
- 46 (2) Visitation interferes with the care of other patients.
- 47 (3) Visitors engage or have engaged in disruptive, threatening, or violent behavior  
48 of any kind.

49 (b) If a facility is found to have violated the provisions of subsection (a) of this section,  
50 the Department shall impose a civil penalty in an amount not less than five hundred dollars  
51 (\$500.00) for each instance on each day the facility was found to have a violation."

1           **SECTION 9E.5.(f)** Article 2 of Chapter 122C of the General Statutes is amended by  
2 adding a new section to read:

3       "§ 122C-32. Patient visitation rights for residents of residential treatment facilities.

4       Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any  
5 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and  
6 civil penalty provisions specified in G.S. 131E-79.3 apply to all facilities licensed under this  
7 Article that provide residential treatment."

8           **SECTION 9E.5.(g)** No later than January 1, 2022, the Department of Health and  
9 Human Services shall adopt rules to implement the provisions of subsections (a) through (f) of  
10 this section. Those rules shall include a requirement that facilities provide notice of the patient  
11 visitation rights in this section to patients, residents, and, when possible, family members of  
12 patients and residents. The required notice shall also include the contact information for the  
13 agency or individuals tasked with investigating violations of the visitation rights described in  
14 subsections (a) through (f) of this section.

15           **SECTION 9E.5.(h)** Subsections (a) through (f) of this section become effective  
16 January 1, 2022. The remainder of this section is effective when it becomes law.

17  
18       **ADULT CARE HOME ACCREDITATION PILOT PROGRAM**

19           **SECTION 9E.6.(a)** Definitions. – As used in this section, the following terms have  
20 the following meanings:

- 21           (1) Control group member. – A pilot ACH that (i) is selected to participate in the  
22 pilot program and (ii) has agreed to provide data to evaluate the effectiveness  
23 of the pilot program without participating in the accreditation process.
- 24           (2) Department. – The North Carolina Department of Health and Human  
25 Services.
- 26           (3) NCALA. – The North Carolina Assisted Living Association, a nonprofit  
27 corporation.
- 28           (4) NCSLA. – The North Carolina Senior Living Association, a nonprofit  
29 corporation.
- 30           (5) Pilot ACH. – A licensed adult care home selected to participate in the pilot  
31 program.
- 32           (6) Pilot program. – The two-year pilot program authorized by subsection (b) of  
33 this section for the purpose of comparing the impact of accreditation and  
34 licensure approaches on care and resident health and other outcomes.
- 35           (7) Pilot Program Accrediting Body. – The Accreditation Commission for Health  
36 Care, a nonprofit accreditation organization.
- 37           (8) Program participant. – A pilot ACH that (i) is selected to participate in the  
38 pilot program and (ii) has agreed to provide data to evaluate the effectiveness  
39 of the pilot program and to participate in the accreditation process.
- 40           (9) Sheps Center. – The Program on Aging, Disability, and Long-Term Care  
41 within the Cecil G. Sheps Center for Health Services Research located at the  
42 University of North Carolina at Chapel Hill.
- 43           (10) Stakeholder Advisory Group. – The advisory group appointed under  
44 subsection (c) of this section.

45           **SECTION 9E.6.(b)** Pilot Program. – The Sheps Center shall oversee the  
46 administration of a two-year pilot program to be conducted by the Pilot Program Accrediting  
47 Body and the Sheps Center to evaluate the effectiveness of an accreditation process for adult care  
48 homes that would deem adult care homes eligible for ongoing licensure and exempt accredited  
49 adult care homes from routine inspections if they meet required standards and requirements. The  
50 goal of the pilot program is to study the effectiveness of accreditation through an evaluation of  
51 quality outcome measures to be developed by the Sheps Center for the purpose of determining

1 whether accreditation achieves compliance with licensure requirements and improves or  
2 maintains quality of care compared with a control group. In conducting the pilot program, the  
3 Sheps Center shall collaborate with the Pilot Program Accrediting Body, the Department, the  
4 NCSLA, the NCALA, the Stakeholder Advisory Group appointed under subsection (c) of this  
5 section, and any other qualified entity or State agency that may be of assistance in accomplishing  
6 the objectives of the pilot program.

7 **SECTION 9E.6.(c) Stakeholder Advisory Group.** – The Department shall appoint a  
8 Stakeholder Advisory Group representing other interested parties not already involved in the  
9 pilot program authorized by subsection (b) of this section, which shall be composed of, at  
10 minimum, at least one member representing Friends of Residents in Long Term Care, the North  
11 Carolina Ombudsman Association, AARP North Carolina, directors of county departments of  
12 social services, and the Department. The Sheps Center shall keep the Stakeholder Advisory  
13 Group informed of the progress of study design and operation of the pilot program and shall offer  
14 the Stakeholder Advisory Group an opportunity to periodically offer recommendations on study  
15 design, pilot program operation, and ultimate implementation of the accreditation process for  
16 program participants.

17 **SECTION 9E.6.(d) Pilot Accrediting Body Reporting.** – As a condition of  
18 participating in the pilot program authorized by this section, the Pilot Program Accrediting Body  
19 must agree to submit the following reports to the Sheps Center:

- 20 (1) Monthly survey schedules which document the surveys that were completed  
21 for the previous month and those scheduled for the current and the following  
22 month.
- 23 (2) Documentation of surveys for the preceding month, including documentation  
24 of investigations, noncompliance, correction of noncompliance, and survey  
25 outcomes.
- 26 (3) Facility notification letters for all accreditation program actions and any  
27 follow-up communication associated with those facility notification letters.

28 **SECTION 9E.6.(e) Adult Care Home Accreditation Grant Program.** – As part of the  
29 pilot program, the NCSLA and the NCALA, in consultation with the Sheps Center, the Pilot  
30 Program Accrediting Body, and the Stakeholder Advisory Group, shall jointly establish and  
31 operate a grant program that provides grant awards to a maximum of 150 Pilot ACHs located in  
32 this State to cover the cost of accreditation for up to 75 Pilot ACHs and the cost of serving as a  
33 control group member and providing outcome data for up to 75 Pilot ACHs. The Sheps Center  
34 shall establish, in consultation with the Pilot Program Accrediting Body, the NCSLA, the  
35 NCALA, and the Stakeholder Advisory Group, criteria to be utilized for selecting adult care  
36 homes to participate in the adult care home accreditation grant program authorized by this  
37 section. The established criteria must ensure that a diverse group of Pilot ACHs are selected to  
38 participate as control group members or program participants in the grant program. Pilot ACHs  
39 shall not use their grant awards for any purpose other than to contract with the Pilot Program  
40 Accrediting Body or otherwise defray the expenses of serving as either a program participant or  
41 control group member of the pilot program.

42 **SECTION 9E.6.(f) Selection of Participating Pilot ACHs.** – No later than 120 days  
43 after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a  
44 methodology for selecting program participants and control group members for the pilot  
45 program. The methodology must ensure that program participants and control group members  
46 selected for the pilot program represent diverse payor sources, star ratings, and related  
47 characteristics and must ensure that the number of program participants and the number of control  
48 group members are equivalent.

49 **SECTION 9E.6.(g) Pilot ACH Reports.** – No later than 150 days after the effective  
50 date of this section, the Sheps Center, NCSLA, and NCALA shall develop a standardized  
51 methodology for the collection of information from the program participants and control group

1 members of the pilot program for the purpose of comparing and contrasting the quality of care  
2 and the outcomes in accredited and nonaccredited facilities. As a condition of participating in the  
3 pilot program authorized by this section, the pilot ACHs must agree to follow this standardized  
4 methodology for (i) collecting information about the residents and the facility and (ii) quarterly  
5 reporting that information to the Sheps Center. The Sheps Center shall maintain the original data  
6 provided by facilities for data verification purposes. The quarterly reports shall include, but not  
7 be limited to, the following categories and types of information in the format prescribed by the  
8 Sheps Center:

- 9 (1) Function, specifically falls with injury.
- 10 (2) Health, specifically emergency department visits, hospitalization, and flu  
11 immunization.
- 12 (3) Cognition, specifically discharge due to behaviors.
- 13 (4) Quality of dying, specifically hospice use.
- 14 (5) Quality of life, specifically resident satisfaction and family satisfaction  
15 reported annually.
- 16 (6) Staffing, specifically turnover and satisfaction (satisfaction reported  
17 annually).

18 **SECTION 9E.6.(h)** Evaluation of Quality Outcome Measures. – Using quality  
19 outcome measures established by the Sheps Center, the Sheps Center shall compare outcomes  
20 between the program participants and control group members for a period of two years from the  
21 onset of the pilot program. The Pilot Program Accrediting Body, program participants, and  
22 control group members shall cooperate with the Sheps Center in its efforts to gather and report  
23 data necessary to measure and compare care and resident outcomes as required by this subsection.  
24 The Sheps Center shall submit the following reports to the Joint Legislative Oversight Committee  
25 on Health and Human Services, the Department, and to the Stakeholder Advisory Group:

- 26 (1) On or before April 30, 2023, an interim report on its findings and  
27 determinations with respect to the comparisons conducted in accordance with  
28 this subsection.
- 29 (2) On or before July 31, 2024, a final report on its findings and determinations  
30 with respect to the comparisons conducted in accordance with this subsection.

31 **SECTION 9E.6.(i)** Evaluation of Pilot Program. – The pilot program shall terminate  
32 no later than August 1, 2024. No later than 90 days after the submission of its final report under  
33 subdivision (h)(2) of this section, the Sheps Center shall conduct and submit to the Joint  
34 Legislative Oversight Committee on Health and Human Services and the Department an  
35 evaluation of the effectiveness of the pilot program for a licensure accreditation process for adult  
36 care homes that could inform future changes to the licensure process and requirements. The  
37 evaluation shall include, but not be limited to, an assessment of the following information from  
38 the pilot program:

- 39 (1) A determination by the Sheps Center that a sufficient number of pilot ACHs  
40 and control group member AHCs participated and provided data over a  
41 sufficient period of time to enable a reliable evaluation of the pilot program.
- 42 (2) The determination of the Sheps Center on the impact accreditation has on  
43 adult care home resident outcomes, or whether it demonstrably improves or at  
44 least maintains resident outcomes, based on the quality measures established  
45 by the Sheps Center.
- 46 (3) The completion of unannounced surveys by the Pilot Program Accrediting  
47 Body within 12 months from the prior accreditation effective date.
- 48 (4) The timely notification to surveyed facilities of identified deficiencies with  
49 the accreditation program's standards.
- 50 (5) The monitoring of the correction of identified deficiencies at the facility with  
51 the program standards of the pilot accrediting body.

1 (6) Other relevant factors identified during the pilot program.

2 **SECTION 9E.6.(j)** Of the funds appropriated in this act to the Department of Health  
3 and Human Services, the sum of one million five hundred thousand dollars (\$1,500,000) in  
4 nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the NCSLA and the  
5 NCALA. The NCSLA and the NCALA shall use these funds to jointly administer the grant  
6 program authorized by subsection (e) of this section. Up to ten percent (10%) of these allocated  
7 funds may be used for administrative costs incurred by NCSLA and NCALA in administering  
8 the grant program component of the pilot program.

9 **SECTION 9E.6.(k)** Of the funds appropriated in this act to the Department of Health  
10 and Human Services, one million eight hundred fifty thousand dollars (\$1,850,000) in  
11 nonrecurring funds for the 2021-2022 fiscal year shall be transferred to the Board of Governors  
12 of The University of North Carolina System to be allocated to the University of North Carolina  
13 at Chapel Hill for the Program on Aging, Disability, and Long-Term Care within the Cecil G.  
14 Sheps Center for Health Services Research to cover the cost of participation in the pilot program  
15 authorized by subsection (b) of this section. These funds shall be expended over the period  
16 beginning with the effective date of the pilot program and ending with the submission to the Joint  
17 Legislative Oversight Committee on Health and Human Services and the Department of an  
18 evaluation of the effectiveness of this pilot program for a licensure accreditation process for adult  
19 care homes that could inform future changes to the licensure process and requirements. The  
20 Sheps Center shall use these funds to do the following:

- 21 (1) To develop a recommended list of criteria, data collection, and methodology  
22 necessary for measuring care and resident outcomes in adult care homes.  
23 These criteria shall relate to, at a minimum, the following:  
24 a. Function, specifically falls with injury.  
25 b. Health, specifically emergency department visits, hospitalization, and  
26 flu immunization.  
27 c. Cognition, specifically discharge due to behaviors.  
28 d. Quality of dying, specifically hospice use.  
29 e. Quality of life, specifically resident satisfaction and family satisfaction  
30 reported annually.  
31 f. Staffing, specifically turnover and satisfaction (satisfaction reported  
32 annually).
- 33 (2) To solicit the program participants, obtain the relevant data, validate select  
34 data, enter and clean the data, and generate reports.
- 35 (3) To ensure pilot ACHs compile the information related to quality outcome  
36 measures in a standardized manner, obtain that information, and compare the  
37 quality outcome measures prescribed by the Sheps Center in program  
38 participants and control group members. The methodology used in  
39 comparison of quality outcome measures shall be substantially similar to the  
40 methodology used in the Centers for Medicare and Medicaid Services'  
41 Nursing Home Compare Quality Measures Technical Specifications,  
42 specifically utilizing comparisons based upon per 1,000 resident days.
- 43 (4) To prepare the reports required by subsections (h) and (i) of this section.

44 **SECTION 9E.6.(l)** This section is effective when it becomes law.

## 45 **ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS**

46 **SECTION 9E.7.(a)** G.S. 131D-4.4A reads as rewritten:

47 "**§ 131D-4.4A. Adult care home infection prevention requirements.**

48 (a) As used in this section, "adult care home staff" means any employee of an adult care  
49 home involved in direct resident care.  
50

1 (b) In order to prevent transmission of ~~HIV, hepatitis B, hepatitis C, and other bloodborne~~  
2 ~~pathogens, infectious diseases,~~ each adult care home shall do all of the following, ~~beginning~~  
3 ~~January 1, 2012:~~ following:

4 (1) Implement a written infection prevention and control policy consistent with  
5 the federal Centers for Disease Control and Prevention guidelines accepted  
6 national standards on infection control that addresses at least all of control,  
7 which shall be maintained in the facility and accessible to staff working at the  
8 facility. The policy shall address the following:

9 a. Proper disposal of single-use equipment used to puncture skin, mucous  
10 membranes, and other tissues, and proper disinfection of reusable  
11 ~~patient-resident~~ care items that are used for multiple residents.

12 b. Sanitation of rooms and equipment, including cleaning procedures,  
13 agents, and schedules.

14 c. Accessibility of infection control devices and supplies.

15 d. Blood and bodily fluid precautions.

16 e. Procedures to be followed when adult care home staff is exposed to  
17 blood or other body fluids of another person in a manner that poses a  
18 significant risk of transmission of HIV, hepatitis B, hepatitis C, or  
19 other bloodborne pathogens.

20 f. Procedures to prohibit adult care home staff with exudative lesions or  
21 weeping dermatitis from engaging in direct resident care that involves  
22 the potential for contact between the resident, equipment, or devices  
23 and the lesion or dermatitis until the condition resolves.

24 g. Standard and transmission-based precautions, including the following:

25 1. Respiratory hygiene and cough etiquette.

26 2. Environmental cleaning and disinfection.

27 3. Reprocessing and disinfection of reusable resident devices.

28 4. Hand hygiene.

29 5. Accessibility and proper use of personal protective equipment.

30 6. Types of transmission-based precautions and when each type  
31 is indicated, including contact precautions, droplet  
32 precautions, and airborne precautions.

33 h. When and how to report to the local health department a suspected or  
34 confirmed, reportable communicable disease case or condition, or a  
35 communicable disease outbreak.

36 i. Measures the facility should consider for specific types of  
37 communicable disease outbreaks in order to prevent the spread of  
38 illness, such as:

39 1. Isolating infected residents.

40 2. Limiting or stopping group activities and communal dining.

41 3. Limiting or restricting outside visitation to the facility.

42 4. Screening staff, residents, and visitors for signs of illness.

43 5. Using source control as tolerated by the residents.

44 j. Strategies for addressing potential staffing issues and ensuring  
45 adequate staffing is available to meet the needs of the residents during  
46 a communicable disease outbreak.

47 (2) Require and monitor compliance with the facility's infection control policy.

48 (3) Update the infection control policy as necessary to ~~prevent the transmission~~  
49 ~~of HIV, hepatitis B, hepatitis C, and other bloodborne pathogens.~~ maintain  
50 consistency with the infection prevention and control guidelines included in  
51 the course developed by the Department pursuant to G.S. 131D-4.5C.

- 1 (4) Designate one on-site staff member for each noncontiguous facility who is  
2 knowledgeable about the federal Centers for Disease Control and Prevention  
3 guidelines on infection control to direct the facility's infection control  
4 activities and ensure that all adult care staff is trained in the facility's written  
5 infection prevention and control policy. ~~Beginning October 1, 2013, any~~  
6 policy developed pursuant to subdivision (b)(1) of this section within 30 days  
7 after hire and annually thereafter. Any nonsupervisory staff member  
8 designated to direct the facility's infection control activities shall complete the  
9 infection control course developed by the Department pursuant to  
10 G.S. 131D-4.5C.
- 11 (5) When a communicable disease outbreak has been identified at a facility or  
12 there is an emerging infectious disease threat, the facility shall ensure  
13 implementation of the facility's infection control and prevention policy  
14 developed pursuant to subdivision (b)(1) of this section and related policies  
15 and procedures; provided, however, that if guidance or directives specific to a  
16 communicable disease outbreak or emerging infectious disease threat have  
17 been issued in writing by the Department or local health department, the  
18 Department's or local health department's specific guidance or directives shall  
19 be implemented by the facility."

20 **SECTION 9E.7.(b)** This section becomes effective October 1, 2021.

21  
22 **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**  
23 **ABUSE SERVICES**

24  
25 **USE OF OPIOID SETTLEMENT FUNDS**

26 **SECTION 9F.1.(a)** The Opioid Abatement Fund (Fund) is established as an  
27 interest-bearing special fund for allocation of appropriated funds to the Department of Health  
28 and Human Services (Department) for opioid-related programs and activities, as specified in this  
29 section. The Fund shall consist of all funds received by the State as a beneficiary of the final  
30 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.  
31 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake  
32 County, pursuant to G.S. 114-2.4A.

33 **SECTION 9F.1.(b)** The Department shall expend moneys in the Fund only to abate  
34 and remediate the harms caused to North Carolina and its citizens by the opioid epidemic, as  
35 specified in subdivisions (1) through (4) of this subsection and in accordance with acts of the  
36 General Assembly appropriating these funds and specifying limitations and directions for the use  
37 of these funds:

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



- 1 c. Transportation support services to enable individuals recovering from  
2 opioid use disorder to travel to their places of treatment and their  
3 places of employment.
- 4 (2) To support individuals with opioid use disorder who are involved in the  
5 criminal justice system through programs and initiatives designed to  
6 accomplish any one or more of the following:
- 7 a. Establishment or expansion of existing prearrest and postarrest  
8 diversion programs. This includes prearrest diversion, postarrest  
9 diversion, and court-based diversion through treatment or recovery  
10 courts.
- 11 b. Establishment, expansion, or sustainment of medication-assisted  
12 treatment programs that provide to individuals who are incarcerated  
13 any medication approved by the United States Food and Drug  
14 Administration for opioid use disorder. Programs authorized under  
15 this sub-subdivision that are funded in whole or in part by the Opioid  
16 Abatement Fund shall be made available to individuals who were  
17 already participating in a medication-assisted treatment program prior  
18 to being incarcerated, as well as to individuals who initiate  
19 medication-assisted treatment during their incarceration to address an  
20 opioid use disorder.
- 21 c. Creation or expansion of reentry programs to connect individuals  
22 exiting incarceration with harm reduction, treatment, and recovery  
23 supports.
- 24 (3) To expand evidence-based treatment supports and to improve connections to  
25 care, especially for individuals hospitalized for overdose who are uninsured  
26 or underinsured, through the following activities or initiatives:
- 27 a. Evidence-based addiction treatment, including medication-assisted  
28 treatment provided by inpatient or outpatient opioid treatment  
29 programs.
- 30 b. Expanded access to cost-effective, low-cost, or no-cost  
31 medication-assisted treatment in community-based settings.
- 32 c. Expanded care management services, including the use of peer support  
33 specialists and care navigators in local health departments, detention  
34 facilities, local departments of social services, and community-based  
35 settings. Any funding provided pursuant to this sub-subdivision shall  
36 be used to provide care management services involving outreach to,  
37 engagement with, and coordination for individuals to assist them with  
38 accessing opioid use disorder treatment.
- 39 (4) To develop evidence-based supportive housing services, such as Housing  
40 First, that are inclusive of individuals with substance use disorders. Qualifying  
41 services that may be funded under this subdivision include the following:
- 42 a. Providing a move-in deposit, rental or utility assistance, or all of these  
43 for individuals with substance use disorders who are in recovery or  
44 transitioning from residential treatment or incarceration.
- 45 b. Providing community training sessions on tenancy rights and  
46 responsibilities.
- 47 c. Establishing relationships with landlords to encourage the elimination  
48 of preconditions for housing and to reduce potential incidences of  
49 evictions due to substance misuse.
- 50 d. Providing other housing-related supports such as tents, sleeping bags,  
51 or other supplies for outdoor living.

- 1 e. Funding or otherwise supporting recovery supported housing that  
2 accepts individuals who are utilizing any medication approved by the  
3 United States Food and Drug Administration for the treatment of  
4 opioid use disorder.

5 **SECTION 9F.1.(c)** Funds deposited into the Opioid Abatement Fund do not  
6 constitute an "appropriation made by law" as that phrase is used in Section 7(1) of Article V of  
7 the North Carolina Constitution.

8 **SECTION 9F.1.(d)** All funds received by the State as a beneficiary of the final  
9 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.  
10 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake  
11 County, and deposited into the Opioid Abatement Fund shall remain unspent until appropriated  
12 by an act of the General Assembly.

13 **SECTION 9F.1.(e)** Of the funds appropriated in this act from the Opioid Abatement  
14 Fund established by subsection (a) of this section to the Department of Health and Human  
15 Services, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2021-2022  
16 fiscal year shall be provided as a directed grant to the North Carolina Association for the  
17 Treatment of Opioid Dependence. The North Carolina Association for the Treatment of Opioid  
18 Dependence shall not use these funds for any purpose other than an allowable purpose specified  
19 under subsection (a) of this section.

20 **SECTION 9F.1.(f)** This section is effective when it becomes law.  
21

## 22 **SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES**

23 **SECTION 9F.3.(a)** For the purpose of mitigating cash flow problems that many  
24 local management entities/managed care organizations (LME/MCOs) experience at the  
25 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
26 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
27 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base  
28 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
29 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
30 after July, DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh  
31 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the  
32 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

33 **SECTION 9F.3.(b)** During each year of the 2021-2023 fiscal biennium,  
34 DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least eighty percent (80%) of the  
35 level of single-stream services provided across the State during the 2014-2015 fiscal year. No  
36 LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid  
37 for with single-stream funding that support the 2012 settlement agreement entered into between  
38 the United States Department of Justice and the State of North Carolina to ensure that the State  
39 will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504  
40 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v.*  
41 *L.C.*, 527 U.S. 581 (1999). This subsection shall not be construed to require a LME/MCO to  
42 authorize or maintain the same level of services for any specific individual whose services were  
43 paid for with single-stream funding. This subsection shall not be construed to create a private  
44 right of action for any person or entity against the State of North Carolina or the Department of  
45 Health and Human Services or any of its divisions, agents, or contractors and shall not be used  
46 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or  
47 Chapter 108D of the General Statutes.

48 **SECTION 9F.3.(c)** If, on or after June 1, 2022, the Office of State Budget and  
49 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient  
50 cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then the  
51 Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer to

1 DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars  
2 (\$30,000,000), whichever is less.

3 **SECTION 9F.3.(d)** If, on or after June 1, 2023, OSBM certifies a Medicaid and NC  
4 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations  
5 for the 2022-2023 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the  
6 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.  
7

#### 8 **ADDICTION TREATMENT FUNDS**

9 **SECTION 9F.3A.** Of the funds appropriated to the Department of Health and  
10 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
11 Services (DMH/DD/SAS), the sum of five hundred thousand dollars (\$500,000) in nonrecurring  
12 funds for the 2021-2022 fiscal year shall be allocated to Partners Health Management to be used  
13 to address the needs of individuals in Surry County that have a substance use disorder or are  
14 otherwise struggling with addiction.  
15

#### 16 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

17 **SECTION 9F.4.(a)** Use of Funds. – Funds appropriated in this act to the Department  
18 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
19 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric  
20 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to  
21 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds  
22 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds  
23 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of  
24 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall  
25 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In  
26 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated  
27 to LME/MCOs for community-based mental health, developmental disabilities, and substance  
28 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.  
29

30 **SECTION 9F.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS  
31 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
32 with this section are utilized solely for individuals who are medically indigent, except that DHHS  
33 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health  
34 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
35 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for  
36 facility-based crisis services and nonhospital detoxification services for individuals in need of  
37 these services, regardless of whether the individuals are medically indigent. For the purposes of  
38 this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable  
39 to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for  
40 government-funded health coverage such as Medicare or Medicaid.

41 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
42 bed days purchased in accordance with this section are distributed across the State and according  
43 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
44 higher acuity levels are distributed across the State and according to greatest need based on  
45 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
46 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these  
47 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and  
48 control these local inpatient psychiatric beds or bed days, including the determination of the  
49 specific local hospital or State psychiatric hospital to which an individual should be admitted  
50 pursuant to an involuntary commitment order.

51 **SECTION 9F.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in  
this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be

1 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
2 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
3 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
4 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
5 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

6 **SECTION 9F.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
7 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for  
8 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
9 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the  
10 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may  
11 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other  
12 provision of law to the contrary, may pay the hospital directly.

13 **SECTION 9F.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to  
14 report to DHHS regarding the utilization of these beds or bed days.

15 **SECTION 9F.4.(f)** Reporting by DHHS. – By no later than December 1, 2022, and  
16 by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight  
17 Committee on Health and Human Services and the Fiscal Research Division on all of the  
18 following:

- 19 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
20 year from (i) existing State appropriations and (ii) local funds.
- 21 (2) An explanation of the process used by DHHS to ensure that, except as  
22 otherwise provided in subsection (a) of this section, local inpatient psychiatric  
23 beds or bed days purchased in accordance with this section are utilized solely  
24 for individuals who are medically indigent, along with the number of  
25 medically indigent individuals served by the purchase of these beds or bed  
26 days.
- 27 (3) The amount of funds used to pay for facility-based crisis services, along with  
28 the number of individuals who received these services and the outcomes for  
29 each individual.
- 30 (4) The amount of funds used to pay for nonhospital detoxification services, along  
31 with the number of individuals who received these services and the outcomes  
32 for each individual.
- 33 (5) Other DHHS initiatives funded by State appropriations to reduce State  
34 psychiatric hospital use.

## 35 36 **FUNDS FOR OVERDOSE MEDICATIONS**

37 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
38 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
39 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
40 fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as  
41 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 42 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
43 the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to  
44 be distributed at no charge to the North Carolina Harm Reduction Coalition  
45 to serve individuals at risk of experiencing an opioid-related drug overdose or  
46 to the friends and family members of an at-risk individual.
- 47 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
48 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be  
49 distributed at no charge to North Carolina law enforcement agencies.

## 50 51 **YOUTH TOBACCO ENFORCEMENT FUNDING**

1           **SECTION 9F.6.** Of the funds appropriated in this act to the Department of Health  
2 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
3 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
4 year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
5 Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall  
6 allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313,  
7 the State's youth tobacco access law.

8  
9           **INCREASE FUNDING FOR TRAUMATIC BRAIN INJURY SERVICES**

10           **SECTION 9F.7A.** 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 traumatic brain injury (TBI) services, the sum of three million nine hundred  
13 seventy-three thousand eighty-six dollars (\$3,973,086) in recurring funds for each year of the  
14 2021-2023 fiscal biennium shall be used exclusively to support TBI services as follows:

- 15           (1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars  
16 (\$559,218) in recurring funds for each year of the fiscal biennium shall be  
17 used to fund contracts with the Brain Injury Association of North Carolina,  
18 Carolinas Rehabilitation, or appropriate service providers to assist families in  
19 accessing the continuum of care and to provide educational programs on brain  
20 injury prevention, intervention, and care.
- 21           (2) The sum of three million four hundred thirteen thousand eight hundred  
22 sixty-eight dollars (\$3,413,868) in recurring funds for each year of the fiscal  
23 biennium shall be used to provide TBI services and supports established by  
24 the Division of Mental Health, Developmental Disabilities, and Substance  
25 Abuse Services in its operating processes, including residential services, day  
26 programs, transportation, respite services, and home modification, to  
27 individuals with TBI statewide.

28  
29           **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED**  
30           **INPATIENT BEHAVIORAL HEALTH BEDS**

31           **SECTION 9F.9.(a)** Funds for the Purchase of Additional Beds. – It is the intent of  
32 the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the  
33 State with the highest need. To that end, of the funds appropriated in this act from the Dorothea  
34 Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health  
35 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
36 Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four  
37 dollars (\$4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for  
38 any renovation or building costs associated with (i) the construction of new licensed inpatient  
39 behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed  
40 inpatient behavioral health beds, or (iii) a combination of these options as follows:

- 41           (1) One million four hundred twenty thousand four hundred eighty-one dollars  
42 (\$1,420,481) in nonrecurring funds shall be used to pay for the construction  
43 of new licensed inpatient behavioral health beds at Good Hope Hospital in  
44 Harnett County.
- 45           (2) One million four hundred twenty thousand four hundred eighty-one dollars  
46 (\$1,420,481) in nonrecurring funds shall be used to create a new behavioral  
47 health unit in Betsy Johnson Hospital, a part of Harnett County Health  
48 Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new  
49 unit shall be reserved for children under the age of 18.
- 50           (3) One million four hundred twenty thousand four hundred eighty-two dollars  
51 (\$1,420,482) in nonrecurring funds shall be used to construct new licensed

1 inpatient behavioral beds by Johnston Health Enterprises, Inc., in Johnston  
2 County.

3 **SECTION 9F.9.(b)** Certificate of Need Exemption for Certain Facilities. –  
4 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General  
5 Statutes, or any other provision of law to the contrary, each facility that receives funds allocated  
6 under subsection (a) of this section is exempt from certificate of need review for the  
7 establishment or expansion of behavioral health services at the facility at which the constructed  
8 or converted beds will be brought into operation, including any combination of the following:

- 9 (1) The establishment or expansion of outpatient therapy services or substance  
10 use disorder treatment services, or both.  
11 (2) The replacement or relocation of a behavioral health facility, defined as a  
12 psychiatric facility, a facility-based crisis center, or any facility that is  
13 primarily engaged in providing services for the diagnosis and treatment of  
14 behavioral health issues.  
15 (3) Changes in inpatient behavioral health bed capacity.

16 **SECTION 9F.9.(c)** Applicability of Licensure Laws. – The establishment or  
17 expansion of behavioral health services, including any of the items described in subdivisions (1)  
18 through (3) of subsection (b) of this section, are subject to existing licensure laws and  
19 requirements.  
20

## 21 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR** 22 **PROJECTS**

23 **SECTION 9F.10.** Any funds allocated under Section 12F.4 of S.L. 2016-94, Section  
24 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  
25 to the Department of Health and Human Services, Division of Mental Health, Developmental  
26 Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that  
27 are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital  
28 Property Fund until those funds are expended or encumbered for the purposes specified under  
29 Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of  
30 S.L. 2018-5, and Section 9F.9 of this act, as applicable.  
31

## 32 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

33 **SECTION 9F.12.(a)** As used in this section, "group home" means any facility that  
34 (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
35 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
36 minors or adults whose primary diagnosis is mental illness or a developmental disability but may  
37 also have other diagnoses.

38 **SECTION 9F.12.(b)** Of the funds appropriated in this act to the Department of  
39 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
40 Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand  
41 dollars (\$1,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide  
42 temporary, short-term financial assistance in the form of a monthly payment to group homes on  
43 behalf of each resident who meets all of the following criteria:

- 44 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
45 January 1, 2013, but was determined to be ineligible for PCS on or after  
46 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
47 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
48 S.L. 2012-145 and Section 70 of S.L. 2012-194.  
49 (2) Has continuously resided in a group home since December 31, 2012.

50 **SECTION 9F.12.(c)** These monthly payments shall be subject to all of the following  
51 requirements and limitations:

- 1 (1) The amount of the monthly payments authorized by this section shall not  
2 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
3 for each resident who meets all criteria specified in subsection (b) of this  
4 section.
- 5 (2) A group home that receives the monthly payments authorized by this section  
6 shall not, under any circumstances, use these payments for any purpose other  
7 than providing, as necessary, supervision and medication management for a  
8 resident who meets all criteria specified in subsection (b) of this section.
- 9 (3) The Department shall make monthly payments authorized by this section to a  
10 group home on behalf of each resident who meets all criteria specified in  
11 subsection (b) of this section only for the period commencing July 1, 2021,  
12 and ending June 30, 2022, or upon depletion of the one million eight hundred  
13 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
14 to DMH/DD/SAS for supplemental short-term assistance for group homes for  
15 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.
- 16 (4) The Department shall make monthly payments authorized by this section only  
17 to the extent sufficient funds are available from the one million eight hundred  
18 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
19 to DMH/DD/SAS for supplemental short-term assistance for group homes for  
20 the 2021-2022 fiscal year for the purpose of this section.
- 21 (5) The Department shall not make monthly payments authorized by this section  
22 to a group home on behalf of a resident during the pendency of an appeal by  
23 or on behalf of the resident under G.S. 108A-70.9A.
- 24 (6) The Department shall terminate all monthly payments pursuant to this section  
25 on June 30, 2022, or upon depletion of the one million eight hundred thousand  
26 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to  
27 DMH/DD/SAS for supplemental short-term assistance for group homes for  
28 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.
- 29 (7) Each group home that receives the monthly payments authorized by this  
30 section shall submit to the Department a list of all funding sources for the  
31 operational costs of the group home for the preceding two years, in accordance  
32 with the schedule and format prescribed by the Department.

33 **SECTION 9F.12.(d)** The Department shall use an existing mechanism to administer  
34 these funds in the least restrictive manner that ensures compliance with this section and timely  
35 and accurate payments to group homes. The Department shall not, under any circumstances, use  
36 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds  
37 appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group  
38 homes for the 2021-2022 fiscal year for any other purpose than the purpose specified in this  
39 section.

40 **SECTION 9F.12.(e)** Nothing in this section shall be construed as an obligation by  
41 the General Assembly to appropriate funds for the purpose of this section or as an entitlement by  
42 any group home, resident of a group home, or other person to receive temporary, short-term  
43 financial assistance under this section.

44 **SECTION 9F.12.(f)** No later than December 1, 2021, DMH/DD/SAS shall provide  
45 to the Fiscal Research Division the number of group home residents that meet the criteria under  
46 subsection (b) of this section.

47  
48 **TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE**  
49 **FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

50 **SECTION 9F.13.** Of the funds appropriated in this act from the State Fiscal  
51 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,

1 Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six  
2 hundred thousand dollars (\$12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
3 be used to distribute a one-time payment to each local management entity/managed care  
4 organization (LME/MCO) for the purposes of providing temporary additional funding assistance  
5 for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services  
6 on a per diem basis.

## 7 8 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

9 **SECTION 9F.14.(a)** Of the funds appropriated to the Department of Health and  
10 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
11 Services, the sum of fifteen million dollars (\$15,000,000) in recurring funds for each year of the  
12 2021-2023 fiscal biennium shall be used for the following purposes only:

- 13 (1) Incentivizing local management entities/managed care organizations  
14 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other  
15 Medicaid-funded services, to support the residential needs of Medicaid  
16 recipients living in licensed, community-based group homes.
- 17 (2) Establishing new rate models and rate methodologies to replace the currently  
18 inadequate and insufficient State-funded rates supporting residents of  
19 licensed, community-based group homes. DHHS shall identify any vacant  
20 beds and eligible individuals to fill those beds under the new rate models and  
21 rate methodologies and assist with the orderly transition of the eligible  
22 individuals into the vacant beds.
- 23 (3) Increasing the existing per member per month payments to LME/MCOs to  
24 quickly enable and facilitate the transition to a more appropriate and  
25 sustainable service-funding model for licensed, community-based group  
26 homes by July 1, 2022. Funds expended under this subdivision shall be  
27 allocated in per person amounts, to be determined by DHHS, to individuals  
28 with intellectual or other developmental disabilities who received State  
29 funding prior to July 1, 2022, and who reside in licensed, community-based  
30 group homes for eligible individuals with intellectual and other developmental  
31 disabilities.
- 32 (4) Continuing the existing rate structure at the per person amounts for the  
33 2021-2023 biennium to offset the loss of bridge funds and maintain the current  
34 financial conditions of licensed, community-based group homes that serve  
35 children or adults whose primary diagnosis is mental illness or an intellectual  
36 or developmental disability.

37 Group homes with only residents who are supported by the North Carolina  
38 Innovations Waiver are not eligible to receive any funding under this subsection.

39 **SECTION 9F.14.(b)** DHHS shall develop a more appropriate and sustainable  
40 service model for residents of licensed, community-based group homes. In developing this  
41 service model, DHHS shall do all of the following:

- 42 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,  
43 needs-based rate models and rate methodologies for new "in-lieu-of" services,  
44 or other Medicaid-funded services, that will be specific to the residential  
45 support services needed in group homes serving Medicaid recipients with  
46 intellectual or other developmental disabilities and to residential support  
47 services needed in group homes serving Medicaid recipients with a primary  
48 diagnosis of mental illness. The rate methodologies shall be comparable to, or  
49 a percentage of, existing rates for similar services currently provided through  
50 the North Carolina Innovations Waiver. The new rate structures shall include



- 1 wage and hour increases for direct support personnel working in these group  
2 homes.
- 3 (2) In cooperation with stakeholders and LME/MCOs, develop new model  
4 service definitions specific to the residential support services needed by  
5 Medicaid recipients with mental health needs living in licensed,  
6 community-based group homes. The new service definitions shall require the  
7 delivery of new habilitation or rehabilitation support services in the residential  
8 setting.
- 9 (3) Develop a process whereby all, or a portion of, the State funds used to support  
10 Medicaid recipients with mental illness or intellectual or other developmental  
11 disabilities living in licensed, community-based group homes prior to the  
12 implementation of the new rate structure are used for the new "in-lieu-of"  
13 services or other Medicaid services developed pursuant to this subsection. The  
14 policy shall ensure an orderly home-by-home transition process. The policy  
15 shall ensure that residents who are found to be ineligible for Medicaid services  
16 or who do not meet medical necessity criteria for the new "in-lieu-of" services,  
17 or other Medicaid-funded services, shall continue to be served using State  
18 funds at a need-based rate comparable to the North Carolina Innovations  
19 Waiver rate. No resident shall be displaced as a result of being found ineligible  
20 for Medicaid services after the implementation of the new "in-lieu-of"  
21 services or other Medicaid-funded services. DHHS may use a regional  
22 phased-in approach to achieve the goals set forth in this subdivision.
- 23 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or  
24 other Medicaid-funded services for all eligible residents with mental illness or  
25 intellectual or other developmental disabilities living in licensed,  
26 community-based group homes receiving State funds and (ii) transition  
27 eligible residents to these more sustainable and appropriate Medicaid services.
- 28 (5) No later than March 1, 2022, report to the Joint Legislative Oversight  
29 Committee on Health and Human Services and the Joint Legislative Oversight  
30 Committee on Medicaid and NC Health Choice on the service model for  
31 residents of licensed, community-based group homes that has been developed.

32 **SECTION 9F.14.(c)** The more appropriate and sustainable service model for  
33 residents of licensed, community-based group homes developed in accordance with subsection  
34 (b) of this section shall be implemented by July 1, 2022. Once the model is implemented, the  
35 State funds that were used to support residents of licensed, community-based group homes prior  
36 to implementation shall be reinvested in their entirety in both the new funding model and  
37 increased rates to support and equalize wages of direct support personnel serving the residents.

38  
39 **SUPPORT COUNTY CRISIS BEHAVIORAL HEALTH PROGRAM JOINT**  
40 **PARTNERSHIPS**

41 **SECTION 9F.15.** Of the funds appropriated in this act from the State Fiscal  
42 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,  
43 Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of  
44 twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2021-2022 fiscal year is  
45 to be allocated, in a manner determined by DMH/DD/SAS, to Forsyth and Mecklenburg Counties  
46 to be used for each county's crisis behavioral health program partnership with the applicable  
47 county's local hospital system, local behavioral health crisis centers, local emergency services  
48 providers, and the local management entities/managed care organizations (LME/MCOs) serving  
49 the county. These crisis behavioral health programs shall continue to aid in assisting individuals  
50 who are experiencing a behavioral health crisis by diverting the individuals from the local

1 hospitals, which are under pressure from the COVID-19 pandemic, to more appropriate settings  
2 to address those individuals' needs.

3  
4 **STUDY PSYCHIATRIST SHORTAGE AT STATE OPERATED HEALTHCARE**  
5 **FACILITIES**

6 **SECTION 9F.16.** The Department of Health and Human Services, Division of State  
7 Operated Healthcare Facilities (DSOHF), shall partner with the Cecil G. Sheps Center for Health  
8 Services Research to study the staffing of licensed psychiatrists at the State operated psychiatric  
9 hospitals. The study shall include all of the following and shall break out the information by  
10 facility where applicable:

- 11 (1) Detailed information regarding the psychiatrist position vacancies over the  
12 last decade, including the number of vacant positions throughout that time  
13 frame.
- 14 (2) The turnover in psychiatrist positions over the past decade.
- 15 (3) Methods used to recruit and retain psychiatrists in State operated facilities.
- 16 (4) A comparison of the salaries and benefits offered to psychiatrists in the State  
17 operated facilities and those offered to psychiatrists practicing in private  
18 settings.
- 19 (5) Whether increased salary, bonuses, geographically-differentiated  
20 compensation, or other financial incentives may be beneficial for the  
21 recruitment and retention of psychiatrists in State operated facilities.
- 22 (6) Additional recruitment tools for State operated facility psychiatrist vacancies  
23 in rural areas of the State.
- 24 (7) The amount of funding required to support the recruitment and retention  
25 activities identified in the report.

26 No later than April 1, 2022, DSOHF shall submit a report to the Joint Legislative  
27 Oversight Committee on Health and Human Services and the Fiscal Research Division that  
28 contains the findings and recommendations, including any recommended legislative changes,  
29 related to the study required under this section.

30  
31 **STUDY ABILITY TO USE OLD BROUGHTON HOSPITAL FOR THREE-WAY BEDS**

32 **SECTION 9F.17.** The Department of Health and Human Services, Division of State  
33 Operated Healthcare Facilities, shall study the potential use of the historic Broughton Hospital  
34 by private entities, such as hospitals or other healthcare facilities, for three-way beds and shall  
35 explore the possibility of leasing, contracting out, or otherwise entering into agreement for use  
36 of the hospital, or any portion thereof, for three-way mental health beds. No later than March 1,  
37 2022, DSOHF shall report to the Joint Legislative Oversight Committee on Health and Human  
38 Services with recommendations resulting from the study requirement under this section.

39  
40 **PART IX-G. PUBLIC HEALTH**

41  
42 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**  
43 **IMPROVE MATERNAL AND CHILD HEALTH**

44 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
45 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to  
46 award competitive grants to local health departments for the improvement of maternal and child  
47 health shall be used to continue administering a competitive grant process for local health  
48 departments based on maternal and infant health indicators and the county's detailed proposal to  
49 invest in evidence-based programs to achieve the following goals:

- 50 (1) Improve North Carolina's birth outcomes.
- 51 (2) Improve the overall health status of children in this State from birth to age 5.

1 (3) Lower the State's infant mortality rate.  
2 **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
3 include at least all of the following components:

4 (1) A request for application (RFA) process to allow local health departments to  
5 apply for and receive State funds on a competitive basis. The Department shall  
6 require local health departments to include in the application a plan to evaluate  
7 the effectiveness, including measurable impact or outcomes, of the activities,  
8 services, and programs for which the funds are being requested.

9 (2) A requirement that the Secretary prioritize grant awards to those local health  
10 departments that are able to leverage non-State funds in addition to the grant  
11 award.

12 (3) Ensures that funds received by the Department to implement the plan  
13 supplement and do not supplant existing funds for maternal and child health  
14 initiatives.

15 (4) Allows grants to be awarded to local health departments for up to two years.

16 **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
17 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
18 recipients for the respective grant period pursuant to the amounts designated under subsection  
19 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint  
20 Legislative Oversight Committee on Health and Human Services on the grant awards that  
21 includes at least all of the following:

22 (1) The identity and a brief description of each grantee and each program or  
23 initiative offered by the grantee.

24 (2) The amount of funding awarded to each grantee.

25 (3) The number of persons served by each grantee, broken down by program or  
26 initiative.

27 **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health  
28 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
29 the Division of Public Health a written report of all activities funded by State appropriations. The  
30 report shall include the following information about the fiscal year preceding the year in which  
31 the report is due:

32 (1) A description of the types of programs, services, and activities funded by State  
33 appropriations.

34 (2) Statistical and demographical information on the number of persons served by  
35 these programs, services, and activities, including the counties in which  
36 services are provided.

37 (3) Outcome measures that demonstrate the impact and effectiveness of the  
38 programs, services, and activities based on the evaluation protocols developed  
39 by the Division, in collaboration with the University of North Carolina  
40 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
41 2015-241, and reported to the Joint Legislative Oversight Committee on  
42 Health and Human Services on April 1, 2016.

43 (4) A detailed program budget and list of expenditures, including all positions  
44 funded, matching expenditures, and funding sources.

#### 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

1 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG**  
2 **ASSISTANCE PROGRAM**

3 **SECTION 9G.3.** Upon a determination by the Department of Health and Human  
4 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
5 operate the health insurance premium assistance program implemented within the North Carolina  
6 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
7 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
8 Committee on Health and Human Services notifying the Committee of this determination along  
9 with supporting documentation and a proposed course of action with respect to health insurance  
10 premium assistance program participants.

11  
12 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

13 **SECTION 9G.4.(a)** Of the funds appropriated in this act to the Department of Health  
14 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Carolina  
15 Pregnancy Care Fellowship, a nonprofit corporation, no more than five percent (5%) of the funds  
16 allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for  
17 administrative purposes. The balance of these funds shall be used for direct services.

18 **SECTION 9G.4.(b)** Carolina Pregnancy Care Fellowship shall report to the Joint  
19 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
20 Division on the use of the funds appropriated in this act as follows:

- 21 (1) By July 1, 2022, on the use of funds received for the 2021-2022 fiscal year,  
22 including the use of any funds awarded as subgrants.  
23 (2) By July 1, 2023, on the use of funds received for the 2022-2023 fiscal year,  
24 including the use of any funds awarded as subgrants.  
25

26 **CAROLINA PREGNANCY CARE FELLOWSHIP/GRANTS FOR DURABLE**  
27 **MEDICAL EQUIPMENT AND TRAINING**

28 **SECTION 9G.4A.(a)** Of the funds appropriated in this act to the Department of  
29 Health and Human Services, Division of Public Health, for the Carolina Pregnancy Care  
30 Fellowship, a nonprofit corporation, the sum of five hundred thousand dollars (\$500,000) in  
31 nonrecurring funds for the 2021-2022 fiscal year and the sum of five hundred thousand dollars  
32 (\$500,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as a directed  
33 grant to the Carolina Pregnancy Care Fellowship to be used to provide the following to clinics  
34 that apply to the Carolina Pregnancy Care Fellowship:

- 35 (1) Grants to purchase durable medical equipment.  
36 (2) Grants to pay for training on the use of durable medical equipment.

37 **SECTION 9G.4A.(b)** No more than five percent (5%) of the funds allocated for the  
38 purposes of this section for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be  
39 used for administrative purposes.  
40

41 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

42 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
43 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain  
44 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the  
45 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for  
46 administrative purposes. The balance of these funds shall be used for direct services.  
47

48 **EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM INTO A**  
49 **STATEWIDE PROGRAM**

50 **SECTION 9G.6.(a)** Of the funds appropriated in this act to the Department of Health  
51 and Human Services, Division of Public Health, the sum of three million two hundred thousand

1 dollars (\$3,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three  
2 million two hundred thousand dollars (\$3,200,000) in nonrecurring funds for the 2022-2023  
3 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, as provided in  
4 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
5 only.

6 **SECTION 9G.6.(b)** The Human Coalition shall use funds allocated pursuant to  
7 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
8 11E.13(b) of S.L. 2017-57 into a statewide program. The purpose of the statewide continuum of  
9 care program includes expansion and operation of the Human Coalition Pregnancy Support  
10 Program to provide community outreach, consultations, and support and care coordination for  
11 women experiencing under-supported pregnancies. The program is designed to (i) encourage  
12 healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family  
13 formation, (iv) assist in establishing successful parenting techniques, and (v) increase the  
14 economic self-sufficiency of families. The continuum of care program shall consist of existing  
15 locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other  
16 locations around the State to be determined by the Human Coalition. All providers rendering  
17 services under the program for which they are compensated with funds allocated pursuant to  
18 subsection (a) of this section shall be physically located in the State of North Carolina. The  
19 continuum of care program shall provide direct services, supports, social services case  
20 management, and referrals to biological parents of unborn children and biological or adoptive  
21 parents of children under the age of 2 and shall consist of at least all of the following components:

- 22 (1) Outreach to at-risk populations eligible for the program.
- 23 (2) The use of licensed nurses to perform the following functions:
  - 24 a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 25 b. Provision of medically accurate, pregnancy-related medical  
26 information to program participants.
- 27 (3) The use of licensed social workers, or other individuals of equivalent  
28 experience, to perform the following functions:
  - 29 a. Development of a care plan, resources, and supports for program  
30 participants to address identified needs.
  - 31 b. Referrals to appropriate local resources, including State and federal  
32 benefits programs and local charitable organizations.
  - 33 c. Assistance in applying for State and federal benefits programs.
  - 34 d. Assistance in accomplishing elements of the care plan.

35 **SECTION 9G.6.(c)** In order to be eligible to receive services under the continuum  
36 of care program, an individual shall, at the time of initial contact with the program, be (i) a  
37 resident of North Carolina and (ii) a biological parent of an unborn child or a biological or  
38 adoptive parent of a child under the age of 2. Participants of the original pilot program authorized  
39 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible  
40 to continue to receive continuum of care program services for a period of six months from the  
41 date of termination of pregnancy.

42 **SECTION 9G.6.(d)** The Human Coalition may use up to ten percent (10%) of the  
43 funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

44 **SECTION 9G.6.(e)** By December 1, 2021, and every six months thereafter, the  
45 Human Coalition shall report to the Department of Health and Human Services on the status and  
46 operation of the continuum of care program authorized by subsection (b) of this section. The  
47 report shall include at least all of the following:

- 48 (1) A detailed breakdown of expenditures for the program.
- 49 (2) The number of individuals served by the program, and for the individuals  
50 served, the types of services provided to each.

- 1 (3) Any other information requested by the Department of Health and Human  
2 Services as necessary for evaluating the success of the program.

3 **SECTION 9G.6.(f)** By April 1, 2023, the Department of Health and Human Services  
4 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
5 Fiscal Research Division on the status and operation of the continuum of care program.  
6

7 **TIMELY UPDATES TO NEWBORN SCREENING PROGRAM**

8 **SECTION 9G.6A.(a)** G.S. 130A-125(b) reads as rewritten:

9 "(b) The Commission shall adopt rules necessary to implement the Newborn Screening  
10 Program. The rules shall include, but shall not be limited to, the conditions for which screening  
11 is required. The Commission shall amend the rules as necessary to ensure that each condition  
12 listed on the Recommended Uniform Screening Panel developed by the Secretary of the United  
13 States Department of Health and Human Services and the Advisory Committee on Heritable  
14 Disorders of Newborns and Children (the RUSP) is included in the Newborn Screening ~~Program,~~  
15 Program within three years after being added to the RUSP, except that the Commission is exempt  
16 from rule making with respect to adding screening tests for Pompe disease,  
17 Mucopolysaccharidosis Type I (MPS I), and X-Linked Adrenoleukodystrophy (X-ALD). The  
18 Department of Health and Human Services shall provide a report to the Joint Legislative  
19 Oversight Committee on Health and Human Services 18 months after a condition is added to the  
20 RUSP. When a delay adding an RUSP-identified condition to the Newborn Screening Program  
21 exceeds three years, the Department shall provide a report on the status and reasons for the delay  
22 to the Joint Legislative Oversight Committee on Health and Human Services every six months  
23 following the three-year delay.

24 Screening is not required when the parents or the guardian of the infant object to such  
25 screening. If the parents or guardian object to the screening, the objection shall be presented in  
26 writing to the physician or other person responsible for administering the test, who shall place  
27 the written objection in the infant's medical record."

28 **SECTION 9G.6A.(b)** This section becomes effective January 1, 2022.  
29

30 **CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL**  
31 **CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT**  
32 **OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND**  
33 **HUMAN SERVICES**

34 **SECTION 9G.7.(a)** G.S. 87-98.2 reads as rewritten:

35 **"§ 87-98.2. Definitions.**

36 The definitions in G.S. 87-85 and the following definitions apply in this Article:

- 37 (1) Commission. – The Well Contractors Certification ~~Commission, as~~  
38 ~~established by G.S. 143B-301.11.~~Commission established in Article 7B of  
39 this Chapter.
- 40 (2) Department. – The Department of ~~Environmental Quality.~~Health and Human  
41 Services.
- 42 (3) Person. – A natural person.
- 43 (4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human  
44 Services.
- 45 (5) Well contractor. – A person in trade or business who undertakes to perform a  
46 well contractor activity or who undertakes to personally supervise or  
47 personally manage the performance of a well contractor activity on the  
48 person's own behalf or for any person, firm, or corporation.
- 49 (6) Well contractor activity. – The construction, installation, repair, alteration, or  
50 abandonment of any well."

1 SECTION 9G.7.(b) Part 9A of Article 7 of Chapter 143B of the General Statutes  
2 (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the  
3 General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

4 "Article 7B.

5 "Well Contractors Certification Commission.

6 "**§ 87-99. Definitions.**

7 ~~The~~ Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and  
8 G.S. 87-98.2 apply in this Part.

9 "**§ 87-99.1. Creation, powers, and duties of the Commission.**

10 (a) Creation and Duties. – ~~The~~ There is established within the Department of Health and  
11 Human Services, Division of Public Health, the Well Contractors Certification ~~Commission~~ is  
12 ~~created within the Department.~~ Commission. The Commission shall:

- 13 (1) Adopt rules with respect to the certification of well contractors as provided by  
14 Article 7A of Chapter 87 of the General Statutes.
- 15 (2) Exercise quasi-judicial powers in accordance with the provisions of Chapter  
16 150B of the General Statutes. The Commission shall make the final agency  
17 decision on any matter involving the certification of well contractors pursuant  
18 to Article 7A of Chapter 87 of the General Statutes and on civil penalties  
19 assessed for violations of that Article or rules adopted pursuant to that Article.
- 20 (3) Adopt rules as may be required to secure a federal grant-in-aid for a program  
21 concerned with the certification of well contractors. This subdivision is to be  
22 liberally construed in order that the State and its citizens may benefit from  
23 federal grants-in-aid.

24 (b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and  
25 Human Services any of its powers, other than the power to adopt rules.

26 "**§ 87-99.2. Membership of Commission.**

27 (a) Appointments. – The Commission shall consist of seven members appointed as  
28 follows:

- 29 (1) One member appointed by the General Assembly upon recommendation of  
30 the Speaker of the House of Representatives who, at the time of appointment,  
31 is (i) engaged in well contractor activities, (ii) certified as a well contractor  
32 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily  
33 in the construction, installation, repair, alteration, or abandonment of domestic  
34 water supply wells, and (iv) a resident of a county that is located east of or is  
35 traversed by Interstate 95.
- 36 (2) One member appointed by the General Assembly upon recommendation of  
37 the Speaker of the House of Representatives who, at the time of appointment,  
38 is (i) engaged in well contractor activities, (ii) certified as a well contractor  
39 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily  
40 in the construction, installation, repair, alteration, or abandonment of domestic  
41 water supply wells, and (iv) a resident of a county that is located wholly west  
42 of Interstate 95.
- 43 (3) One member appointed by the General Assembly upon recommendation of  
44 the President Pro Tempore of the Senate who, at the time of appointment, is  
45 (i) engaged in well contractor activities, (ii) certified as a well contractor under  
46 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
47 in the construction, installation, repair, alteration, or abandonment of  
48 industrial, municipal, or other large capacity water supply wells.
- 49 (4) One member appointed by the General Assembly upon recommendation of  
50 the President Pro Tempore of the Senate who, at the time of appointment, is  
51 (i) engaged in well contractor activities, (ii) certified as a well contractor under

1 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily  
2 in the construction, installation, repair, alteration, or abandonment of  
3 nonwater supply wells, such as monitoring or recovery wells.

4 (5) One member appointed by the General Assembly upon recommendation of  
5 the Speaker of the House of Representatives who, at the time of appointment,  
6 is (i) employed by a local county health department and (ii) actively engaged  
7 in well inspection and permitting.

8 (6) One member appointed by the General Assembly upon recommendation of  
9 the President Pro Tempore of the Senate who, at the time of appointment, is  
10 (i) employed by a local county health department and (ii) actively engaged in  
11 well inspection and permitting.

12 (7) One member appointed by the Governor who is (i) appointed from the public  
13 at large, (ii) not engaged in well contractor activities, and (iii) not an employee  
14 of a firm or corporation engaged in well contractor activities or a State or  
15 county governmental agency.

16 (b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3),  
17 and (4) shall be made from among all those persons who are recommended for appointment to  
18 the Commission by any person who is engaged in well contractor activities and who is certified  
19 as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be  
20 appointed to the Commission who is a resident of, or has a principal place of business in, the  
21 same county as another member of the Commission.

22 (c) Terms. – Appointments to the Commission shall be for terms of three years. The terms  
23 of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly  
24 divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on  
25 30 June of years that follow by one year those years that are evenly divisible by three. The terms  
26 of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede  
27 by one year those years that are evenly divisible by three. Members shall serve until their  
28 successors are appointed and qualified. No member shall serve more than two consecutive terms.

29 (d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its  
30 members. These officers shall serve from the time of their election until 30 June of the following  
31 year, or until a successor is elected.

32 (e) Vacancies. – An appointment to fill a vacancy on the Commission created by the  
33 resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired  
34 term. Vacancies in appointments made by the General Assembly shall be filled as provided in  
35 G.S. 120-122.

36 (f) Removal. – The Governor may remove any member of the Commission from office  
37 for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

38 (g) Compensation. – The members of the Commission shall receive per diem and  
39 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

40 (h) Quorum. – A majority of the membership of the Commission constitutes a quorum  
41 for the transaction of business.

42 (i) Services. – All clerical and other services required by the Commission shall be  
43 supplied by the Secretary.

44 "**§§ 87-99.3 through 87-99.9:** Reserved for future codification purposes."

45 **SECTION 9G.7.(c)** G.S. 93B-1(3) reads as rewritten:

46 "(3) State agency licensing board. – Any State agency staffed by full-time State  
47 employees, which as part of their regular functions issue licenses. This section  
48 does not apply to the North Carolina Criminal Justice Education and Training  
49 Standards Commission, the North Carolina Sheriffs' Education and Training  
50 Standards Commission, and the North Carolina Department of Revenue. The  
51 following is a nonexclusive list of State agency licensing boards and the



- profession or occupation for which the board, agency, or officer may issue licenses:
- ...
- ~~b. The Department of Environmental Quality.~~
  - ~~1. Well Contractors Certification Commission.~~
    - ~~I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.~~
- c. The Department of Health and Human Services.
  - 1. North Carolina Medical Care Commission.
    - I. Ambulance Attendant, Emergency Medical Technician. Article 7 of Chapter 131E of the General Statutes.
  - 2. Well Contractors Certification Commission.
    - I. Well Contractor. Article 7A of Chapter 87 of the General Statutes.

...."

**SECTION 9G.7.(d)** G.S. 143B-138.1(d) is amended by adding a new subdivision to read:

"(7) Well Contractors Certification Commission."

**LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS, CHILD CARE FACILITIES, AND RESIDENTIAL HOUSING UNITS**

**SECTION 9G.8.(a)** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement programs to benefit public school units, child care facilities, and in residential housing units for children and pregnant women with elevated blood lead levels:

- (1) \$30,812,500 in nonrecurring funds shall be used to fund a program for the testing and remediation of lead levels in drinking water at public school units and child care facilities. As part of this program, public school units shall be required to test for lead levels in drinking water at their facilities, to the extent feasible and practical, following the same model for testing conducted in child care facilities pursuant to 15A NCAC 18A .2816. In addition, the program shall include at least the following components:
  - a. The Department of Health and Human Services (DHHS) and the Department of Public Instruction (DPI) shall develop a mechanism for providing funding for the testing and mitigation of lead in drinking water that meets the lead poisoning hazard level, as set forth in G.S. 130A-131.7, that is identified in public school units and child care facilities, including the replacement of service lines, pipes, and fixtures, as needed, or for the installation of filters at affected faucets within public school units and child care facilities that test positive for lead in drinking water.
  - b. The Commission for Public Health, Child Care Commission, and State Board of Education shall adopt rules as necessary to implement this subdivision.
- (2) \$109,187,500 in nonrecurring funds shall be used to fund a program for lead paint abatement and asbestos abatement in public school units and child care facilities. As part of the program, public school units and child care facilities

1 shall be required to conduct inspections for lead paint and asbestos hazards in  
2 their facilities. The program shall include at least the following components:

3 a. DHHS and DPI shall develop a mechanism for providing funding for  
4 lead paint abatement, asbestos inspection and abatement, or both in  
5 public school units and child care facilities; provided, however, that  
6 the following conditions are met:

7 1. A professional accredited in accordance with G.S. 130A-447  
8 or certified in accordance with G.S. 130A-453.03 determines  
9 that action must be taken in response to an inspection report.

10 2. Lead paint, asbestos, or both are detected as part of an  
11 inspection or as part of a capital, renovation, or repair project  
12 that meets the lead-based paint hazard level, as set forth in  
13 G.S. 130A-131.7, or that meets the definition of asbestos  
14 containing material, as set forth in G.S. 130A-444. Capital  
15 projects may include HVAC, window, or other ventilation  
16 projects related to COVID-19 mitigation, or other capital,  
17 renovation, or repair projects undertaken during calendar years  
18 2021 through 2024.

19 b. A requirement that public school unit recipients of funds allocated  
20 under this subdivision shall provide matching funds in the amount of  
21 one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State  
22 funds.

23 c. The Commission for Public Health, Child Care Commission, and State  
24 Board of Education shall adopt rules as needed to implement this  
25 subdivision.

26 (3) \$10,000,000 in nonrecurring funds shall be used to fund a program for lead  
27 poisoning hazard remediation in the residential housing units and  
28 supplemental addresses of children and pregnant women with elevated blood  
29 lead levels, as defined at G.S. 130A-131.7. The program shall include at least  
30 the following components:

31 a. DHHS shall conduct investigations to identify the lead poisoning  
32 hazards to children and pregnant women as set forth in  
33 G.S. 130A-131.9A.

34 b. DHHS shall develop a mechanism for providing funding for lead  
35 poisoning hazard remediation in residential housing units and child  
36 occupied facilities identified during investigations. Remediation shall  
37 be conducted in accordance with G.S. 130A-131.9C.

38 c. The Commission for Public Health shall adopt rules as necessary to  
39 implement this subdivision.

40 **SECTION 9G.8.(b)** The Department of Health and Human Services, Division of  
41 Public Health (DPH), shall serve as the lead agency responsible for administering the programs  
42 authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate  
43 with (i) the Department of Public Instruction regarding administration of these programs for the  
44 benefit of public school units and charter schools and (ii) its Division of Child Development and  
45 Early Education regarding administration of these programs for the benefit of child care facilities.  
46 The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child  
47 Development and Early Education as necessary to accomplish the goals of these programs in an  
48 efficient and cost-effective manner.

49 **SECTION 9G.8.(c)** Not later than six months after all funds appropriated in this act  
50 for the purposes of this section have been expended, the Department of Health and Human  
51 Services, Division of Public Health, and the Department of Public Instruction shall report to the

1 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
2 Education Oversight Committee, and the Fiscal Research Division on the following lead and  
3 asbestos remediation and abatement activities authorized by this section, broken down by county:

- 4 (1) The number of public school units and child care facilities tested for lead in  
5 drinking water, for lead paint or asbestos in the buildings or facilities, or a  
6 combination of these.
- 7 (2) The number of public school units and child care facilities determined to be  
8 in need of remediation for lead in drinking water, for lead paint or asbestos  
9 abatement, or a combination of these.
- 10 (3) The number of public school units and child care facilities that have requested  
11 assistance from the Department of Health and Human Services or the  
12 Department of Public Instruction with remediation for lead in drinking water,  
13 for lead paint or asbestos abatement, or for a combination of these.
- 14 (4) The number of residential housing units and supplemental addresses of  
15 children and pregnant women with elevated blood lead levels determined to  
16 be in need of remediation of lead poisoning hazards.
- 17 (5) The number of residential housing units and supplemental addresses of  
18 children and pregnant women with elevated blood lead levels for which  
19 assistance has been requested from the DHHS for remediation of lead  
20 poisoning hazards.
- 21 (6) The number of remediation or abatement projects completed under the  
22 programs authorized by subsection (a) of this section and the total amount of  
23 funds expended for each project, broken down by each category of  
24 remediation and abatement.

25 **SECTION 9G.8.(d)** The funds allocated under this section shall remain available  
26 until depleted or on the date federal law requires the funds to be fully expended, whichever is  
27 earlier.

#### 28 29 **HUNTERSVILLE OCULAR MELANOMA STUDY**

30 **SECTION 9G.9.(a)** Of the funds appropriated in this act to the Department of Health  
31 and Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars  
32 (\$150,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed  
33 grant to the Town of Huntersville to study and abate the cause of frequent cases of ocular  
34 melanoma in the area.

35 **SECTION 9G.9.(b)** By December 1, 2021, the Town of Huntersville shall provide  
36 a report to the Department of Environmental Quality and the Department of Health and Human  
37 Services on the budget plan for the funds allocated in this section.

#### 38 39 **USE OF JUUL SETTLEMENT FUNDS**

40 **SECTION 9G.10.(a)** There is created and established within the Department of  
41 Health and Human Services, Division of Public Health, a nonreverting special fund to be known  
42 as the Youth Electronic Nicotine Dependence Abatement Fund (Fund). The Fund shall consist  
43 of moneys received by the State as a beneficiary of the final consent judgment resolving the case,  
44 State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the  
45 General Court of Justice, Superior Court Division, Durham County. Moneys in the Fund shall be  
46 expended only upon an act of appropriation by the General Assembly and for the following  
47 purposes in accordance with the final consent judgment:

- 48 (1) Tobacco cessation media campaigns, resources, and programs to help both  
49 youth and young adults who have become addicted to nicotine using  
50 e-cigarettes and other tobacco/nicotine products quit.

- 1 (2) Evidence-based media and education campaigns to prevent the initiation of  
2 tobacco use, especially e-cigarettes and other new and emerging  
3 tobacco/nicotine products.
- 4 (3) Data monitoring to track tobacco/nicotine use and exposure among youth and  
5 young adults and populations at risk, and independent evaluation of the reach  
6 and effectiveness of the State's tobacco prevention and cessation programs  
7 with respect to evidence-based programs designed to help youth addicted to  
8 nicotine through e-cigarettes and other new and emerging tobacco and  
9 nicotine products quit.
- 10 (4) Staff, projects, and systems to educate partners and stakeholders about  
11 evidence-based policy, systems, and environmental change to help youth quit  
12 and prevent tobacco/nicotine initiation, including to track compliance with the  
13 conduct provisions of the consent decree.

14 **SECTION 9G.10.(b)** There is appropriated from the Youth Electronic Nicotine  
15 Dependence Abatement Fund to the Department of Health and Human Services, Division of  
16 Public Health, the sum of thirteen million dollars (\$13,000,000) in nonrecurring funds for the  
17 2021-2022 fiscal year to be used as follows:

- 18 (1) Forty percent (40%) for the allowable uses described in subdivision (a)(1) of  
19 this section.
- 20 (2) Thirty percent (30%) for the allowable uses described in subdivision (a)(2) of  
21 this section.
- 22 (3) Ten percent (10%) for the allowable uses described in subdivision (a)(3) of  
23 this section.
- 24 (4) Twenty percent (20%) for the allowable uses described in subdivision (a)(4)  
25 of this section.

26 **SECTION 9G.10.(c)** Annually on September 1, the Department of Health and  
27 Human Services shall report to the Joint Legislative Oversight Committee on Health and Human  
28 Services and the Fiscal Research Division on the expenditures made from the Fund during the  
29 preceding fiscal year. The report shall identify each expenditure and shall indicate the authority  
30 under this section for the expenditure.

31  
32 **FUNDS TO EXPAND LOCAL COMMUNICABLE DISEASE PROGRAMS TO  
33 ADDRESS THE IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**

34 **SECTION 9G.11.(a)** Of the funds appropriated in this act from the State Fiscal  
35 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the  
36 sum of thirty-six million dollars (\$36,000,000) in nonrecurring funds for the 2021-2022 fiscal  
37 year shall be allocated to local health departments to expand communicable disease surveillance,  
38 detection, control, and prevention activities to address the COVID-19 public health emergency  
39 and other communicable disease challenges impacted by the COVID-19 public health  
40 emergency. The Division of Public Health shall expend up to eighteen million dollars  
41 (\$18,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds  
42 during the 2022-2023 fiscal year. In the distribution of these funds to local health departments  
43 under this section, for each year of the 2021-2023 fiscal biennium, the Division of Public Health  
44 shall divide nine million dollars (\$9,000,000) equally among the local health departments based  
45 on the number of counties served by each local health department. The Division of Public Health  
46 shall distribute the remaining nine million dollars (\$9,000,000) to local health departments based  
47 upon the percentage of the State population served by each of the local health departments. The  
48 Division shall begin distributing the funds allocated under this section no later than 60 days after  
49 this act becomes law. In utilizing these funds, local health departments shall comply with  
50 applicable federal rules and guidance governing the State Fiscal Recovery Fund.

1           **SECTION 9G.11.(b)** By February 1, 2022, the Department of Health and Human  
2 Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on  
3 Health and Human Services on the funding appropriated by this section. The report shall include  
4 the elements below:

- 5           (1) The amount of funding pursuant to this section that each county received for  
6 surveillance, detection, control, and prevention of communicable diseases.
- 7           (2) An explanation if the sum of the funding received by all counties under this  
8 section is not equivalent to the total funds appropriated each year.
- 9           (3) Information on how the local health departments plan to use and subsequently  
10 did use these funds to address surveillance, detection, control, and prevention  
11 of communicable diseases.
- 12           (4) Consistent with the supplement and not supplant intent of this section, the  
13 report shall delineate funds other than those distributed in accordance with  
14 this section that were received by each county to address surveillance,  
15 detection, control, and prevention of communicable diseases.
- 16           (5) Additional information as may be requested by the Joint Legislative Oversight  
17 Committee on Health and Human Services.

18  
19 **FIREARM SAFE STORAGE AWARENESS INITIATIVE**

20           **SECTION 9G.12.(a)** Appropriation. – Of the funds appropriated in this act to the  
21 Department of Health and Human Services, Division of Public Health, the sum of eighty-six  
22 thousand five hundred dollars (\$86,500) in nonrecurring funds for the 2021-2022 fiscal year and  
23 the sum of sixty-nine thousand two hundred dollars (\$69,200) in nonrecurring funds for the  
24 2022-2023 fiscal year shall be used to cover any costs associated with launching the firearm safe  
25 storage awareness initiative required by this section, including the purchase and distribution of  
26 gun locks.

27           **SECTION 9G.12.(b)** Firearm Safe Storage Awareness Initiative. – The Department  
28 of Health and Human Services (Department) shall launch a two-year statewide firearm safe  
29 storage awareness initiative to educate the public about the importance of the safe storage of  
30 firearms and to facilitate the distribution of gun locks. The initiative required under this section  
31 shall include the development of (i) the internet website and toolkit required under subsection (c)  
32 of this section and (ii) the outreach process required under subsection (d) of this section.

33           **SECTION 9G.12.(c)** Development of Website and Toolkit. – The Department shall  
34 develop an internet website to provide information to the public about (i) the importance of the  
35 safe storage of a firearm, especially with respect to access by children and youth; (ii) methods  
36 for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available;  
37 (iv) information on State laws related to the safe storage of firearms; (v) links to internet  
38 webpages for various resources related to firearm safety such as resources addressing domestic  
39 violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that  
40 local communities may use to launch firearm safe storage initiatives at the local level. The toolkit  
41 shall provide materials and resources that may be tailored to a community's needs and used for  
42 launching local education and awareness campaigns, events, and local groups focused on firearm  
43 safe storage and the distribution of free or discounted gun locks. The Department shall develop  
44 the internet website and toolkit required under this subsection by July 1, 2020.

45           **SECTION 9G.12.(d)** Development of State-Coordinated Outreach. – Upon  
46 development of the internet website and toolkit required under subsection (c) of this section, the  
47 Department shall develop and implement an outreach process for (i) disseminating the internet  
48 website information and toolkit to the public and to local communities and (ii) the provision of  
49 technical assistance to local communities on utilizing the toolkit to launch local initiatives.

1           **SECTION 9G.12.(e)** Use of Third-Party Entity. – The Department may contract  
2 with a third-party entity with relevant expertise related to public health and injury prevention to  
3 launch the firearm safe storage awareness initiative required by this section.

4           **SECTION 9G.12.(f)** Prohibition on Advocacy. – The firearm safe storage awareness  
5 initiative required by this section, and any State funds used to launch and maintain the initiative,  
6 shall not be used to advocate, promote, or lobby for the creation of new, or the revision of  
7 existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State  
8 funds used to launch or maintain the initiative, shall only be used for the purposes set forth in  
9 this section and only to explain and promote existing laws regulating firearms and best practices  
10 for firearm storage and safety.

11           **SECTION 9G.12.(g)** Report. – By September 1, 2022, the Department of Health and  
12 Human Services shall submit a report to the Joint Legislative Oversight Committee on Health  
13 and Human Services detailing the Department's progress in meeting the requirement set forth in  
14 this section.

15  
16 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

17  
18 **PART IX-I. SOCIAL SERVICES**

19  
20 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
21 **STATE-COUNTY SPECIAL ASSISTANCE**

22           **SECTION 9I.1.(a)** The following definitions apply in this section:

23           (1) Facility licensed to accept State-County Special Assistance payments or  
24 facility. – Any residential care facility that is (i) licensed by the Department  
25 of Health and Human Services and (ii) authorized to accept State-County  
26 Special Assistance payments from its residents.

27           (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

28           **SECTION 9I.1.(b)** Of the funds appropriated in this act from the State Fiscal  
29 Recovery Fund to the Department of Health and Human Services, Division of Social Services,  
30 the sum of forty-eight million dollars (\$48,000,000) in nonrecurring funds for the 2021-2022  
31 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance.  
32 The Division of Social Services shall expend up to twenty-four million dollars (\$24,000,000) of  
33 these allocated funds during the 2021-2022 fiscal year and any remaining funds during the  
34 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment  
35 to these facilities to offset the increased costs of serving residents who are recipients of  
36 State-County Special Assistance during the public health emergency. For the period commencing  
37 July 1, 2021, and ending when the funds allocated under this section are depleted or on the date  
38 federal law requires these funds to be fully expended, whichever is earlier, the amount of the  
39 monthly payment authorized by this section shall be equal to one hundred twenty-five dollars  
40 (\$125.00) per month for each resident of the facility as of the first day of the month who is a  
41 recipient of State-County Special Assistance. The DSS shall not make monthly payments  
42 authorized by this section to a facility on behalf of a resident whose eligibility determination for  
43 State-County Special Assistance is pending. The DSS shall terminate all monthly payments  
44 pursuant to this subsection when the funds allocated under this section are depleted or on the date  
45 federal law requires these funds to be fully expended, whichever is earlier. The counties are not  
46 responsible for paying any portion of these monthly payments. Nothing in this section shall be  
47 construed as an obligation by the General Assembly to appropriate funds for the purpose of this  
48 section or as an entitlement by any facility, resident of a facility, or other person to receive  
49 financial assistance under this section.

50  
51 **TANF BENEFIT IMPLEMENTATION**

1           **SECTION 9I.2.(a)** The General Assembly approves the plan titled "North Carolina  
2 Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the  
3 Department of Health and Human Services and presented to the General Assembly. The North  
4 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019,  
5 through September 30, 2022. The Department shall submit the State Plan, as revised in  
6 accordance with subsection (b) of this section, to the United States Department of Health and  
7 Human Services.

8           **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North  
9 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by  
10 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

11           **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an  
12 Electing County or to be redesignated as an Electing County and the accompanying county plan  
13 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing  
14 County budget requirements effective July 1, 2021. For programmatic purposes, all counties  
15 referred to in this subsection shall remain under their current county designation through  
16 September 30, 2022.

17           **SECTION 9I.2.(d)** For each year of the 2021-2023 fiscal biennium, Electing  
18 Counties shall be held harmless to their Work First Family Assistance allocations for the  
19 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
20 and Work First Diversion Assistance are sufficient for payments made by the Department on  
21 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

22           **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family  
23 Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023  
24 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
25 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
26 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
27 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
28 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
29 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
30 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
31 Oversight Committee on Health and Human Services and the Fiscal Research Division.  
32

### 33 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE** 34 **ENHANCEMENTS, AND REPORT**

35           **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
36 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
37 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
38 risk of removal from the home and to children and families in cases of abuse where a child is not  
39 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
40 The IFPS shall ensure the application of standardized assessment criteria for determining  
41 imminent risk and clear criteria for determining out-of-home placement.

42           **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that  
43 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
44 provide information and data that allows for the following:

- 45           (1) An established follow-up system with a minimum of six months of follow-up  
46           services.
- 47           (2) Detailed information on the specific interventions applied, including  
48           utilization indicators and performance measurement.
- 49           (3) Cost-benefit data.
- 50           (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
51           by tracking families through the intervention process.

- 1 (5) The number of families remaining intact and the associated interventions  
2 while in IFPS and 12 months thereafter.
- 3 (6) The number and percentage, by race, of children who received IFPS compared  
4 to the ratio of their distribution in the general population involved with Child  
5 Protective Services.

6 **SECTION 9I.3.(c)** The Department shall continue implementing a  
7 performance-based funding protocol and shall only provide funding to those programs and  
8 entities providing the required information specified in subsection (b) of this section. The amount  
9 of funding shall be based on the individual performance of each program.

10 **SECTION 9I.3.(d)** The Department shall submit an annual report to the Joint  
11 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
12 Division by December 1 of each year that provides the information and data collected pursuant  
13 to subsection (b) of this section.  
14

## 15 **CHILD CARING INSTITUTIONS**

16 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting  
17 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
18 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
19 specific child caring institution by the Department of Health and Human Services, Office of the  
20 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
21 reimbursements.  
22

## 23 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

24 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the  
25 Department of Health and Human Services, Division of Social Services, may continue to provide  
26 for the financial support of children who are deemed to be (i) in a permanent family placement  
27 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
28 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
29 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
30 provisions for extending guardianship services for individuals and youth who exited foster care  
31 through the Guardianship Assistance Program after 16 years of age or who have attained the age  
32 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
33 the individual is (i) completing secondary education or a program leading to an equivalent  
34 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
35 participating in a program or activity designed to promote, or remove barriers to, employment,  
36 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
37 employment requirements of this section due to a medical condition or disability. The  
38 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
39 and be set at the same rate as the foster care room and board rates in accordance with rates  
40 established under G.S. 108A-49.1.  
41

## 42 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

43 **SECTION 9I.6.(a)** Funds appropriated in this act from the General Fund to the  
44 Department of Health and Human Services for the child welfare postsecondary support program  
45 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
46 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,  
47 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
48 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
49 allocated by the State Education Assistance Authority.

50 **SECTION 9I.6.(b)** Of the funds appropriated in this act from the General Fund to  
51 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for



1 each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State  
2 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
3 administrative functions necessary to manage and distribute scholarship funds under the child  
4 welfare postsecondary support program.

5 **SECTION 91.6.(c)** Of the funds appropriated in this act from the General Fund to  
6 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand  
7 four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall  
8 be used to contract with an entity to administer the child welfare postsecondary support program  
9 described under subsection (a) of this section, which administration shall include the performance  
10 of case management services.

11 **SECTION 91.6.(d)** Funds appropriated in this act to the Department of Health and  
12 Human Services for the child welfare postsecondary support program shall be used only for  
13 students attending public institutions of higher education in this State.  
14

### 15 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

16 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support  
17 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
18 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
19 receives from the federal government to enhance centralized child support services. To  
20 accomplish this requirement, NCCSS shall do the following:

- 21 (1) In consultation with representatives from county child support services  
22 programs, identify how federal incentive funding could improve centralized  
23 services.
- 24 (2) Use federal incentive funds to improve the effectiveness of the State's  
25 centralized child support services by supplementing and not supplanting State  
26 expenditures for those services.
- 27 (3) Continue to develop and implement rules that explain the State process for  
28 calculating and distributing federal incentive funding to county child support  
29 services programs.

30 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall  
31 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
32 receives from the federal government to county child support services programs to improve  
33 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
34 do the following:

- 35 (1) In consultation with representatives from county child support services  
36 programs, examine the current methodology for distributing federal incentive  
37 funding to the county programs and determine whether an alternative formula  
38 would be appropriate. NCCSS shall use its current formula for distributing  
39 federal incentive funding until an alternative formula is adopted.
- 40 (2) Upon adopting an alternative formula, develop a process to phase in the  
41 alternative formula for distributing federal incentive funding over a four-year  
42 period.

43 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –  
44 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
45 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
46 child support services programs to comply with each of the following:

- 47 (1) Submit an annual plan describing how federal incentive funding would  
48 improve program effectiveness and efficiency as a condition of receiving  
49 federal incentive funding.
- 50 (2) Report annually on the following: (i) how federal incentive funding has  
51 improved program effectiveness and efficiency and been reinvested into their

1 programs, (ii) provide documentation that the funds were spent according to  
2 their annual plans, and (iii) explain any deviations from their plans.

3 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
4 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
5 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
6 describe how federal incentive funds enhanced centralized child support services to benefit  
7 county child support services programs and improved the effectiveness and efficiency of county  
8 child support services programs. The report shall further include any changes to the State process  
9 the NCCSS used in calculating and distributing federal incentive funding to county child support  
10 services programs and any recommendations for further changes.

## 11 12 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

13 **SECTION 91.8.(a)** The Foster Care Transitional Living Initiative Fund shall  
14 continue to fund and support transitional living services that demonstrate positive outcomes for  
15 youth, attract significant private sector funding, and lead to the development of evidence-based  
16 programs to serve the at-risk population described in this section. The Fund shall continue to  
17 support a demonstration project with services provided by Youth Villages to (i) improve  
18 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
19 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
20 juvenile and adult correction services associated with the provision of Transitional Living  
21 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
22 evidence-based transitional living program available to all youth aging out of foster care. In  
23 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
24 support the following strategies:

- 25 (1) Transitional Living Services, which is an outcome-based program that follows  
26 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
27 participants have been tracked since the program's inception. The program has  
28 been evaluated through an independent randomized controlled trial. Results  
29 indicate that the Youth Villages Transitional Living Model had positive  
30 impacts in a variety of areas, including housing stability, earnings, economic  
31 hardship, mental health, and intimate partner violence in comparison to the  
32 control population.
- 33 (2) Public-Private Partnership, which is a commitment by private-sector funding  
34 partners to match at least twenty-five percent (25%) of the funds appropriated  
35 to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal  
36 biennium for the purposes of providing Transitional Living Services through  
37 the Youth Villages Transitional Living Model to youth aging out of foster  
38 care.
- 39 (3) Impact Measurement and Evaluation, which are services funded through  
40 private partners to provide independent measurement and evaluation of the  
41 impact the Youth Villages Transitional Living Model has on the youth served,  
42 the foster care system, and on other programs and services provided by the  
43 State which are utilized by former foster care youth.
- 44 (4) Advancement of Evidence-Based Process, which is the implementation and  
45 ongoing evaluation of the Youth Villages Transitional Living Model for the  
46 purposes of establishing the first evidence-based transitional living program  
47 in the nation. To establish the evidence-based program, additional randomized  
48 controlled trials may be conducted to advance the model.

49 **SECTION 91.8.(b)** No more than fifteen percent (15%) of the total State funds  
50 appropriated in this act for the Foster Care Transitional Living Initiative Fund in accordance with  
51 this section shall be used for administrative costs.

**PERMANENCY INNOVATION INITIATIVE**

**SECTION 91.9.(a)** G.S. 131D-10.9B reads as rewritten:

**"§ 131D-10.9B. Permanency Innovation Initiative Fund.**

(a) There is created the Permanency Innovation Initiative Fund that will support a ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii) reduce costs associated with maintaining children in foster care. In implementing these goals, the Permanency Innovation Initiative Fund shall support the following strategies:

...

(a1) No more than fifteen percent (15%) of the State funds appropriated for this program shall be used for administrative costs.

...."

**SECTION 91.9.(b)** Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available federal matching funds.

**REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

**SECTION 91.10.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

- (1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.
- (2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.
- (3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

**SECTION 91.10.(b)** Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the Division shall submit a report on its analysis of the data by June 30 and December 31 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The Division shall post its report required by this subsection on its website and otherwise make the data available by June 30 and December 31 of each year. In the first report required by this section, the Division shall report how this data is used to investigate fraud and abuse in both SNAP and TANF. The Division shall also report on other types of data and how that data is utilized in the detection of fraud and abuse.

**SECTION 91.10.(c)** The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

**INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES**

**SECTION 91.11.(a)** Effective December 1, 2021, G.S. 108A-49.1 reads as rewritten:

**"§ 108A-49.1. Foster care and adoption assistance payment rates.**

1 (a) The maximum rates for State participation in the foster care assistance program are  
2 established on a graduated scale 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 (b) The maximum rates for the State adoption assistance program are established  
9 consistent with the foster care rates as follows:

10 (1) ~~\$475.00~~ ~~-\$514.00~~ per child per month for children from birth through five  
11 years of age.

12 (2) ~~\$581.00~~ ~~-\$654.00~~ per child per month for children six through 12 years of age.

13 (3) ~~\$634.00~~ ~~-\$698.00~~ per child per month for children at least 13 but less than 21  
14 years of age.

15 ...."

16 **SECTION 9L11.(b)** Notwithstanding G.S. 108A-49.1(d), for the 2021-2022 fiscal  
17 year only, the Department of Health and Human Services, Division of Social Services, shall use  
18 a portion of the funds allocated in this act for foster care and adoption assistance rate increases  
19 to cover the county share of the cost of care for the rate increases under this section.  
20

## 21 REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES

22 **SECTION 9L13.(a)** In accordance with the plan submitted by the Social Services  
23 Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31,  
24 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required  
25 by S.L. 2017-41 (Rylan's Law), the Department of Health and Human Services (Department)  
26 shall establish seven regions for regional supervision of child welfare and social services and  
27 begin providing oversight and support within those regions through State regional staff and the  
28 central office team by March 1, 2022. To that end, the Department shall continue, pursuant to  
29 existing authority, with (i) redeploying positions identified in the report to support regionalization  
30 and all managerial staff needed to support regionalization in the central office and (ii) repurposing  
31 corresponding operating expenses. The Department shall pursue procurement of physical offices  
32 within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve  
33 the child welfare system. The Department shall move towards full implementation of a regional  
34 model, with offices, by March 1, 2024. The Department shall use existing funds or reclassify  
35 positions to provide staff to improve regional supervision and support of child welfare services  
36 pursuant to the plan as described in this subsection.

37 **SECTION 9L13.(b)** The Department of Health and Human Services, Division of  
38 Social Services (Division), and the North Carolina Association of Regional Councils of  
39 Governments (Councils of Governments) shall explore entering into a memorandum of  
40 agreement to (i) utilize Councils of Governments' physical office space and office-related needs  
41 for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs  
42 by region for the office space and sample agreements between the Division and the Councils of  
43 Governments.

44 **SECTION 9L13.(c)** The Division of Social Services shall submit a report to the  
45 chairs of the Senate Appropriations Committee on Health and Human Services and the House  
46 Appropriations Committee on Health and Human Services by January 1, 2022, on the estimated  
47 costs, by region, for office space and sample agreements as described in subsection (b) of this  
48 section.  
49

## 50 DEPLOY CHILD WELFARE COMPONENT OF NC FAST

1           **SECTION 9I.15.(a)** Funds allocated in Section 9B.2 of this act shall be used by the  
2 Department of Health and Human Services, Division of Social Services (Division), to resume  
3 deployment of the North Carolina Families Accessing Services through Technology (NC FAST)  
4 system as it relates to case management functionality for child welfare. The Division shall deploy  
5 the child welfare case management component of the NC FAST system statewide before October  
6 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare  
7 Request for Information and Child Welfare Case Management Legislative Report," dated  
8 September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare  
9 Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated  
10 June 12, 2020.

11           **SECTION 9I.15.(b)** The Division of Social Services (Division) shall release a  
12 request for proposal (RFP) for at least one significant augmentation to the child welfare  
13 component of the NC FAST system within 30 days from the date the Division receives federal  
14 approval of its procurement plan. The Division shall enter into a contract to augment and enhance  
15 the child welfare case management component of the NC FAST system within 150 days of  
16 releasing the RFP. The contract shall align with the recommendations developed by the Executive  
17 Advisory Committee within the Department, with consideration given to software currently  
18 deployed by county departments of social services.

19           **SECTION 9I.15.(c)** Upon enactment of this section, Part III-N of S.L. 2019-240 is  
20 repealed.

## 21 **FUNDS FOR CABARRUS COOPERATIVE CHRISTIAN MINISTRY**

22           **SECTION 9I.16.** Of the funds appropriated in this act to the Department of Health  
23 and Human Services, Division of Social Services, the sum of forty thousand dollars (\$40,000) in  
24 nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Cabarrus  
25 Cooperative Christian Ministry, an organization that provides immediate assistance and support  
26 to members of the community experiencing crisis in the areas of food, housing, or finances. These  
27 funds shall be used to provide services in Cabarrus County only.  
28  
29

## 30 **CHILD ADVOCACY CENTER FUNDS**

31           **SECTION 9I.17.** Of the funds appropriated in this act to the Department of Health  
32 and Human Services, Division of Social Services, the sum of five million dollars (\$5,000,000)  
33 in recurring funds for each year of the 2021-2023 fiscal biennium and the sum of five million  
34 dollars (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the  
35 Children's Advocacy Centers of North Carolina, Inc., (CACNC) a nonprofit organization. At  
36 least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in  
37 this State that are in good standing with CACNC.  
38

## 39 **FUNDS FOR TANF/WORK FIRST FAMILIES**

40           **SECTION 9I.18.(a)** Of the funds appropriated in this act from the Pandemic  
41 Emergency Assistance Fund to the Department of Health and Human Services, Division of Social  
42 Services (Division), the sum of sixteen million seven hundred eighty-two thousand eight hundred  
43 seventy-five dollars (\$16,782,875) in nonrecurring funds shall be used to provide two payments  
44 to families enrolled in the Temporary Assistance for Needy Families (TANF)/Work First Cash  
45 Assistance program with one or more children to mitigate the negative impacts of the COVID-19  
46 pandemic. Payments made pursuant to this section shall be distributed as follows:

- 47           (1) Families enrolled in the Work First Cash Assistance program with one or more  
48 children 0 to 5 years of age shall receive one payment of five hundred dollars  
49 (\$500.00) per child in the Fall of 2021 and a second payment of five hundred  
50 dollars (\$500.00) per child, based on the availability of funds, in the Summer  
51 of 2022. These funds shall be distributed via an electronic benefit transfer

(EBT) card, and it is the intent of the General Assembly that these funds be used for the following types of expenditures:

- a. Extra cash assistance to cover added costs caused by the COVID-19 pandemic.
- b. Clothing.
- c. School supplies.
- d. Personal protective equipment.

(2) Families enrolled in the Work First Cash Assistance program with one or more children 6 to 17 years of age shall receive one payment of five hundred dollars (\$500.00) per child in the Fall of 2021 and a second payment of five hundred dollars (\$500.00) per child, based on the availability of funds, in the Summer of 2022. The Division of Social Services (Division) shall transfer funds to the State Education Assistance Authority (SEAA) to provide payments under this subdivision. These funds shall be distributed via an e-wallet platform established through SEAA. SEAA may select a vendor to provide the platform for distributing the funds. The Division shall coordinate with the SEAA to provide the SEAA with a list of recipients eligible for payments under this subdivision. Payments distributed under this subdivision shall be used for any of the following:

- a. School supplies.
- b. Limited snacks, as specified by the vendor.
- c. Clothing.

The Division may allocate up to seventy-five thousand dollars (\$75,000) of the funds described in this section to the SEAA for administrative costs, including contracting with outside organizations in accordance with subsection (b) of this section.

**SECTION 9L18.(b)** In implementing the provisions of subdivision (a)(2) of this section, the State Education Assistance Authority (SEAA) may contract with outside organizations to administer the payments, including a vendor that provides a virtual e-wallet platform and an e-commerce marketplace. The outside organizations may also include vendors, auditing firms, or financial institutions who can restrict the use of funds to allowable expenditures or firms that preauthorize allowable expenditures. The SEAA shall adopt any necessary rules for the administration of payments pursuant to this section.

**SECTION 9L18.(c)** The Division of Social Services and the State Education Assistance Authority, as applicable, are authorized to adjust the second payments distributed under subsection (a) of this section based on the availability of funds.

**SECTION 9L18.(d)** All funds provided under this section shall be expended by the deadline established by federal law and in accordance with federal law and guidelines.

## **PART IX-J. VOCATIONAL REHABILITATION SERVICES**

### **FUNDS FOR NATIONAL MULTIPLE SCLEROSIS SOCIETY/HOME MODIFICATION PROGRAM**

**SECTION 9J.2.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Vocational Rehabilitation, the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to the National Multiple Sclerosis (MS) Society for home modification services and home modification assistance grants to help residents in this State who have multiple sclerosis remain in their homes.

## **PART IX-K. HHS MISCELLANEOUS**

**IMPROVING ACCESS TO CARE THROUGH TELEHEALTH**

**SECTION 9K.3.(a)** Part 7 of Article 50 of Chapter 58 of the General Statutes is amended by adding a new section to read as follows:

**"§ 58-50-305. Coverage for the delivery of health care services through telehealth.**

**(a)** For the purposes of this section, the following definitions shall apply:

**(1)** Health benefit plan. – As defined in G.S. 58-3-167.

**(2)** Telehealth. – The delivery of health care services by a health care provider who is licensed in this State through (i) an encounter conducted through real-time interactive audio and video technology, (ii) store and forward services that are provided by asynchronous technologies as the standard practice of care where medical information is sent to a provider for evaluation, or (iii) a communication in which the provider has access to the patient's medical history prior to the telehealth encounter. Any requirement for a face-to-face, in-person encounter shall be satisfied with the use of asynchronous telecommunications technologies in which the health care provider has access to the patient's medical history prior to the telehealth encounter. Telehealth shall include audio communication only if additional medical history and clinical information is communicated electronically between the provider and patient. Telehealth shall not include the delivery of services solely through electronic mail, text chat, or fax.

**(b)** All of the following shall apply to all health benefit plans offered in this State:

**(1)** A health benefit plan may not exclude from coverage a health care service or procedure delivered by a health care professional to an insured through telehealth solely because the health care service or procedure is not provided through an in-person, face-to-face consultation. This includes reimbursement for patient monitoring using telehealth.

**(2)** A health benefit plan shall reimburse for provider-to-provider consultations that are conducted using telehealth if the health benefit plan would provide reimbursement for that consult had it taken place in person, face-to-face.

**(3)** A health benefit plan may require a deductible, a copayment, or coinsurance for a covered health care service or procedure delivered by a preferred or contracted health professional to an insured through telehealth. The amount of the deductible, copayment, or coinsurance may not exceed the amount of the deductible, copayment, or coinsurance required had the covered health care service been provided in person, face-to-face.

**(4)** No health benefit plan may require prior authorization for the delivery of health care services through telehealth if prior authorization is not required had the health care service taken place in person, face-to-face.

**(5)** No health benefit plan may put limits on the originating site or the distant site for the delivery of health care through telehealth.

**(6)** In accordance with G.S. 90-21.82(1), telehealth shall not be used for any health care services related to an abortion, including a medication abortion, except in the case of a medical emergency as defined in G.S. 90-21.81(5)."

**SECTION 9K.3.(b)** This section becomes effective October 1, 2021, and applies to health benefit plan contracts issued, renewed, or amended on or after that date.

**LICENSED OPTICIANS MODIFICATIONS**

**SECTION 9K.4.(a)** Article 17 of Chapter 90 of the General Statutes reads as rewritten:

"Article 17.

"Dispensing Opticians.

**"§ 90-236. What constitutes practicing as a dispensing optician.**

Any one or combination of the following practices when done for pay or reward shall constitute practicing as a dispensing optician: Interpreting prescriptions issued by licensed physicians ~~and/or~~ and optometrists; fitting glasses on the face; servicing glasses or spectacles; measuring of patient's face, fitting frames, compounding and fabricating lenses and frames, and any therapeutic device used or employed in the correction of vision, and alignment of frames to the face of the wearer, provided, however, that the provisions of this section shall not apply to students and apprentices. The following shall not constitute practicing as a dispensing optician: (i) selecting frames, (ii) placing an order for the delivery of an optical aid, (iii) transacting a sale, (iv) transferring an optical aid to the wearer after an optician has completed fitting it, (v) minor repairs to glasses or spectacles, or (vi) providing instruction in the general care and use of an optical aid, including placement, removal, hygiene, or cleaning.

**"§ 90-237. Qualifications for dispensing opticians.**

In order to be issued a license as a registered licensed optician by the North Carolina State Board of Opticians, the applicant:

- (1) Shall not have violated this Article or the rules of the Board.
- (2) Shall be at least 18 years of age and a high school graduate or equivalent.
- (2a) Shall be of good moral character.
- (3) Shall have passed ~~an~~ a national examination conducted by the Board to determine his or her fitness to engage in the business of a dispensing optician.
- (4) ~~Shall have completed a six-month internship by working full-time under the supervision of a licensed optician, optometrist, or physician trained in ophthalmology, in order to demonstrate proficiency in the areas of measurement of the face, and fitting and adjusting glasses and frames to the face, lens recognition, lens design, and prescription interpretation.~~
- (5) If the applicant seeks certification as a contact lens fitter, shall have passed a national examination selected by the Board to determine his or her fitness to engage in the business of a contact lens fitter.

**"§ 90-240. Examination.**

(a) Applicants ~~to take the examination for licensure as a dispensing opticians-optician and for certification as a contact lens fitter~~ shall be high school graduates or the equivalent ~~who who, in addition to having passed the national examination selected by the Board, have done~~ completed one of the following:

- (1) Successfully completed a two-year course of training in an accredited school of opticianry with a minimum of 1600 hours.
- (2) Completed two ~~and one-half~~ years of apprenticeship while registered with the Board under a licensed dispensing optician, with any time spent in a recognized school credited as part of the apprenticeship period.
- (3) Completed two ~~and one-half~~ years of apprenticeship while registered with the Board under the direct supervision of an optometrist or a physician specializing in ophthalmology, provided the supervising optometrist or physician elects to operate the apprenticeship under the same requirements applicable to dispensing opticians.

(a1) Applicants to take the examination for dispensing opticians who are graduates from an accredited college or university with a four-year degree or comparable degree in a health-related field shall satisfy one of the following:

- (1) The requirements of subdivision (1) of subsection (a) of this section.



(2) Successful completion of ~~two years~~ one year of apprenticeship while registered with the Board under a health care professional identified in subdivision (2) or (3) of subsection (a) of this section. The Board may adopt rules specifying the colleges, universities, and coursework that meet the accreditation requirements of this subsection.

(b) The national examination to become a licensed dispensing optician selected by the Board shall be confined to such knowledge as is reasonably necessary to engage in preparation and dispensing of optical devices and shall include all of the following:

(1) The skills necessary for the proper analysis of ~~prescriptions;~~ prescriptions.

(2) The skills necessary for the dispensing of eyeglasses and contact ~~lenses;~~ and lenses.

(3) ~~The processes by which the products offered by dispensing opticians are manufactured.~~

(b1) The national examination to become a certified contact lens fitter selected by the Board shall be confined to the knowledge as is reasonably necessary to engage in the fitting of contact lenses.

(c) ~~The examination~~ examinations shall be given at least twice each year at sites and on dates that are publicly announced 60 days in advance.

(d) Each applicant shall, upon request, receive his or her examination score on each section of the examination.

(e) The Board shall include as part or all of the examination, any nationally prepared and recognized examination, and ~~will~~ shall periodically review and validate any exam in use by the Board. The Board will credit an applicant ~~with the score on any national test successfully completed in the three years immediately preceding the date the applicant is scheduled to take the North Carolina examination,~~ who is certified by the American Board of Opticianry (ABO) or the National Contact Lens Examiners (NCLE) with completing the applicable North Carolina examination, to the extent that ~~such test is included in the North Carolina examination.~~ the ABO National Opticianry Competency Exam and the NCLE Contact Lens Registry Examination are accepted by the Board. The Board shall adopt rules designating the nationally prepared and recognized examinations that will satisfy and serve as credit for parts or all of the North Carolina examination.

...

**"§ 90-241. Waiver of written examination requirements.**

(a) The Board shall grant a license without examination to any applicant who:

(1) Is at least 18 years of age.

(2) Is of good moral character.

(3) ~~Holds~~ Either (i) holds a license in good standing as a dispensing optician in another state. ~~state~~ or (ii) is certified by the American Board of Opticianry, National Contact Lens Examiners, or other nationally recognized organization that certifies opticians, and who has been

(4) ~~Has engaged in the practice of opticianry in the other a state that does not license opticians for at least two of the four years immediately preceding the application to the Board.~~

(5) Has not violated this Article or the rules of the Board.

(b) ~~The Board shall grant admission to the next examination and grant license upon attainment of a passing score on the examination to a person who has worked, in a state that does not license opticians, in opticianry for four years immediately preceding the application to the Board performing tasks and taking the curriculum equivalent to the North Carolina apprenticeship, and who meets the requirements of G.S. 90-237(1) through (3).~~

...

**"§ 90-243. Registration of ~~places of business,~~ apprentices.**

1 The Board may adopt rules ~~requiring, as a condition of dispensing, requiring~~ the registration  
 2 of ~~places of business where ophthalmic dispensing is engaged in, and for registration of~~  
 3 ~~apprentices and interns~~ who are working under ~~direct~~ supervision of a licensed optician. The  
 4 Board may also require that any information furnished to it as required by law or regulation be  
 5 furnished under oath.

6 ...

7 **"§ 90-252. Engaging in practice without license.**

8 (a) Any person, firm or corporation owning, managing or conducting a store, shop or  
 9 place of business ~~and not having conducting optical dispensing shall have a licensed dispensing~~  
 10 ~~optician at that store, office, place of business, or optical establishment in its employ and on duty,~~  
 11 ~~during duty~~ all hours ~~in which when~~ acts constituting the business of ~~optician~~ optical dispensing  
 12 are carried on, ~~a~~ allowing for usual and customary absences, including illness, meal breaks, and  
 13 ~~meetings away from establishment. Any licensed dispensing optician engaged in supervision of~~  
 14 ~~such store, office, place of business or optical establishment, on the premises may be in charge~~  
 15 ~~of optical dispensing operations at an establishment without need for special registration.~~

16 (b) ~~Any person, firm, or corporation representing to the public, public that optical~~  
 17 ~~dispensing is performed at the location, by means of advertisement or otherwise or by using the~~  
 18 words, "optician, licensed optician, optical establishment, optical office, ophthalmic dispenser,"  
 19 or any combination of ~~such those~~ terms within or without ~~such store representing that the same~~  
 20 ~~is a legally established optical place of business duly licensed as such and that store, shall have~~  
 21 ~~the optical dispensing managed or conducted by persons holding a dispensing optician's license,~~  
 22 ~~when in fact such permit is not held by such person, firm or corporation, or by some person~~  
 23 ~~employed by such license or apprentice registration.~~

24 (c) Any person, ~~firm~~ firm, or corporation ~~and that~~ owns, manages, or conducts optical  
 25 dispensing without being licensed as an optician, registered as an apprentice, or employing those  
 26 persons who are on the premises for the appropriate hours and ~~in charge of such optical business,~~  
 27 responsible for optical dispensing, shall be guilty of a Class 1 misdemeanor."

28 **SECTION 9K.4.(b)** The North Carolina State Board of Opticians shall adopt  
 29 temporary rules to implement the provisions of this act.

30 **SECTION 9K.4.(c)** This section becomes effective October 1, 2021.

31  
 32 **WORKERS' COMPENSATION/PSYCHOLOGICAL TRAUMA-RELATED INJURIES**

33 **SECTION 9K.5.** G.S. 97-53 reads as rewritten:

34 **"§ 97-53. Occupational diseases enumerated; when due to exposure to chemicals.**

35 The following diseases and conditions only shall be deemed to be occupational diseases  
 36 within the meaning of this Article:

37 ...

38 (30) Special provisions for employment-related occupational diseases of first  
 39 responders. – The following provisions apply in determining eligibility of a  
 40 first responder for compensation benefits under this Article:

41 a. The term "first responder," as used in this section, means a law  
 42 enforcement officer, a firefighter, a 911 dispatcher, or an emergency  
 43 medical technician or paramedic employed by State or local  
 44 government. The term also includes a volunteer firefighter meeting the  
 45 requirements of G.S. 58-84-5(3a).

46 b. For the purposes of this section, posttraumatic stress disorder, as  
 47 described in the Diagnostic and Statistical Manual of Mental  
 48 Disorders, Current Edition, published by the American Psychiatric  
 49 Association, suffered by a first responder is a compensable  
 50 occupational disease if the first responder is examined and  
 51 subsequently diagnosed with such disorder by a health care provider

1 who establishes within a reasonable degree of medical certainty that  
2 the posttraumatic stress disorder is caused by activities of employment  
3 as a first responder.

4 c. An employing agency of a first responder, including volunteer first  
5 responders, shall provide educational training related to mental health  
6 awareness, prevention, mitigation, and treatment.

7 ...."

8  
9 **DIGNITY FOR WOMEN WHO ARE INCARCERATED**

10 **SECTION 9K.6.(a)** Chapter 15A of the General Statutes is amended by adding a  
11 new Article to read:

12 "Article 83A.

13 "Dignity for Women Who are Incarcerated Act.

14 "**§ 15A-1360.2. Definitions.**

15 As used in this Article, the following definitions apply:

- 16 (1) Body cavity searches. – The probing of body orifices in search of contraband.
- 17 (2) Correctional facility. – Any unit of the State prison system, local confinement  
18 facility, juvenile detention facility, or other entity under the authority of any  
19 State or local law enforcement agency that has the power to detain or restrain  
20 a person under the laws of this State.
- 21 (3) Correctional facility employee. – Any person who is employed by a State or  
22 local government agency or unit and who works at or in a correctional facility.
- 23 (4) Escape risk. – An incarcerated person who is determined to be at high risk for  
24 escape based on an individualized risk assessment.
- 25 (5) Important circumstance. – There has been an individualized determination  
26 that there are reasonable grounds to believe that the female incarcerated  
27 person presents a threat of harming herself, the fetus, or any other person, or  
28 an escape risk that cannot be reasonably contained by other means, including  
29 the use of additional personnel.
- 30 (6) Incarcerated person. – Any person incarcerated or detained in any facility who  
31 is accused of, convicted of, sentenced for, or adjudicated delinquent for  
32 violations of criminal law or the terms and conditions of parole, probation,  
33 pretrial release, or a diversionary program.
- 34 (7) Menstrual products. – Products that women use during their menstrual cycle.  
35 These include tampons and sanitary napkins.
- 36 (8) Postpartum recovery. – The six-week period following delivery, or longer, as  
37 determined by the health care professional responsible for the health and  
38 safety of the female incarcerated person.
- 39 (9) Restraints. – Any physical or mechanical device used to restrict or control the  
40 movement of an incarcerated person's body, limbs, or both.
- 41 (10) Restrictive housing. – Any type of detention that involves removal from  
42 general population and an inability to leave a room or cell for the vast majority  
43 of the day. This term shall not include any of the following:
  - 44 a. Single-cell accommodations in facilities that provide those  
45 accommodations to all incarcerated persons.
  - 46 b. Single-cell accommodations in facilities that provide those  
47 accommodations to all persons of a certain sex or gender.
  - 48 c. Single-cell accommodations provided for medical reasons, except  
49 when pregnancy alone is the medical reason for the single-cell  
50 accommodations.

1                   d.     Single-cell accommodations provided when an individualized  
2                   determination has been made that there are reasonable grounds to  
3                   believe that there exists a threat of harm to the female incarcerated  
4                   person or the fetus.

5                   e.     Single-cell accommodations provided at the request of the  
6                   incarcerated person.

7                   (11) State of undress. – A situation when an incarcerated person is partially or fully  
8                   naked, either in the shower, toilet areas, a medical examination room, or while  
9                   having a body cavity search conducted.

10 **§ 15A-1360.3. Care for female incarcerated persons related to pregnancy and childbirth.**

11                   (a)     Limitation on Use of Restraints. – Except as otherwise provided in this subsection,  
12 the Department of Public Safety and correctional facility employees shall not apply the following  
13 restraints on a pregnant female incarcerated person during the second and third trimester of  
14 pregnancy, during labor and delivery, and during the six-week postpartum recovery period:

15                   (1)     Leg restraints.

16                   (2)     Handcuffs or other wrist restraints.

17                   (3)     Restraints connected to other incarcerated persons.

18                   (4)     Waist shackles.

19                   A female incarcerated person who is in the postpartum recovery period may only be  
20 restrained if a correctional facility employee makes an individualized determination that an  
21 important circumstance exists. In this case, only wrist handcuffs held in front of the female  
22 incarcerated person's body may be used and only when she is ambulatory. The correctional  
23 facility employee ordering use of restraints on any female incarcerated person while in the  
24 postpartum recovery period shall submit a written report to the warden or administrator of the  
25 correctional facility within five days following the use of restraints. The report shall contain the  
26 justification for restraining the female incarcerated person during postpartum recovery.

27                   Nothing in this subsection shall prohibit the use of handcuffs or wrist restraints held in front  
28 of the female incarcerated person's body when in transport outside of the correctional facility,  
29 except that these restraints shall not be used in transport when the female incarcerated person is  
30 in labor or is suspected to be in labor.

31                   Nothing in this subsection shall prohibit the use of medical restraints by a licensed health  
32 care professional to ensure the medical safety of a pregnant female incarcerated person.

33                   (b)     Body Cavity Searches. – No correctional facility employee, other than a certified  
34 health care professional, shall conduct body cavity searches of a female incarcerated person who  
35 is pregnant or in the postpartum recovery period unless the correctional facility employee has  
36 probable cause to believe that the female incarcerated person is concealing contraband that  
37 presents a threat of harm to the female incarcerated person, the fetus, or another person. In this  
38 case, the correctional facility employee shall submit a written report to the warden or  
39 administrator of the correctional facility within five days following the body cavity search  
40 containing the justification for the body cavity search and the presence or absence of any  
41 contraband.

42                   (c)     Nutrition. – The Department of Public Safety and the administrator of the correctional  
43 facility shall ensure that pregnant female incarcerated persons are provided sufficient food and  
44 dietary supplements and are provided access to food at appropriate times of day, as ordered by a  
45 physician, a physician staff member, or a correctional facility nutritionist to meet generally  
46 accepted prenatal nutritional guidelines for pregnant female incarcerated persons. While in the  
47 hospital, pregnant female incarcerated persons and female incarcerated persons in the postpartum  
48 recovery period shall have access to the full range of meal options provided by the hospital to  
49 ensure that each meal meets the female incarcerated person's nutritional needs.

50                   (d)     Restrictive Housing. – The Department of Public Safety and the administrator of the  
51 correctional facility shall not place any pregnant female incarcerated person, or any female

1 incarcerated person who is in the six-week postpartum recovery period, in restrictive housing  
2 unless a correctional facility employee makes an individualized determination that an important  
3 circumstance exists. In this case, the correctional facility employee authorizing the placement of  
4 the female incarcerated person in restrictive housing shall submit a written report to the warden  
5 or administrator of the correctional facility within five days following the transfer. The report  
6 shall contain the justification for confining the female incarcerated person in restrictive housing.

7 (e) Bed Assignments. – The Department of Public Safety and the administrator of the  
8 correctional facility shall not assign any female incarcerated person who is pregnant or in  
9 postpartum recovery to any bed that is elevated more than 3 feet from the floor of the correctional  
10 facility.

11 (f) Cost of Care. – While a pregnant female incarcerated person is incarcerated, the  
12 pregnant female incarcerated person shall be provided necessary prenatal, labor, and delivery  
13 care as needed at no cost to the pregnant female incarcerated person.

14 (g) Reporting. – The warden or administrator of the correctional facility shall compile a  
15 monthly summary of all written reports received pursuant to this section and G.S. 15A-1360.6.  
16 The warden or administrator of the correctional facility shall submit the summary to the Chief  
17 Deputy Secretary of Adult Correction and Juvenile Justice.

18 **"§ 15A-1360.4. Postpartum recovery of female incarcerated persons.**

19 (a) Bonding Period. – Following the delivery of a newborn by a female incarcerated  
20 person, the Department of Public Safety or the administrator of the correctional facility shall  
21 permit the newborn to remain with the female incarcerated person while the female incarcerated  
22 person is in the hospital, unless the medical provider has a reasonable belief that remaining with  
23 the female incarcerated person poses a health or safety risk to the newborn.

24 (b) Nutritional and Hygiene Products During the Postpartum Period. – During the period  
25 of postpartum recovery, the Department of Public Safety and the administrator of the correctional  
26 facility shall make available the necessary nutritional and hygiene products, including sanitary  
27 napkins, underwear, and hygiene products for the postpartum female incarcerated person. The  
28 products shall be provided at no cost to the female incarcerated person.

29 **"§ 15A-1360.5. Family considerations; placement of female incarcerated person; visitation.**

30 (a) Placement. – To the greatest extent practicable, after accounting for security and  
31 capacity, the Department of Public Safety shall place a female incarcerated person who is in the  
32 custody of the State prison system and who is the mother of a minor child under the age of 1  
33 within 250 miles of the child's permanent address of record.

34 (b) Visitation. – The Department of Public Safety shall authorize visitation of  
35 incarcerated mothers held in State prisons with low- or minimum-security classifications, who  
36 are mothers of a minor child under the age of 1, by the incarcerated mother's minor child under  
37 the age of 1. These visitations shall be allowed at least twice per week unless a correctional  
38 facility employee has a reasonable belief that the child may be harmed during visitation. These  
39 visitations shall be allowed by contact visit.

40 **"§ 15A-1360.6. Inspection by correctional facility employees.**

41 (a) Inspections When a Female Incarcerated Person is in the State of Undress. – To the  
42 greatest extent practicable and consistent with safety and order in a correctional facility, there  
43 shall be a limitation on inspections by male correctional facility employees when a female  
44 incarcerated person is in a state of undress. Nothing in this section shall limit the ability of a male  
45 correctional facility employee from conducting inspections when a female incarcerated person  
46 may be in a state of undress if no female correctional facility employees are available within a  
47 reasonable period of time.

48 (b) Documentation Requirement. – If a male correctional facility employee deems it is  
49 appropriate to conduct an inspection or search while a female incarcerated person is in a clear  
50 state of undress in an area such as the shower, the medical examination room, toilet areas, or  
51 while a female incarcerated person is having a body cavity search, the male correctional facility

1 employee shall submit a written report to the warden or administrator of the correctional facility  
2 within five days following the inspection or search, containing the justification for a male  
3 correctional facility employee to inspect the female incarcerated person while in a state of  
4 undress.

5 **"§ 15A-1360.7. Access to menstrual products.**

6 The Department of Public Safety and the administrator of the correctional facility shall ensure  
7 that sufficient menstrual products are available at the correctional facility for all female  
8 incarcerated persons who have an active menstrual cycle. Female incarcerated persons who  
9 menstruate shall be provided menstrual products as needed at no cost to the female incarcerated  
10 person.

11 **"§ 15A-1360.8. Training and technical assistance.**

12 (a) Correctional Facility Employee Training. – The Department of Public Safety shall  
13 develop, in consultation with the Department of Health and Human Services, Divisions of Public  
14 Health and Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall  
15 provide to all State prison employees who have significant regular contact with pregnant female  
16 incarcerated persons training related to the physical and mental health of pregnant female  
17 incarcerated persons and fetuses, including:

18 (1) General care of pregnant women.

19 (2) The impact of restraints on pregnant female incarcerated persons and fetuses.

20 (3) The impact of being placed in restrictive housing on pregnant female  
21 incarcerated persons.

22 (4) The impact of body cavity searches on pregnant female incarcerated persons.

23 Training materials and curricula developed pursuant to this subsection shall be made  
24 available to administrators of local confinement facilities.

25 (b) Educational Programming for Pregnant Female Incarcerated Persons. – The  
26 Department of Public Safety shall develop and provide educational programming to pregnant  
27 female incarcerated persons held in State prisons related to:

28 (1) Prenatal care.

29 (2) Pregnancy-specific hygiene.

30 (3) Parenting skills.

31 (4) The impact of alcohol and drugs on the fetus.

32 (5) General health of children.

33 Training materials and curricula developed pursuant to this subsection shall be made  
34 available to administrators of local confinement facilities."

35 **SECTION 9K.6.(b)** G.S. 143B-702 reads as rewritten:

36 **"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public**  
37 **Safety – rules and regulations.**

38 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public  
39 Safety shall adopt rules and regulations related to the conduct, supervision, rights and privileges  
40 of persons in its custody or under its supervision. Such rules and regulations shall be filed with  
41 and published by the office of the Attorney General and shall be made available by the Division  
42 for public inspection. The rules and regulations shall include a description of the organization of  
43 the Division. A description or copy of all forms and instructions used by the Division, except  
44 those relating solely to matters of internal management, shall also be filed with the office of the  
45 Attorney General.

46 (b) The rules and regulations adopted under this section shall be subject to the  
47 requirements of Article 83A of Chapter 15A of the General Statutes."

48 **SECTION 9K.6.(c)** Article 10 of Chapter 153A of the General Statutes is amended  
49 by adding a new section to read:

50 **"§ 153A-221.2. Treatment of pregnant prisoners; female prisoners.**

1 A local confinement facility established pursuant to this Part shall be subject to the  
 2 requirements of Article 83A of Chapter 15A of the General Statutes."

3 **SECTION 9K.6.(d)** This section becomes effective October 1, 2021.  
 4

5 **PART IX-L. DHHS BLOCK GRANTS**  
 6

7 **DHHS BLOCK GRANTS**

8 **SECTION 9L.1.(a)** Except as otherwise provided, appropriations from federal Block  
 9 Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the  
 10 following schedule:  
 11

12 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** **FY 2021-2022** **FY 2022-2023**  
 13  
 14

15 **Local Program Expenditures**  
 16

17 **Division of Social Services**  
 18

19	01. Work First Family Assistance	\$36,997,163	\$36,866,447
20			
21	02. Work First County Block Grants	80,093,566	80,093,566
22			
23	03. Work First Electing Counties	2,378,213	2,378,213
24			
25	04. Adoption Services – Special Children		
26	Adoption Fund	3,474,126	3,343,410
27			
28	05. Child Protective Services – Child Welfare		
29	Workers for Local DSS	10,859,640	10,728,924
30			
31	06. Child Welfare Program Improvement Plan	775,176	775,176
32			
33	07. Child Welfare Collaborative	400,000	400,000
34			
35	08. Child Welfare Initiatives	1,400,000	1,400,000
36			

37 **Division of Child Development and Early Education**  
 38

39	09. Subsidized Child Care Program	45,813,694	45,813,694
40			
41	10. Swap-Child Care Subsidy	12,600,000	12,600,000
42			
43	11. NC Pre-K Services	68,300,000	68,300,000
44			

45 **Division of Public Health**  
 46

47	12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
48			

49 **DHHS Administration**  
 50

51	13. Division of Social Services	2,482,260	2,482,260
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1			
2	14. Office of the Secretary	34,042	34,042
3			
4	15. Eligibility Systems – Operations and		
5	Maintenance	792,978	713,662
6			
7	16. NC FAST Implementation	443,940	836,088
8			
9	17. Division of Social Services – Workforce		
10	Innovation & Opportunity Act (WIOA)	93,216	93,216
11			
12	18. Division of Social Services TANF Modernization	2,000,000	2,000,000
13			
14	<b>Transfers to Other Block Grants</b>		
15			
16	<b>Division of Child Development and Early Education</b>		
17			
18	19. Transfer to the Child Care and		
19	Development Fund	21,773,001	21,773,001
20			
21	<b>Division of Social Services</b>		
22			
23	20. Transfer to Social Services Block		
24	Grant for Child Protective Services –		
25	Training	285,612	285,612
26			
27	21. Transfer to Social Services Block		
28	Grant for Child Protective Services	5,040,000	5,040,000
29			
30	22. Transfer to Social Services Block		
31	Grant for County Departments of		
32	Social Services for Children's Services	13,097,783	13,097,783
33			
34	23. Transfer to Social Services Block		
35	Grant – Foster Care Services	3,422,219	3,422,219
36			
37	24. Transfer to Social Services Block	1,582,000	1,582,000
38	Grant – Child Advocacy Centers		
39			
40	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
41	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$317,588,628</b>	<b>\$317,509,312</b>
42			
43	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
44	<b>EMERGENCY CONTINGENCY FUNDS</b>		
45			
46	<b>Local Program Expenditures</b>		
47			
48	<b>Division of Child Development and Early Education</b>		
49			
50	01. Subsidized Child Care	\$30,043,764	\$30,043,764
51			



1	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
2	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
3	<b>CONTINGENCY FUNDS</b>	<b>\$30,043,764</b>	<b>\$30,043,764</b>
4			
5	<b>SOCIAL SERVICES BLOCK GRANT</b>		
6			
7	<b>Local Program Expenditures</b>		
8			
9	<b>Divisions of Social Services and Aging and Adult Services</b>		
10			
11	01. County Departments of Social Services	\$19,905,849	\$19,905,849
12			
13	02. County Departments of Social Services		
14	(Nonrecurring)	1,300,000	1,300,000
15			
16	03. County Departments of Social Services		
17	(Transfer From TANF)	\$13,097,783	\$13,097,783
18			
19	04. EBCI Tribal Public Health and Human Services	244,740	244,740
20			
21	05. Child Protective Services		
22	(Transfer From TANF)	5,040,000	5,040,000
23			
24	06. State In-Home Services Fund	1,943,950	1,943,950
25			
26	07. Adult Protective Services	2,138,404	2,138,404
27			
28	08. State Adult Day Care Fund	1,994,084	1,994,084
29			
30	09. Child Protective Services/CPS		
31	Investigative Services – Child Medical		
32	Evaluation Program	901,868	901,868
33			
34	10. Special Children Adoption Incentive Fund	462,600	462,600
35			
36	11. Child Protective Services – Child		
37	Welfare Training for Counties		
38	(Transfer From TANF)	285,612	285,612
39			
40	12. Home and Community Care Block		
41	Grant (HCCBG)	2,696,888	2,696,888
42			
43	13. Child Advocacy Centers		
44	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000
45			
46	14. Guardianship – Division of Social Services	1,802,671	1,802,671
47			
48	15. Foster Care Services		
49	(Transfer From TANF)	3,422,219	3,422,219
50			
51	<b>Division of Central Management and Support</b>		

1			
2	16. DHHS Competitive Block Grants		
3	for Nonprofits	4,774,525	4,774,525
4			
5	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
6			
7	17. Mental Health Services – Adult and		
8	Child/Developmental Disabilities Program/		
9	Substance Abuse Services – Adult	4,149,595	4,149,595
10			
11	<b>DHHS Program Expenditures</b>		
12			
13	<b>Division of Services for the Blind</b>		
14			
15	18. Independent Living Program	3,603,793	3,603,793
16			
17	<b>Division of Health Service Regulation</b>		
18			
19	19. Adult Care Licensure Program	557,598	557,598
20			
21	20. Mental Health Licensure and		
22	Certification Program	266,158	266,158
23			
24	<b>Division of Aging and Adult Services</b>		
25			
26	21. Guardianship	3,825,443	3,825,443
27			
28	<b>DHHS Administration</b>		
29			
30	22. Division of Aging and Adult Services	715,422	715,422
31			
32	23. Division of Social Services	1,019,764	1,019,764
33			
34	24. Office of the Secretary/Controller's Office	636,920	636,920
35			
36	25. Legislative Increases/Fringe Benefits	293,655	293,655
37			
38	26. Division of Child Development and		
39	Early Education	13,878	13,878
40			
41	27. Division of Mental Health, Developmental		
42	Disabilities, and Substance Abuse Services	27,446	27,446
43			
44	28. Division of Health Service Regulation	133,620	133,620
45			
46	29. Division of Services for the Blind and Services		
47	for the Deaf and Hard of Hearing	127,010	127,010
48			
49	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$76,963,495</b>	<b>\$76,963,495</b>
50			
51	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		

1			
2	<b>Local Program Expenditures</b>		
3			
4	<b>Division of Social Services</b>		
5			
6	01. Low-Income Energy Assistance		
7	Program (LIEAP)	\$49,582,017	\$49,257,600
8			
9	02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
10			
11	<b>Local Administration</b>		
12			
13	<b>Division of Social Services</b>		
14			
15	03. County DSS Administration	6,769,114	6,724,735
16			
17	<b>DHHS Administration</b>		
18			
19	<b>Division of Central Management and Support</b>		
20			
21	04. Division of Social Services	10,000	10,000
22			
23	05. Office of the Secretary/DIRM (Accountable Results for		
24	Community Action (AR4CA) Replacement System)	50,000	166,750
25			
26	06. Office of the Secretary/DIRM	278,954	278,954
27			
28	07. Office of the Secretary/Controller's Office	18,378	18,378
29			
30	08. NC FAST Development	650,388	1,224,912
31			
32	09. NC FAST Operations and Maintenance	1,571,780	1,414,567
33			
34	<b>Transfers to Other State Agencies</b>		
35			
36	<b>Department of Environmental Quality</b>		
37			
38	10. Weatherization Program	8,751,347	8,693,972
39			
40	11. Heating Air Repair and Replacement		
41	Program (HARRP)	5,830,717	5,792,490
42			
43	12. Local Residential Energy Efficiency Service		
44	Providers – Weatherization	527,190	523,733
45			
46	13. Local Residential Energy Efficiency Service		
47	Providers – HARRP	284,682	282,816
48			
49	14. DEQ – Weatherization Administration	527,190	523,733
50			
51	15. DEQ – HARRP Administration	284,682	282,816

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**Department of Administration**

16. N.C. Commission on Indian Affairs	87,736	87,736
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**TOTAL LOW-INCOME ENERGY  
ASSISTANCE BLOCK GRANT**

	<b>\$108,205,156</b>	<b>\$108,047,943</b>
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**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT****Local Program Expenditures****Division of Child Development and Early Education**

01. Child Care Services	\$241,041,643	\$240,907,680
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02. Smart Start Subsidy	7,392,654	7,392,654
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03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
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04. Quality and Availability Initiatives (TEACH Program \$3,800,000)	51,808,870	52,143,470
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**DHHS Administration****Division of Child Development and Early Education**

05. DCDEE Administrative Expenses	9,376,286	9,376,286
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06. Direct Deposit for Child Care Payments	5,000	5,000
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**Division of Social Services**

07. Local Subsidized Child Care Services Support	18,780,355	18,780,355
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**Division of Central Management and Support**

08. NC FAST Operations and Maintenance	1,201,697	1,201,697
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09. DHHS Central Administration – DIRM Technical Services	979,762	979,762
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10. DHHS Central Administration	7,346	7,346
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**Division of Public Health**

11. Child Care Health Consultation Contracts	62,205	62,205
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**TOTAL CHILD CARE AND DEVELOPMENT**

1	<b>FUND BLOCK GRANT</b>	<b>\$352,428,819</b>	<b>\$352,629,456</b>
2			
3	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
4			
5	<b>Local Program Expenditures</b>		
6			
7	01. Mental Health Services – Child	\$5,460,328	\$4,432,011
8			
9	02. Mental Health Services – Adult/Child	26,858,142	17,126,399
10			
11	03. Mental Health Services – First		
12	Psychotic Symptom Treatment	4,205,369	2,615,497
13			
14	<b>DHHS Administration</b>		
15			
16	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
17			
18	04. Crisis Services	1,569,298	1,307,749
19			
20	05. Administration	323,120	323,120
21			
22	06. Adult/Child Mental Health Services	350,150	350,150
23			
24	<b>TOTAL MENTAL HEALTH SERVICES</b>		
25	<b>BLOCK GRANT</b>	<b>\$38,766,407</b>	<b>\$26,154,926</b>
26			
27	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
28			
29	<b>Local Program Expenditures</b>		
30			
31	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
32			
33	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
34			
35	02. Substance Abuse Prevention	16,594,705	10,999,983
36			
37	03. Substance Abuse Services – Treatment for		
38	Children/Adults		
39	(First Step Farm of WNC, Inc. \$100,000)	59,798,396	37,419,510
40			
41	04. Crisis Solutions Initiatives – Collegiate		
42	Wellness/Addiction Recovery	1,085,000	1,085,000
43			
44	05. Crisis Solutions Initiatives – Community		
45	Paramedic Mobile Crisis Management	20,000	20,000
46			
47	<b>DHHS Program Expenditures</b>		
48			
49	<b>Division of Central Management and Support</b>		
50			
51	06. Competitive Grants	1,600,000	1,600,000

1  
2 **DHHS Administration**

3  
4 **Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

5			
6	07. Administration	1,320,452	1,320,452
7			
8	08. Controlled Substance Reporting System		
9	Enhancement	427,655	427,655
10			
11	09. Veterans Initiatives	250,000	250,000
12			
13	10. Substance Abuse Prevention	344,390	344,390
14			
15	11. Substance Abuse Treatment	703,960	703,960
16			

17 **TOTAL SUBSTANCE ABUSE PREVENTION**  
18 **AND TREATMENT BLOCK GRANT**

18 **\$84,695,473**      **\$56,721,865**

19  
20 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

21  
22 **Local Program Expenditures**

23  
24 **Division of Public Health**

25			
26	01. Women's and Children's Health Services		
27	(Safe Sleep Campaign \$45,000; Sickle Cell		
28	Centers \$100,000; Prevent Blindness \$575,000;		
29	March of Dimes \$350,000; Teen Pregnancy		
30	Prevention Initiatives \$650,000;		
31	Nurse-Family Partnership \$950,000;		
32	Perinatal & Neonatal Outreach		
33	Coordinator Contracts \$440,000;		
34	Mountain Area Pregnancy Services \$50,000)	\$14,778,973	\$14,778,973
35			
36	02. Oral Health	48,227	48,227
37			
38	03. Evidence-Based Programs in Counties		
39	With Highest Infant Mortality Rates	1,575,000	1,575,000
40			

41 **DHHS Program Expenditures**

42			
43	04. Children's Health Services	1,427,323	1,427,323
44			
45	05. Women's Health – Maternal Health	169,864	169,864
46			
47	06. Women's and Children's Health – Perinatal		
48	Strategic Plan Support Position	73,920	73,920
49			
50	07. State Center for Health Statistics	158,583	158,583
51			

1	08. Health Promotion – Injury and		
2	Violence Prevention	87,271	87,271
3			
4	<b>DHHS Administration</b>		
5			
6	09. Division of Public Health Administration	552,571	552,571
7			
8	<b>TOTAL MATERNAL AND CHILD</b>		
9	<b>HEALTH BLOCK GRANT</b>	<b>\$18,871,732</b>	<b>\$18,871,732</b>
10			
11	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
12			
13	<b>Local Program Expenditures</b>		
14			
15	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
16			
17	02. Injury and Violence Prevention		
18	(Services to Rape Victims – Set-Aside)	160,000	160,000
19			
20	<b>DHHS Program Expenditures</b>		
21			
22	<b>Division of Public Health</b>		
23			
24	03. HIV/STD Prevention and		
25	Community Planning	137,648	137,648
26			
27	04. Oral Health Preventive Services	150,000	150,000
28			
29	05. Laboratory Services – Testing,		
30	Training, and Consultation	21,000	21,000
31			
32	06. Injury and Violence Prevention		
33	(Services to Rape Victims – Set-Aside)	53,206	53,206
34			
35	07. Performance Improvement and		
36	Accountability	592,123	592,123
37			
38	08. State Center for Health Statistics	82,505	82,505
39			
40	<b>DHHS Administration</b>		
41			
42	<b>Division of Public Health</b>		
43			
44	09. Division of Public Health	65,000	65,000
45			
46	<b>TOTAL PREVENTIVE HEALTH</b>		
47	<b>SERVICES BLOCK GRANT</b>	<b>\$4,291,598</b>	<b>\$4,342,924</b>
48			
49	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
50			
51	01. Community Action Agencies	\$20,916,673	\$20,916,673

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02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
03. Office of Economic Opportunity	1,004,543	1,004,543
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	327,944	589,222
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
<b>TOTAL COMMUNITY SERVICES BLOCK GRANT</b>	<b>\$22,925,759</b>	<b>\$22,925,759</b>

**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.



1 Prior to allocating the change in federal fund availability, the proposed allocation  
2 must be approved by the Office of State Budget and Management. If the Department adjusts the  
3 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
4 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
5 Research Division.

6 **SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal  
7 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according  
8 to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule  
9 is enacted by the General Assembly.

10 **SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or  
11 contingency funds and other grants related to existing Block Grants administered by the  
12 Department of Health and Human Services that are not specifically addressed in this section shall  
13 be approved by the Office of State Budget and Management. The Office of State Budget and  
14 Management shall not approve funding for new programs or activities not appropriated in this  
15 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and  
16 Management shall not approve any reduction of funds designated for subrecipients in subsection  
17 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
18 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
19 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
20 Human Services for review prior to implementing any changes. In consulting, the report shall  
21 include an itemized listing of affected programs, including associated changes in budgeted  
22 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
23 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
24 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
25 legislative salary increases and benefit adjustments.

26 **SECTION 9L.1.(f)** Except as otherwise provided, the Department of Health and  
27 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
28 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
29 so long as the total allocation for the line items within those Block Grants remains the same.  
30

### 31 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

32 **SECTION 9L.1.(g)** The sum of eighty million ninety-three thousand five hundred  
33 sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in  
34 this act in TANF funds to the Department of Health and Human Services, Division of Social  
35 Services, shall be used for Work First County Block Grants. The Division shall certify these  
36 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
37 has the authority to realign the authorized budget for these funds among the State-level services  
38 based on current year actual expenditures. The Division shall also have the authority to realign  
39 appropriated funds from Work First Family Assistance for electing counties to the Work First  
40 County Block Grant for electing counties based on current year expenditures so long as the  
41 electing counties meet Maintenance of Effort requirements.

42 **SECTION 9L.1.(h)** The sum of ten million eight hundred fifty-nine thousand six  
43 hundred forty dollars (\$10,859,640) for the 2021-2022 fiscal year and the sum of ten million  
44 seven hundred twenty-eight thousand nine hundred twenty-four dollars (\$10,728,924) for the  
45 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services,  
46 Division of Social Services, in TANF funds for child welfare improvements shall be allocated to  
47 the county departments of social services for hiring or contracting staff to investigate and provide  
48 services in Child Protective Services cases; to provide foster care and support services; to recruit,  
49 train, license, and support prospective foster and adoptive families; and to provide interstate and  
50 post-adoption services for eligible families.

1 Counties shall maintain their level of expenditures in local funds for Child Protective  
2 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
3 the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall  
4 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

5 **SECTION 9L.1.(i)** The sum of three million four hundred seventy-four thousand  
6 one hundred twenty-six dollars (\$3,474,126) for the 2021-2022 fiscal year and the sum of three  
7 million three hundred forty-three thousand four hundred ten dollars (\$3,343,410) for the  
8 2022-2023 fiscal year appropriated in this act in TANF funds to the Department of Health and  
9 Human Services, Special Children Adoption Fund, shall be used in accordance with  
10 G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina  
11 Association of County Directors of Social Services and representatives of licensed private  
12 adoption agencies, shall develop guidelines for the awarding of funds to licensed public and  
13 private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster  
14 care. Payments received from the Special Children Adoption Fund by participating agencies shall  
15 be used exclusively to enhance the adoption services program. No local match shall be required  
16 as a condition for receipt of these funds.

17 **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars  
18 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
19 Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall  
20 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
21 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
22 services to families in their homes in the least restrictive setting.

23 **SECTION 9L.1.(k)** Of the three million four hundred fifty thousand dollars  
24 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human  
25 Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen  
26 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each  
27 year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care  
28 or the juvenile justice system.

## 29 **SOCIAL SERVICES BLOCK GRANT**

30 **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight  
31 hundred forty-nine dollars (\$19,905,849) for each year of the 2021-2023 fiscal biennium and the  
32 sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each  
33 year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant  
34 to the Department of Health and Human Services, Division of Social Services, and the sum of  
35 thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each  
36 year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block  
37 Grant shall be used for county Block Grants. The Division shall certify these funds in the  
38 appropriate State-level services based on prior year actual expenditures. The Division has the  
39 authority to realign the authorized budget for these funds, as well as State Social Services Block  
40 Grant funds, among the State-level services based on current year actual expenditures.

41 **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred  
42 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the  
43 Department of Health and Human Services, Division of Social Services, for each fiscal year of  
44 the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as  
45 follows:  
46

- 47 (1) Provide a regional training center in southeastern North Carolina.
- 48 (2) Provide training for residential child caring facilities.
- 49 (3) Provide for various other child welfare training initiatives.

50 **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,  
51 subject to the approval of the Office of State Budget and Management, to transfer Social Services

1 Block Grant funding allocated for departmental administration between divisions that have  
2 received administrative allocations from the Social Services Block Grant.

3 **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special  
4 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

5 **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
6 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023  
7 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
8 Social Services. The Division shall allocate these funds to local departments of social services to  
9 replace the loss of Child Protective Services State funds that are currently used by county  
10 governments to pay for Child Protective Services staff at the local level. These funds shall be  
11 used to maintain the number of Child Protective Services workers throughout the State. These  
12 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and  
13 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

14 **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand  
15 five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium  
16 appropriated in this act in the Social Services Block Grant to the Department of Health and  
17 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS  
18 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the  
19 provisions of 10A NCAC 71R .0201(3).

20 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand  
21 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
22 year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division  
23 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
24 are exempt from the provisions of 10A NCAC 71R .0201(3).

25 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand  
26 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2021-2023 fiscal  
27 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
28 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used  
29 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may  
30 expend funds allocated in this section to support existing corporate guardianship contracts during  
31 the 2021-2022 and 2022-2023 fiscal years.

32 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to  
33 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred  
34 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult  
35 Protective Services workers where these funds can be the most effective. These funds shall be  
36 used to pay for salaries and related expenses and shall not be used to supplant any other source  
37 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local  
38 match of twenty-five percent (25%).

#### 39 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

40 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to  
41 realign appropriated funds between the State-level services Low Income Energy Assistance  
42 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative  
43 Oversight Committee on Health and Human Services to ensure needs are effectively met without  
44 exceeding the total amount appropriated for these State-level service items. Additional  
45 emergency contingency funds received may be allocated for Energy Assistance Payments or  
46 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight  
47 Committee on Health and Human Services. Additional funds received shall be reported to the  
48 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
49 Division upon notification of the award. The Department of Health and Human Services shall  
50 not allocate funds for any activities, including increasing administration, other than assistance  
51

1 payments, without prior consultation with the Joint Legislative Oversight Committee on Health  
2 and Human Services.

3 **SECTION 9L.1.(v)** The sum of forty-nine million five hundred eighty-two thousand  
4 seventeen dollars (\$49,582,017) for the 2021-2022 fiscal year and the sum of forty-nine million  
5 two hundred fifty-seven thousand six hundred dollars (\$49,257,600) for the 2022-2023 fiscal  
6 year appropriated in this act in the Low-Income Energy Assistance Block Grant to the  
7 Department of Health and Human Services, Division of Social Services, shall be used for Energy  
8 Assistance Payments for the households of (i) elderly persons age 60 and above with income up  
9 to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible  
10 for services funded through the Division of Aging and Adult Services.

11 County departments of social services shall submit to the Division of Social Services  
12 an outreach plan for targeting households with 60 year old household members no later than  
13 August 1 of each year. The outreach plan shall comply with the following:

- 14 (1) Ensure that eligible households are made aware of the available assistance,  
15 with particular attention paid to the elderly population age 60 and above and  
16 disabled persons receiving services through the Division of Aging and Adult  
17 Services.
- 18 (2) Include efforts by the county department of social services to contact other  
19 State and local governmental entities and community-based organizations to  
20 (i) offer the opportunity to provide outreach and (ii) receive applications for  
21 energy assistance.
- 22 (3) Be approved by the local board of social services or human services board  
23 prior to submission.

24 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop  
25 and implement a centralized system to collect, track, analyze, monitor, and disseminate  
26 performance, outputs, and outcome data for the Community Services Block Grant Program and  
27 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace  
28 the current software solution, Accountable Results for Community Action (AR4CA). The project  
29 shall not proceed until the business case has been approved by the Office of State Budget and  
30 Management and the State Chief Information Officer in the Enterprise Project Management  
31 Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars  
32 (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code  
33 24410 for information technology projects for the 2021-2022 fiscal year.

#### 34 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

35 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal  
36 TANF funds shall comply with all regulations and policies issued by the Division of Child  
37 Development and Early Education for the subsidized child care program.

38 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development  
39 Fund Block Grant for any program cannot be obligated or spent in that program within the  
40 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
41 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
42 to use the federal funds fully.

#### 43 **MENTAL HEALTH SERVICES BLOCK GRANT**

44 **SECTION 9L.1.(z)** The sum of four million two hundred five thousand three  
45 hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of two million  
46 six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for the 2022-2023  
47 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department  
48 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
49  
50

1 Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom  
2 Treatment.

3 **SECTION 9L.1.(z1)** Of the funds allocated in the Mental Health Services Block  
4 Grant to the Department of Health and Humans Services, Division of Mental Health,  
5 Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 fiscal biennium,  
6 the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be used to  
7 establish three positions and cover operating costs focused on developing pilot programs and  
8 implementing policy to improve services to transition-aged youth and adults with serious mental  
9 illness or serious emotional disturbance.

#### 10 11 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

12 **SECTION 9L.1.(z2)** Of the funds allocated in the Substance Abuse Prevention and  
13 Treatment Block Grant for the 2021-2023 fiscal biennium to the Department of Health and  
14 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
15 Services, the sum of one million forty-eight thousand three hundred fifty dollars (\$1,048,350)  
16 shall be used to establish nine positions and operating costs. These funds shall be used to provide  
17 oversight, technical support, training, coordination, monitoring, and other functions necessary to  
18 expand and support substance use services to ensure strategic planning and development of  
19 prevention, treatment, and recovery supports leading towards a comprehensive recovery-oriented  
20 system of care.

#### 21 22 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

23 **SECTION 9L.1.(aa)** If federal funds are received under the Maternal and Child  
24 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
25 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall  
26 be transferred to the State Board of Education to be administered by the Department of Public  
27 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
28 until marriage education program consistent with G.S. 115C-81.30. The Department of Public  
29 Instruction shall carefully and strictly follow federal guidelines in implementing and  
30 administering the abstinence education grant funds.

31 **SECTION 9L.1.(bb)** The sum of one million five hundred seventy-five thousand  
32 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the  
33 Department of Health and Human Services, Division of Public Health, for each year of the  
34 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the  
35 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the  
36 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,  
37 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
38 to the House of Representatives Appropriations Committee on Health and Human Services, the  
39 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
40 Division no later than December 31 of each year.

41 **SECTION 9L.1.(cc)** The sum of seventy-three thousand nine hundred twenty dollars  
42 (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the  
43 Department of Health and Human Services, Division of Public Health, Women and Children's  
44 Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant  
45 existing State or federal funds. This allocation shall be used for a Public Health Program  
46 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
47 Plan and provide staff support for the stakeholder work group.

48 **SECTION 9L.1.(dd)** The sum of one hundred thousand dollars (\$100,000) allocated  
49 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
50 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for  
51 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

1           **SECTION 9L.1.(ee)** No more than fifteen percent (15%) of the funds allocated for  
2 the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and  
3 Child Health Block Grant shall be used for administrative costs, unless otherwise required by  
4 federal law.

5  
6           **APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS**  
7           **UNDER THE AMERICAN RESCUE PLAN ACT**

8           **SECTION 9L.2.(a)** Of the funds appropriated in this act from federal Low Income  
9 Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the  
10 Department of Health and Human Services, Division of Social Services, the sum of eighty-six  
11 million nine hundred seventy thousand four hundred sixty dollars (\$86,970,460) in nonrecurring  
12 funds shall be used for energy assistance in accordance with federal requirements in response to  
13 the COVID-19 pandemic.

14           **SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care  
15 and Development Block Grant funds received pursuant to ARPA to the Department of Health  
16 and Human Services, Division of Child Development and Early Education, the sum of five  
17 hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars  
18 (\$502,777,789) in nonrecurring funds shall be allocated for the following in response to the  
19 COVID-19 pandemic:

- 20           (1) Two hundred seventy-four million dollars (\$274,000,000) of the funds shall  
21 be used as follows:  
22           a. A minimum of two hundred six million dollars (\$206,000,000) but no  
23 more than two hundred fifteen million dollars (\$215,000,000) to (i)  
24 reduce the waitlist for children eligible for subsidized child care who  
25 are in foster care and (ii) after addressing the waitlist under item (i) of  
26 this sub-subdivision, work towards reducing the waitlist for children  
27 eligible for subsidized child care.  
28           b. A minimum of fifty million dollars (\$50,000,000) but no more than  
29 fifty-nine million dollars (\$59,000,000) to modernize and improve  
30 early childhood technology infrastructure.  
31           (2) Up to thirty million dollars (\$30,000,000) of the funds shall be used to  
32 continue to cover all copays for families eligible for subsidized child care  
33 through the end of the 2021 calendar year.  
34           (3) Up to two hundred seven million seven hundred seventy-seven thousand  
35 seven hundred eighty-nine dollars (\$207,777,789) of the funds shall be used  
36 to build the supply of qualified child care teachers with staff bonuses and other  
37 teacher pipeline programs, including apprenticeship, stackable courses, and  
38 fast-track programs. The Division of Child Development and Early Education  
39 shall provide staff bonuses under this subdivision based on the number of  
40 months the teacher or staff person has worked at the child care facility, with  
41 the maximum bonus being provided to a teacher or staff person who has  
42 worked at least 12 months at the teacher or staff person's current child care  
43 facility.  
44           (4) Of the funds allocated under subdivision (3) of this subsection, the sum of  
45 thirty-five million dollars (\$35,000,000) shall be allocated to the North  
46 Carolina Partnership for Children, Inc., for the Child Care WAGE\$ (WAGE\$)  
47 program, which provides salary supplements for early childhood educators.  
48 The North Carolina Partnership for Children, Inc., shall use these funds to  
49 increase access to the WAGE\$ program, with the intent that, upon full  
50 implementation, access to the program shall be statewide and available in  
51 every county. These funds shall not be subject to the child care subsidy

1 expansion requirements under G.S. 143B-168.15(g) or the match  
2 requirements under Section 9C.6(d) of this act. The Division of Child  
3 Development and Early Education shall report on the impact of the WAGES  
4 program, including any recommendations, to the Joint Legislative Oversight  
5 Committee on Health and Human Services by December 1, 2024.

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 North Carolina Department of Commerce's 2021 County Tier  
39 Designations.

40 DPS and the Division of Mental Health, Developmental Disabilities, and  
41 Substance Abuse Services shall report on the results of both pilot programs  
42 described in this subdivision to the Joint Legislative Oversight Committee on  
43 Health and Human Services and the Joint Legislative Oversight Committee  
44 on Justice and Public Safety by November 1, 2023.

- 45 (2) Two million two hundred thousand dollars (\$2,200,000) to Addiction  
46 Recovery Care Association, Inc., for substance abuse treatment and recovery  
47 services.
- 48 (3) Four million seven hundred thousand dollars (\$4,700,000) to Addiction  
49 Professionals of North Carolina, Inc., (i) to establish a Center for Community  
50 Innovation and Emerging Best Practice in response to the mental and  
51 behavioral health impacts of the COVID-19 crisis and opioid overdose

1 resurgence and (ii) for dedicated substance abuse prevention, treatment,  
 2 recovery, and harm reduction capacity support for students in communities  
 3 and on university and college campuses. The Division of Mental Health,  
 4 Developmental Disabilities, and Substance Abuse Services shall seek  
 5 approval to use these funds for these purposes.

- 6 (4) Fifty-three thousand seven hundred dollars (\$53,700) to AYA House, Inc., a  
 7 nonprofit organization, for substance abuse treatment and recovery services.  
 8 (5) Four million one hundred thousand dollars (\$4,100,000) for substance abuse  
 9 prevention efforts.  
 10 (6) Seven million six hundred thousand dollars (\$7,600,000) to implement the  
 11 Systemic, Therapeutic, Assessment, Resources, and Treatment (START)  
 12 model in 10 counties.  
 13 (7) Two million seven hundred thousand dollars (\$2,700,000) for start-up  
 14 supports to help substance use disorder providers contract with local  
 15 management entities/managed care organizations (LME/MCOs).  
 16 (8) Two million eight hundred thousand dollars (\$2,800,000) to expand the  
 17 EMS-based MAT Bridge program from two to 10 counties.  
 18 (9) The balance of any remaining funds for treatment services, including the  
 19 purchase of naloxone to assist in overdose treatment.

20 **SECTION 9L.2.(e)** Funds allocated in subdivisions (d)(1) through (d)(9) of this  
 21 section are provided as one-time, nonrecurring allocations for the purposes described in that  
 22 subsection.  
 23

## 24 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 25 **FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE**

26 **SECTION 10.2.(a)** G.S. 106-420 reads as rewritten:

27 "**§ 106-420. Authority of Board of Agriculture to adopt regulations.**

28 The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement  
 29 and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant  
 30 pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from  
 31 outside the State to points within the State. The Board of Agriculture shall adopt regulations for  
 32 eradicating such plant pests as it may deem capable of being economically eradicated, for  
 33 repressing such as cannot be economically eradicated, and for preventing their spread within the  
 34 State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations  
 35 for preventing the introduction of dangerous plant pests from without the State, and for governing  
 36 common carriers in transporting plants, articles or things liable to harbor such pests into, from  
 37 and within the State. The Board is authorized, in order to control plant pests, to adopt regulations  
 38 governing the inspection, certification and movement of nursery stock, (i) into the State from  
 39 outside the State, (ii) within the State, and (iii) from within the State to points outside the State.  
 40 The Board is further authorized to prescribe and collect a schedule of fees to be collected for its  
 41 nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection,  
 42 phytosanitary certification, and plant pest certification activities."  
 43

44 **SECTION 10.2.(b)** G.S. 150B-1(d) reads as rewritten:

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

- 47 ...  
 48 (26) The Board of Agriculture in the Department of Agriculture and Consumer  
 49 Services with respect to the following:

50 ...  
 51 d. Fees for State phytosanitary certificates.



1 ....."

## 2 3 **HEMLOCK RESTORATION REPORT**

4 **SECTION 10.3.** The North Carolina Forest Service shall report on the hemlock  
5 restoration initiatives funded by this act. The report shall include the following with respect to  
6 each hemlock restoration initiative funded during the 2021-2023 fiscal biennium:

- 7 (1) Identification of goals and outcomes for the initiative.  
8 (2) A description of the measures used or data collected to evaluate the efficiency  
9 and effectiveness of the initiative in reaching its desired goals and outcomes.  
10 (3) The performance of each initiative with respect to the identified goals and  
11 outcomes.

12 The Forest Service shall provide its report to the chairs of the Joint Legislative  
13 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
14 Research Division no later than October 1 following the completion of each fiscal year in the  
15 2021-2023 fiscal biennium.

## 16 17 **TIMBER SALES/RETENTION AND USE OF PROCEEDS**

18 **SECTION 10.4.(a)** G.S. 146-30(d)(6) reads as rewritten:

19 "(6) The following provisions apply with respect to land owned by or under the  
20 supervision and control of the Department of Agriculture and Consumer  
21 Services:

- 22 a. The net proceeds derived from the sale of land ~~or timber from land~~  
23 owned by or under the supervision and control of the Department of  
24 Agriculture and Consumer Services shall be deposited with the State  
25 Treasurer in a capital improvement account to the credit of the  
26 Department of Agriculture and Consumer Services, to be used for such  
27 specific capital improvement projects or other purposes as are  
28 provided by transfer of funds from those accounts in ~~the Capital~~  
29 Improvement Appropriations Act; an act of the General Assembly.  
30 b. The net proceeds derived from the sale of timber and other products of  
31 land shall be deposited in accounts at the Department of Agriculture  
32 and Consumer Services to be used for operational expenses of the  
33 Department incurred for restoration and stewardship of the land."

34 **SECTION 10.4.(b)** G.S. 106-6.3 reads as rewritten:

35 **"§ 106-6.3. Create special revenue fund for research stations.**

36 The Research Stations Fund is established as a special revenue fund within the Department  
37 of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of  
38 receipts from the sale of timber and other commodities produced on the Department's research  
39 stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund  
40 appropriations shall be credited to this Fund. Any balance exceeding one million dollars  
41 (\$1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The  
42 Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise  
43 invest in research stations operated by the Department's Research Stations Division."  
44

## 45 **GO GLOBAL NC PROGRAM**

46 **SECTION 10.5.** Funds appropriated in this act to the Department of Agriculture and  
47 Consumer Services for international marketing may be used by the Department to rebrand the  
48 Department's international marketing section as Go Global NC.  
49

## 50 **AGRICULTURAL MARKETING FACILITIES SPECIAL FUND**

1 SECTION 10.5A. Article 1 of Chapter 106 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 106-6.4. Create special revenue fund for certain facilities.**

4 The Agricultural Marketing Facilities Fund is established as a special revenue fund within  
5 the Department of Agriculture and Consumer Services, Marketing Division. This Fund shall  
6 consist of receipts from the lease or rental of property or facilities, admissions, fees, and any  
7 gifts, bequests, or grants collected at the Department's farmers markets and agricultural centers.  
8 The Department shall use this Fund to develop, improve, repair, maintain, operate, expand, or  
9 otherwise invest in the Department's farmers markets and agricultural centers."

10  
11 **ANIMAL SHELTER SUPPORT FUND AMENDMENTS**

12 SECTION 10.5B. Article 5A of Chapter 19A of the General Statutes reads as  
13 rewritten:

14 "Article 5A.

15 "Animal Shelter Support Fund.

16 **"§ 19A-67. Animal Shelter Support Fund.**

17 (a) Creation. – The Animal Shelter Support Fund is established as a special fund in the  
18 Department of Agriculture and Consumer Services. The Fund consists of appropriations by the  
19 General Assembly or contributions and grants from public or private sources.

20 (b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of  
21 Agriculture and Consumer Services to ~~reimburse~~ provide grants to local governments for  
22 expenses related to their operation of a registered animal shelter due to any of the following:

23 (1) The denial, suspension, or revocation of the shelter's ~~registration~~ registration,  
24 or compliance with new or newly applicable requirements for maintenance of  
25 registration.

26 (2) An unforeseen catastrophic disaster at an animal shelter.

27 (c) Rules. – The Board of Agriculture shall issue rules detailing eligible expenses and  
28 application guidelines that comply with the requirements of this Article.

29 (d) Reversion. – ~~Any appropriated and unencumbered funds remaining at the end of each~~  
30 ~~fiscal year in excess of two hundred fifty thousand dollars (\$250,000) shall revert to the General~~  
31 ~~Fund.~~

32 **"§ 19A-68. ~~Distributions~~ Grants to counties and cities from Animal Shelter Support Fund.**

33 (a) ~~Reimbursable~~ Eligible Costs. – ~~Local~~ Except as otherwise provided in this subsection,  
34 governments eligible for distributions from the Animal Shelter Support Fund may receive  
35 ~~reimbursement~~ funding only for the direct operational costs of the animal shelter following an  
36 event described in G.S. 19A-67(b). For purposes of this subsection, direct operational costs shall  
37 include veterinary services, sanitation services and needs, animal sustenance and supplies, and  
38 temporary housing and sheltering. Counties and cities shall not ~~be reimbursed~~ receive funding  
39 for administrative costs or capital expenditures for facilities and ~~equipment~~ equipment, unless  
40 those costs are required in order to restore or maintain a shelter's registration.

41 (b) ~~Cost Share.~~ – ~~A local government requesting distributions from the Animal Shelter~~  
42 ~~Support Fund must provide a local match based on their most recent development tier designation~~  
43 ~~as defined in G.S. 143B 437.08. Local governments located in development tier one counties~~  
44 ~~must provide a match equivalent to one dollar (\$1.00) for every three dollars (\$3.00) distributed~~  
45 ~~from the Fund. Local governments located in development tier two counties must provide a~~  
46 ~~match equivalent to one dollar (\$1.00) for every two dollars (\$2.00) distributed from the Fund.~~  
47 ~~Local governments located in development tier three counties must provide a match equivalent~~  
48 ~~to one dollar (\$1.00) for every one dollar (\$1.00) distributed from the Fund.~~

49 (c) Application. – A county or city eligible for ~~reimbursement~~ a grant from the Animal  
50 Shelter Support Fund shall apply to the Department of Agriculture and Consumer ~~Services~~ within  
51 ~~60 days of when the reimbursable cost has been incurred.~~ Services. The application shall be

1 submitted in the form required by the Department and shall include an itemized listing of the  
2 costs for which ~~reimbursement~~ funding is sought.

3 ~~(d) Distribution. — The Department shall make payments from the Animal Shelter~~  
4 ~~Support Fund to eligible counties and cities that have made timely application for reimbursement~~  
5 ~~within 30 days of receipt of requests.~~

6 (e) Limitation. — Grants from the Animal Shelter Support Fund are limited to fifty  
7 thousand dollars (\$50,000) per grantee in any fiscal year.

8 ...."

## 10 DUPONT STATE RECREATIONAL FOREST FUNDS

11 **SECTION 10.5C.(a)** Nonrecurring funds appropriated in this act to the Department  
12 of Agriculture and Consumer Services for creation and implementation of a master recreational  
13 facility plan for the DuPont State Recreational Forest (Forest) shall be allocated as follows:

14 (1) Two hundred thousand dollars (\$200,000) for the 2021-2022 fiscal year for  
15 the creation of a master recreational facility plan that includes planning for the  
16 recreational infrastructure and network of trails within the Forest with input  
17 from potential user groups, desired experiences for those groups, trail density  
18 analyses, and other Forest, wildlife management, and natural resource  
19 preservation objectives. The plan will also include recommendations for trail  
20 system management, new and extended trail segments, improvements, trail  
21 consolidation, and trail sustainability measures, and management measures  
22 for purpose-built trail systems and for mitigation of trail impacts due to high  
23 visitation.

24 (2) One hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year and  
25 four hundred fifty thousand dollars (\$450,000) for the 2022-2023 fiscal year  
26 for the implementation of the facility plan, including engineering, design,  
27 maintenance, and construction activities for new and existing trails, trail  
28 support facilities, and recreational facilities. Of these funds, the Department  
29 may use no more than two hundred twenty-five thousand dollars (\$225,000)  
30 for the planning, design, and implementation of a trail spur connecting the  
31 Forest to the French Broad River Paddle Trail and to the Palmetto Trail and  
32 other trails in South Carolina.

33 **SECTION 10.5C.(b)** The Department shall enter into a Memorandum of  
34 Understanding (MOU) with Friends of Dupont Forest, a nonprofit organization, to implement  
35 and maintain the trails funded in subsection (a) of this section.

## 37 OVERSIGHT COMMITTEE STUDY OF DACS FEES

38 **SECTION 10.5D.** The Joint Legislative Oversight Committee on Agriculture and  
39 Natural and Economic Resources shall study the existing fee structure for permitting,  
40 compliance, and oversight services performed by the Department of Agriculture and Consumer  
41 Services with the goal of identifying areas where fee income does not adequately support the  
42 services provided. The Committee shall identify, with respect to each service identified as having  
43 an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred  
44 by the Department of Agriculture and Consumer Services in performing the service, and, if  
45 applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall  
46 provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.  
47

## 48 FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS

49 **SECTION 10.6.** Funds appropriated in this act from the State Fiscal Recovery Fund  
50 to the Department of Agriculture and Consumer Services for support of North Carolina food  
51 banks shall be allocated as follows:

- 1 (1) Forty million dollars (\$40,000,000) to distribute to North Carolina food banks.  
2 These funds may be used for the purchase and distribution of food,  
3 infrastructure and equipment, capacity-building for the food banks and their  
4 partner agencies, benefits counseling, partnerships with community  
5 workforce development organizations, and any other use consistent with the  
6 rules implementing the State Fiscal Recovery Fund.
- 7 (2) Five million dollars (\$5,000,000) to Reinvestment Partners, a nonprofit  
8 organization, for its Produce Prescription Program, which provides a monthly  
9 forty dollar (\$40.00) per household benefit for each eligible Food and  
10 Nutrition Services recipient enrolled by the recipient's health care provider, to  
11 serve individuals impacted by the COVID-19 emergency. Individuals  
12 receiving assistance pursuant to this subdivision are limited to three months  
13 of food assistance.  
14

### 15 MEAT AND SEAFOOD PROCESSING GRANTS

16 **SECTION 10.7.(a)** Findings. – The General Assembly finds that the COVID-19  
17 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and  
18 revealed bottlenecks and lack of capacity among the small and independent meat processors who  
19 serve small livestock producers. These bottlenecks and lack of capacity have a substantial  
20 negative impact on the ability of these small livestock producers to have their livestock  
21 slaughtered and processed. In addition, seafood processors lack capacity to meet increased and  
22 altered consumer demand for seafood products due to supply chain disruptions and other  
23 long-term changes in the market for seafood and seafood products. The General Assembly further  
24 finds that financial assistance to these processors for expansion, facility improvements, and  
25 workforce development is necessary to reduce disruptions in the supply chain for fresh meat and  
26 seafood and to help small producers get their products to market.

27 **SECTION 10.7.(b)** Use of Funds and Limitation. – The funds appropriated in this  
28 act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services  
29 for grants to meat and seafood processors shall be used to provide grants as specified in this  
30 section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve  
31 the resiliency of the fresh meat and seafood supply chain to future disruptions. The following  
32 limitations and reservations apply:

- 33 (1) No more than thirty-five percent (35%) of the funds allocated in this section  
34 may be used for grants to seafood processors.
- 35 (2) No more than two million dollars (\$2,000,000) of the funds allocated in this  
36 section may be used to supplement grants previously awarded to reflect  
37 construction cost inflation.

38 **SECTION 10.7.(c)** Grant Types and Criteria. – The Department shall develop  
39 policies and procedures for the disbursement of the grants authorized by this section that include,  
40 at a minimum, the following:

- 41 (1) The Department may provide three categories of grants:
- 42 a. Capacity enhancement 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. A capacity enhancement grant may be  
46 used for expansion of an existing eligible facility and for fixtures or  
47 equipment at an existing eligible facility that will expand animal  
48 throughput, processing capacity, the amount or type of products  
49 produced, or processing speed. A grant under this sub-subdivision may  
50 not exceed five hundred thousand dollars (\$500,000).

- 1                   b.       Workforce development grant. – This grant is available to an eligible  
2                   meat or seafood processing facility that is experiencing slowdowns in  
3                   production or has limited capacity to accommodate increased demand  
4                   for meat or seafood processing due to workforce limitations or  
5                   reductions due to a pandemic or other natural disaster. A workforce  
6                   development grant may be used for educational and workforce training  
7                   provided either by the facility or by an accredited institution of higher  
8                   education. A grant under this sub-subdivision may not exceed one  
9                   hundred thousand dollars (\$100,000).
- 10                  c.       Planning grant. – This grant is available to a nonprofit entity or  
11                  institution of higher education to complete feasibility or siting studies  
12                  for a new eligible meat processing facility. No more than five percent  
13                  (5%) of funds allocated by this section may be used for grants under  
14                  this sub-subdivision.
- 15                  (2)       Eligible facility. – For purposes of this section, an eligible meat or seafood  
16                  processing facility is a food processing facility that meets both of the  
17                  following requirements:
- 18                   a.       The plant contracts with independent livestock producers or seafood  
19                   harvesters to process animals or seafood.
- 20                   b.       The United States Department of Agriculture (USDA) contracts with  
21                   Department inspectors to conduct federal inspection activities  
22                   authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at  
23                   the plant, the plant is otherwise regulated by the USDA or the United  
24                   States Food and Drug Administration, or the plant is a State-inspected  
25                   facility.
- 26                  (3)       Prioritization. – The Department may prioritize projects that will create  
27                  additional jobs.
- 28                  (4)       Cost-sharing. – Recipients shall provide matching funds for a grant under this  
29                  section in the amount of one dollar (\$1.00) from nongrant sources for every  
30                  two dollars (\$2.00) provided by the grant.
- 31                  (5)       Clawback. – If fixtures or equipment purchased with grant funds provided  
32                  under this Article are disposed of during a period of time as the Department  
33                  shall specify following the date the fixtures or equipment funded by this act  
34                  are placed in service, the grant recipient shall repay to the Department a  
35                  proportionate share of the grant funding received as the Department shall  
36                  specify. As used in this subdivision, the term "disposed of" means disposed  
37                  of, taken out of service, or moved out of State.

## 39       **SWINE AND DAIRY ASSISTANCE PROGRAM**

40               **SECTION 10.8.(a)** The General Assembly makes the following findings:

- 41                  (1)       The impact of COVID-19 on the global supply chain has been widespread  
42                  across industries, especially within our country's food supply chain.
- 43                  (2)       Due to COVID-19, at least two swine integrators ended operations resulting  
44                  in the loss of contracts and income for many family farmers. Dairy producers  
45                  and processors in the State lost more than half of their market with COVID-19  
46                  related shutdowns of the school systems and food service industries, and these  
47                  markets may never fully recover.
- 48                  (3)       Significant numbers of swine farms have lost contracts, and dairies have been  
49                  forced out of business due to the COVID-19 pandemic.

1 (4) The continuous and future pressures on the food supply chain will remain an  
2 issue for North Carolina's number one industry, agriculture, as a result of  
3 COVID-19.

4 (5) The most effective program for administration of financial assistance to the  
5 swine and dairy industries is a three-fold approach based on verifiable  
6 documentation from producers as specified in this section.

7 **SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from  
8 the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for  
9 emergency support of swine and dairy producers shall be allocated by the Department to provide  
10 financial assistance as specified in subsection (e) of this section to compensate eligible swine and  
11 dairy producers for losses incurred as a result of termination of contracts or ceased production  
12 due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the  
13 rules implementing the Coronavirus State Fiscal Recovery Fund established under the American  
14 Rescue Plan Act.

15 **SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this  
16 section:

17 (1) Dairy producer. – A Grade A milk producer who can demonstrate to the  
18 satisfaction of the Department that the producer is or was in compliance with  
19 federal Grade A milk regulations during the time period specified in  
20 sub-subdivision (2)a. of subsection (d) of this section.

21 (2) Department. – The Department of Agriculture and Consumer Services.

22 (3) Swine integrator. – A person, other than a grower, who provides 250 or more  
23 animals to a swine farm and who either has an ownership interest in the  
24 animals or otherwise establishes management and production standards for  
25 the permit holder for the maintenance, care, and raising of the animals. An  
26 ownership interest includes a right or option to purchase the animals.

27 (4) Swine producer. – A person who holds or held a permit for an animal waste  
28 management system under Part 1A of Article 21 of Chapter 143 of the General  
29 Statutes during the time period specified in sub-subdivision (1)a. of subsection  
30 (d) of this section.

31 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must  
32 provide to the Department the following information in order to demonstrate the producer's  
33 eligibility for financial assistance pursuant to this section:

34 (1) For swine producers, all of the following:

35 a. A contract termination letter from a swine integrator or other  
36 documentation of contract termination between March 1, 2020, and  
37 June 30, 2022.

38 b. Proof that the swine operation is permitted by the State.

39 c. Any other information deemed appropriate by the Department.

40 (2) For dairy producers, all of the following:

41 a. Milk production records, showing ceased production during any time  
42 between March 1, 2020, and June 30, 2022.

43 b. Proof that the dairy operation was permitted as a Grade A milk  
44 producer by the Food and Drug Protection Division of the Department  
45 during the time that production was ceased as documented under  
46 sub-subdivision a. of this subdivision.

47 c. Any other information deemed appropriate by the Department.

48 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award  
49 financial assistance based on the following procedures:

50 (1) The Department shall award a one-time financial assistance relief payment of  
51 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.

- 1           (2)    In addition to the financial assistance awarded under subdivision (1) of this  
2           subsection, the Department shall award either, but not both, of the following  
3           to a qualifying eligible applicant:  
4           a.     Financial assistance to be administered as follows:  
5                 1.     A cost share for closure of swine lagoons for swine operations  
6                 that will not secure a contract with another swine integrator and  
7                 will cease swine production, or for closure of dairy waste  
8                 structures associated with dairy operations that will cease milk  
9                 production. These cost shares shall be limited to ninety percent  
10                (90%) of the lagoon closure cost, not to exceed one hundred  
11                thousand dollars (\$100,000) per operation.  
12                2.     If an applicant who receives a cost share pursuant to this  
13                sub-subdivision demonstrates a need for additional water  
14                supply for agricultural uses, then the applicant may request an  
15                additional cost share to convert the decommissioned lagoon to  
16                an agricultural water supply pond. These cost shares shall be  
17                limited to ninety percent (90%) of the actual cost, not to exceed  
18                thirty thousand dollars (\$30,000) per operation.  
19           b.     Financial assistance to swine producers for a fixed dollar amount per  
20           head space for producers who are able to secure a production contract  
21           with another swine integrator but must invest in upgrades to existing  
22           barns or completely rebuild animal housing. The maximum award  
23           under this sub-subdivision for renovations shall be ten dollars (\$10.00)  
24           per head space for renovation to animal housing or twenty dollars  
25           (\$20.00) per head space for rebuilt animal housing, but no award under  
26           this sub-subdivision may exceed ninety percent (90%) of the actual  
27           cost of the renovation or construction. A swine producer shall produce  
28           documentation of a new contract or letter of intent with a swine  
29           integrator to establish eligibility for this financial assistance.  
30           c.     The financial assistance provided under sub-subdivision b. of this  
31           subdivision is available to the purchaser of a swine operation, provided  
32           that the seller otherwise meets the eligibility requirements of this  
33           section on the date of the sale.  
34           (3)    In determining the amount of financial assistance awarded to applicants  
35           pursuant to this section and in reviewing and approving funded activities, the  
36           Department shall comply with applicable federal rules and guidance  
37           governing the State Fiscal Recovery Fund. If the Department determines that  
38           a person who received financial assistance provided inaccurate information to  
39           the Department, then the recipient shall refund the entire amount of the  
40           financial assistance. If the recipient does not refund the appropriate amount,  
41           the North Carolina Department of Revenue shall utilize the provisions of  
42           G.S. 105-242 to collect the money from the recipient.  
43           (4)    Applicants for financial assistance awarded pursuant to this subsection shall  
44           submit the eligibility documents required by subsection (d) of this section no  
45           later than June 30, 2023.  
46           (5)    All swine or dairy producers who receive financial assistance pursuant to this  
47           section shall provide a signed affidavit, under penalty of perjury, certifying  
48           that each fact of the loss presented by the producer is accurate.  
49           (6)    The Department may audit the financial and other records of each recipient of  
50           funds in order to ensure that the funds are used in accordance with the  
51           provisions of this program. The Department may require any documentation

or proof it deems necessary to efficiently administer this program, including the ownership structure of each entity and the social security numbers of each applicant. The Department may require the submission of dated, signed, and continuous records.

**SECTION 10.8.(f)** Administrative Costs. – The Department may use up to five percent (5%) of the total funds allocated in this section for technical and administrative support.

**PART XI. COMMERCE**

**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

<b>TOTAL COMMUNITY DEVELOPMENT</b>	
<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



1 action will result in the loss of federal funds. If the Commission does not hear  
2 the issue within 30 days of receipt of the report, the Department may take the  
3 action without consulting the Commission.

4 **SECTION 11.1.(e)** By September 1, 2021, and September 1, 2022, the Department  
5 of Commerce shall report to the chairs of the House of Representatives Appropriations  
6 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate  
7 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint  
8 Legislative Economic Development and Global Engagement Oversight Committee; and the  
9 Fiscal Research Division on the use of Community Development Block Grant Funds  
10 appropriated in the prior fiscal year. The report shall include the following:

- 11 (1) A discussion of each of the categories of funding, including information on  
12 the statewide need in each category.
- 13 (2) Information on the number of applications that were received in each category  
14 and the total dollar amount requested in each category.
- 15 (3) A list of grantees, including the grantee's name, county, category under which  
16 the grant was funded, the amount awarded, and a narrative description of the  
17 project.

18 **SECTION 11.1.(f)** Funds allocated to the Economic Development Category in  
19 subsection (a) of this section shall be made available as grants for eligible activities listed in this  
20 subsection. The funds available for grants under this Category may be used for all of the  
21 following, subject to the national objectives and eligible activities allowed under guidance issued  
22 by the United States Department of Housing and Urban Development:

- 23 (1) Acquisition of real property.
- 24 (2) Demolition and rehabilitation of buildings and improvements.
- 25 (3) Removal of material and architectural barriers.
- 26 (4) Public improvements, including parks, streets, sidewalks, and water and sewer  
27 lines.
- 28 (5) Loans and grants to public or private nonprofit entities for construction and  
29 rehabilitation activities.
- 30 (6) Assistance to private, for-profit entities for economic development.
- 31 (7) Technical assistance to public or nonprofit entities for neighborhood  
32 revitalization or economic development activities.
- 33 (8) Assistance to for-profit and nonprofit entities to facilitate economic  
34 development activities.

35 **SECTION 11.1.(g)** Funds allocated to the Neighborhood Revitalization Category in  
36 subsection (a) of this section shall be made available as grants for eligible activities listed in this  
37 subsection. The funds available for grants under this Category may be used for all of the  
38 following, subject to the national objectives and eligible activities allowed under guidance issued  
39 by the United States Department of Housing and Urban Development:

- 40 (1) Essential repairs to prevent abandonment and deterioration of housing in  
41 low- and moderate-income neighborhoods.
- 42 (2) Demolition and rehabilitation of buildings and improvements.
- 43 (3) Public improvements, including parks, streets, sidewalks, and water and sewer  
44 lines.

45 **SECTION 11.1.(h)** Funds allocated for the Rural Community Development  
46 Category in subsection (a) of this section shall be made available as grants for eligible activities  
47 listed in this subsection. These funds shall provide grants that support community development  
48 and comprehensive growth projects to be awarded by the North Carolina Department of  
49 Commerce. The Rural Community Development Category will provide grants to units of local  
50 government in development tier one and development tier two areas, as defined in  
51 G.S. 143B-437.08, and rural census tracts, as defined in G.S. 143B-472.127(a)(2), of

1 development tier three areas to support projects that promote broad-based community  
2 development activities, increased local investment and economic growth, and stronger and more  
3 viable rural neighborhoods. In awarding grants under this section, preference shall be given to  
4 projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for  
5 grants under this category may be used for all of the following, subject to the national objectives  
6 and eligible activities allowed under guidance issued by the United States Department of Housing  
7 and Urban Development:

- 8 (1) Essential repairs to prevent abandonment and deterioration of housing in  
9 low- and moderate-income neighborhoods.
- 10 (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
11 lines.
- 12 (3) Public facilities, including neighborhood and community facilities and  
13 facilities for individuals with special needs.
- 14 (4) Public services, including employment, crime prevention, and energy  
15 conservation.
- 16 (5) Assistance to private, for-profit entities for economic development.
- 17 (6) Technical assistance to public or nonprofit entities for neighborhood  
18 revitalization or economic development activities.
- 19 (7) Assistance to for-profit and nonprofit entities to facilitate economic  
20 development activities.

21 **SECTION 11.1.(i)** For purposes of this section, eligible activities under the category  
22 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State  
23 Administered Community Development Block Grant definition of the term "infrastructure."  
24 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the  
25 Infrastructure Category in subsection (a) of this section shall not be reallocated to any other  
26 category.

27 **SECTION 11.1.(j)** Throughout each year, deobligated funds arise in the various  
28 funding categories and program years of the Community Development Block Grant (CDBG)  
29 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
30 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
31 program may vary from year to year based upon the amount of State-appropriated funds allocated  
32 and the amount of eligible in-kind funds identified.

33 **SECTION 11.1.(k)** To allow the Department of Commerce and the Department of  
34 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as  
35 they are identified throughout the program year, the following shall apply to the use of  
36 deobligated CDBG funds and surplus federal administrative funds:

- 37 (1) All surplus federal administrative funds shall be divided equally between the  
38 Departments of Commerce and Environmental Quality and shall be used as  
39 provided in subdivisions (2) and (3) of this subsection.
- 40 (2) All deobligated funds allocated to the Department of Commerce and any  
41 surplus federal administrative funds, as provided for in subdivision (1) of this  
42 subsection, may be used by the Department for all of the following:
  - 43 a. To issue grants in the CDBG Economic Development or  
44 Neighborhood Revitalization Program Category.
  - 45 b. For providing training and guidance to local governments relative to  
46 the CDBG program, its management, and administrative requirements.
  - 47 c. 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.

- 1 (3) All deobligated funds allocated to the Department of Environmental Quality  
2 and any surplus federal administrative funds, as provided for in subdivision  
3 (1) of this subsection, may be used by the Department for all of the following:  
4 a. To issue grants in the CDBG infrastructure program category.  
5 b. For any other purpose consistent with the Department's administration  
6 of the CDBG program if an equal amount of State matching funds is  
7 available.  
8

## 9 COMMERCE NONPROFITS/REPORTING REQUIREMENTS

10 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the  
11 following for each year that State funds are expended:

- 12 (1) By September 1 of each year, and more frequently as requested, report to the  
13 chairs of the Joint Legislative Oversight Committee on Agriculture and  
14 Natural and Economic Resources; the chairs of the House of Representatives  
15 Appropriations Committee on Agriculture and Natural and Economic  
16 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
17 Natural, and Economic Resources; and the Fiscal Research Division on prior  
18 State fiscal year program activities, objectives, and accomplishments and prior  
19 State fiscal year itemized expenditures and fund sources. If State funds are  
20 used to provide matching funds for competitive grants from the federal  
21 government or a nongovernmental entity, the report should include a list and  
22 description of the grants that are awarded.  
23 (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
24 Agriculture and Natural and Economic Resources; the chairs of the House of  
25 Representatives Appropriations Committee on Agriculture and Natural and  
26 Economic Resources; the chairs of the Senate Appropriations Committee on  
27 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
28 Division a copy of the entity's annual audited financial statement within 30  
29 days of issuance of the statement.

30 **SECTION 11.2.(b)** The following entities shall comply with the requirements of  
31 subsection (a) of this section:

- 32 (1) North Carolina Biotechnology Center.  
33 (2) High Point Market Authority.  
34 (3) RTI International.  
35

## 36 NC BIOTECHNOLOGY CENTER

37 **SECTION 11.3.(a)** Recurring funds appropriated in this act to the Department of  
38 Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the  
39 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

- 40 (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
41 related activities: twenty-one percent (21%) of the funding.  
42 (2) Science and commercialization: science and technology development, Centers  
43 of Innovation, business and technology development, education and training,  
44 and related activities: sixty-five percent (65%) of the funding.  
45 (3) Center operations: administration, professional and technical assistance and  
46 oversight, corporate communications, human resource management, financial  
47 and grant administration, legal, and accounting: fourteen percent (14%) of the  
48 funding.

49 **SECTION 11.3.(b)** The nonrecurring funds appropriated in this act to the  
50 Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be  
51 used for the following purposes:

- 1 (1) Expand the NC BIONEER Venture Challenge start-up competition statewide.
- 2 (2) Expand NCBiotech grant and loan program funding.
- 3 (3) Train new workers statewide to meet biomanufacturing job growth.
- 4 (4) Recruit new life sciences companies to the State.
- 5 (5) Five hundred thousand dollars (\$500,000) of the nonrecurring funds in each
- 6 fiscal year of the biennium shall be used to support funding for early stage
- 7 loans to North Carolina agricultural technology companies.

8 **SECTION 11.3.(c)** The Center shall not use any of the nonrecurring funds allocated  
9 in subsection (b) of this section for administrative costs and shall report on the expenditure of  
10 those funds each year pursuant to Section 11.2 of this act.

11 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over  
12 funding and distribution of grants.

13 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in  
14 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
15 section if, in the judgment of Center management, the reallocation will advance the mission of  
16 the Center.

## 17

### 18 STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS

19 **SECTION 11.5.** Of the funds appropriated in this act from the State Small Business  
20 Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of  
21 one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars  
22 (\$120,461,927) in nonrecurring funds shall be used to provide a grant to the North Carolina Rural  
23 Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business  
24 Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

### 25

### 26 MODIFY FILM GRANT

27 **SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

#### 28 "§ 143B-437.02A. The Film and Entertainment Grant Fund.

29 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
30 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
31 funds to encourage the production of motion pictures, television shows, movies for television,  
32 productions intended for on-line distribution, and commercials and to develop the filmmaking  
33 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
34 administration of the program. Those guidelines may provide for the Secretary to award the grant  
35 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
36 following provisions, which shall apply to each grant from the account:

- 37 (1) The funds are reserved for a production on which the production company has  
38 qualifying expenses of at least the following:
  - 39 a. For a feature-length film:
    - 40 1. ~~Three million dollars (\$3,000,000),~~ One million five hundred
    - 41 thousand dollars (\$1,500,000), if for theatrical viewing.
    - 42 2. ~~One million dollars (\$1,000,000),~~ Five hundred thousand
    - 43 dollars (\$500,000), if a movie for television.
  - 44 b. For a television series, ~~one million dollars (\$1,000,000)~~ five hundred
  - 45 thousand dollars (\$500,000) per episode.
  - 46 c. For a commercial for theatrical or television viewing or on-line
  - 47 distribution, two hundred fifty thousand dollars (\$250,000).
- 48 (2) The funds are not used to provide a grant in excess of any of the following:  
49 ...
  - 50 b. An amount more than seven million dollars (\$7,000,000) for a
  - 51 feature-length film, more than ~~twelve~~ fifteen million dollars

1 (~~\$12,000,000~~)-~~(\$15,000,000)~~ for a single season of a television series,  
2 or two hundred fifty thousand dollars (\$250,000) for a commercial for  
3 theatrical or television viewing or on-line distribution.

4 ...."

5 **SECTION 11.6.(b)** This section becomes effective July 1, 2021, and applies to  
6 grants made on or after that date.

## 7 **ONE NC SMALL BUSINESS PROGRAM CHANGES**

8 **SECTION 11.7.(a)** G.S. 143B-437.80 reads as rewritten:

### 9 **"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.**

10 (a) Program. – There is established the North Carolina SBIR/STTR Incentive Program  
11 to be administered by the North Carolina Board of Science, Technology, and Innovation. In order  
12 to foster job creation and economic development ~~in~~ throughout the State, the Board may provide  
13 grants to eligible businesses to offset costs associated with applying ~~to the United States Small~~  
14 ~~Business Administration~~ for federal Small Business Innovative Research (SBIR) grants or Small  
15 Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One  
16 North Carolina Small Business Account established in G.S. 143B-437.71.

17 ...

18 (c) Grant. – The North Carolina Board of Science, Technology, and Innovation may  
19 award grants to reimburse an eligible business ~~for up to fifty percent (50%) for a percentage of~~  
20 ~~the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three~~  
21 ~~twelve thousand dollars (\$3,000)-(\$12,000). The maximum percentage for reimbursement is one~~  
22 ~~hundred percent (100%) for an eligible business located in a development tier one or two area,~~  
23 ~~as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A~~  
24 ~~business may receive only one grant two grants under this section per year. A business may~~  
25 ~~receive only one grant under this section with respect to each federal proposal submission. Costs~~  
26 ~~that may be reimbursed include costs incurred directly related to preparation and submission of~~  
27 ~~the grant such as word processing services, proposal consulting fees, project-related supplies,~~  
28 ~~literature searches, rental of space or equipment related to the proposal preparation, educational~~  
29 ~~programs, and salaries of individuals involved with the preparation of the proposals. Costs that~~  
30 ~~shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold~~  
31 ~~improvements, and legal fees. A grant to a business partnered with a public institution of higher~~  
32 ~~education in this State does not count toward the maximum grant limitation provided in this~~  
33 ~~section.~~

34 ...

35 (e) Education and Outreach. – The North Carolina Board of Science, Technology, and  
36 Innovation may use up to ten percent (10%) of funds appropriated for grants under this section  
37 to provide education and outreach, including training, materials, and location and other  
38 associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I  
39 proposals."

40 **SECTION 11.7.(b)** G.S. 143B-437.81(c) reads as rewritten:

41 (c) Grant. – The North Carolina Board of Science, Technology, and Innovation may  
42 award grants to match the funds received by a business through a SBIR/STTR Phase I proposal  
43 up to a maximum of ~~one two~~ hundred thousand dollars ~~(\$100,000)-(\$200,000)~~. Seventy-five  
44 percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR  
45 Phase I award and application for funds under this section. Twenty-five percent (25%) of the  
46 total grant shall be remitted to the business upon submission by the business of the Phase II  
47 application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A~~  
48 ~~business may receive only one grant under this section per year. A business may receive only~~  
49 ~~one grant under this section with respect to each federal proposal submission.~~ award. Over its  
50 lifetime, a business may receive a maximum of five 10 awards under this section. An award to a  
51

1 business partnered with a public institution of higher education in this State does not count toward  
2 the maximum award limitation provided in this section."

#### 4 **TIER THREE ONE NC ALLOTMENT**

5 **SECTION 11.8.(a)** G.S. 143B-437.71 reads as rewritten:

6 "**§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

7 (a) Establishment. – The One North Carolina Fund is established as a special revenue  
8 fund in the Department of Commerce.

9 (b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant  
10 to this subsection. Moneys may be allocated to local governments for use in connection with  
11 securing commitments for the recruitment, expansion, or retention of new and existing businesses  
12 and to the One North Carolina Small Business Account created pursuant to subsection (c) of this  
13 section in an amount not to exceed three million dollars (\$3,000,000). Moneys in the One North  
14 Carolina Fund allocated to local governments shall be used for the following purposes only:

15 (1) Installation or purchase of equipment.

16 (2) Structural repairs, improvements, or renovations to existing buildings to be  
17 used for expansion.

18 (3) Construction of or improvements to new or existing water, sewer, gas, or  
19 electric utility distribution lines or equipment for existing buildings.

20 (4) Construction of or improvements to new or existing water, sewer, gas, or  
21 electric utility distribution lines or equipment for new or proposed buildings  
22 to be used for manufacturing and industrial operations.

23 (5) Any other purposes specifically provided by an act of the General Assembly.

24 (b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal  
25 ~~biennium~~—year may not exceed ~~twenty-eight~~—~~seventeen~~ million dollars  
26 ~~(\$28,000,000).~~(\$17,000,000). Of the amount authorized in this subsection, three million dollars  
27 (\$3,000,000) is reserved for agreements with local governments located in development tier three  
28 areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data  
29 specified in G.S. 143B-437.52(c)(3).

30 (c) There is created in the One North Carolina Fund a special account, the One North  
31 Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive  
32 Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I  
33 of Article 10 of Chapter 143B of the General Statutes."

34 **SECTION 11.8.(b)** This section becomes effective July 1, 2021.

#### 36 **RURAL READY SITES REPORT CHANGE**

37 **SECTION 11.9.** Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

38 "**SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report  
39 detailing its use of State funds appropriated by this section. The report shall be submitted to the  
40 chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
41 Resources, the chairs of the Joint Legislative Economic Development and Global Engagement  
42 Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture  
43 and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture,  
44 Natural, and Economic Resources, and the Fiscal Research Division by September 1, 2017, 2021,  
45 and by September 1 of each subsequent year ~~State funds are received, and more frequently as~~  
46 requested, until all funding appropriated by this section is expended and eligible projects are  
47 completed. The Department shall report on each existing eligible project, including any new  
48 agreements entered into and the amount of funds utilized or encumbered for each. The report  
49 shall include the information required by this section for the most recently ended fiscal year. The  
50 report shall include all of the following:

51 (1) For projects that are not completed:

- a. The name of the project.
  - b. Total amount of funds awarded for each project.
  - c. Amount expended to date for each project.
  - d. A summary and description of each project.
  - e. An expected date of completion for each project.
  - f. An anticipated number of jobs created by each project.
  - g. The current status of the project, including any issues resulting in a delay.
- (2) For projects that are completed:
- a. Whether the site of the project is occupied.
  - b. How many jobs were created by the project."

### EDPNC MARKETING FUNDS

**SECTION 11.11.** Of the funds appropriated in this act to the Department of Commerce for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), the sum of sixty million dollars (\$60,000,000) shall be used for the following purposes in the following amounts:

- (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing in the State.
- (2) Thirty million dollars (\$30,000,000) for business marketing in the State.

Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit corporation shall use no more than ten million dollars (\$10,000,000) for each purpose in each of the next three fiscal years.

### NORTH CAROLINA RURAL TOURISM RECOVERY PILOT PROGRAM

**SECTION 11.11A.(a)** Allocation. – Of the funds appropriated from the State Fiscal Recovery Fund to the Department of Commerce (Department) in this act, the sum of one million five hundred thousand dollars (\$1,500,000) shall be allocated to the North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the establishment of a pilot program in accordance with this section. The funds allocated in this section shall be used as follows:

- (1) One million two hundred eighty-five thousand dollars (\$1,285,000) for marketing expenses.
- (2) Seventy-five thousand dollars (\$75,000) for administrative costs.
- (3) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent position in Visit NC.
- (4) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent position in the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b).

**SECTION 11.11A.(b)** Program. – The North Carolina Rural Tourism Recovery Pilot Program (Program) is established. The Program shall initially be conducted and administered in the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford, Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The Program shall begin in those counties on October 1, 2021, and terminate on September 30, 2022.

**SECTION 11.11A.(c)** Administration. – The nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) shall administer the Program. The nonprofit corporation shall coordinate with the Department and other interested public and private stakeholders to ensure the coordination of State efforts to develop a robust Program for the selected counties in subsection (b) of this section.

**SECTION 11.11A.(d)** Reports. – The Department, in coordination with the nonprofit corporation and Visit NC, shall provide a report no later than December 1, 2021, to the

1 chairs of the Joint Legislative Economic Development and Global Engagement Oversight  
2 Committee and the Fiscal Research Division on the implementation of the Program and  
3 information reported by participating counties, Tourism Development Authorities, destination  
4 marketing organizations, and local businesses. The report shall include, at a minimum, all of the  
5 following:

- 6 (1) Recommendations on expansion of the Program to other counties in the State.
- 7 (2) Recommendations regarding legislative proposals or additional funding  
8 needed to execute or expand the Program and whether the Program should be  
9 expanded.

10 The Department, in coordination with the nonprofit corporation and Visit NC, shall  
11 submit a report no later than February 1, 2023, to the chairs of the House Appropriations  
12 Committee, the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal  
13 Research Division containing, at a minimum, all of the following:

- 14 (1) Data on outcomes related to the implementation of the Program.
- 15 (2) The expenditure of funds provided for in this section.
- 16 (3) Recommendations on modification or expansion of the Program, including  
17 the need for continued support with State funds.

## 18 **RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM**

19 **SECTION 11.12.(a)** Allocation. – Of the funds appropriated in this act from the  
20 State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million  
21 dollars (\$50,000,000) shall be allocated to the Department of Commerce, Rural Economic  
22 Developmental Division (REDD), to administer a rural downtown transformation grant program  
23 pursuant to this section. The program shall enable eligible units of local government to fully  
24 leverage resources toward enhancing their communities' prospects for economic growth. Of the  
25 funds allocated in this section, twenty-five million dollars (\$25,000,000) shall be used for  
26 neighborhood revitalization grants and twenty-five million dollars (\$25,000,000) shall be used  
27 for community development enhancement grants, consistent with this section.

28 **SECTION 11.12.(b)** Program. – There is created the Rural Downtown  
29 Transformation Grant Program (Program) to be administered by REDD to provide neighborhood  
30 revitalization and community development enhancement grants to eligible units of local  
31 government.

32 **SECTION 11.12.(c)** Neighborhood Revitalization Grants. – Neighborhood  
33 revitalization grants shall be used to support public improvement projects that complement  
34 affordable housing investments and help pandemic-impacted neighborhoods retain downtown  
35 businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

- 36 (1) Sidewalks and walkways.
- 37 (2) Parks and playgrounds.
- 38 (3) Signage and lighting.
- 39 (4) Benches and planter boxes.
- 40 (5) Public restrooms.
- 41 (6) Public venues, public parking, and infrastructure.

42 **SECTION 11.12.(d)** Community Development Enhancement Grants. – Community  
43 development enhancement grants shall be used for any of the following:

- 44 (1) Support the acquisition of land and buildings.
- 45 (2) Preparation and development of neighborhood properties and business sites.
- 46 (3) Removal of structural and physical barriers to enhance community growth and  
47 economic development opportunities.

48 In addition, community development enhancement grant funds may be used by the  
49 Department of Commerce in partnership with the Department of Environmental Quality to assess  
50 environmental hazards on potentially contaminated eligible property or business sites and to  
51



1 conduct necessary environmental removal or remedial activities to allow the property or business  
2 sites to be permitted for development.

3 **SECTION 11.12.(e)** Training; Technical Assistance. – Program funds may be used  
4 to deliver training and technical assistance for local government units to effectively leverage  
5 State and federal assistance.

6 **SECTION 11.12.(f)** Eligibility. – A unit of local government is eligible for a Rural  
7 Downtown Transformation Grant under this section if it is either (i) a community negatively  
8 impacted by the COVID-19 pandemic at a disproportionate level when compared to the rest of  
9 the State or (ii) located in a qualified census tract, as defined by the United States Department of  
10 Housing and Urban Development.

11 **SECTION 11.12.(g)** Application. – An applicant for a Rural Downtown  
12 Transformation Grant must show a reasonable expectation that the funding will yield private  
13 sector investment and job creation, community development projects, or neighborhood  
14 revitalization.

15 **SECTION 11.12.(h)** Administration. – REDD may use up to three percent (3%) of  
16 the funds allocated in this section to administer the Program.

## 17 18 **ESPORTS INDUSTRY GRANT FUND**

19 **SECTION 11.13.(a)** Article 10 of Chapter 143B of the General Statutes is amended  
20 by adding a new section to read:

### 21 **"§ 143B-437.02B. The Esports Industry Grant Fund.**

22 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
23 special, nonreverting account to be known as the Esports Industry Grant Fund to provide funds  
24 to encourage esports events to be held within the State. The Department of Commerce shall adopt  
25 guidelines providing for the administration of the program. The guidelines may provide for the  
26 Secretary to award the grant proceeds over a period of time, not to exceed three years. The  
27 guidelines shall include the following provisions, which shall apply to each grant from the  
28 account:

- 29 (1) The funds are reserved for a production for which a production company has  
30 qualifying expenses of at least two hundred fifty thousand dollars (\$250,000)  
31 with respect to a single production.  
32 (2) The funds may not be used to provide a grant in excess of an amount more  
33 than twenty-five percent (25%) of the qualifying expenses for a single  
34 production.  
35 (3) The funds shall not be used to provide a grant to more than one production  
36 company for a single production.  
37 (4) The funds shall not be used to provide a grant for a production that meets one  
38 or more of the following:  
39 a. It contains material that is "obscene," as defined in G.S. 14-190.1, or  
40 that is "harmful to minors," as defined in G.S. 14-190.13.  
41 b. It has the primary purpose of political advertising, fundraising, or  
42 marketing, other than by commercial, a product, or service.  
43 c. It consists of live sporting event programming, including pre-event  
44 and post-event coverage and scripted sports entertainment. For  
45 purposes of this exception, a live sporting event is a scheduled sporting  
46 competition, game, or race that is originated solely by an amateur,  
47 collegiate, or professional organization, institution, or association for  
48 live or tape-delayed television or satellite broadcast. The term does not  
49 include commercial advertising, an episodic television series, a  
50 television pilot, a music video, a motion picture, or a documentary  
51 production in which sporting events are presented through archived

- 1 historical footage or similar footage taken at least 30 days before it is  
2 used.
- 3 d. It fails to display a promotional logo, website link, statement, or some  
4 combination thereof that has been approved by the Department  
5 indicating that the production was recorded in or broadcast from North  
6 Carolina. The production company shall offer additional marketing  
7 opportunities to be evaluated by the Department that offer promotional  
8 value to the State.
- 9 (5) Priority for the use of funds shall be given to productions that are reasonably  
10 anticipated to maximize the benefit to the State, in consideration of at least the  
11 following factors:
- 12 a. Percentage of employees that are permanent residents in the State.  
13 b. The anticipated number of in-person spectators.  
14 c. The extent to which the production invests in permanent  
15 improvements to open public spaces, commercial districts, traditional  
16 downtown areas, public landmarks, residential areas, or similar  
17 properties or areas or in programs that develop the esports industry in  
18 the State.
- 19 d. The duration of the production activities in the State.
- 20 (b) Definitions. – The following definitions apply in this section:
- 21 (1) Department. – The Department of Commerce.  
22 (2) Employee. – A person who is employed for consideration and whose wages  
23 are subject to withholding under Article 4A of Chapter 105 of the General  
24 Statutes.
- 25 (3) Esports event. – A scheduled form of multiplayer video game competition,  
26 particularly between professional players, individually or as teams, organized  
27 by an amateur, collegiate, or professional organization, institution, or  
28 association that is broadcast live or in a recorded format. An esports event  
29 does not include a live sporting event.
- 30 (4) Highly compensated individual. – An individual who directly or indirectly  
31 receives compensation in excess of one million dollars (\$1,000,000) for  
32 personal services with respect to an esports event. An individual receives  
33 compensation indirectly when a production company pays a personal service  
34 company or an employee leasing company that pays the individual.
- 35 (5) Loan-out company. – A personal service corporation that employs an  
36 individual who is hired by a production company.
- 37 (6) Production. – An esports event held in this State with in-person spectators, in  
38 addition to participants or competitors, that is intended for commercial  
39 distribution on television, websites, the internet, or other digital platforms.
- 40 (7) Production company. – A person engaged in the business of producing esports  
41 productions.
- 42 (8) Qualifying expenses. – The sum of the amounts listed in this subdivision,  
43 substantiated pursuant to subsection (d) of this section, and spent in this State  
44 by a production company in connection with a production, less the amount  
45 paid in excess of one million dollars (\$1,000,000) to a highly compensated  
46 individual:
- 47 a. Goods and services leased or purchased in this State from a North  
48 Carolina vendor. For goods with a purchase price of twenty-five  
49 thousand dollars (\$25,000) or more, the amount included in qualifying  
50 expenses is the purchase price less the fair market value of the good at  
51 the time the production is completed. Goods and services include the

1 cost of tangible and intangible property used for, and services  
2 performed primarily and customarily in, production, including  
3 preproduction and postproduction and other direct costs of producing  
4 the production in accordance with generally accepted entertainment  
5 industry practices. Goods and services exclude costs for development,  
6 marketing, and distribution; costs of financing for the event, of  
7 bonding related to the event, of production-related insurance coverage  
8 obtained on the event; and expenses for insurance coverage purchased  
9 from a related member.

10 b. Compensation and wages and payments on which withholding  
11 payments are remitted to the Department of Revenue under Article 4A  
12 of Chapter 105 of the General Statutes. Payments made to a loan-out  
13 company for services provided in North Carolina shall be subject to  
14 gross income tax withholding at the applicable rate under Article 4 of  
15 Chapter 105 of the General Statutes.

16 c. Employee fringe contributions, including health, pension, and welfare  
17 contributions.

18 d. Per diems, stipends, and living allowances paid for work being  
19 performed in this State.

20 (9) Related member. – Defined in G.S. 105-130.7A.

21 (10) Secretary. – The Secretary of Commerce.

22 (11) Video game. – A game that employs electronics to create an interactive system  
23 between one or more players and a user interface or input device to generate  
24 visual feedback on a video display device for the player or players.

25 (c) Application. – A production company shall apply to the Secretary for a grant on a  
26 form prescribed by the Secretary. The Secretary shall evaluate the applications to ensure the  
27 production is created for entertainment purposes. The notification must include the title of the  
28 production, the name of the production company, a financial contact for the production company,  
29 the proposed dates on which the production company plans to hold the event, the proposed  
30 location of the event, and any other information required by the Department. The application  
31 shall include all documentation and information the Secretary deems necessary to evaluate the  
32 grant application.

33 (d) Award. – The amounts committed for grants allowed under this section in a single  
34 fiscal year may not exceed five million dollars (\$5,000,000).

35 (e) Substantiation. – The Secretary shall work with the North Carolina Division of  
36 Tourism, Film, and Sports Development to adopt guidelines to provide a process to verify the  
37 actual qualifying expenses of a certified production. The Secretary may not release grant funds  
38 until the substantiation process required by this subsection is complete and the final verified  
39 amount of qualified expenses is determined. The process shall require each of the following:

40 (1) The production company shall submit all the qualifying expenses for the  
41 production and data substantiating the qualifying expenses, including  
42 documentation on the net expenditure on equipment and other tangible  
43 personal property to an independent certified public accountant licensed in  
44 this State.

45 (2) The accountant shall conduct a compliance audit, at the certified production's  
46 expense, pursuant to guidelines established by the Secretary and submit the  
47 results as a report, along with the required substantiating data, to the  
48 production company and the North Carolina Division of Tourism, Film, and  
49 Sports Development.

1           (3)    The North Carolina Division of Tourism, Film, and Sports Development shall  
2           review the report and advise the Department on the final verified amount of  
3           qualifying expenses made by the certified production.

4           (f)    Report. – The Department shall provide to the Department of Revenue, and the  
5           Department of Revenue must include in the economic incentives report required by  
6           G.S. 105-256, the following information, itemized by production company:

7           (1)    The location of the site used in the production for which a grant was awarded.

8           (2)    The qualifying expenses, classified by whether the expenses were for goods,  
9           services, or compensation paid by the production company.

10          (3)    The number of people employed in the State with respect to grants awarded,  
11          including the number of residents of the State employed.

12          (4)    The total number of in-person attendees at the event, including both  
13          participants and observers.

14          (5)    The total cost of the grants awarded.

15          (g)    Guidelines. – The Department of Commerce shall develop guidelines related to the  
16          administration of the Esports Industry Grant Fund and to the selection of events that will receive  
17          grants from the Fund. At least 20 days before the effective date of any guidelines or nontechnical  
18          amendments to the guidelines, the Department of Commerce shall publish the proposed  
19          guidelines on the Department's website and provide notice to persons who have requested notice  
20          of proposed guidelines. In addition, the Department must accept oral and written comments on  
21          the proposed guidelines during the 15 business days beginning on the first day that the  
22          Department has completed these notifications."

23                **SECTION 11.13.(b)** This section is effective when it becomes law.

## 24

## 25 **MOTORSPORT INDUSTRY SUPPORT**

26                **SECTION 11.14.(a)** Of the funds appropriated in this act from the State Fiscal  
27                Recovery Fund to the Office of State Budget and Management, the sum of forty-five million  
28                dollars (\$45,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as  
29                follows:

30                (1)    Ten million dollars (\$10,000,000) to the City of Rockingham for water and  
31                sewer and related infrastructure projects for service to the Rockingham  
32                Speedway.

33                (2)    Twenty million dollars (\$20,000,000) to Wilkes County to coordinate with  
34                relevant local government units for water and sewer and related infrastructure  
35                projects for service to the North Wilkesboro Speedway.

36                (3)    Fifteen million dollars (\$15,000,000) to the City of Concord for water and  
37                sewer projects and related infrastructure for service to the Charlotte Motor  
38                Speedway.

39                **SECTION 11.14.(b)** Of the funds appropriated in this act from the State Fiscal  
40                Recovery Fund to the Office of State Budget and Management, the sum of five million dollars  
41                (\$5,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration  
42                with the North Carolina Motorsports Association, a nonprofit organization, in the form of grants  
43                to local governments to enhance amenities and increase opportunities for events at motorsport  
44                venues in recognition of the impact those events have on local tourism, travel, and hospitality  
45                industries. To be eligible for a grant under this subsection, a motorsport venue must be located  
46                in this State and must be either (i) presently sanctioned by the National Association for Stock  
47                Car Auto Racing, LLC (NASCAR), the National Hot Rod Association, or the International Hot  
48                Rod Association or (ii) have hosted a NASCAR Cup Series race on or after September 29, 1996.  
49                An eligible sanctioned motorsport venue must apply to the Department of Commerce for grant  
50                funds under this subsection before December 30, 2021, to be eligible. Funds received pursuant  
51                to this subsection shall be used to offset negative economic impacts of the COVID-19 pandemic,

1 support safe reopening, and aid planned expansions or upgrades delayed due to the COVID-19  
2 pandemic. The local government unit shall select a qualifying use approved by the motorsport  
3 venue. Local governments receiving funds under this subsection shall ensure that uses for the  
4 funds comports with this subsection are expeditiously undertaken. The Department of  
5 Commerce shall disburse funds in equal amounts among the eligible applicants. The Department  
6 of Commerce may use up to three percent (3%) of funds allocated in this subsection for  
7 administration of the motorsports grant program described in this subsection.

8 **SECTION 11.14.(c) Small Venue Support.** – Of the funds appropriated in this act  
9 from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of  
10 one million dollars (\$1,000,000) shall be allocated to the Department of Commerce to be  
11 provided, in collaboration with applicant small motorsports venues, in the form of grants to local  
12 governments for such venues. The following shall apply to grants awarded under this subsection:

13 (1) Eligibility. – A motorsports venue is eligible to apply for a grant on behalf of  
14 the county in which the small venue is located if it qualifies under subsection  
15 (a) or (b) of this section or if it is a small motorsports venue, which is a venue  
16 that meets all of the following requirements:

17 a. For calendar years 2017, 2018, 2019, and 2021, the venue annually  
18 held at least two racing events for motorsports vehicles powered by  
19 engines with at least four cylinders, for which event admissions were  
20 charged for spectators, and for which participants received prize  
21 money for winning, points in a points standing scheme used for  
22 comparing competitors participating across multiple motorsports  
23 racing events, or both.

24 b. For calendar years 2017, 2018, 2019, and 2021, the venue maintained  
25 continuous and uninterrupted track general liability insurance and  
26 participant or competitor insurance.

27 c. For calendar year 2020, the venue shows economic loss. For purposes  
28 of this subsection, economic loss means a reduction in gross receipts  
29 from reported gate admissions when compared to the yearly average  
30 gross receipts from reported gate admissions from calendar years  
31 2017, 2018, and 2019.

32 (2) Application. – A venue eligible under this subsection may apply to the  
33 Department for a grant on a form prescribed by the Department and must  
34 include any supporting documentation required by the Department. The  
35 application must be filed with the Department on or before December 30,  
36 2021. The Department may not accept late applications.

37 (3) Award. – The Department may award a grant to the county in which an  
38 applicant venue is located in an amount equal to the economic loss the  
39 applicant venue shows. The total of all funds granted under this subsection  
40 may not exceed the amount of the appropriation referenced in this section. The  
41 Department must calculate the total amounts of grants requested from the  
42 applications timely filed under this subsection. If the total amount of grants  
43 requested exceeds the maximum amount of funds available, the Department  
44 must (i) first, proportionately reduce or eliminate grants under this subsection  
45 to recipient venues receiving grants under subsections (a) and (b) of this  
46 section and (ii) second, if grants requested still exceed the maximum amount  
47 of funds available, reduce each grant award on a proportionate basis. The  
48 Department's grant determinations based on applications timely filed are final.

49 (4) Use. – Grants are provided under this subsection in recognition of the impact  
50 motorsport venues and motorsports events have on local tourism, travel, and  
51 hospitality industries. Funds received by a county pursuant to this subsection

1 shall be used to enhance amenities and increase opportunities at applicant  
2 venues, to offset negative economic impacts of the COVID-19 pandemic,  
3 support safe reopening, and aid planned but COVID-19 delayed expansions  
4 or upgrades at such venues. The county shall select a qualifying use approved  
5 by the applicant venue. Counties receiving funds under this subsection shall  
6 ensure that uses for the funds comporting with this subsection are  
7 expeditiously undertaken. The Department may use up to one and one-half  
8 percent (1.5%) of the funds allocated in this subsection for administration of  
9 the grant program described in this subsection.

- 10 (5) Clawback. – If a county received a grant under this program for which the  
11 applicant submitted incorrect information or was otherwise ineligible to apply,  
12 the county must forfeit the grant awarded under this subsection and is liable  
13 for the amounts received.

14 **SECTION 11.14.(d)** Funds allocated in this section shall remain available until  
15 expended or until December 31, 2024, whichever is later.

## 17 **CREATE NORTH CAROLINA GOLF COUNCIL**

18 **SECTION 11.15.(a)** Article 10 of Chapter 143B of the General Statutes is amended  
19 by adding a new Part to read:

20 "Part 23. Promotion of Golf.

### 21 "§ 143B-472.130. Golf Council; creation; membership; purpose.

22 (a) There is established in the Department of Commerce the North Carolina Golf Council  
23 (Council) to promote and cultivate the game of golf in this State.

24 (b) The Council is charged with the promotion and cultivation of the game of golf in this  
25 State and with fostering the economic development, tourism, recreation, and community  
26 involvement that the growth of the sport can bring. The Council shall advise the Secretary with  
27 recommendations on fostering economic growth and advancing the growth of recreational, high  
28 school, collegiate, and professional golf.

29 (c) The Council shall be composed of seven members, all with a reasonable level of  
30 experience or knowledge related to the game of golf, as follows:

31 (1) Three individuals appointed by the Governor.

32 (2) Two individuals appointed by the Speaker of the House of Representatives.

33 (3) Two individuals appointed by the President Pro Tempore of the Senate.

34 (d) Members of the Council shall serve four-year terms. The Governor shall select the  
35 chair from among the appointed members. Any vacancy on the Council shall be filled by the  
36 appointing authority. A member of the Council may be removed by the appointing authority for  
37 miscefeasance, malfeasance, or nonfeasance.

38 (e) The Council shall meet at least quarterly and at other times upon the call of the chair.  
39 A quorum of the Council shall be four members.

40 (f) No current member of the General Assembly or other person holding elected office,  
41 or any members of that person's immediate family, may serve on the Council.

42 (g) Members of the Council shall receive per diem and necessary travel and subsistence  
43 expenses in accordance with the provisions of G.S. 138-5. All clerical and other services required  
44 by the Council shall be supplied by the Secretary."

45 **SECTION 11.15.(b)** G.S. 120-123 is amended by adding a new subdivision to read:

46 "(84) The North Carolina Golf Council of the Department of Commerce."

## 48 **PART XII. ENVIRONMENTAL QUALITY**

### 50 **GREAT COHARIE TIMBER SALES**

1           **SECTION 12.1.** The Department of Environmental Quality shall deposit revenue  
2 generated from timber harvesting on the Great Coharie property managed by the Department's  
3 Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code:  
4 64307-6705) for the purpose of restoration and stewardship of that property.  
5

#### 6 **REVISE STEWARDSHIP PROGRAM DIRECTIVES**

7           **SECTION 12.1A.** G.S. 143-214.15 reads as rewritten:  
8 "**§ 143-214.15. Compensatory mitigation for diverse habitats.**

9           ...  
10          (d) ~~The Office of Land and Water Stewardship Program~~ of the Department of  
11 Environmental Quality shall ~~catalog~~ maintain an inventory of all its land holdings and determine  
12 how many of those holdings are potential wildlife habitats, either as currently held or with some  
13 modification. ~~The Wildlife Resources Commission shall conduct a third-party review of this~~  
14 ~~inventory, and the Commission and the Office of Land and Water Stewardship shall both report~~  
15 ~~their findings to the Environmental Review Commission as part of the report required under~~  
16 ~~subsection (f) of this section.~~

17          (e) If private individuals, corporations, or other nongovernmental entities wish to  
18 purchase any of the inventory of land suitable for wildlife habitat, then the ~~Office of Land and~~  
19 ~~Water Stewardship Program~~ of the Department of Environmental Quality shall issue a request  
20 for proposal to all interested respondents for the purchase of the ~~land, and the land.~~ The State  
21 shall accept a proposal and proceed to dispose of the land only if the Department determines that  
22 the proposal meets both of the following requirements:

- 23           (1) The proposal provides for the maintenance in perpetuity of management  
24 measures listed in the original mitigation instrument or otherwise needed on  
25 an ongoing or periodic basis to maintain the functions of the mitigation site.
- 26           (2) Where the functions of the mitigation site include provision of recreation or  
27 hunting opportunities to members of the general public, the proposal includes  
28 measures needed to continue that level of access.

29          The instrument conveying a property interest in a mitigation site shall be executed in the  
30 manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the  
31 requirements of this subsection.

32          (f) The Department of Environmental Quality shall report to the Environmental Review  
33 Commission by March 1 of each year ~~on its progress in complying with~~ on changes in inventory  
34 during the preceding year under the provisions of this section."  
35

#### 36 **OVERSIGHT COMMITTEE STUDY OF DEQ FEES**

37           **SECTION 12.2.** The Joint Legislative Oversight Committee on Agriculture and  
38 Natural and Economic Resources shall study the existing fee structure for permitting,  
39 compliance, and oversight services performed by the Department of Environmental Quality with  
40 the goal of identifying areas where fee income does not adequately support the services provided.  
41 The Committee shall identify, with respect to each service identified as having an insufficient  
42 fee, the amount of the fee that was or could have been charged, the cost incurred by the  
43 Department of Environmental Quality in performing the service, and, if applicable, the reason  
44 for not charging the fee or for the fee shortfall. The Committee shall provide its report to the  
45 2022 Regular Session of the 2021 General Assembly upon its convening.  
46

#### 47 **EXTEND SHELLFISH LEASING MORATORIA**

48           **SECTION 12.3.(a)** Section 7 of S.L. 2019-37 reads as rewritten:

49           "**SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
50 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all  
51 those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland

1 side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77°  
2 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34°  
3 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927'  
4 N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77°  
5 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34°  
6 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut;  
7 running northeasterly along the shoreline to the point of beginning. The moratorium shall expire  
8 ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water  
9 column lease shall include applications for either type of lease received by the Secretary, but not  
10 granted as of July 1, 2019."

11 **SECTION 12.3.(b)** Section 8 of S.L. 2019-37 reads as rewritten:

12 "SECTION 8. Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new  
13 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all  
14 those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly  
15 following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W;  
16 running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio  
17 Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline  
18 westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running  
19 northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland  
20 near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of  
21 beginning. The moratorium shall expire ~~July 1, 2021.~~ July 1, 2026. For purposes of this section,  
22 a new shellfish cultivation lease or water column lease shall include applications for either type  
23 of lease received by the Secretary, but not granted as of July 1, 2019."

#### 24 25 **COMMERCIAL FISHING LICENSE BUYBACK**

26 **SECTION 12.4.(a)** Funds appropriated in this act to the Division of Marine Fisheries  
27 of the Department of Environmental Quality for a commercial fishing license buyback program  
28 shall be used by the Division to implement a voluntary fisheries license buyback program for  
29 holders of underutilized Standard Commercial Fishing Licenses (SCFLs). The program shall  
30 include the following requirements:

- 31 (1) SCFLs repurchased with funds provided by this section shall revert to the pool  
32 of available commercial fishing licenses established by Section 5.2 of S.L.  
33 1997-400, as amended by Section 4.24 of S.L. 1998-225.
- 34 (2) Any holder of an SCFL who sells the license back through the program funded  
35 by this section shall not be eligible to receive an SCFL or a Retired Standard  
36 Commercial Fishing License for three years following the date of sale through  
37 the buyback program.

38 **SECTION 12.4.(b)** The Division of Marine Fisheries shall report to the chairs of the  
39 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and  
40 the Fiscal Research Division as follows:

- 41 (1) No later than December 1, 2021, on its plan for the voluntary license buyback  
42 program with consideration of a reverse auction model.
- 43 (2) No later than April 15, 2022, an interim report on progress in implementing  
44 the buyback program, including any required legislative changes.
- 45 (3) No later than September 1, 2022, a final report on activities and results of the  
46 buyback program.

#### 47 48 **NORTHERN SHELLFISH LAB FACILITY STUDY**

49 **SECTION 12.4A.** The Department of Environmental Quality shall investigate and  
50 report on relocating the Division of Marine Fisheries' northern shellfish sanitation laboratory to  
51 space located within facilities allocated to other State agencies or entities, including facilities



1 allocated to The University of North Carolina or any of its constituent institutions. The report  
2 shall include estimates of net costs or savings associated with collocation compared to leasing  
3 privately owned space. The Department shall report no later than April 1, 2022, to the chairs of  
4 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources  
5 and the Fiscal Research Division.  
6

## 7 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED** 8 **FUND AMENDMENTS**

9 **SECTION 12.5.** G.S. 143-215.73F(b) reads as rewritten:

10 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- 11 (1) To provide the State's share of the costs associated with any dredging project  
12 designed to keep shallow draft navigation channels located in State waters or  
13 waters of the ~~state~~ State located within lakes navigable and safe.
- 14 (2) For aquatic weed control projects in waters of the State under Article 15 of  
15 Chapter 113A of the General Statutes. Funding for aquatic weed control  
16 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 17 (3) ~~For the compensation of a beach and inlet management project manager with~~  
18 ~~the Division of Coastal Management of the Department of Environmental~~  
19 ~~Quality for the purpose of overseeing all~~ For administrative support of  
20 activities related to beach and inlet management in the State. Funding for the  
21 position is limited to ninety nine thousand dollars (~~\$99,000~~) in each fiscal  
22 year. State, limited to one hundred thousand dollars (\$100,000) in each fiscal  
23 year.
- 24 (3a) For administrative support of Fund operations, limited to one hundred  
25 thousand dollars (\$100,000) in each fiscal year.
- 26 (4) To provide funding for siting and acquisition of dredged disposal easement  
27 sites associated with the maintenance of the Atlantic Intracoastal Waterway  
28 between the border with the state of South Carolina and the border with the  
29 Commonwealth of Virginia, under a Memorandum of Agreement between the  
30 State and the federal government.
- 31 (5) For assessments and data collection regarding dredge material disposal sites  
32 located in the State."

## 34 **COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND** 35 **CHANGES**

36 **SECTION 12.6.** G.S. 143-215.94B(i) reads as rewritten:

37 "(i) During each fiscal year, the Department shall use up to ~~one million dollars~~  
38 ~~(\$1,000,000)~~ two million dollars (\$2,000,000) of the funds in the Commercial Fund to fund  
39 necessary assessment and cleanup to be conducted by the Department of discharges or releases  
40 for which a responsible party has been identified but for which the responsible party can  
41 demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial  
42 hardship. Any portion of the ~~\$1,000,000~~ two million dollars (\$2,000,000) designated each fiscal  
43 year, which is not used during that fiscal year to address situations of severe financial hardship,  
44 shall revert to the Commercial Fund for the uses otherwise provided by this section. The  
45 Commission shall adopt rules to define severe financial hardship; establish criteria for assistance  
46 due to severe financial hardship pursuant to this section; and establish a process for evaluation  
47 and determinations of eligibility with respect to applications for assistance due to severe financial  
48 hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil  
49 Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility  
50 under this subsection."  
51

**BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION**

**SECTION 12.7.** G.S. 87-98 reads as rewritten:

**"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

...

(c) The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The Fund shall not be used to provide alternative water supply to households with incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level, provided that this income limitation shall not apply in cases of contamination that includes per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative drinking water supplies if the Department determines that the concentration of one or more contaminants in the private drinking water well or improved spring exceeds the federal maximum contaminant level, or the federal drinking water action level as defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the State groundwater standard established by the Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant, a health goal established by the North Carolina Department of Health and Human Services, or a health advisory standard established by the United States Environmental Protection Agency shall be used to determine whether the Fund may be used to provide alternative drinking water supplies. The Fund may also be used to provide alternative drinking water supplies as provided in this section if the Department determines that the concentration of one or more contaminants in a private drinking water well is increasing over time and that there is a significant risk that the concentration of a contaminant will exceed the federal maximum contaminant level or drinking water action level, or the State groundwater standard. A determination of the concentration of a contaminant shall be based on a sample of water collected from the private drinking water well within the past 12 months.

...

~~(c4) The Department may use up to one hundred thousand dollars (\$100,000) annually of the monies in the Fund to pay the personnel and other direct costs associated with the implementation of this section.~~

...."

**ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION**

**SECTION 12.8.** Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

**"SECTION 14.20A.(b)** Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds allocated by this section shall be held in reserve by the Office of State Budget and Management and the allocations to each County shall be released when the County and one or more of the municipalities specified in subsection (a) of this section reach agreement on the funds allocated to that County by this section through interlocal agreements or the formation of regional water and sewer authorities or a combination of interlocal agreements and regional water and sewer authorities. Funds not spent or encumbered by June 30, ~~2021,~~ 2023, shall be returned by the local governments or regional water and sewer authority to the Office of State Budget and Management and revert to the General Fund."

**DAM SAFETY EMERGENCY FUND**

**SECTION 12.10.(a)** Part 3 of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 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 **EROSION AND SEDIMENTATION FEE CHANGES**

29       **SECTION 12.10A.(a)** G.S. 113A-54.2(a) reads as rewritten:

30       "(a) An application and compliance fee of ~~sixty-five dollars (\$65.00)~~ one hundred fifty  
31 dollars (\$150.00) per acre of disturbed land shown on an erosion and sedimentation control plan  
32 or of land actually disturbed during the life of the project shall be charged for the review of an  
33 erosion and sedimentation control plan and related compliance activities under this Article."

34       **SECTION 12.10A.(b)** G.S. 113A-60(d) reads as rewritten:

35       "(d) A local government may submit to the Commission for its approval a limited erosion  
36 and sedimentation control program for its jurisdiction that grants the local government the  
37 responsibility only for the assessment and collection of fees and for the inspection of  
38 land-disturbing activities within the jurisdiction of the local government. The Commission shall  
39 be responsible for the administration and enforcement of all other components of the erosion and  
40 sedimentation control program and the requirements of this Article. The local government may  
41 adopt ordinances and regulations necessary to establish a limited erosion and sedimentation  
42 control program. An ordinance adopted by a local government that establishes a limited program  
43 shall conform to the minimum requirements regarding the inspection of land-disturbing activities  
44 of this Article and the rules adopted pursuant to this Article regarding the inspection of  
45 land-disturbing activities. The local government shall establish and collect a fee to be paid by  
46 each person who submits an erosion and sedimentation control plan to the local government. The  
47 amount of the fee shall be an amount equal to eighty percent (80%) of the amount established by  
48 the Commission pursuant to G.S. 113A-54.2(a) plus any amount that the local government  
49 requires to cover the cost of inspection and program administration activities by the local  
50 government. The total fee shall not exceed one hundred dollars (\$100.00) two hundred thirty  
51 dollars (\$230.00) per acre. A local government that administers a limited erosion and

1 sedimentation control program shall pay to the Commission the portion of the fee that equals  
2 eighty percent (80%) of the fee established pursuant to G.S. 113A-54.2(a) to cover the cost to the  
3 Commission for the administration and enforcement of other components of the erosion and  
4 sedimentation control program. Fees paid to the Commission by a local government shall be  
5 deposited in the Sedimentation Account established by G.S. 113A-54.2(b). A local government  
6 that administers a limited erosion and sedimentation control program and that receives an erosion  
7 control plan and fee under this subsection shall immediately transmit the plan to the Commission  
8 for review. A local government may create or designate agencies or subdivisions of the local  
9 government to administer the limited program. Two or more units of local government may  
10 establish a joint limited program and enter into any agreements necessary for the proper  
11 administration of the limited program. The resolutions establishing any joint limited program  
12 must be duly recorded in the minutes of the governing body of each unit of local government  
13 participating in the limited program, and a certified copy of each resolution must be filed with  
14 the Commission. Subsections (b) and (c) of this section apply to the approval and oversight of  
15 limited programs."

16 **SECTION 12.10A.(c)** This section is effective when it becomes law.  
17

## 18 **VOLKSWAGEN SETTLEMENT**

19 **SECTION 12.11.(a)** Section 10(b) of S.L. 2020-79 reads as rewritten:

20 **"SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section  
21 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen  
22 Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred  
23 eighty-one thousand eight hundred eighty-six dollars (\$30,681,886) to fund Phase 1 of the August  
24 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and  
25 submitted by the Department of Environmental Quality to the General Assembly pursuant to the  
26 Settlement Directives. The funds appropriated in this act shall be allocated for the following  
27 purposes set forth in Phase 1 of the Plan:

- 28 (1) Diesel bus and vehicle replacements or upgrades.
- 29 (2) Zero emissions vehicle infrastructure – Level 2 charging stations.
- 30 (3) Zero emissions vehicle infrastructure – DC fast charging stations.

31 The Department of Environmental Quality in its capacity as the lead agency designated under  
32 the procedures set forth in the Trust agreement may transfer and use up to one million five  
33 hundred thirty-four thousand ninety-four dollars (\$1,534,094) for administrative purposes in  
34 executing the Plan.

35 Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end  
36 of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of~~  
37 ~~Environmental Quality as set forth in the Trust agreement.~~ remain available until expended."

38 **SECTION 12.11.(b)** This section is effective June 30, 2021.  
39

## 40 **WATER INFRASTRUCTURE FUND ENHANCEMENT**

41 **SECTION 12.12.(a)** G.S. 159G-22 is amended by adding a new subsection to read:

42 **"(j)** Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department  
43 for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide  
44 State matching funds that are in excess of the amount required to draw down all available federal  
45 capitalization grant funds may also be used for water and wastewater infrastructure grants  
46 awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility  
47 Reserve."

48 **SECTION 12.12.(b)** G.S. 159G-39 reads as rewritten:

49 **"§ 159G-39. Review of applications and award of loan or grant.**

50 ...

1 (e) ~~Viable Utility Reserve Terms.~~ Approval. – The Department shall not award a grant  
2 from the Viable Utility Reserve Fund unless the Local Government Commission approves the  
3 award of the grant and the terms of the grant. Any emergency grant application submitted under  
4 G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon  
5 submission.

6 (f) Grant Terms. –

7 (1) Viable Utility Reserve. – The Department and the Local Government  
8 Commission may, in their discretion, impose specific performance measures  
9 or conditions on any grant awarded from the Viable Utility Reserve, including  
10 any grant submitted under G.S. 159G-31(e).

11 (2) Drinking Water Reserve or Wastewater Reserve. – The Department may  
12 impose specific performance measures or conditions on any grant awarded  
13 from the Drinking Water Reserve or Wastewater Reserve to ensure an  
14 adequately funded program for the repair, maintenance, and management of  
15 the water or wastewater infrastructure."

16 **SECTION 12.12.(c)** G.S. 159G-45(d) reads as rewritten:

17 "(d) The Authority and the Local Government Commission shall establish the frequency  
18 of the cycle for assessment and review of local government units under this section, ~~which shall~~  
19 ~~be no less than every two years.~~ section. The frequency of the cycle shall be not less than once  
20 every two years."

21  
22 **BIRD ISLAND FUNDS**

23 **SECTION 12.12B.** Funds appropriated by S.L. 2018-5 for acquisition of the Sunset  
24 Beach West tract for the Bird Island Coastal Reserve may be used by the Department to complete  
25 various acquisition-related activities related to incorporation of the tract into the reserve, such as  
26 the purchase and installation of signage, updates to printed materials, property stewardship, and  
27 the planning and implementation of walking and kayak trails. These funds may also be used for  
28 outreach supplies and temporary staff to support public programs and activities.

29  
30 **WATER AND SEWER INFRASTRUCTURE FUNDS**

31 **SECTION 12.13.(a)** Allocation. – Funds appropriated in this act from the State  
32 Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure  
33 Fund shall be allocated for water and sewer infrastructure as follows:

34 (1) Five hundred million dollars (\$500,000,000) for the Viable Utility Reserve to  
35 be used for the purposes set forth in subdivisions (1) through (5) of  
36 G.S. 159G-32(d).

37 (2) Three hundred million dollars (\$300,000,000) for the Drinking Water Reserve  
38 and the Wastewater Reserve to provide project construction grants for public  
39 water systems and wastewater systems that the Department categorizes as  
40 at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants  
41 awarded from funds allocated by this subdivision.

42 (3) Six hundred million dollars (\$600,000,000) for the Drinking Water Reserve  
43 and the Wastewater Reserve to provide project construction grants for public  
44 water systems and wastewater systems not eligible for funding under  
45 subdivisions (1) and (2) of this subsection. The limits set forth in  
46 G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by  
47 this subdivision.

48 (4) Eighty million dollars (\$80,000,000) to the Water Infrastructure Fund for the  
49 Drinking Water Reserve and the Wastewater Reserve for any of the following  
50 grants:

- 1 a. Asset inventory and assessment grants, as defined in
- 2 G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).
- 3 b. Rate study grants intended to determine a rate structure that will enable
- 4 a public water system or wastewater system to generate sufficient
- 5 revenues to adequately fund management and operations, personnel,
- 6 appropriate levels of maintenance, and reinvestment to facilitate the
- 7 provision of reliable water or wastewater services.
- 8 c. Merger/regionalization feasibility grants, as defined in
- 9 G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).
- 10 d. Training grants to increase the capacity of a public water system or
- 11 wastewater system to operate efficiently and maintain adequate
- 12 maintenance and revenue collection practices.
- 13 e. Planning grants to conduct project engineering, design, or other
- 14 preconstruction activities.

15 **SECTION 12.13.(b)** Limitation on Certain Grants. – Notwithstanding  
16 G.S. 159G-36(c), the amount of grants awarded under subdivision (a)(4) of this section may not  
17 exceed four hundred thousand dollars (\$400,000) to the same grant recipient for the 2021-2023  
18 fiscal biennium.

19 **SECTION 12.13.(c)** Reversion of Unneeded Funds. – Funds in excess of the  
20 amounts needed for the projects listed in subsections (d), (e), and (f) of this section may be used  
21 by the Department for other water and sewer infrastructure projects subject to applicable law and  
22 the applicable directives and limitations set forth in subdivision (a)(1), (a)(2), or (a)(3) of this  
23 section. The unused funds from projects listed in subsection (d) of this section may be used for  
24 projects eligible for funding from the Viable Utility Reserve, and the unused funds from projects  
25 listed in subsections (e) and (f) of this section may be used for projects eligible for funding from  
26 the Drinking Water Reserve or the Wastewater Reserve.

27 **SECTION 12.13.(d)** VUR Directed Projects. – Of the funds allocated by subdivision  
28 (a)(1) of this section, the following sums shall be granted to the indicated local governments and  
29 public entities for water and wastewater infrastructure projects:

- 30 (1) One million ninety-one thousand seven hundred ninety-seven dollars
- 31 (\$1,091,797) to the Town of Andrews.
- 32 (2) Five million dollars (\$5,000,000) to the Town of Bailey.
- 33 (3) Five million dollars (\$5,000,000) to the Town of Bath.
- 34 (4) Twenty-three million three hundred forty-nine thousand fifty-one dollars
- 35 (\$23,349,051) to the Town of East Spencer.
- 36 (5) One hundred fifty thousand dollars (\$150,000) to the Town of Ellerbe.
- 37 (6) One million dollars (\$1,000,000) to the Town of Hot Springs.
- 38 (7) Eight million three hundred fifty thousand dollars (\$8,350,000) to the Town
- 39 of Madison.
- 40 (8) Five million dollars (\$5,000,000) to the Town of Maysville.
- 41 (9) One million five hundred thousand dollars (\$1,500,000) to the Town of
- 42 Middlesex.
- 43 (10) Ten million dollars (\$10,000,000) to Rockingham County.
- 44 (11) One million four hundred thousand dollars (\$1,400,000) to the City of
- 45 Southport.
- 46 (12) Five million nine hundred ninety-four thousand dollars (\$5,994,000) to the
- 47 City of Trinity.
- 48 (13) Four hundred twenty-five thousand dollars (\$425,000) to the Town of Tryon.
- 49 (14) Six hundred thousand dollars (\$600,000) to the Town of Walstonburg.

1           **SECTION 12.13.(e)** At-Risk Directed Projects. – Of the funds allocated by  
2 subdivision (a)(2) of this section, the following sums shall be granted to the indicated local  
3 governments and public entities for water and wastewater infrastructure projects:

- 4           (1) Twenty-two million seven hundred thirty-three thousand seven hundred  
5 dollars (\$22,733,700) to the Town of Benson.
- 6           (2) Six million dollars (\$6,000,000) to the Town of Blowing Rock.
- 7           (3) Three hundred thousand dollars (\$300,000) to Burke County.
- 8           (4) Five million three hundred thousand dollars (\$5,300,000) to Davidson  
9 County.
- 10          (5) Five hundred thousand dollars (\$500,000) to the Town of Denton.
- 11          (6) Two million six hundred thousand dollars (\$2,600,000) to the Town of Four  
12 Oaks.
- 13          (7) Sixteen million ninety thousand dollars (\$16,090,000) to the Town of Kenly.
- 14          (8) Eleven million dollars (\$11,000,000) to McDowell County.
- 15          (9) Nine hundred fifty thousand dollars (\$950,000) to the Town of Micro.
- 16          (10) Two million dollars (\$2,000,000) to the Town of Mount Gilead.
- 17          (11) One million nine hundred ninety-five thousand dollars (\$1,995,000) to the  
18 Town of Pine Level.
- 19          (12) Two million eight hundred twenty-four thousand two hundred dollars  
20 (\$2,824,200) to the Town of Ranlo.
- 21          (13) Three million one hundred thousand dollars (\$3,100,000) to the Town of Red  
22 Springs.
- 23          (14) One hundred thousand dollars (\$100,000) to the Town of Robbinsville.
- 24          (15) One million five hundred thousand dollars (\$1,500,000) to the Town of  
25 Roseboro.
- 26          (16) Seven million dollars (\$7,000,000) to the Town of Rosman.
- 27          (17) Nine hundred thousand dollars (\$900,000) to the Town of Salemburg.
- 28          (18) One hundred sixty thousand dollars (\$160,000) to the City of Saluda.
- 29          (19) Six million five hundred thousand dollars (\$6,500,000) to the Town of Selma.
- 30          (20) One million three hundred thousand dollars (\$1,300,000) to the Town of  
31 Sparta.
- 32          (21) One million two hundred five thousand one hundred thirty dollars  
33 (\$1,205,130) to the Town of Taylorsville.
- 34          (22) One hundred thousand dollars (\$100,000) to the Town of Winton.
- 35          (23) Three million dollars (\$3,000,000) to Yadkin County.

36           **SECTION 12.13.(f)** Other Directed Projects. – Of the funds allocated by subdivision  
37 (a)(3) of this section for project construction grants, the following sums shall be granted to the  
38 indicated local governments and public entities for water and wastewater infrastructure projects:

- 39           (1) Three hundred fifteen thousand dollars (\$315,000) to the Village of  
40 Alamance.
- 41           (2) Three million six hundred nineteen thousand dollars (\$3,619,000) to  
42 Alexander County.
- 43           (3) Two million three hundred thousand dollars (\$2,300,000) to the Town of  
44 Angier.
- 45           (4) Ten million dollars (\$10,000,000) to the City of Burlington.
- 46           (5) Thirty million dollars (\$30,000,000) to the Water and Sewer Authority of  
47 Cabarrus County.
- 48           (6) Eight million eight hundred thousand dollars (\$8,800,000) to Catawba  
49 County.
- 50           (7) One million dollars (\$1,000,000) to Clay County.

- 1 (8) Twenty-four million dollars (\$24,000,000) to the Town of Clayton to be  
2 allocated as follows:
  - 3 a. Four million dollars (\$4,000,000) for improvements to the Town's  
4 water storage infrastructure.
  - 5 b. Twenty million dollars (\$20,000,000) for a wastewater treatment  
6 facility.
- 7 (9) Nineteen million dollars (\$19,000,000) to Cleveland County Water.
- 8 (10) Five hundred thousand dollars (\$500,000) to the Town of Clyde.
- 9 (11) Three million dollars (\$3,000,000) to Davie County.
- 10 (12) Four hundred fifty thousand dollars (\$450,000) to the Town of Dunn.
- 11 (13) Two million four hundred thousand dollars (\$2,400,000) to the Town of Elon.
- 12 (14) Three hundred twenty thousand dollars (\$320,000) to the Town of Faison.
- 13 (15) One hundred seventy-five thousand dollars (\$175,000) to the Town of  
14 Franklin.
- 15 (16) Nine million seven hundred three thousand dollars (\$9,703,000) to Gaston  
16 County.
- 17 (17) Ten million four thousand dollars (\$10,004,000) to the City of Gastonia to be  
18 allocated as follows:
  - 19 a. Four million four hundred twenty-five thousand dollars (\$4,425,000)  
20 for wastewater outfalls.
  - 21 b. Five million five hundred seventy-nine thousand dollars (\$5,579,000)  
22 for rehabilitation of a supervisory control and data acquisition system.
- 23 (18) Three million seven hundred fifty thousand dollars (\$3,750,000) to the Town  
24 of Graham.
- 25 (19) One hundred fifty thousand dollars (\$150,000) to the Town of Granite Falls.
- 26 (20) Four hundred one thousand four hundred forty-seven dollars (\$401,447) to the  
27 Town of Green Level.
- 28 (21) Ten million dollars (\$10,000,000) to the City of Greensboro.
- 29 (22) Two million dollars (\$2,000,000) to the Handy Sanitary District.
- 30 (23) Ten million dollars (\$10,000,000) to Henderson County.
- 31 (24) Four million two hundred thousand dollars (\$4,200,000) to the City of  
32 Hendersonville. These funds shall be used for the Edneyville High School line  
33 extension.
- 34 (25) One hundred thousand dollars (\$100,000) to the Town of Highlands.
- 35 (26) Twenty-two million dollars (\$22,000,000) to the City of King.
- 36 (27) Thirty-nine million dollars (\$39,000,000) to the City of Kings Mountain for a  
37 wastewater expansion project southwest of the City.
- 38 (28) Ten million two hundred eighty thousand dollars (\$10,280,000) to the Town  
39 of LaGrange.
- 40 (29) Eight million dollars (\$8,000,000) to the Town of Lake Lure.
- 41 (30) Two hundred thousand dollars (\$200,000) to Lincoln County.
- 42 (31) Eight hundred thousand dollars (\$800,000) to the Town of Locust.
- 43 (32) Twelve million dollars (\$12,000,000) to Madison County.
- 44 (33) One million dollars (\$1,000,000) to the Town of Midland.
- 45 (34) Two million five hundred thousand dollars (\$2,500,000) to Montgomery  
46 County.
- 47 (35) Eight million dollars (\$8,000,000) to the Town of Mt. Pleasant.
- 48 (36) Two hundred thirty thousand dollars (\$230,000) to the City of New Bern.
- 49 (37) Five hundred thousand dollars (\$500,000) to the Town of North Wilkesboro.
- 50 (38) Eight million seven hundred thousand dollars (\$8,700,000) to the Town of  
51 Pembroke.



- 1 (39) Seven hundred fifty thousand dollars (\$750,000) to Richmond County.  
2 (40) One million seven hundred seventeen thousand dollars (\$1,717,000) to  
3 Sampson County.  
4 (41) Thirty-four million dollars (\$34,000,000) to the City of Sanford.  
5 (42) Seven million four hundred thousand dollars (\$7,400,000) to the City of  
6 Shelby.  
7 (43) Three million dollars (\$3,000,000) to the Town of Smithfield.  
8 (44) Thirty million dollars (\$30,000,000) to the South Granville Water and Sewer  
9 Authority.  
10 (45) Seven hundred fifty thousand dollars (\$750,000) to the Southern Wayne  
11 Sanitation District.  
12 (46) Three million seven hundred thousand dollars (\$3,700,000) to the Town of  
13 Spring Hope.  
14 (47) Twenty million dollars (\$20,000,000) to the City of Statesville.  
15 (48) Eight hundred thousand dollars (\$800,000) to the Town of Stedman.  
16 (49) Two million dollars (\$2,000,000) to the Town of Surf City.  
17 (50) Five hundred thousand dollars (\$500,000) to the Town of Swepsonville.  
18 (51) Five hundred thousand dollars (\$500,000) to the City of Thomasville.  
19 (52) Two million four hundred forty-five thousand dollars (\$2,445,000) to the  
20 Town of Troutman.  
21 (53) Four million dollars (\$4,000,000) to Union County for design, permitting, and  
22 construction of an expansion of the Poplin Road pump station and the Twelve  
23 Mile Creek Water Reclamation Facility to provide expanded service and  
24 capacity for wastewater.  
25 (54) Thirty-five million dollars (\$35,000,000) to Union County for the Yadkin  
26 Regional Water Supply Project.  
27 (55) Eight hundred one thousand nine hundred eighty-three dollars (\$801,983) to  
28 the Town of Valdese.  
29 (56) Eighty thousand dollars (\$80,000) to the Town of Walkertown for a sewer  
30 extension along Sullivantown Road.  
31 (57) Thirteen million dollars (\$13,000,000) to Yancey County.  
32 **SECTION 12.13.(g)** Economic Development Projects. – Of the funds allocated by  
33 subdivision (a)(3) of this section for project construction grants, the Department of  
34 Environmental Quality shall transfer the sum of forty-two million four hundred eleven thousand  
35 four hundred forty-four dollars (\$42,411,444) to the Department of Commerce to provide the  
36 following grants for water and sewer infrastructure projects intended to advance economic  
37 development or affordable housing objectives for the recipients:  
38 (1) One million one hundred sixty-five thousand four hundred forty-four dollars  
39 (\$1,165,444) to Alexander County.  
40 (2) Four million dollars (\$4,000,000) to the Anson Economic Development  
41 Corporation.  
42 (3) Five million eight hundred seventy-one thousand dollars (\$5,871,000) to the  
43 City of Burlington.  
44 (4) Two hundred fifty thousand dollars (\$250,000) to Habitat for Humanity of  
45 Gaston County.  
46 (5) Eight million dollars (\$8,000,000) to the Town of Holly Springs. This  
47 allocation shall be conditional upon the provision of seven million dollars  
48 (\$7,000,000) in matching funds from non-State sources, including no less than  
49 two million dollars (\$2,000,000) from the Town.  
50 (6) One million one hundred twenty-five thousand dollars (\$1,125,000) to the  
51 Town of Mocksville.

1 (7) Twenty-two million dollars (\$22,000,000) to the Wayne County Development  
2 Alliance for Project Butter.

3 The Department of Commerce may use one and one-half percent (1.5%) of the funds  
4 allocated by this subsection for administrative costs.

5 **SECTION 12.13.(h)** National Guard Project Planning. – Of the funds allocated by  
6 subdivision (a)(3) of this section for project construction grants, the Department of  
7 Environmental Quality shall transfer the sum of five hundred thousand dollars (\$500,000) to the  
8 Department of Public Safety to provide a planning grant to the North Carolina National Guard  
9 for a water and sewer infrastructure project at the site formerly known as Fountain Correctional  
10 Center for Women.

11 **SECTION 12.13.(i)** Highly Treated Wastewater Pilot. - Of the funds allocated by  
12 subdivision (a)(3) of this section for project construction grants, the Department of  
13 Environmental Quality shall use twenty million dollars (\$20,000,000) for the Innovative Highly  
14 Treated Wastewater Pilot Program established in Section 12.13A of this act.

15 **SECTION 12.13.(j)** Administrative Costs. – The Department may use one and  
16 one-half percent (1.5%) of the funds allocated by this section, other than the funds transferred in  
17 subsections (g), (h), and (i) of this section, for administrative costs. The Department shall not  
18 charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set  
19 aside of administrative costs authorized by this subsection.

## 20 **HIGHLY TREATED WASTEWATER PILOT PROGRAM**

21 **SECTION 12.13A.(a)** For purposes of this section, "highly treated wastewater  
22 legislation" refers to House Bill 916, Second Edition, 2021 Regular Session, or other legislation  
23 substantially similar to Sections 1, 3, and 4 of that bill. If the highly treated wastewater legislation  
24 becomes law by June 30, 2023, then the Department shall use funds allocated to it by Section  
25 12.13(i) of this act to establish an Innovative Highly Treated Wastewater Pilot Program within  
26 the Division of Water Infrastructure. To implement the Program, the Department shall do the  
27 following:  
28

- 29 (1) Review and qualify wastewater systems meeting the standards set forth in  
30 G.S. 143-215(f), as enacted by the highly treated wastewater legislation, either  
31 as a single unit or as a combination of treatment devices. The Department shall  
32 require the manufacturer of the wastewater system within five days of the  
33 qualification under this subdivision to file with the Department a performance  
34 bond or other surety with a minimum term of five years to be executed in favor  
35 of the permittee in the amount sufficient to cover system replacement.  
36 Operation, maintenance, abuse, or change in hydraulic flows or wastewater  
37 characteristics shall not be attached to the performance bond or surety.
- 38 (2) Identify local governments, sanitary districts, or public authorities considered  
39 distressed, as defined by G.S. 159G-20, or that include residential or  
40 commercial developments or subdivisions that are unable to be served by  
41 existing wastewater systems.
- 42 (3) Work with the entities identified under subdivision (2) of this subsection to  
43 select, permit, and install at least four wastewater systems producing highly  
44 treated wastewater, as defined in the highly treated wastewater legislation.

45 **SECTION 12.13A.(b)** If the highly treated wastewater legislation does not become  
46 law by June 30, 2023, then the funds allocated by this section shall revert to the Wastewater  
47 Reserve to be used for any of the purposes authorized in G.S. 159G-32(b).

## 48 **STORMWATER INFRASTRUCTURE FUNDS**

49 **SECTION 12.14.(a)** Establishment of the Fund. – Funds appropriated in this act  
50 from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater  
51

1 infrastructure shall be used by the Department to establish the Local Assistance for Stormwater  
2 Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be  
3 used to provide grants to eligible entities as defined in this section for projects that will improve  
4 or create infrastructure for controlling stormwater quantity and quality.

5 **SECTION 12.14.(b) Directed Projects.** – Of the funds allocated by this section, the  
6 following sums shall be granted to the indicated local governments and public entities for  
7 stormwater projects:

- 8 (1) Four hundred thousand dollars (\$400,000) to the Town of Angier.
- 9 (2) Seven hundred thousand dollars (\$700,000) to the City of Brevard.
- 10 (3) Five hundred thousand dollars (\$500,000) to the Town of Dunn.
- 11 (4) Nine million eight hundred thousand dollars (\$9,800,000) to the Fayetteville  
12 Public Works Commission.
- 13 (5) One million five hundred thousand dollars (\$1,500,000) to the Town of Four  
14 Oaks.
- 15 (6) Three hundred fifty thousand dollars (\$350,000) to the City of Hope Mills.
- 16 (7) One million five hundred thousand dollars (\$1,500,000) to the City of  
17 Mooresville.
- 18 (8) Seventy-five thousand dollars (\$75,000) to the City of New Bern.

19 **SECTION 12.14.(c) Allocation of Undirected Funds.** – The Department shall use  
20 seventy percent (70%) of the funds allocated in this section for construction grants as specified  
21 in subdivision (e)(1) of this section and thirty percent (30%) of the funds allocated in this section  
22 for planning grants as specified in subdivision (e)(2) of this section.

23 **SECTION 12.14.(d) Eligible Entity.** – An eligible entity for a grant under this  
24 section shall be a city or county that (i) documents in a form and manner as the Department may  
25 specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a  
26 significant hardship raising the revenue necessary to finance stormwater management activities  
27 within its jurisdiction based on income and unemployment data, population trends, and any other  
28 data determined relevant by the Department.

29 **SECTION 12.14.(e) Grant Types.** – The Department shall make the following types  
30 of grants from the Fund:

- 31 (1) Construction grants. – A construction grant is available for the development  
32 and implementation of a new stormwater utility or stormwater control  
33 measure (SCM), the rehabilitation of existing SCMs, the retrofitting of  
34 existing stormwater conveyances to provide SCMs for quantity and quality  
35 control purposes, or the installation of innovative technologies or nature-based  
36 solutions for flood control.
- 37 (2) Planning grants. – A planning grant is available for research or investigative  
38 studies, alternatives analyses, the preparation of engineering concept plans or  
39 engineering designs, and similar activities intended to help an eligible entity  
40 determine the best solutions for the entity's stormwater quality or quantity  
41 issue and to engineer and permit the solutions.

42 **SECTION 12.14.(f) Limitation.** – The following limits apply to grants from the  
43 Fund:

- 44 (1) Construction grants may not exceed fifteen million dollars (\$15,000,000).
- 45 (2) Planning grants may not exceed five hundred thousand dollars (\$500,000).

46 **SECTION 12.14.(g) Administration.** – The Department may adopt any policies or  
47 procedures regarding the application process, applicant record keeping and reporting, and any  
48 other administrative details not inconsistent with this section. The Department may use up to one  
49 and one-half percent (1.5%) of the funds allocated by this section for the administrative costs of  
50 establishing and implementing the program.

1           **SECTION 12.14.(h)** Report. – The Department shall submit a report no later than  
 2 September 1, 2022, and annually thereafter to the chairs of the Joint Legislative Oversight  
 3 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
 4 Division on the projects and activities funded by this section until all funds have been expended  
 5 by grant recipients. The Department shall include in its initial report and may include in  
 6 subsequent reports recommendations regarding legislative changes or additional funding needed  
 7 to assist small and financially distressed communities to comply with stormwater standards and  
 8 requirements and to mitigate the adverse impacts of extreme weather events on  
 9 stormwater-related flood events. The reports shall also include, at a minimum, the following:

- 10           (1) The beginning and ending balance of the Fund for the quarter.
- 11           (2) A listing of grant recipients, amount provided to each recipient, and the grant  
 12 type funded.
- 13           (3) An overview of the use of funds by grant recipients, including a description  
 14 of projects constructed or planning milestones achieved.

## 16 **CLARIFY PERMITTING IN ISOLATED WETLANDS**

17           **SECTION 12.15.(a)** G.S. 143-212 reads as rewritten:

### 18 **"§ 143-212. Definitions.**

19           ...

20           (3a) "Isolated wetlands" means either of the following:

- 21           a. A wetland confirmed to be isolated by the United States Army Corps  
 22 of Engineers prior to June 22, 2020.
- 23           b. A wetland that has been determined to be non-jurisdictional by the  
 24 United States Army Corps of Engineers after June 22, 2020, and for  
 25 which an evaluation confirmed by the Department documents that a  
 26 significant nexus is not present pursuant to the Clean Water Act  
 27 Jurisdiction Following the U.S. Supreme Court's Decision in Rapanos  
 28 v. United States & Carabell v. United States memorandum dated  
 29 December 02, 2008.

30           ...

31           (6) "Waters" means any stream, river, brook, swamp, lake, sound, tidal estuary,  
 32 bay, creek, reservoir, ~~waterway,~~ waterway, wetland, or other body or  
 33 accumulation of water, whether surface or underground, public or private, or  
 34 natural or artificial, that is contained in, flows through, or borders upon any  
 35 portion of this State, including any portion of the Atlantic Ocean over which  
 36 the State has jurisdiction.

37           (7) "Wetlands" means areas that are inundated or saturated by an accumulation of  
 38 surface or ground water at a frequency and duration sufficient to support, and  
 39 that under normal circumstances do support, a prevalence of vegetation  
 40 typically adapted for life in saturated soil conditions. Wetlands do not include  
 41 prior converted cropland as defined in the National Food Security Act Manual,  
 42 Fifth Edition. Wetlands classified as waters of the State are restricted to waters  
 43 of the United States as defined by 33 C.F.R. § 328.3 and 40 C.F.R. § 230.3  
 44 and isolated wetlands that are either basins or bogs as described in the North  
 45 Carolina Wetland Assessment User Manual prepared by the North Carolina  
 46 Wetland Functional Assessment Team, version 4.1, October 2010."

47           **SECTION 12.15.(b)** G.S. 143-215.1 reads as rewritten:

### 48 **"§ 143-215.1. Control of sources of water pollution; permits required.**

49           (a) Activities for Which Permits Required. – Except as provided in ~~subsection (a6)~~  
 50 subsections (a6) and (a8) of this section, no person shall do any of the following things or carry

1 out any of the following activities unless that person has received a permit from the Commission  
2 and has complied with all conditions set forth in the permit:

3 ...  
4 (a8) No permit shall be required under this section for activities in wetlands that are not  
5 waters of the United States, except isolated wetlands that are either basins or bogs as described  
6 in the North Carolina Wetland Assessment User Manual prepared by the North Carolina Wetland  
7 Functional Assessment Team, version 4.1, October 2010.

8 ...."

9 **SECTION 12.15.(c)** Section 4.18(a) of S.L. 2015-286 reads as rewritten:

10 "**SECTION 4.18.(a)** ~~For the purposes of implementing Section .1300 of Subchapter 2H of~~  
11 ~~Chapter 2 of Title 15A of the North Carolina Administrative Code (Discharges to Isolated~~  
12 ~~Wetlands and Isolated Waters), the isolated wetlands provisions of Section .1300 shall apply only~~  
13 ~~to Basin Wetlands and Bogs and no other wetland types as described in the North Carolina~~  
14 ~~Wetland Assessment User Manual prepared by the North Carolina Wetland Functional~~  
15 ~~Assessment Team, version 4.1 October 2010 that are not jurisdictional wetlands under the federal~~  
16 ~~Clean Water Act. The isolated wetlands provisions of Section .1300 shall not apply to an isolated~~  
17 ~~man-made ditch or pond constructed for stormwater management purposes or any other~~  
18 ~~man-made isolated pond."~~

## 20 CLARIFY LOCAL AUTHORITY FOR STORMWATER ORDINANCES

21 **SECTION 12.16.(a)** G.S. 160D-925 reads as rewritten:

22 "**§ 160D-925. Stormwater control.**

23 (a) A local government may adopt and enforce a stormwater control regulation to protect  
24 water quality and control water quantity. A local government may adopt a stormwater  
25 management regulation pursuant to this Chapter, its charter, other applicable laws, or any  
26 combination of these powers.

27 (a1) Notwithstanding the authority granted under subsection (a) of this section, a local  
28 government may not enact, implement, or enforce a local government stormwater control  
29 regulation that establishes a stormwater control requirement that exceeds stormwater control  
30 requirements necessary to comply with or implement (i) federal or State law, (ii) a condition of  
31 a permit, certificate, or other approval issued by a federal agency, or (iii) a condition of a permit,  
32 certificate, or other approval issued by a State agency, which condition is required to comply  
33 with federal or State law governing stormwater standards. Further, any local government  
34 stormwater control regulation that includes a riparian buffer requirement for the protection of  
35 water quality shall be subject to the limitations established in G.S. 143-214.23A. Local  
36 stormwater control regulations in effect on the date of this act in violation of the limitations of  
37 this subsection are void and unenforceable.

38 (b) A federal, State, or local government project shall comply with the requirements of a  
39 local government stormwater control regulation unless the federal, State, or local government  
40 agency has a National Pollutant Discharge Elimination System (NPDES) stormwater permit that  
41 applies to the project. A local government may take enforcement action to compel a State or local  
42 government agency to comply with a stormwater control regulation that implements the NPDES  
43 stormwater permit issued to the local government. To the extent permitted by federal law,  
44 including Chapter 26 of Title 33 of the United States Code, a local government may take  
45 enforcement action to compel a federal government agency to comply with a stormwater control  
46 regulation.

47 (c) A local government may implement illicit discharge detection and elimination  
48 controls, construction site stormwater runoff controls, and post-construction runoff controls  
49 through an ordinance or other regulatory mechanism to the extent allowable under State law.

50 (d) A local government that holds an NPDES permit issued pursuant to G.S. 143-214.7  
51 may adopt a regulation, applicable within its planning and development regulation jurisdiction,

1 to establish the stormwater control program necessary for the local government to comply with  
2 the permit. A local government may adopt a regulation that bans illicit discharges within its  
3 planning and development regulation jurisdiction. A local government may adopt a regulation,  
4 applicable within its planning and development regulation jurisdiction, that requires (i) deed  
5 restrictions and protective covenants to ensure that each project, including the stormwater  
6 management system, will be maintained so as to protect water quality and control water quantity  
7 and (ii) financial arrangements to ensure that adequate funds are available for the maintenance  
8 and replacement costs of the project.

9 (e) Unless the local government requests the permit condition in its permit application,  
10 the Environmental Management Commission may not require as a condition of an NPDES  
11 stormwater permit issued pursuant to G.S. 143-214.7 that a city implement the measure required  
12 by 40 Code of Federal Regulations § 122.34(b)(3)(1 July 2003 Edition) in its extraterritorial  
13 jurisdiction."

14 **SECTION 12.16.(b)** G.S. 143-214.7 reads as rewritten:

15 **"§ 143-214.7. Stormwater runoff rules and programs.**

16 ...

17 (c) The Commission shall develop model stormwater management programs that may be  
18 implemented by State agencies and units of local government. Model stormwater management  
19 programs shall be developed to protect existing water uses and assure compliance with water  
20 quality standards and classifications. A State agency or unit of local government may submit to  
21 the Commission for its approval a stormwater control program for implementation within its  
22 jurisdiction. To this end, State agencies may adopt rules, and units of local government are  
23 authorized to adopt ordinances and regulations necessary to establish and enforce stormwater  
24 control ~~programs.~~ programs; provided, however, ordinances and regulations adopted hereunder  
25 shall be subject to the same limitations set forth in G.S. 160D-925. Units of local government are  
26 authorized to create or designate agencies or subdivisions to administer and enforce the programs.  
27 Two or more units of local government are authorized to establish a joint program and to enter  
28 into any agreements that are necessary for the proper administration and enforcement of the  
29 program.

30 ...

31 (d) The Commission shall review each stormwater management program submitted by a  
32 State agency or unit of local government and shall notify the State agency or unit of local  
33 government that submitted the program that the program has been approved, approved with  
34 modifications, or disapproved. The Commission shall approve a program only if it finds that the  
35 standards of the program ~~equal~~ equal, but do not exceed, those of the model program adopted by  
36 the Commission pursuant to this section.

37 ...."

38 **SECTION 12.16.(c)** G.S. 143-214.23A reads as rewritten:

39 **"§ 143-214.23A. Limitations on local government riparian buffer requirements.**

40 (a) As used in this section:

41 (1) "Local government ordinance" means any action by a local government  
42 carrying the effect of law approved before or after October 1, 2015, whether  
43 by ordinance, comprehensive plan, policy, resolution, or other measure.

44 (2) "Protection of water quality" means nutrient removal, pollutant removal,  
45 stream bank protection, or protection of an endangered species as required by  
46 federal law.

47 (3) "Riparian buffer area" means an area subject to a riparian buffer requirement.

48 (4) "Riparian buffer requirement" means a landward setback from surface waters.

49 (b) Except as provided in this section, a local government may not enact, implement, or  
50 enforce a local government ordinance that establishes a riparian buffer requirement that exceeds  
51 riparian buffer requirements necessary to comply with or ~~implement~~ implement (i) federal or

1 ~~State law or law, (ii) a condition of a permit, certificate, or other approval issued by a federal or~~  
2 ~~State agency-agency, or (iii) a condition of a permit, certificate, or other approval issued by a~~  
3 ~~State agency, which condition is required to comply with federal or State law governing~~  
4 ~~stormwater standards.~~

5 ...

6 (d) A local government may request from the Commission the authority to enact,  
7 implement, and enforce a local government ordinance that establishes a riparian buffer  
8 requirement for the protection of water quality that exceeds riparian buffer requirements for the  
9 protection of water quality necessary to comply with or ~~implement-implement (i) federal or State~~  
10 ~~law or law, (ii) a condition of a permit, certificate, or other approval issued by a federal or State~~  
11 ~~agency-agency, or (iii) a condition of a permit, certificate, or other approval issued by a State~~  
12 ~~agency, which condition is required to comply with federal or State law governing stormwater~~  
13 ~~standards.~~ To do so, a local government shall submit to the Commission an application requesting  
14 this authority that includes the local government ordinance, including the riparian buffer  
15 requirement for the protection of water quality, scientific studies of the local environmental and  
16 physical conditions that support the necessity of the riparian buffer requirement for the protection  
17 of water quality, and any other information requested by the Commission. Within 90 days after  
18 the Commission receives a complete application, the Commission shall review the application  
19 and notify the local government whether the application has been approved, approved with  
20 modifications, or disapproved. The Commission shall not approve a local government ordinance  
21 that establishes a riparian buffer requirement for the protection of water quality unless the  
22 Commission finds that the scientific evidence presented by the local government supports the  
23 necessity of the riparian buffer requirement for the protection of water quality.

24 ...."

## 25 RECONCILE TITLE V AIR QUALITY RULE EFFECTIVE DATE

26 **SECTION 12.17.** Notwithstanding the time lines set forth in G.S. 150B-21.3 for the  
27 effective date of rules, or any other provision of law pertaining to procedures for the adoption of  
28 rules, 15A NCAC 02Q .0203 (Permit and Application Fees), as adopted by the Environmental  
29 Management Commission on January 14, 2021, and approved by the Rules Review Commission  
30 on February 18, 2021, shall take effect when this act becomes law.  
31

## 32 SOUTHERN STATES ENERGY BOARD FUNDS

33 **SECTION 12.18.(a)** G.S. 104D-3 reads as rewritten:

### 34 "§ 104D-3. Submission of budgets of Board.

35 (a) Pursuant to Article III(a) of the compact, the Board shall submit its budgets of  
36 estimated expenditures to the Director of the Budget for presentation to the General Assembly.

37 (b) Each fiscal year, the Office of State Budget and Management shall pay the amount  
38 necessary to cover the State's responsibility for the budgets of the Board as required by Article  
39 III(b) of the compact. The Office shall transfer funds from the agency that administratively  
40 houses the State Energy Office to meet the requirements prescribed under this section."

41 **SECTION 12.18.(b)** The Office of State Budget and Management (Office) shall  
42 determine if arrears exist as to the amount owed to the Southern States Energy Board. If the  
43 Office determines any arrears exist, then the Office shall pay the State's share owed for that fiscal  
44 year and transfer funds from the agency that administratively housed the State Energy Office or  
45 its equivalent during the fiscal year for which the arrearage is owed.

46 **SECTION 12.18.(c)** This section is effective July 1, 2021.  
47

## 48 CLARIFY EQIP FUNDING REQUIREMENTS

49 **SECTION 12.19.(a)** Subsection 11(f) of S.L. 2020-79 reads as rewritten:  
50

1 "SECTION 11.(f) Maximum Share. – Notwithstanding any provision of law to the contrary,  
2 funds appropriated for a water resources development project shall be used to provide no more  
3 than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies  
4 to funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium  
5 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds  
6 for water resources development projects. The limitation on fund usage contained in this  
7 subsection applies only to projects in which a local government or local governments participate.  
8 This subsection shall not apply to, and there shall be no local match required for, the  
9 Environmental Quality Incentives Program (EQIP). Furthermore, Section 36.3(e) of S.L.  
10 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply  
11 to funds made available as part of EQIP in any fiscal year, including prior years. For purposes of  
12 this subsection, a single project shall consist of all the landowners and other participants under a  
13 project design contract approved by the Natural Resource Conservation Service under the EQIP  
14 program along a contiguous stretch of stream."

15 SECTION 12.19.(b) This section is effective when it becomes law.

### 16 17 CARTERET WATER ACCESS DREDGING

18 SECTION 12.20. Notwithstanding G.S. 143-215.73F, there shall be no match  
19 required for funds appropriated by this act from the Shallow Draft Navigation Channel Dredging  
20 and Aquatic Weed Fund to Carteret County for dredging at the Highway 24 Boat Ramp park in  
21 Carteret County.

### 22 23 AMEND DAM SAFETY EXEMPTION

24 SECTION 12.21. G.S. 143-215.25A reads as rewritten:

25 "§ 143-215.25A. Exempt dams.

26 (a) Except as otherwise provided in this Part, this Part does not apply to any dam:

27 ...

28 (8) That is less than 20 feet in height or that has an impoundment capacity of less  
29 than 15 acre-feet, when a qualified engineer who demonstrates to the  
30 satisfaction of the Department experience in dam design conducts dam failure  
31 analyses based on both storm-induced failure and normal weather geologic,  
32 structural, or seismic failure scenarios and determines that the dam is not a  
33 high hazard dam.

34 ...."

### 35 36 PART XIII. LABOR

#### 37 38 BE PRO BE PROUD

39 SECTION 13.1.(a) Program Established; Purpose. – The Department of Labor shall  
40 use the funds allocated in this act for the Be Pro Be Proud program to create, implement, operate,  
41 and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development  
42 pilot program. The program shall focus on generating student, parent, and educator interest in  
43 technical professions within the construction, manufacturing, transportation, and utility  
44 industries by emphasizing the high-tech, high-wage potential of these student career paths. The  
45 program shall also support progress towards North Carolina's postsecondary attainment goals to  
46 increase postsecondary degrees and certificates in the skilled trade professions.

47 SECTION 13.1.(b) Components of the Program. – In meeting the goals of the pilot  
48 program, Be Pro Be Proud shall provide for at least the following:

49 (1) A custom-built mobile workshop that brings elements of up to 12 skilled  
50 professions to middle and high school students through simulators and virtual  
51 reality experiences. Students will learn about various careers, job



responsibilities, and average statewide wages for each career while stepping virtually into these professions. Students may engage directly with partners and will be invited to sign up to learn more about one or more professions of interest.

- (2) Information and data collection for students by setting up a digital profile on Be Pro Be Proud's national "Join the Movement" partnership. With the consent of parents and students participating in the mobile workshops, the data collected shall be shared with the Community Colleges System Office, Department of Public Instruction, Department of Commerce, myFutureNC Commission, industry associations, and companies that are prompted to 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.

1 (2) Second, as provided by any other act of the General Assembly.  
 2 (3) Third, by depositing the net proceeds with the State Treasurer.  
 3 Nothing in this section, however, prohibits the disposition of any State lands by exchange for  
 4 other lands, but if the appraised value in fee simple of any property involved in the exchange is  
 5 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without  
 6 consultation with the Joint Legislative Commission on Governmental Operations.

7 ...  
 8 (d) Notwithstanding any other provision of this Subchapter, the following exceptions  
 9 apply:

- 10 ...
- 11 (11) Except as otherwise provided in this subsection, the net proceeds derived from  
 12 the sale of real property donated to the State and allocated to the Division of  
 13 State Historic Sites or the Division of State History Museums in the  
 14 Department of Natural and Cultural Resources shall be deposited in the State  
 15 Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used  
 16 in accordance with that section.
  - 17 (12) The net proceeds derived from the sale of real property donated to the State  
 18 and allocated to the Tryon Palace Historic Site and Gardens in the Department  
 19 of Natural and Cultural Resources shall be deposited in the Tryon Palace  
 20 Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used  
 21 in accordance with that section.
  - 22 (13) The net proceeds derived from the sale of real property from the Bentonville  
 23 Battlefield State Historic Site donated to the State and allocated to the  
 24 Division of State Historic Sites in the Department of Natural and Cultural  
 25 Resources shall be deposited in the Bentonville Battlefield Fund, created in  
 26 G.S. 121-7.5, and shall be used in accordance with that section.
  - 27 (14) The net proceeds derived from the sale of real property from the North  
 28 Carolina Transportation Museum donated to the State and allocated to the  
 29 Department of Natural and Cultural Resources shall be deposited in the North  
 30 Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be  
 31 used in accordance with that section."

32 **SECTION 14.1.(b)** G.S. 121-7.7(a) reads as rewritten:

33 "(a) Fund. – The State Historic Sites and Museums Fund is created as a special,  
 34 interest-bearing revenue fund in the Division of State Historic Sites and the Division of State  
 35 History Museums. The Fund consists of all receipts derived from the lease or rental of property  
 36 or facilities, disposition of structures or products of the land, donations, gifts, devises, and  
 37 admissions and fees collected at the State Historic Sites, State History Museums, and Maritime  
 38 Museums. The Fund also consists of the net proceeds derived from the sale of real property  
 39 pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation,  
 40 interpretation, maintenance, preservation, development, and expansion of the individual State  
 41 Historic Site, State History Museum, and Maritime Museum where the receipts are generated.  
 42 The respective Division and the staff from each State Historic Site, State History Museum, and  
 43 Maritime Museum shall determine how the funds shall be used at that Historic Site, State History  
 44 Museum, and Maritime Museum."

45 **SECTION 14.1.(c)** G.S. 121-21.1 reads as rewritten:

46 **"§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

47 (a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a  
 48 special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites  
 49 and Gardens. The Fund shall be treated as a special trust fund ~~and shall be credited with interest~~  
 50 ~~by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund fund and shall be~~

1 used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon  
2 Palace Historic Sites and Gardens.

3 (b) ~~Disposition of Fees.— All entrance fee receipts shall be credited to the Tryon Palace~~  
4 ~~Historic Sites and Gardens Fund.~~ Fund Sources. – The Fund consists of (i) all revenues derived  
5 from donations, gifts, devises, grants, admissions, and fees collected at the Tryon Palace Historic  
6 Sites and Gardens, (ii) the net proceeds derived from the sale of real property pursuant to  
7 G.S. 146-30(d)(12), and (iii) interest on funds in the Fund credited by the State Treasurer  
8 pursuant to G.S. 147-69.2 and G.S. 147-69.3.

9 (c) Report. – The Tryon Palace Commission shall submit to the Joint Legislative  
10 Oversight Committee on Agriculture and Natural and Economic Resources, the House of  
11 Representatives Appropriations Committee on Agriculture and Natural and Economic  
12 Resources, the Senate Appropriations Committee on Natural and Economic Resources,  
13 Resources and the Fiscal Research Division by September 30 of each year a report on the Tryon  
14 Palace Historic Sites and Gardens Fund that shall include the source and amounts amount of all  
15 funds credited to the Fund and the purpose and amount of all expenditures from the Fund during  
16 the prior fiscal year."

17 **SECTION 14.1.(d)** G.S. 121-7.5 reads as rewritten:

18 **"§ 121-7.5. Bentonville Battlefield Fund.**

19 (a) Fund. – The Bentonville Battlefield Fund is created as a special—special,  
20 interest-bearing, and nonreverting fund in the Department of Natural and Cultural Resources,  
21 Division of State Historic Sites. The interest earned by the Fund shall be credited to the Fund by  
22 the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be treated as a  
23 special trust fund and shall be used for operation, interpretation, maintenance, preservation,  
24 development, and expansion at Bentonville Battlefield State Historic Site.

25 (b) ~~Disposition of Fees.— Notwithstanding Chapter 146 of the General Statutes, all~~  
26 ~~receipts derived from donations or the lease, rental, or other disposition of structures or products~~  
27 ~~of the land owned by or under the supervision or control of the Division of Historic Sites in~~  
28 ~~Johnston County shall be credited to the Fund.~~ Fund Sources. – Notwithstanding Chapter 146 of  
29 the General Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises,  
30 grants, admissions, and fees collected for the benefit of the Bentonville Battlefield State Historic  
31 Site, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13),  
32 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2  
33 and G.S. 147-69.3.

34 (e) ~~The monies credited to this Fund pursuant to this section are annually appropriated to~~  
35 ~~the Department of Natural and Cultural Resources.~~

36 (d) Report. – The Division of State Historic Sites shall submit to the Joint Legislative  
37 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
38 Research Division by September 30 of each year a report on the Bentonville Battlefield Fund  
39 that shall include the source and amount of all funds credited to the Fund and the purpose and  
40 amount of all expenditures from the Fund during the prior fiscal year."

41 **SECTION 14.1.(e)** G.S. 121-7.6 reads as rewritten:

42 **"§ 121-7.6. North Carolina Transportation Museum special fund.**

43 (a) Fund Established. – The North Carolina Transportation Museum Fund is created as a  
44 special—special, interest-bearing, nonreverting enterprise fund in the Department of Natural and  
45 Cultural Resources. The Fund shall be treated as a special trust fund and shall be used to pay all  
46 costs associated with the operation, interpretation, development, expansion, preservation, and  
47 maintenance of the North Carolina Transportation Museum.

48 (b) ~~Monies Credited to the Fund.— Notwithstanding Chapter 146 of the General Statutes,~~  
49 ~~all receipts derived from the lease, rental, or other disposition of structures or products of the~~  
50 ~~land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited~~  
51 ~~to the Fund. The Fund shall be credited with interest by the State Treasurer pursuant to~~

1 G.S. 147-69.2 and G.S. 147-69.3. Fund Sources. – Notwithstanding Chapter 146 of the General  
 2 Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises, grants,  
 3 admissions, and fees collected by or for the benefit of the North Carolina Transportation Museum  
 4 Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14),  
 5 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2  
 6 and G.S. 147-69.3.

7 (c) Emergency Reserve. – The Department of Natural and Cultural Resources shall  
 8 establish, out of existing unobligated funds including lapsed salaries and unobligated special  
 9 funds, an emergency reserve fund in the amount of three hundred thousand dollars (\$300,000).  
 10 Any use of the emergency reserve will require reimbursement from museum receipts.

11 (d) Audit. – The Fund shall be subject to the oversight of the State Auditor pursuant to  
 12 Article 5A of Chapter 147 of the General Statutes. The Fund shall reimburse the State Auditor  
 13 for the cost of any audit.

14 (e) Report. – The Department of Natural and Cultural Resources shall submit to the Joint  
 15 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
 16 Fiscal Research Division by September 30 of each year a report on the North Carolina  
 17 Transportation Museum Fund that shall include the source and amount of all funds credited to  
 18 the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal  
 19 year."

20  
 21 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**  
 22 **CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING**  
 23 **EXEMPTIONS**

24 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

25 **"§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

26 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
 27 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
 28 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
 29 the provisions and purposes of this ~~Part.~~ Part, including the following:

30 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
 31 empowered to adopt such rules ~~and regulations~~ not inconsistent with the  
 32 management responsibilities of the Secretary of the Department provided by  
 33 Chapter 143A of the General Statutes and laws of this State and this Chapter  
 34 that may be necessary and desirable for the operation and maintenance of the  
 35 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
 36 the heroic participation of the men and women of North Carolina in the  
 37 prosecution and victory of the Second World War and for the faithful  
 38 performance and fulfillment of its duties and obligations.

39 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
 40 duty to charge reasonable admission and related activity fees for admission to  
 41 the ship and to establish standards and adopt rules ~~and regulations:~~ (i)  
 42 establishing and providing for a proper charge for admission to the ship; and  
 43 (ii) for the maintenance and operation of the ship as a permanent memorial  
 44 and exhibit.

45 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
 46 provisions of this Chapter. The Commission is exempt from the requirements  
 47 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
 48 amending, or repealing rules for operating hours and admission fees or related  
 49 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
 50 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
 51 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~

amount and purpose of a fee change within 30 days following its effective date."

**SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

"§ 150B-1. Policy and scope.

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

- ...  
(23) The Department of Natural and Cultural Resources with respect to operating hours, admission fees—fees, or related activity fees at historic sites and museums pursuant to G.S. 121-7.3.  
(24) Tryon Palace Commission with respect to operating hours, admission fees fees, or related activity fees pursuant to G.S. 143B-71.  
(25) U.S.S. Battleship Commission with respect to operating hours, admission fees fees, or related activity fees pursuant to G.S. 143B-73.  
...."

### **ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS**

**SECTION 14.3.(a)** G.S. 143B-135.188(b) reads as rewritten:

"(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The North Carolina Aquariums Fund shall be used for the following purposes with respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

- (1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.  
(2) Payment of the debt service and lease payments related to the financing of facility expansions, subject to G.S. 143B-135.190.  
(3) Matching of private funds that are raised for these purposes.  
(4) Marketing the North Carolina Aquariums."

**SECTION 14.3.(b)** G.S. 143B-135.209(a) reads as rewritten:

"(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoo Fund shall be used for the following types of projects and activities at the North Carolina Zoological Park and to match private funds raised for these ~~types of projects: projects and activities:~~

- (1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.  
(2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).  
(3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.  
(4) Marketing the North Carolina Zoological Park."

### **INCREASE REPAIR AND RENOVATION PROJECT SPENDING CAP**

**SECTION 14.3A.(a)** G.S. 143B-135.188(d) reads as rewritten:

"(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

1 (1) The total project cost is less than ~~three hundred thousand dollars~~  
2 ~~(\$300,000)-five hundred thousand dollars (\$500,000).~~  
3 ...."

4 **SECTION 14.3A.(b)** G.S. 143B-135.209(c) reads as rewritten:

5 "(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for  
6 repair and renovation projects at the North Carolina Zoological Park recommended by the  
7 Council that comply with the following:

8 (1) The total project cost is less than ~~three hundred thousand dollars~~  
9 ~~(\$300,000)-five hundred thousand dollars (\$500,000).~~  
10 ...."

#### 12 **NC TRANSPORTATION MUSEUM ROLLING STOCK**

13 **SECTION 14.3B.** No later than June 30, 2022, and notwithstanding Part 1 of Article  
14 3A of Chapter 143 of the General Statutes, the Department of Natural and Cultural Resources  
15 shall transfer to the North Carolina Transportation Museum Foundation any ownership interest  
16 in the caboose marked RNCX 400500 currently located at the North Carolina Transportation  
17 Museum.

#### 19 **SYMPHONY CHALLENGE GRANT**

20 **SECTION 14.6.(a)** Of the funds appropriated in this act to the Office of State Budget  
21 and Management – Special Appropriations, the sum of two million dollars (\$2,000,000) in  
22 recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North  
23 Carolina Symphony as provided in this section. It is the intent of the General Assembly that the  
24 North Carolina Symphony raise at least five million dollars (\$5,000,000) in non-State funds for  
25 the 2021-2022 fiscal year and five million dollars (\$5,000,000) in non-State funds for the  
26 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the  
27 organization's endowment to its operating budget to achieve the fundraising targets set out in  
28 subsections (b) and (c) of this section.

29 **SECTION 14.6.(b)** For the 2021-2022 fiscal year, the North Carolina Symphony  
30 shall receive allocations from the Office of State Budget and Management as follows:

- 31 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
32 funding, the North Carolina Symphony shall receive the sum of six hundred  
33 thousand dollars (\$600,000).  
34 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
35 non-State funding for a total amount of four million dollars (\$4,000,000) in  
36 non-State funds, the North Carolina Symphony shall receive the sum of seven  
37 hundred thousand dollars (\$700,000).  
38 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in  
39 non-State funding for a total amount of five million dollars (\$5,000,000) in  
40 non-State funds, the North Carolina Symphony shall receive the final sum of  
41 seven hundred thousand dollars (\$700,000) in the 2021-2022 fiscal year.

42 **SECTION 14.6.(c)** For the 2022-2023 fiscal year, the North Carolina Symphony  
43 shall receive allocations from the Office of State Budget and Management as follows:

- 44 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
45 funding, the North Carolina Symphony shall receive the sum of six hundred  
46 thousand dollars (\$600,000).  
47 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
48 non-State funding for a total amount of four million dollars (\$4,000,000) in  
49 non-State funds, the North Carolina Symphony shall receive the sum of seven  
50 hundred thousand dollars (\$700,000).

- 1 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in  
2 non-State funding for a total amount of five million dollars (\$5,000,000) in  
3 non-State funds, the North Carolina Symphony shall receive the final sum of  
4 seven hundred thousand dollars (\$700,000) in the 2022-2023 fiscal year.  
5

## 6 **SUPPORT FOR NC TRAILS**

7 **SECTION 14.7.(a)** Fund Created. – The Complete the Trails Fund (CTF) is  
8 established as a special fund within the Department of Natural and Cultural Resources. The Fund  
9 consists of appropriations or allocations directed by the General Assembly to the Fund,  
10 contributions, and grants from public or private sources. The CTF shall be administered by the  
11 North Carolina Trails Program within the Division of Parks and Recreation. Funds appropriated  
12 in this act to the Department for support of the North Carolina Trails System shall be allocated  
13 to the CTF for the purpose of planning, construction, promotion, and maintenance of component  
14 trails of the North Carolina Trails System. It is the intent of the General Assembly that, where  
15 practicable, these activities be carried out through partnerships with local governments or  
16 nonprofit organizations.

17 **SECTION 14.7.(b)** Eligible Activities. – Except as otherwise specified, funds  
18 distributed under this section may be used for any of the following:

- 19 (1) Planning, design, and related environmental assessment or permitting  
20 activities for natural surface trails and paddle trail facilities.  
21 (2) Land and easement acquisition for natural surface and paddle trails.  
22 (3) Construction or rehabilitation of natural surface trails, bridges and  
23 boardwalks, and trail facilities such as trailheads and camping sites.  
24 (4) Trail signage.  
25 (5) Maintenance activities, including the installation of water bars, relocation of  
26 eroded trail segments, and other activities that will mitigate or prevent future  
27 erosion or deterioration of trails.  
28 (6) Matching funds for federal grants provided to a local government or nonprofit  
29 organization for any of the purposes set forth in this subsection.

30 **SECTION 14.7.(c)** Directive. – Wherever possible and appropriate, bridges,  
31 boardwalks, signage, and other trail facilities shall follow standard designs and specifications as  
32 the Department may specify.

33 **SECTION 14.7.(d)** Funding Requirements. – Funds appropriated by this act to the  
34 State Capital and Infrastructure Fund and allocated to the Department of Natural and Cultural  
35 Resources for the CTF shall be distributed as set forth in this subsection.

- 36 (1) Capacity building funds. – The sum of six hundred thousand dollars  
37 (\$600,000) shall be used for capacity building grants to partner local  
38 governments and nonprofit organizations. The Department shall identify  
39 partners for activities identified in subsection (b) of this section and enter into  
40 Memoranda of Understanding (MOUs) with those partners. Upon signing an  
41 MOU with one or more partners for a component of the North Carolina Trails  
42 System, the Department shall distribute fifty thousand dollars (\$50,000)  
43 among the local governments or nonprofit organizations that have signed  
44 MOUs for that component. Where there is more than one partner organization  
45 for a trail component, the Department shall apportion the funds under this  
46 subdivision based on relative scope of activity for which each partner  
47 organization assumes responsibility in the MOU. Funds allocated by this  
48 subdivision that are not spent or encumbered by June 30, 2023, shall be  
49 reallocated at the Department's discretion among the uses described in  
50 subdivisions (2) and (5) of this subsection.

- 1           (2)     Development funds for land-based trails. – The sum of twenty-five million  
2           one hundred thousand dollars (\$25,100,000) shall be distributed by the  
3           Department in accordance with the partner organization MOUs developed  
4           under subdivision (1) of this subsection for each component of the State Trail  
5           System that is land-based, or has significant land-based components as  
6           follows:
- 7           a.       The Department shall distribute fifteen million one hundred thousand  
8           dollars (\$15,100,000) to the partner organizations for each land-based  
9           trail in proportion to the number of miles of that trail not yet  
10          constructed. These funds may be used for any of the purposes  
11          described in subsection (b) of this section, provided that no more than  
12          fifteen percent (15%) of the funds may be used for the purpose set out  
13          in subdivision (b)(1) of this section.
- 14          b.       The Department shall use ten million dollars (\$10,000,000) to provide  
15          grants for land or easement acquisition to partner organizations  
16          identified as set forth in subdivision (1) of this subsection.
- 17          Funds provided under this subdivision will be used only for trail development  
18          activities in North Carolina.
- 19          (3)     Funds for new paddle trails. – The sum of one million twenty-five thousand  
20          dollars (\$1,025,000) shall be distributed by the Department in equal amounts  
21          to the partner organizations for the Roanoke River Paddle Trail authorized by  
22          subsection (g) of this section and for the Dan River Trail under the MOUs  
23          developed under subdivision (1) of this subsection. With respect to segments  
24          of the Dan River Trail that cross the boundary between the State and the  
25          Commonwealth of Virginia, the partner organizations for the Dan River Trail  
26          may expend trail development funds for the portions of those segments located  
27          within the State if the Commonwealth of Virginia or other non-State of North  
28          Carolina funding sources provide funding proportionate to the mileage of  
29          those segments located in the Commonwealth of Virginia. Trails funded under  
30          this subdivision are not eligible for funding under sub-subdivision (2)a. of this  
31          subsection, but may apply for funds under sub-subdivision (2)b. of this  
32          subsection.
- 33          (4)     Development funds for existing paddle trails. – The sum of four hundred  
34          twenty-five thousand dollars (\$425,000) shall be distributed by the  
35          Department in equal amounts to the partners for the Yadkin River Paddle Trail  
36          and the French Broad River Paddle Trail. These trails are not eligible for  
37          additional funding under subdivision (2) of this subsection.
- 38          (5)     Funds for connecting trails. – The sum of two million one hundred fifty  
39          thousand dollars (\$2,150,000) shall be used to provide grants for planning and  
40          development of connecting trails to eligible local governments. For purposes  
41          of this subdivision, an "eligible local government" is a municipality that is (i)  
42          less than 25,000 in population and (ii) is located within 6 miles of an existing  
43          or planned segment of a component of the State Trails System. Two-thirds of  
44          the funds allocated by this subdivision shall be reserved for municipalities  
45          with a population less than 5,000 with no match required. The remaining funds  
46          allocated by this subdivision shall be reserved for other eligible local  
47          governments and shall be matched dollar for dollar with non-State funds.
- 48          (6)     Saluda Grade study. – The Department shall use no more than two hundred  
49          thousand dollars (\$200,000) of the funds allocated by subdivision (5) of this  
50          subsection to contract with Conserving Carolina, a nonprofit corporation, to  
51          study the feasibility and cost of conversion of the Saluda Grade rail corridor



1 in Polk County to provide a connecting trail from the Ecusta Trail to the  
2 French Broad River Paddle Trail. Any funds remaining after completion of  
3 the contract shall be used for the purposes described in subdivision (2) of this  
4 subsection.

5 **SECTION 14.7.(e)** Administrative Expenses. – Of the funds appropriated to the CTF  
6 by this act, the Department may use up to one percent (1%) for operating and administrative  
7 expenses.

8 **SECTION 14.7.(f)** Reports. – The Department shall provide a report no later than  
9 March 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and  
10 Natural Resources and the Fiscal Research Division regarding any adjustments to the funding  
11 allocations in this section needed to maximize progress towards completion of the State Trails  
12 System. The Department shall also report annually no later than October 1 to the chairs of the  
13 Joint Legislative Oversight Committee on Agriculture and Natural Resources and the Fiscal  
14 Research Division on projects funded during the prior fiscal year. The report shall include a list  
15 of projects grouped by State Trail System components and shall also include, at a minimum, the  
16 project location, the amount of funding awarded, and project metrics such as feet of trail, number  
17 of bridges, other trail facilities, or boardwalks constructed, acres of land acquired, or easements  
18 obtained.

19 **SECTION 14.7.(g)** Authorize Roanoke River Paddle Trail. – The General Assembly  
20 authorizes the Department of Natural and Cultural Resources to add the Roanoke River Paddle  
21 Trail in Halifax, Northampton, Bertie, Martin, and Washington Counties to the State Parks  
22 System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support,  
23 promote, encourage, and facilitate the establishment of trail segments and facilities on State park  
24 lands and on lands of other federal, State, local, and private landowners. On segments of the  
25 Roanoke River Paddle Trail that cross or abut property controlled by agencies or owners other  
26 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those  
27 agencies or owners shall govern the use of the property. The State may receive donations of  
28 appropriate land and may purchase other needed lands for the Roanoke River Paddle Trail with  
29 existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal  
30 Land and Water Conservation Fund, and other available sources of funding.

### 31 32 **GRANTS TO ADAPT OR CONSTRUCT PARKS FACILITIES FOR PERSONS WITH** 33 **DISABILITIES**

34 **SECTION 14.8.(a)** Grant Purposes. – Funds allocated in this act from the State  
35 Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching  
36 grants to local parks facilities for children with disabilities and veterans with disabilities shall be  
37 used exclusively for grants to local government units or public authorities, as defined in  
38 G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the  
39 unique needs of children with disabilities and veterans with disabilities or that enable them to  
40 participate in recreational and sporting activities, regardless of their abilities.

41 **SECTION 14.8.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56  
42 to the contrary, a local government unit or public authority receiving a grant under this section  
43 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five  
44 dollars (\$5.00) of State funds.

45 **SECTION 14.8.(c)** Limitation. – Grants made under this section shall not exceed  
46 five hundred thousand dollars (\$500,000) per project.

### 47 48 **AMERICAN INDIAN HERITAGE COMMISSION**

49 **SECTION 14.9.(a)** Article 2 of Chapter 143B of the General Statutes is amended by  
50 adding a new Part to read:

51 "Part 30A. American Indian Heritage Commission.

1 **"§ 143B-135.5. American Indian Heritage Commission established.**

2 (a) Creation and Duties. – There is created the American Indian Heritage Commission in  
3 the Department of Natural and Cultural Resources. The Commission shall advise and assist the  
4 Secretary of Natural and Cultural Resources in the preservation, interpretation, and promotion of  
5 American Indian history, arts, customs, and culture. The Commission shall have the following  
6 powers and duties:

7 (1) Assist in the coordination of American Indian cultural events.

8 (2) Advise the Secretary of Natural and Cultural Resources on the oversight and  
9 management of all State-managed American Indian historic sites.

10 (3) Promote public awareness of the annual American Indian Heritage Month  
11 Celebration.

12 (4) Encourage American Indian cultural tourism throughout the State of North  
13 Carolina.

14 (5) Advise the Secretary of Natural and Cultural Resources upon any matter the  
15 Secretary may refer to it.

16 (b) Members. – The Commission shall consist of 12 members. The initial board shall be  
17 selected on or before October 1, 2021, as follows:

18 (1) One representative recommended by each of the following tribes: Coharie,  
19 Eastern Band of Cherokee Nation, Haliwa-Saponi, Lumbee, Meherrin,  
20 Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan.

21 (2) One representative recommended by each of the following organizations:  
22 Cumberland County Association for Indian People, Guilford Native American  
23 Association, Metrolina Native American Association, and the Triangle Native  
24 American Society.

25 (c) Terms. – The members recommended by the Coharie, Eastern Band of Cherokee  
26 Nation, Haliwa-Saponi, and Lumbee Tribes and the members recommended by the Cumberland  
27 County Association for Indian People and the Guilford Native American Association shall serve  
28 initial terms of two years expiring on June 30, 2023. The members recommended by the  
29 Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan Tribes and  
30 the members recommended by the Metrolina Native American Association and the Triangle  
31 Native American Society shall serve initial terms of three years expiring on June 30, 2024. Upon  
32 the expiration of the terms of the initial members of the Commission, each member shall be  
33 appointed to terms for three years and shall serve until a successor is appointed.

34 (d) Vacancies. – A vacancy shall be filled in the same manner as the original appointment.  
35 Appointees to fill vacancies shall serve the remainder of the unexpired term and until their  
36 successors have been duly appointed and qualified.

37 (e) Removal. – The Commission may remove a member for misfeasance, malfeasance,  
38 nonfeasance, or neglect of duty.

39 (f) Officers. – The chair shall be elected from among the membership. The Commission  
40 shall select its other officers from among the membership as it deems necessary. All officers  
41 serve for one year or until successors are qualified.

42 (g) Meetings; Quorum. – The Commission shall meet at least semiannually to conduct  
43 business. The Commission shall establish the procedures for calling, holding, and conducting  
44 regular and special meetings. A majority of Commission members shall constitute a quorum. The  
45 Department of Natural and Cultural Resources shall provide space for the Commission to meet.

46 (h) Compensation. – The Commission members shall receive no salary as a result of  
47 servicing on the Commission but shall receive per diem, subsistence, and travel expenses in  
48 accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable.

49 (i) Staffing. – The Secretary of the Department of Natural and Cultural Resources shall  
50 be responsible for staffing the Commission."

51 **SECTION 14.9.(b)** This section is effective when it becomes law.

**AUTHORIZE BAKERS LAKE STATE NATURAL AREA**

**SECTION 14.10.(a)** The General Assembly authorizes the Department of Natural and Cultural Resources to add Bakers Lake State Natural Area in Bladen County to the State Parks System, as provided in G.S. 143B-135.54(b). The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands for the Bakers Lake State Natural Area with existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

**SECTION 14.10.(b)** This section is effective when it becomes law.

**NC LAND AND WATER FUND ADMINISTRATIVE COST ALLOWANCE**

**SECTION 14.11.** The Department may use up to three percent (3%) of the funds transferred from the State Capital and Infrastructure Fund and the State Emergency Response and Disaster Relief Reserve to the North Carolina Land and Water Fund in this act for administrative costs for the purposes as prescribed in G.S. 143B-135.234(c).

**PART XV. WILDLIFE RESOURCES COMMISSION****ABANDONED AND DERELICT VESSELS**

**SECTION 15.1.(a)** Funds appropriated in this act to the Wildlife Resources Commission and allocated for removal of abandoned and derelict vessels shall be used by the Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as amended by Section 4 of S.L. 2020-74.

**SECTION 15.1.(b)** The Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in the waters of the State and upon the lands of the State and determine measures needed (i) to facilitate the identification of owners or other responsible persons for abandoned or derelict vessels for the purpose of requiring those persons to take responsibility for their vessels and (ii) in cases where no responsible owner may be found, to provide the State with adequate authority and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels. In its study, the Committee shall also consider the efficacy and need for new or revised insurance requirements for private vessel owners and for enhancement to civil or criminal remedies with respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.

**PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS****COLLECTION OF WORTHLESS CHECKS**

**SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2021, for the purchase or repair of office or information technology equipment during the 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2022, for the purchase or repair of office or information technology equipment during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

**MAGISTRATE/CLERK STAFFING PILOT PROJECT**

**SECTION 16.2.(a)** Notwithstanding the minimum staffing number in G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

**SECTION 16.2.(b)** The Administrative Office of the Courts shall report by March 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding all hires made pursuant to subsection (a) of this section.

**DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS**

**SECTION 16.3.** No Transfer of Funds. – For each year of the 2021-2023 fiscal biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent of the Conference of District Attorneys as communicated by the Conference's Executive Director to the Administrative Office of the Courts.

**WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING**

**SECTION 16.4.(a)** G.S. 15A-145.9 is amended by adding a new subsection to read: "**(k) Costs Waived.** – The costs of expunging the records shall not be taxed against the petitioner."

**SECTION 16.4.(b)** This section becomes effective December 1, 2021, and applies to expunction costs incurred on or after that date.

**ESTABLISH AND SUPPORT VETERANS TREATMENT COURT PILOT PROGRAMS**

**SECTION 16.5.(a)** Veterans Treatment Court Pilot Programs. – The Administrative Office of the Courts, in coordination with the District Attorney's Offices in Cumberland County and Onslow County, shall establish pilot programs that create Cumberland County and Onslow County veterans treatment courts, as governed by Article 62 of Chapter 7A of the General Statutes.

**SECTION 16.5.(b)** Report. – The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the results of the pilot programs established in this section no later than February 1 of each year following a year in which a pilot program receives funding from the State.

**SECTION 16.5.(c)** Policy. – It is the intent of the General Assembly that appropriations made in this act to aid Cumberland County and Onslow County to create and operate veterans treatment courts are made on a one-time basis for the 2022-2023 fiscal year and other funding sources should be sought to fund this program in future fiscal years.

**MODIFY DISTRICT COURT JUDGE NUMBERS, DISTRICTS, AND RESIDENCY REQUIREMENTS AND ADD MAGISTRATES TO UNION COUNTY**

**SECTION 16.7.(a)** G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates

1			Pasquotank
2			Perquimans
3	2	<u>43</u>	Martin
4			Beaufort
5			Tyrrell
6			Hyde
7			Washington
8	3A	6	Pitt
9	3B	6	Craven
10			Pamlico
11			Carteret
12	4	9	Sampson
13			Duplin
14			Jones
15			Onslow
16	5	9	New Hanover
17			Pender
18	6	4	Northampton
19			Bertie
20			Hertford
21			Halifax
22	7	7	Nash
23			Edgecombe
24			Wilson
25	8	6	Wayne
26			Greene
27			Lenoir
28	9	5	Granville
29			(part of Vance
30			see subsection
31			(b))
32			Franklin
33			Person
34	9B	2	Warren
35			(part of Vance
36			see subsection (b))
37	10A	3	(part of Wake
38			see subsection (b))
39	10B	3	(part of Wake
40			see subsection (b))
41	10C	3	(part of Wake
42			see subsection (b))
43	10D	5	(part of Wake
44			see subsection (b))
45	10E	3	(part of Wake
46			see subsection (b))
47	10F	3	(part of Wake
48			see subsection (b))
49	11	11	Harnett
50			Johnston
51			Lee

1	12	10	Cumberland
2	13	6	Bladen
3			Brunswick
4			Columbus
5	14	7	Durham
6	15A	4	Alamance
7	15B	5	Orange
8			Chatham
9	16A	4	Scotland
10			Anson
11			Richmond
12	16B	6	Robeson
13	17A	4	Caswell
14			Rockingham
15	17B	4	Stokes
16			Surry
17	18	14	Guilford
18	19A	6	Cabarrus
19	19B	5	Randolph
20	19C	5	Rowan
21	19D	4	Hoke
22			Moore
23	20A	3	Montgomery
24			Stanly
25	20B	1	(part of Union
26			see subsection
27			(b))
28	20C	2	(part of Union
29			see subsection
30			(b))
31	20D	2	Union
32	21	11	Forsyth
33	22A	6	Alexander
34			Iredell
35	22B	6	Davidson
36			Davie
37	23	4	Alleghany
38			Ashe
39			Wilkes
40			Yadkin
41	24	4	Avery
42			Madison
43			Mitchell
44			Watauga
45			Yancey
46	25	10	Burke
47			Caldwell
48			Catawba
49	26	21	Mecklenburg
50	27A	7	Gaston
51	27B	6	Cleveland

1			Lincoln
2	28	7	Buncombe
3	29A	4	McDowell
4			Rutherford
5	29B	4 <del>5</del>	Henderson
6			Polk
7			Transylvania
8	30	6	Cherokee
9			Clay
10			Graham
11			Haywood
12			Jackson
13			Macon
14			Swain."

15 **SECTION 16.7.(b)** G.S. 7A-133, as amended by subsection (a) of this section, reads  
 16 as rewritten:

17 **"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 18 **court, by counties.**

19 (a) Each district court district shall have the numbers of judges as set forth in the  
 20 following table:

21	<u>District</u>	<u>Judges</u>	<u>County</u>
22	1	5	Camden
23			Chowan
24			Currituck
25			Dare
26			Gates
27			Pasquotank
28			Perquimans
29	2	3	Martin
30			Beaufort
31			Tyrrell
32			Hyde
33			Washington
34	3A	6	Pitt
35	3B	6	Craven
36			Pamlico
37			Carteret
38	4	9	Sampson
39			Duplin
40			Jones
41			Onslow
42	5	9	New Hanover
43			Pender
44	6	4	Northampton
45			Bertie
46			Hertford
47			Halifax
48	7	7	Nash
49			Edgecombe
50			Wilson
51	8	6	Wayne

1			Greene
2			Lenoir
3	9	5	Granville
4			(part of Vance
5			see subsection
6			(b))
7			Franklin
8			Person
9	9B	2	Warren
10			(part of Vance
11			see subsection (b))
12	10A	3	(part of Wake
13			see subsection (b))
14	10B	3	(part of Wake
15			see subsection (b))
16	10C	3	(part of Wake
17			see subsection (b))
18	10D	5	(part of Wake
19			see subsection (b))
20	10E	3	(part of Wake
21			see subsection (b))
22	10F	3	(part of Wake
23			see subsection (b))
24	11	11	Harnett
25			Johnston
26			Lee
27	12	10	Cumberland
28	13	6	Bladen
29			Brunswick
30			Columbus
31	14	7	Durham
32	15A	4	Alamance
33	15B	5	Orange
34			Chatham
35	16A	4	Scotland
36			Anson
37			Richmond
38	16B	6	Robeson
39	17A	4	Caswell
40			Rockingham
41	17B	4	Stokes
42			Surry
43	18	14	Guilford
44	19A	6	Cabarrus
45	19B	5	Randolph
46	19C	5	Rowan
47	19D	4	Hoke
48			Moore
49	20A	3	Montgomery
50			Stanly
51	<del>20B</del>	<del>4</del>	<del>(part of Union</del>



1			see subsection
2			(b))
3	<del>20C</del>	<del>2</del>	(part of Union
4			see subsection
5			(b))
6	<del>20D</del> <u>20B</u>	<del>25</del>	Union
7	21	11	Forsyth
8	22A	6	Alexander
9			Iredell
10	22B	6	Davidson
11			Davie
12	23	4	Alleghany
13			Ashe
14			Wilkes
15			Yadkin
16	24	4	Avery
17			Madison
18			Mitchell
19			Watauga
20			Yancey
21	25	10	Burke
22			Caldwell
23			Catawba
24	26	21	Mecklenburg
25	27A	7	Gaston
26	27B	6	Cleveland
27			Lincoln
28	28	7	Buncombe
29	29A	4	McDowell
30			Rutherford
31	29B	5	Henderson
32			Polk
33			Transylvania
34	30	<del>67</del>	Cherokee
35			Clay
36			Graham
37			Haywood
38			Jackson
39			Macon
40			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- 43 ...
- 44 (3) ~~District Court District 20C consists of the remainder of Union County not in~~
- 45 ~~District Court District 20B.~~
- 46 (4) ~~District Court District 20B consists of Precinct 01: Tract 204.01: Block Group~~
- 47 ~~2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062,~~
- 48 ~~Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block~~
- 49 ~~2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block~~
- 50 ~~2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block~~
- 51 ~~2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block~~

1 ~~2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block~~  
 2 ~~2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3:~~  
 3 ~~Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007,~~  
 4 ~~Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013,~~  
 5 ~~Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019,~~  
 6 ~~Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025,~~  
 7 ~~Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031,~~  
 8 ~~Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037,~~  
 9 ~~Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043,~~  
 10 ~~Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block~~  
 11 ~~4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block~~  
 12 ~~1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block~~  
 13 ~~1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block~~  
 14 ~~1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block~~  
 15 ~~1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block~~  
 16 ~~1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099,~~  
 17 ~~Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036,~~  
 18 ~~Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block~~  
 19 ~~4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1:~~  
 20 ~~Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018,~~  
 21 ~~Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block~~  
 22 ~~2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block~~  
 23 ~~2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block~~  
 24 ~~2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct~~  
 25 ~~08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group~~  
 26 ~~4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct~~  
 27 ~~34, Precinct 36, Precinct 43 of Union County.~~

28 ...

29 The names and boundaries of voting tabulation districts specified for Wake County, and  
 30 Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line  
 31 Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services  
 32 Office's redistricting computer database on January 1, 2005; and for other counties are those  
 33 reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census  
 34 in the IVTD Version of the TIGER files.

35 ...

36 (b8) The qualified voters of District Court District 30 shall elect all judges established for  
 37 District 30 in subsection (a) of this section, but only persons who reside in Cherokee, Clay,  
 38 Graham, or Macon County may be candidates for one of the judgeships.

39 ...."

**SECTION 16.7.(c)** G.S. 7A-133(c) reads as rewritten:

41 "(c) Each county shall have the numbers of magistrates and additional seats of district  
 42 court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
Camden	3	
Chowan	3	
Currituck	3	
Dare	4	
Gates	2	
Pasquotank	4	
Perquimans	3	

1	Martin	3	
2	Beaufort	4	
3	Tyrrell	3	
4	Hyde	3.5	
5	Washington	3	
6	Pitt	10.5	Farmville
7			Ayden
8	Craven	8	Havelock
9	Pamlico	3	
10	Carteret	6	
11	Sampson	5	
12	Duplin	4	
13	Jones	2	
14	Onslow	11	
15	New Hanover	11	
16	Pender	3.8	
17	Halifax	7	Roanoke Rapids,
18			Scotland Neck
19	Northampton	3	
20	Bertie	3	
21	Hertford	3	
22	Nash	9	Rocky Mount
23	Edgecombe	7	Rocky Mount
24	Wilson	7	
25	Wayne	9	Mount Olive
26	Greene	3	
27	Lenoir	7	La Grange
28	Granville	5	
29	Vance	6	
30	Warren	3	
31	Franklin	4	
32	Person	4	
33	Caswell	3	
34	Wake	18.5	Apex, Wendell,
35			Fuquay-Varina,
36			Wake Forest
37	Harnett	8	Dunn
38	Johnston	10	Benson,
39			Clayton,
40			Selma
41	Lee	5	
42	Cumberland	19	
43	Bladen	3	
44	Brunswick	8	
45	Columbus	5	Tabor City
46	Durham	13	
47	Alamance	12	Burlington
48	Orange	7	Chapel Hill
49	Chatham	4	Siler City
50	Scotland	5	
51	Hoke	3	

1	Robeson	12	Fairmont,
2			Maxton,
3			Pembroke,
4			Red Springs,
5			Rowland,
6			St. Pauls
7	Rockingham	7	Reidsville,
8			Eden,
9			Madison
10	Stokes	3	
11	Surry	6	Mt. Airy
12	Guilford	24.4	High Point
13	Cabarrus	9	Kannapolis
14	Montgomery	3	
15	Randolph	9	Liberty
16	Rowan	9	
17	Stanly	5	
18	Union	7 <sup>9</sup>	
19	Anson	3	
20	Richmond	5	Hamlet
21	Moore	5	Southern
22			Pines
23	Forsyth	15	Kernersville
24	Alexander	3	
25	Davidson	8	Thomasville
26	Davie	3	
27	Iredell	9	Mooresville
28	Alleghany	2	
29	Ashe	3	
30	Wilkes	6	
31	Yadkin	3	
32	Avery	3	
33	Madison	3	
34	Mitchell	3	
35	Watauga	4	
36	Yancey	3	
37	Burke	5.6	
38	Caldwell	6	
39	Catawba	10	Hickory
40	Mecklenburg	26.50	
41	Gaston	17	
42	Cleveland	7	
43	Lincoln	5	
44	Buncombe	15	
45	Henderson	6.5	
46	McDowell	3	
47	Polk	3	
48	Rutherford	6	
49	Transylvania	3	
50	Cherokee	3	
51	Clay	2	

1	Graham	2	
2	Haywood	5	Canton
3	Jackson	3	
4	Macon	3	
5	Swain	3."	

6       **SECTION 16.7.(d)** The judicial residency requirement for District Court District 30  
 7 created in subsection (b) of this section shall apply to the judgeship added to District Court  
 8 District 30 in subsection (b) of this section.

9       **SECTION 16.7.(e)** Subsection (a) of this section becomes effective January 1, 2023,  
 10 and elections conducted in 2022 shall be held accordingly. Subsection (c) of this section becomes  
 11 effective January 1, 2022. The remainder of this section becomes effective January 1, 2025, and  
 12 elections conducted in 2024 shall be held accordingly.

13  
 14 **MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION**

15       **SECTION 16.8.** G.S. 7A-60(a1) reads as rewritten:

16       "(a1) **(Effective January 1, 2021 through December 31, 2022)** The counties of the State  
 17 are organized into prosecutorial districts, and each district has the counties and the number of  
 18 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>
22	1	Camden, Chowan, Currituck,	12
23		Dare, Gates, Pasquotank,	
24		Perquimans	
25	2	Beaufort, Hyde, Martin,	8
26		Tyrrell, Washington	
27	3	Pitt	<del>12</del> <u>13</u>
28	4	Carteret, Craven, Pamlico	<del>13</del> <u>14</u>
29	5	Duplin, Jones, Onslow,	20
30		Sampson	
31	6	New Hanover, Pender	20
32	7	Bertie, Halifax, Hertford,	11
33		Northampton	
34	8	Edgecombe, Nash, Wilson	<del>19</del> <u>20</u>
35	9	Greene, Lenoir, Wayne	<del>15</del> <u>16</u>
36	10	Wake	<del>42</del> <u>43</u>
37	11	Franklin, Granville, Person	<del>15</del> <u>16</u>
38		Vance, Warren	
39	12	Harnett, Lee	12
40	13	Johnston	<del>11</del> <u>12</u>
41	14	Cumberland	25
42	15	Bladen, Brunswick, Columbus	15
43	16	Durham	18
44	17	Alamance	12
45	18	Orange, Chatham	10
46	20	Robeson	13
47	21	Anson, Richmond, Scotland	<del>9</del> <u>10</u>
48	22	Caswell, Rockingham	9
49	23	Stokes, Surry	8
50	24	Guilford	<del>35</del> <u>38</u>
51	25	Cabarrus	10

1	26	Mecklenburg	58
2	27	Rowan	9
3	29	Hoke, Moore	9
4	28	Montgomery, Stanly	6
5	30	Union	11
6	31	Forsyth	27
7	32	Alexander, Iredell	<del>13</del> <u>14</u>
8	33	Davidson, Davie	<del>12</del> <u>13</u>
9	34	Alleghany, Ashe, Wilkes,	9
10		Yadkin	
11	35	Avery, Madison, Mitchell,	8
12		Watauga, Yancey	
13	36	Burke, Caldwell, Catawba	<del>20</del> <u>21</u>
14	37	Randolph	10
15	38	Gaston	<del>16</del> <u>17</u>
16	39	Cleveland,	13
17		Lincoln	
18	40	Buncombe	14
19	41	McDowell, Rutherford	8
20	42	Henderson, Polk, Transylvania	<u>9</u> <u>10</u>
21	43	Cherokee, Clay, Graham,	<del>13</del> <u>14</u>
22		Haywood, Jackson, Macon,	
23		Swain.	

(a1) **(Effective January 1, 2023)** The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

	<i>Prosecutorial District</i>	<i>Counties</i>	<i>No. of Full-Time Asst. District Attorneys</i>
28			
29			
30	1	Camden, Chowan, Currituck,	12
31		Dare, Gates, Pasquotank,	
32		Perquimans	
33	2	Beaufort, Hyde, Martin,	8
34		Tyrrell, Washington	
35	3	Pitt	13
36	4	Carteret, Craven, Pamlico	14
37	5	Duplin, Jones, Onslow,	20
38		Sampson	
39	6	New Hanover, Pender	20
40	7	Bertie, Halifax, Hertford,	11
41		Northampton	
42	8	Edgecombe, Nash, Wilson	20
43	9	Greene, Lenoir, Wayne	16
44	10	Wake	43
45	11	Franklin, Granville, Person	16
46		Vance, Warren	
47	12	Harnett, Lee	12
48	13	Johnston	12
49	14	Cumberland	25
50	15	Bladen, Brunswick, Columbus	15
51	16	Durham	18

1	17	Alamance	12
2	18	Orange, Chatham	10
3	20	Robeson	13
4	21	Anson, Richmond, Scotland	10
5	22	Caswell, Rockingham	9
6	23	Stokes, Surry	8
7	24	Guilford	38
8	25	Cabarrus	10
9	26	Mecklenburg	58
10	27	Rowan	9
11	29	Hoke, Moore	9
12	28	Montgomery, Stanly	6
13	30	Union	11
14	31	Forsyth	27
15	32	Alexander, Iredell	14
16	33	Davidson, Davie	13
17	34	Alleghany, Ashe, Wilkes,	9
18		Yadkin	
19	35	Avery, Madison, Mitchell,	8
20		Watauga, Yancey	
21	36	Burke, Caldwell	4011
22	37	Randolph	10
23	38	Gaston	17
24	39	Cleveland,	13
25		Lincoln	
26	40	Buncombe	14
27	41	McDowell, Rutherford	8
28	42	Henderson, Polk, Transylvania	10
29	43	Cherokee, Clay, Graham,	14
30		Haywood, Jackson, Macon,	
31		<del>Swain</del> Swain	
32	44	Catawba	4010."

**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:

1       "(b) Lapsed salary savings shall not be used to pay for litigation services provided by  
2 private counsel. As used in this subsection, litigation services and private counsel are as defined  
3 in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services  
4 provided by private counsel retained by the Judicial Department for the defense of an official or  
5 employee of the Department in any action arising from conduct undertaken in the course of the  
6 official's or employee's official duties and in which the Attorney General has declined to provide  
7 the litigation services."

8           **SECTION 16.10.(c)** G.S. 114-2.3(a) reads as rewritten:

9       "(a) Every agency, institution, department, bureau, board, or commission of the State,  
10 authorized by law to retain private counsel, shall obtain written permission from the Attorney  
11 General prior to employing private counsel. This section does not apply to counties, cities, towns,  
12 other municipal corporations or political subdivisions of the State, or any agencies of these  
13 municipal corporations or political subdivisions, or to county or city boards of education. This  
14 subsection does not apply to private counsel retained by the Judicial Department for the defense  
15 of an official or employee of the Department in any action arising from conduct undertaken in  
16 the course of the official's or employee's official duties and in which the Attorney General has  
17 declined to provide the litigation services."

18           **SECTION 16.10.(d)** G.S. 147-17(a) reads as rewritten:

19       "(a) No department, officer, agency, institution, commission, bureau or other organized  
20 activity of the State which receives support in whole or in part from the State shall employ private  
21 counsel, except with the approval of the Governor. The Governor shall give his approval only if  
22 the Attorney General has advised him, as provided in subsection (b) of this section, that it is  
23 impracticable for the Attorney General to render the legal services. In any case or proceeding,  
24 civil or criminal, in or before any court or agency of this State or any other state or the United  
25 States, or in any other matter in which the State of North Carolina is interested, the Governor  
26 may employ private counsel as he may deem proper or necessary to represent the interest of the  
27 State, and may fix the compensation for their services, subject to the provisions of subsection  
28 (c1) of this section. This subsection does not apply to private counsel retained by the Judicial  
29 Department for the defense of an official or employee of the Department in any action arising  
30 from conduct undertaken in the course of the official's or employee's official duties and in which  
31 the Attorney General has declined to provide the litigation services."

32           **SECTION 16.10.(e)** This section is effective when it becomes law.  
33

## 34 **COURTHOUSE RESPONSIVENESS RESOURCES**

35           **SECTION 16.11.** Of the funds appropriated in this act from the State Fiscal  
36 Recovery Fund to the Administrative Office of the Courts for temporary court personnel to  
37 address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine  
38 thousand one hundred seventy dollars (\$799,170) may be used to support up to 12.25 time-limited  
39 positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining  
40 funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office  
41 of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19  
42 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.  
43

## 44 **CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT** 45 **SHOP**

46           **SECTION 16.12.(a)** G.S. 7A-20(b) reads as rewritten:

47       "(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from  
48 time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the  
49 State Treasurer. Charges to litigants for document management and the reproduction of appellate  
50 records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate  
51 Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of



1 the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A  
2 of Chapter 147 of the General Statutes."

3 **SECTION 16.12.(b)** G.S. 7A-343.3 reads as rewritten:

4 "**§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

5 The Appellate Courts Printing and Computer Operations Fund is established within the  
6 Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly,  
7 interest and other investment income earned by the Fund shall be credited to it. All moneys  
8 collected through charges to litigants for document management and the reproduction of  
9 appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State  
10 Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~  
11 document management shop operations of the Supreme Court and the Court of Appeals,  
12 including personnel, maintenance, and capital costs. The Judicial Department may create and  
13 maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate  
14 and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior  
15 to creating such new positions."

16 **SECTION 16.12.(c)** This section becomes effective October 1, 2021, and applies to  
17 services rendered on or after that date.

18  
19 **MODIFY TRIAL COURT COSTS**

20 **SECTION 16.15.(a)** G.S. 7A-304(a) reads as rewritten:

21 "(a) In every criminal case in the superior or district court, wherein the defendant is  
22 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
23 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
24 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
25 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
26 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),  
27 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or  
28 costs without providing notice and opportunity to be heard by all government entities directly  
29 affected. The court shall provide notice to the government entities directly affected of (i) the date  
30 and time of the hearing and (ii) the right to be heard and make an objection to the remission or  
31 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be  
32 made to the government entities affected by first-class mail to the address provided for receipt of  
33 court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

34 ...

35 ~~(3b) For the services, staffing, and operations of the Criminal Justice Education~~  
36 ~~and Training Standards Commission, the sum of three dollars (\$3.00) to be~~  
37 ~~remitted to the Department of Justice.~~

38 (3c) For legal representation to indigent defendants and others entitled to counsel  
39 under North Carolina law, the sum of ~~two five~~ five dollars ~~(\$2.00)-(\$5.00)~~ to be  
40 remitted to the Office of Indigent Defense ~~Services.~~ Services for the Private  
41 Assigned Counsel Fund.

42 ...."

43 **SECTION 16.15.(b)** This section becomes effective December 1, 2021, and applies  
44 to costs assessed on or after that date.

45  
46 **ADD TRIAL COURT ADMINISTRATORS/COORDINATORS AND JUDICIAL**  
47 **ASSISTANTS/MODIFY RELATED PROVISIONS**

48 **SECTION 16.16.(a)** Article 29A of Chapter 7A of the General Statutes reads as  
49 rewritten:

50 "Article 29A.

51 "Trial Court Administrators.

**"§ 7A-355. Trial court administrators.**

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court administrators: ~~Set of districts 10A, 10B, 10C, 10D; District 22 and District 28, and such other districts or sets of districts as may be designated by the Administrative Office of the Courts~~ administrators as set forth in the following table:

<u>Districts or Sets of Districts</u>	<u>County or Counties</u>
<u>Districts 3A and 3B</u>	<u>Pitt</u> <u>Carteret</u> <u>Craven</u> <u>Pamlico</u>
<u>Districts 5A, 5B, and 5C</u>	<u>Pender</u> <u>New Hanover</u>
<u>Districts 10A, 10B, 10C, 10D, 10E, and 10F</u>	<u>Wake</u>
<u>Districts 11A and 11B</u>	<u>Harnett</u> <u>Lee</u> <u>Johnston</u>
<u>Districts 12A, 12B, and 12C</u>	<u>Cumberland</u>
<u>Districts 14A and 14B</u>	<u>Durham</u>
<u>Districts 15A and 15B</u>	<u>Alamance</u> <u>Orange</u> <u>Chatham</u>
<u>Districts 18A, 18B, 18C, 18D, and 18E</u>	<u>Guilford</u>
<u>Districts 19A, 19B, 19C, and 19D</u>	<u>Cabarrus</u> <u>Randolph</u> <u>Rowan</u> <u>Hoke</u> <u>Moore</u>
<u>Districts 20A and 20B</u>	<u>Montgomery</u> <u>Stanly</u> <u>Union</u>
<u>Districts 21A, 21B, 21C, and 21D</u>	<u>Forsyth</u>
<u>Districts 22A and 22B</u>	<u>Alexander</u> <u>Iredell</u> <u>Davidson</u> <u>Davie</u>
<u>Districts 25A and 25B</u>	<u>Burke</u> <u>Caldwell</u> <u>Catawba</u>
<u>Districts 26A, 26B, 26C, 26D, 26E, 26F, 26G, and 26H</u>	<u>Mecklenburg</u>
<u>Districts 27A and 27B</u>	<u>Gaston</u> <u>Cleveland</u> <u>Lincoln</u>
<u>District 28</u>	<u>Buncombe</u>
<u>Districts 29A and 29B</u>	<u>McDowell</u> <u>Rutherford</u> <u>Henderson</u> <u>Polk</u> <u>Transylvania</u>

**"§ 7A-355.1. Selection.**

Trial court administrators shall be selected by the most tenured senior resident superior court judge within the district or set of districts within which a trial court administrator has been

1 assigned under G.S. 7A-355, in consultation with the most tenured chief district court judge  
2 serving within that district or set of districts.

3 **"§ 7A-356. Duties.**

4 (a) The duties of each trial court administrator shall be to ~~assist in managing civil dockets,~~  
5 ~~to improve jury utilization and to perform such duties tasks~~ as may be assigned by the senior  
6 resident superior court judge of ~~his~~ the trial court administrator's district or set of districts as  
7 defined in G.S. 7A-41.1(a) or by other judges designated by that senior resident superior court  
8 judge. G.S. 7A-41.1(a). The senior resident superior court judge may designate other judges of  
9 the General Court of Justice, including the chief district court judge of the trial court  
10 administrator's district or set of districts, the authority to assign duties to the trial court  
11 administrator.

12 (b) The duties of each trial court administrator shall equally serve the needs of each court  
13 of general jurisdiction and county within the district or set of districts that the trial court  
14 administrator serves.

15 (c) The duties assigned to each trial court administrator shall at a minimum include the  
16 following:

- 17 (1) Serving as the local courts appointee to committees, projects, and meetings at  
18 the local, State, and national level.
- 19 (2) Working directly with local court officials to initiate and coordinate  
20 discussion, identify district-wide problems, and recommend solutions when  
21 issues affecting a local court arise.
- 22 (3) Tracking, developing, and implementing national court trends to lead to a  
23 more efficient and effective local and statewide court system.
- 24 (4) Managing court facilities.
- 25 (5) Establishing and managing local court policies and rules.
- 26 (6) Planning and statistical reporting.
- 27 (7) Managing personnel.
- 28 (8) Serving as the local court's liaison with other governmental and private  
29 organizations, the press, and the public.

30 (d) No later than April 1 and October 1 of each year, each trial court administrator shall  
31 report to the Director of the Administrative Office of the Courts regarding the current state and  
32 needs of the trial court administrator's district or set of districts. The reports required by this  
33 subsection shall begin in the year 2022.

34 **"§ 7A-357. Minimum requirements.**

35 Trial court administrators shall at a minimum meet each of the following requirements:

- 36 (1) Possess a bachelor's degree or have equivalent years of judicial branch service  
37 in the field of court management.
- 38 (2) Complete 15 hours of continuing judicial education or continuing legal  
39 education biannually."

40 **SECTION 16.16.(b)** Chapter 7A of the General Statutes is amended by adding a  
41 new Article to read:

42 "Article 29B.

43 "Trial Court Coordinators.

44 **"§ 7A-366. Trial court coordinators.**

45 (a) The following court management positions shall be allocated as a trial court  
46 coordinator pursuant to this section:

- 47 (1) Trial Court Coordinator.
- 48 (2) Family Court Administrator I.
- 49 (3) Family Court Administrator II.
- 50 (4) Family Court Case Coordinators.

(5) Any court manager classified as a Project Coordinator whose direct hiring authority is a senior resident superior court judge or chief district court judge in any judicial district of this State.

(b) All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a) shall have court management positions in an amount that is consistent at a minimum with the ratio of judge to court management position in the following table:

Table of Staffing Ratio for Court Management Positions.

<u>Superior Court Judge Allocation</u>	<u>Court Management Position Allocation</u>
<u>1</u>	<u>1</u>
<u>2-3</u>	<u>2</u>
<u>4-6</u>	<u>3.</u>

(c) All district court districts shall have court management positions in an amount that is consistent at a minimum with the ratio of judge to court management position in the following table:

Table of Staffing Ratio for Court Management Positions.

<u>District Court Judge Allocation</u>	<u>Court Management Position Allocation</u>
<u>1-3</u>	<u>1</u>
<u>4-6</u>	<u>2.</u>

(d) Superior court districts and sets of districts and district court districts that have more judges than are listed in the tables of subsections (b) and (c) of this section, respectively, shall be allocated an additional court management position for every three judges above the highest ratio provided in those subsections.

(e) Notwithstanding any other provision in this section, a superior court district or set of districts comprised of two or more counties shall at a minimum have two trial court coordinator positions allocated to the superior courts of that superior court district.

(f) Notwithstanding any other provision in this section, a district court district comprised of two or more counties shall at a minimum have two trial court coordinator positions allocated to the district courts of that judicial district.

(g) For purposes of this section, a "court management position" shall include the positions listed in subsection (a) of this section and subsection (a) of G.S. 7A-369.

**"§ 7A-367. Duties.**

(a) The duties of each trial court coordinator shall be to perform tasks as assigned or designated by the senior resident superior court judge for superior court, the chief district court judge for district court, and the trial court administrator, if any, serving in the same superior court district or set of districts or district court district as the trial court coordinator.

(b) The duties assigned to each trial court coordinator shall at a minimum include the following:

- (1) Managing and supporting court programs such as mediation, arbitration, and more.
- (2) Managing the judge's office in the absence of the senior resident superior court judge, chief district court judge, or trial court administrator.
- (3) Serving as the point of contact to the public and counsel on behalf of any superior court or district court judge for whom the trial court coordinator serves.
- (4) Serving as the point of contact for specific case information and documentation regarding cases presided over by superior court or district court judges for whom the trial court coordinator serves.
- (5) Performing case management and calendaring functions as necessary to maintain the status of all cases within the superior courts and district courts served."

1                   **SECTION 16.16.(c)** Chapter 7A of the General Statutes is amended by adding a new  
2 Article to read:

3   "Article 29C.  
4   "Judicial Assistants.

5 **"§ 7A-369. Judicial assistants.**

6       (a)       The following judicial assistant positions shall be allocated pursuant to this section:

7               (1)       Judicial Assistant I.

8               (2)       Judicial Assistant II.

9       (b)       All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a)  
10 shall have court management positions in an amount that is consistent at a minimum with the  
11 ratio of judge to court management position under G.S. 7A-366.

12       (c)       All district court districts shall have court management positions in an amount that is  
13 consistent at a minimum with the ratio of judge to court management position under G.S. 7A-366.

14       (d)       For purposes of this section, a "court management position" shall include the positions  
15 listed in subsection (a) of this section and subsection (a) of G.S. 7A-366.

16 **"§ 7A-370. Duties.**

17       The duties of each judicial assistant shall be to perform tasks as assigned or designated by  
18 the senior resident superior court judge for superior court and the chief district court judge for  
19 district court."

20  
21 **EVIDENCE AND DISTRICT COURT SPEEDY TRIALS**

22       **SECTION 16.17.(a)** The General Assembly finds all of the following:

23       (1)       All criminal defendants have the right to court proceedings free from  
24 unreasonable delay, a right that is in jeopardy due to a perpetual district court  
25 case backlog, one which has been exacerbated by the COVID-19 pandemic.

26       (2)       All criminal defendants have the right to court proceedings free from  
27 unreasonable delay, a right that is jeopardized when a district court case  
28 backlog exists.

29       (3)       The North Carolina court system is bifurcated into the district and superior  
30 courts, and due to this bifurcation, the district courts function essentially as a  
31 preliminary proceeding that assures that the prosecution of a criminal  
32 defendant proceeds without the unreasonable delay that would be unavoidable  
33 if the district courts did not exist.

34       (4)       The bifurcation of the North Carolina court system provides a criminal  
35 defendant with the unique opportunity to a "second bite of the apple" in the  
36 defendant's case.

37       (5)       In superior court a defendant may exercise the defendant's right to a trial by  
38 jury, along with other rights, the exercise of which is unavailable in district  
39 court.

40       (6)       The legal protections from being placed twice in jeopardy for the same  
41 conduct preclude the State from appealing an unfavorable outcome at trial in  
42 district court.

43       (7)       A criminal defendant in a case before the district court may request, prior to  
44 trial, to have the case transferred to the superior court and may appeal to the  
45 superior court for a trial de novo following a final disposition in district court,  
46 retaining all rights that had previously been afforded the criminal defendant  
47 in district court.

48       (8)       Though preliminary in nature, a district court can issue a final and binding  
49 disposition in a case before it.

- 1 (9) In a criminal proceeding in district court, the finder of fact is the district court  
2 judge presiding over the proceeding, who is legally trained to weigh the  
3 credibility, relevance, and veracity of evidence, including witness testimony.
- 4 (10) Simultaneous, two-way audio and video remote testimony in real time using  
5 state of the art technology allows a defendant to observe and cross-examine a  
6 witness, a district court judge to observe and question a witness to weigh the  
7 credibility and veracity of the witness's testimony, and a witness to observe a  
8 defendant against whom the witness is testifying.
- 9 (11) A witness in any court proceeding is one who, being duly sworn or affirmed,  
10 testifies as to the witness's knowledge of specific facts relevant to the case for  
11 which the witness testifies.
- 12 (12) A forensic or chemical analyst, and each person in the chain of custody of  
13 evidence produced by the analyst, does not play a role in initiating a criminal  
14 charge against a criminal defendant or in deciding whether or not to prosecute  
15 a criminal defendant.
- 16 (13) The testimony of a forensic or chemical analyst is based upon objective,  
17 scientifically based testing that allows the analyst to reach dispassionate  
18 conclusions that may be presumed reliable and trustworthy.
- 19 (14) The testimony of a witness called to establish the chain of custody of evidence  
20 is not adversarial in nature and merely conveys the fact of a ministerial  
21 function performed by the witness in the course of the witness's work.
- 22 (15) In order to safeguard a criminal defendant's right to proceedings free from  
23 unreasonable delay, it is reasonable and prudent to allow forensic and  
24 chemical analysts, and each person in the chain of custody of evidence  
25 produced by the analysts, to provide real-time, remote, two-way audio and  
26 video testimony before the district courts of this State using state of the art  
27 technology and equipment that enable the criminal defendant, the judge, and  
28 the attorneys in the case to observe the demeanor of the forensic analyst  
29 throughout the direct examination and cross-examination of the forensic  
30 analyst and that enable the forensic analyst to likewise observe the demeanor  
31 of the criminal defendant.

32 **SECTION 16.17.(b)** G.S. 8-58.20 reads as rewritten:

33 **"§ 8-58.20. Forensic analysis admissible as evidence.**

34 (a) In any criminal prosecution, a laboratory report of a written forensic analysis,  
35 including an analysis of the defendant's DNA, or a forensic sample alleged to be the defendant's  
36 DNA, as that term is defined in G.S. 15A-266.2(2), that states the results of the analysis and that  
37 is signed and sworn to by the person performing the analysis ~~may~~shall be admissible in evidence  
38 without the testimony of the analyst who prepared the report in accordance with the requirements  
39 of this section.

40 ...

41 (g) Procedure for Establishing Chain of Custody of Evidence Subject to Forensic  
42 Analysis Without Calling Unnecessary Witnesses. –

43 ...

44 Nothing in this subsection precludes the right of any party to call any ~~witness or witness,~~  
45 except an analyst regarding the results of forensic testing and the testimony of each person in the  
46 associated chain of custody made available via remote testimony in real time in district court  
47 pursuant to G.S. 15A-1225.3. Nothing in this subsection precludes the right of any party to  
48 introduce any evidence supporting or contradicting the evidence contained in the statement.

49 ...."

50 **SECTION 16.17.(c)** G.S. 15A-1225.3 reads as rewritten:

51 **"§ 15A-1225.3. Forensic analyst remote testimony.**

1 (a) Definitions. – The following definitions apply to this section:

2 (1) Criminal proceeding. – Any hearing or trial in superior court in a prosecution  
3 of a person charged with violating a criminal law of this State and any hearing  
4 or proceeding conducted under Subchapter II of Chapter 7B of the General  
5 Statutes where a juvenile is alleged to have committed an offense that would  
6 be a criminal offense if committed by an adult.

7 (1a) District court proceeding. – Any hearing or trial in district court in a  
8 prosecution of a person charged with violating a criminal law of this State.

9 (2) Remote testimony. – A method by which a forensic analyst testifies from a  
10 location other than the location where the hearing or trial is being conducted  
11 and outside the physical presence of a party or parties.

12 (b) Remote Testimony ~~Authorized~~ in Real Time Authorized for Criminal Proceeding. –  
13 In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing  
14 admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote  
15 testimony if all of the following occur:

16 (1) The State has provided a copy of the report to the attorney of record for the  
17 defendant, or to the defendant if that person has no attorney, as required by  
18 G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full  
19 laboratory report package provided to the district attorney.

20 (2) The State notifies the attorney of record for the defendant, or the defendant if  
21 that person has no attorney, at least 15 business days before the proceeding at  
22 which the evidence would be used of its intention to introduce the testimony  
23 regarding the results of forensic testing into evidence using remote testimony.

24 (3) The defendant's attorney of record, or the defendant if that person has no  
25 attorney, fails to file a written objection with the court, with a copy to the  
26 State, at least five business days before the proceeding at which the testimony  
27 will be presented that the defendant objects to the introduction of the remote  
28 testimony.

29 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to  
30 file a written objection as provided in this subsection, then the objection shall be deemed waived  
31 and the analyst shall be allowed to testify by remote testimony.

32 (b1) Remote Testimony in Real Time Authorized in District Court. – In any district court  
33 proceeding, the testimony of an analyst regarding the results of forensic testing admissible  
34 pursuant to G.S. 8-58.20, and reported by that analyst, and the testimony of each person in the  
35 associated chain of custody admissible pursuant to G.S. 8-58.20(g) shall be permitted by remote  
36 testimony if each of the following occurs:

37 (1) The State has provided a copy of the report to the attorney of record for the  
38 defendant, or to the defendant if that person has no attorney, as required by  
39 G.S. 8-58.20(d) and (g). For purposes of this subdivision, "report" means the  
40 full laboratory report package provided to the district attorney.

41 (2) The State notifies the attorney of record for the defendant, or the defendant if  
42 that person has no attorney, at least 15 business days before the proceeding at  
43 which the evidence would be used of its intention to introduce the testimony  
44 regarding the results of forensic testing into evidence using remote testimony  
45 in real time.

46 Nothing in this subsection shall be construed to determine the admissibility of evidence in a  
47 criminal proceeding in superior court, including a trial de novo pursuant to G.S. 15A-1431.

48 (c) Testimony. – The method used for remote testimony authorized by this section shall  
49 allow the trier of fact and all parties to observe the demeanor of the ~~analyst-remote witness~~ as the  
50 ~~analyst-witness~~ testifies in a similar manner as if the ~~analyst-witness~~ were testifying in the location  
51 where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney,

1 or the defendant if that person has no attorney, has a full and fair opportunity for examination  
2 and cross-examination of the ~~analyst-witness~~.

3 (d) Nothing in this section shall preclude the right of any party to call any ~~witness-witness~~,  
4 except an analyst regarding the results of forensic testing and the testimony of each person in the  
5 associated chain of custody made available via remote testimony in real time in a district court  
6 proceeding pursuant to subsection (b1) of this section.

7 (e) Nothing in this section shall obligate the Administrative Office of the Courts or the  
8 State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of  
9 funds for that purpose."

10 **SECTION 16.17.(d)** G.S. 20-139.1 reads as rewritten:

11 **"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary**  
12 **provisions; controlled-drinking programs.**

13 ...

14 (c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the  
15 North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department  
16 Laboratory, or any other laboratory approved for chemical analysis by the Department of Health  
17 and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in  
18 any court, without further authentication and without the testimony of the analyst. For the  
19 purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes,  
20 but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting  
21 from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

22 The results shall be certified by the person who performed the analysis. The provisions of  
23 this subsection may be utilized in any administrative hearing, but can only be utilized in cases  
24 tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court,  
25 if:

- 26 (1) The State notifies the defendant no later than 15 business days after receiving  
27 the report and at least 15 business days before the proceeding at which the  
28 evidence would be used of its intention to introduce the report into evidence  
29 under this subsection and provides a copy of the report to the ~~defendant~~,  
30 and defendant.
- 31 (2) The defendant fails to file a written objection with the court, with a copy to  
32 the State, at least five business days before the proceeding at which the report  
33 would be used that the defendant objects to the introduction of the report into  
34 evidence.

35 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file  
36 a written objection as provided in this subsection, then the objection shall be deemed waived and  
37 the report shall be admitted into evidence without the testimony of the analyst. Upon filing a  
38 timely objection, the admissibility of the report shall be determined and governed by the  
39 appropriate rules of evidence.

40 If the proceeding at which the report would be introduced into evidence under this subsection  
41 is continued, the notice provided by the State, the written objection filed by the defendant, or the  
42 failure of the defendant to file a written objection shall remain effective at any subsequent  
43 calendaring of that proceeding.

44 The report containing the results of any blood or urine test may be transmitted electronically  
45 or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in  
46 any court or administrative hearing without further authentication. A copy of the report shall be  
47 sent to the charging officer, the clerk of superior court in the county in which the criminal charges  
48 are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

49 Nothing in this subsection precludes the right of any party to call any ~~witness-witness~~, except  
50 a chemical analyst in district court as provided in subsection (c6) of this section, or to introduce  
51 any evidence supporting or contradicting the evidence contained in the report.



1 ...  
2 (c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary  
3 Witnesses. –

4 ...  
5 (4) Nothing in this subsection precludes the right of any party to call any witness  
6 ~~or witness, except an analyst regarding the results of chemical testing and the~~  
7 testimony of each person in the associated chain of custody made available  
8 via remote testimony in real time in district court pursuant to subsection (c6)  
9 of this section. Nothing in this subsection precludes the right of any party to  
10 introduce any evidence supporting or contradicting the evidence contained in  
11 the statement.

12 ...  
13 (c5) ~~The~~ Except as provided in subsection (c6) of this section, testimony of an analyst  
14 regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection  
15 (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as  
16 defined in G.S. 15A-1225.3, in all administrative hearings, and in any superior court if all of the  
17 following occur:

18 ...  
19 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to  
20 file a written objection as provided in this subsection, then the objection shall be deemed waived  
21 and the analyst shall be allowed to testify by remote testimony.

22 The method used for remote testimony authorized by this subsection shall allow the trier of  
23 fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar  
24 manner as if the analyst were testifying in the location where the hearing or trial is being  
25 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person  
26 has no attorney, has a full and fair opportunity for examination and cross-examination of the  
27 analyst.

28 Nothing in this section shall preclude the right of any party to call any witness. Nothing in  
29 this subsection shall obligate the Administrative Office of the Courts or the State Crime  
30 Laboratory to incur expenses related to remote testimony absent an appropriation of funds for  
31 that purpose.

32 (c6) The testimony of an analyst regarding the results of a chemical analysis of blood or  
33 urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, and the  
34 testimony of each person in the associated chain of custody admissible pursuant to subsection  
35 (c3) of this section shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in  
36 district court, if each of the following occurs:

37 (1) The State has provided a copy of the report to the attorney of record for the  
38 defendant, or to the defendant if that person has no attorney, as required by  
39 subsections (c1) and (c3) of this section.

40 (2) The State notifies the attorney of record for the defendant, or the defendant if  
41 that person has no attorney, at least 15 business days before the proceeding at  
42 which the evidence would be used of its intention to introduce the testimony  
43 regarding the chemical analysis into evidence using remote testimony.

44 The method used for remote testimony authorized by this subsection shall allow the trier of  
45 fact and all parties to observe the demeanor of the remote witness as the witness testifies in a  
46 similar manner as if the witness were testifying in the location where the hearing or trial is being  
47 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person  
48 has no attorney, has a full and fair opportunity for examination and cross-examination of the  
49 witness.

1 Nothing in this subsection shall obligate the Administrative Office of the Courts or the State  
2 Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds  
3 for that purpose.

4 Nothing in this subsection shall preclude the right of any party to call any witness, except an  
5 analyst regarding the results of chemical testing and the testimony of each person in the  
6 associated chain of custody made available via remote testimony in real time in district court  
7 pursuant to this subsection.

8 ...

9 (e2) Except as governed by subsection (c1) or (c3) of this section, the State can only use  
10 the provisions of subsection (e1) of this section if:

- 11 (1) The State notifies the defendant no later than 15 business days after receiving  
12 the affidavit and at least 15 business days before the proceeding at which the  
13 affidavit would be used of its intention to introduce the affidavit into evidence  
14 under this subsection and provides a copy of the affidavit to the ~~defendant,~~  
15 and defendant.

16 ...

17 The failure to file a timely objection as provided in this subsection shall be deemed a waiver  
18 of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into  
19 evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility  
20 of the report shall be determined and governed by the appropriate rules of evidence. The case  
21 shall be continued until the analyst can be present. The criminal case shall not be dismissed due  
22 to the failure of the analyst to appear, unless the analyst willfully fails to appear after being  
23 ordered to appear by the court. If the proceeding at which the affidavit would be introduced into  
24 evidence under this subsection is continued, the notice provided by the State, the written  
25 objection filed by the defendant, or the failure of the defendant to file a written objection shall  
26 remain effective at any subsequent calendaring of that proceeding.

27 Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party  
28 to call any ~~witness or witness,~~ except an analyst regarding the results of chemical testing and the  
29 testimony of each person in the associated chain of custody made available via remote testimony  
30 in real time in district court pursuant to subsection (c6) of this section. Nothing in subsection (e1)  
31 or subsection (e2) of this section precludes the right of any party to introduce any evidence  
32 supporting or contradicting the evidence contained in the affidavit.

33 ...."

34 **SECTION 16.17.(e)** This section is effective when it becomes law and applies to  
35 criminal proceedings, administrative hearings, and adjudicatory hearings in juvenile court  
36 beginning on or after that date.

## 37 38 **MODIFY TRAVEL REIMBURSEMENT FOR APPELLATE JUDGES AND JUSTICES**

39 **SECTION 16.18.(a)** G.S. 7A-10(b1) reads as rewritten:

40 "(b1) In addition to the reimbursement for travel and subsistence expenses authorized by  
41 subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent  
42 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage  
43 the justice travels each ~~week-trip~~ to the City of Raleigh from the justice's home for business of  
44 the court. The reimbursement authorized by this subsection shall be calculated for each justice  
45 by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a  
46 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to  
47 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station  
48 for any justice of the Supreme Court whose permanent residence is at least 30 miles from the  
49 City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the  
50 Supreme Court shall be the county seat of the county in which the justice's permanent residence  
51 is located at the time of election or appointment to the office of justice of the Supreme Court for

1 the purpose of determining eligibility for mileage reimbursement. If a justice who has previously  
2 qualified for mileage reimbursement under this subsection relocates the justice's permanent  
3 residence outside of the county of residence used in determining that justice's eligibility for  
4 reimbursement under this subsection, that justice shall not be eligible for reimbursement for  
5 mileage and the justice's duty station shall be Wake County."

6 **SECTION 16.18.(b)** G.S. 7A-18(a1) reads as rewritten:

7 "(a) In addition to the reimbursement for travel and subsistence expenses authorized by  
8 subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent  
9 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage  
10 the judge travels each ~~week~~ trip to the City of Raleigh from the judge's home for business of the  
11 court. The reimbursement authorized by this subsection shall be calculated for each judge by  
12 multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a  
13 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to  
14 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station  
15 for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the  
16 City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the  
17 Court of Appeals shall be the county seat of the county in which that judge's permanent residence  
18 is located at the time of election or appointment to the office of judge of the Court of Appeals for  
19 the purpose of determining eligibility for mileage reimbursement. If a judge who has previously  
20 qualified for mileage reimbursement under this subsection relocates the judge's permanent  
21 residence outside of the county of residence used in determining that judge's eligibility under this  
22 subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty  
23 station shall be Wake County."

## 24 25 **REQUEST FOR PROPOSALS FOR STATEWIDE DOMESTIC VIOLENCE VICTIM** 26 **NOTIFICATION PROGRAM**

27 **SECTION 16.19.(a)** Findings. – The General Assembly finds that the criminal  
28 justice system faces many challenges, including high recidivism rates, increases in domestic  
29 violence, escalated alcohol and drug offenses, overcrowding in prisons, backlogs of court cases,  
30 and overall reduced public safety. It further finds that alcohol consumption, especially excessive  
31 drinking, is a major contributor to the occurrence of domestic violence and increases the risk for  
32 other violent offenses. It is the intent of the General Assembly that in order to combat these  
33 unprecedented challenges, the Administrative Office of the Courts must have access to new  
34 innovative technology, such as global positioning system (GPS) electronic monitoring.

35 **SECTION 16.19.(b)** Fund Creation. – There is established the Alternatives to  
36 Pre-trial Detention Fund within the Judicial Department as a special revenue fund to be used to  
37 create a statewide domestic violence notification system (Program) in accordance with the  
38 product and service requirements established in subsections (c) and (d) of Section 4.2C of Session  
39 Law 2020-80.

40 **SECTION 16.19.(c)** Criteria. – The Administrative Office of the Courts shall  
41 consult, collaborate, and provide direction for the chief district court judges when developing the  
42 Program. In accordance with the provisions of subsections (c) and (d) of Section 4.2C of Session  
43 Law 2020-80, the Program provider shall also operate a 24-hour in-State call monitoring center  
44 and shall offer victims access to a tangible GPS notification device that provides victims  
45 instantaneous notification if the defendant or offender is within close proximity. The device shall  
46 have the ability to automatically switch cellular networks, thus ensuring the device is not  
47 dependent upon one particular cellular network provider. The Program shall also be accessible  
48 and available for other specialty courts in the State.

49 **SECTION 16.19.(d)** Administrative. – Of the funds allocated to the Administrative  
50 Office of the Courts in this act in the 2021-2022 fiscal year to be used for the Program, the  
51 Administrative Office of the Courts may retain up to two hundred thousand dollars (\$200,000)

1 for administrative costs associated with the implementation of the Program. For the 2022-2023  
 2 fiscal year and subsequent fiscal years, the Administrative Office of the Courts may retain up to  
 3 two percent (2%) annually for administrative costs associated with the Program.

4 **SECTION 16.19.(e)** Report. – Beginning on October 1, 2022, and annually  
 5 thereafter, the Administrative Office of the Courts shall report to the chairs of the Joint  
 6 Legislative Oversight Committee on Justice and Public Safety on the results of the Program. The  
 7 report, at a minimum, shall include a percentage breakdown on the usage per case subject area  
 8 and any legislative recommendations for improving the Program.

9  
 10 **PART XVII. INDIGENT DEFENSE SERVICES**

11  
 12 **DEBT SETOFF MODIFICATION**

13 **SECTION 17.3.(a)** Notwithstanding the time limitations applicable to notice by a  
 14 State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send  
 15 between March of 2020 and February of 2021 for reasons beyond the control of the Office of  
 16 Indigent Defense Services, including the inability to obtain the information necessary to send the  
 17 notice, the Office may send notice to the debtor within 30 days of the date this section becomes  
 18 law; provided, the notice and rights afforded to the debtor otherwise complies with the  
 19 requirements of G.S. 105A-8.

20 **SECTION 17.3.(b)** This section is effective when this act becomes law.

21  
 22 **NEW PUBLIC DEFENDER DISTRICT 27B**

23 **SECTION 17.4.** G.S. 7A-498.7(a) reads as rewritten:

24 "(a) The following counties of the State are organized into the defender districts listed  
 25 below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
27 1	Camden, Chowan, Currituck, 28 Dare, Gates, Pasquotank, 29 Perquimans
30 3A	Pitt
31 3B	Craven, Pamlico, Carteret
32 5	New Hanover
33 10	Wake
34 12	Cumberland
35 14	Durham
36 15B	Orange, Chatham
37 16A	Scotland, Hoke
38 16B	Robeson
39 18	Guilford
40 21	Forsyth
41 26	Mecklenburg
42 27A	Gaston
43 <u>27B</u>	<u>Cleveland, Lincoln</u>
44 28	Buncombe
45 29A	McDowell, Rutherford
46 29B	Henderson, Polk, Transylvania

47 After notice to, and consultation with, the affected district bar, senior resident superior court  
 48 judge, and chief district court judge, the Commission on Indigent Defense Services may  
 49 recommend to the General Assembly that a district or regional public defender office be  
 50 established. A legislative act is required in order to establish a new office or to abolish an existing  
 51 office."

1  
2 **PART XVIII. JUSTICE**  
3

4 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

5 **SECTION 18.1.** Article 9 of Chapter 114 of the General Statutes is amended by  
6 adding a new section to read:

7 "**§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

8 The Department of Justice shall not hire sworn personnel to fill vacant positions in the North  
9 Carolina State Crime Laboratory. Nothing in this section shall be construed to require the  
10 termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel  
11 who are sworn and employed by the Laboratory as of the effective date of this section and who  
12 continue to meet the sworn status retention standards mandated by the North Carolina Criminal  
13 Justice Education and Standards Commission."  
14

15 **REQUIRE APPROVAL OF COUNCIL OF STATE PRIOR TO ATTORNEY GENERAL**  
16 **INTERVENING IN CERTAIN CASES**

17 **SECTION 18.3.(a)** G.S. 114-2 reads as rewritten:

18 "**§ 114-2. Duties.**

19 (a) Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be  
20 the duty of the Attorney General:

21 (1) ~~To~~ Subject to the condition set forth in subsection (b) of this section, to defend  
22 all actions in the appellate division in which the State shall be interested, or a  
23 party, and to appear for the State in any other court or tribunal in any cause or  
24 matter, civil or criminal, in which the State may be a party or interested. The  
25 duty to represent the State in criminal appeals shall not be delegated to any  
26 district attorney's office or any other entity.

27 ...

28 (8) Subject to the provisions of ~~G.S. 62-20~~:G.S. 62-20 and the condition set forth  
29 in subsection (b) of this section:

30 a. To intervene, when ~~he~~ the Attorney General deems it to be advisable  
31 in the public interest, in proceedings before any courts, regulatory  
32 officers, agencies and bodies, both State and federal, in a  
33 representative capacity for and on behalf of the using and consuming  
34 public of this State. ~~He~~ The Attorney General shall also have the  
35 authority to institute and originate proceedings before such courts,  
36 officers, agencies or bodies and shall have authority to appear before  
37 agencies on behalf of the State and its agencies and citizens in all  
38 matters affecting the public interest.

39 b. Upon the institution of any proceeding before any State agency by  
40 application, petition or other pleading, formal or informal, the outcome  
41 of which will affect a substantial number of residents of North  
42 Carolina, such agency or agencies shall furnish the Attorney General  
43 with copies of all such applications, petitions and pleadings so filed,  
44 and, when the Attorney General deems it advisable in the public  
45 interest to intervene in such proceedings, ~~he~~ the Attorney General is  
46 authorized to file responsive pleadings and to appear before such  
47 agency either in a representative capacity in behalf of the using and  
48 consuming public of this State or in behalf of the State or any of its  
49 agencies.

50 ...

1       (b) Notwithstanding any provision of law to the contrary, the Attorney General shall not  
2 intervene for, or otherwise participate on behalf of, the State in any ongoing proceeding before  
3 an out-of-state or federal court, regulatory officer, agency, or body that does not involve the  
4 recovery of damages or other relief by the State or a State department, agency, institution,  
5 commission, or bureau, unless the intervention or other participation is approved by a majority  
6 vote of the Council of State. Nothing in this subsection shall be construed as prohibiting the  
7 Attorney General from participating in a proceeding before a court, regulatory officer, agency,  
8 or body in which the State or a State department, agency, institution, commission, or bureau is a  
9 party. For purposes of this subsection, the term "Attorney General" includes any attorney  
10 employed by or contracting with the Department of Justice."

11               **SECTION 18.3.(b)** This section is effective when it becomes law and applies to  
12 proceedings commenced on or after that date.

### 13 14 **ESTABLISH DATABASE OF LAW ENFORCEMENT OFFICER CERTIFICATION** 15 **ADVERSE RULINGS**

16               **SECTION 18.4.(a)** Article 1 of Chapter 17C of the General Statutes is amended by  
17 adding a new section to read:

18 **"§ 17C-14. Database of law enforcement officer certification suspensions and revocations.**

19       The Commission shall develop and maintain a statewide database accessible to the public on  
20 its website that contains all revocations and suspensions of law enforcement officer certifications  
21 by the Commission."

22               **SECTION 18.4.(b)** Chapter 17E of the General Statutes is amended by adding a new  
23 section to read:

24 **"§ 17E-14. Database of justice officer certification suspensions and revocations.**

25       The Commission shall develop and maintain a statewide database accessible to the public on  
26 its website that contains all revocations and suspensions of justice officer certifications by the  
27 Commission."

28               **SECTION 18.4.(c)** This section becomes effective October 1, 2021, and applies to  
29 revocations and suspensions issued before, on, or after that date.

### 30 31 **REGULATE THE CREATION OF LAW ENFORCEMENT OFFICER DISCIPLINE** 32 **DATABASES**

33               **SECTION 18.4A.(a)** Subpart A of Part 4 of Article 13 of Chapter 143B of the  
34 General Statutes is amended by adding a new section to read:

35 **"§ 143B-907. Public law enforcement database regulation.**

36       Unless specifically authorized to do so by an act of the General Assembly, no State agency  
37 or political subdivision of the State may create or maintain a database that compiles and makes  
38 available to the public information regarding disciplinary actions taken against law enforcement  
39 officers."

40               **SECTION 18.4A.(b)** This section is effective when it becomes law and applies to  
41 databases created before, on, or after that date.

### 42 43 **ESTABLISH LAW ENFORCEMENT OFFICER CRITICAL INCIDENT STATEWIDE** 44 **DATABASE**

45               **SECTION 18.5.(a)** G.S. 17C-2 reads as rewritten:

46 **"§ 17C-2. Definitions.**

47       Unless the context clearly otherwise requires, the following definitions apply in this Article:

48       ...

49       (3a) Critical incident. – An incident involving any use of force by a law  
50 enforcement officer that results in death or serious bodily injury to a person.

51       ...."

1           **SECTION 18.5.(b)** Article 1 of Chapter 17C of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 17C-15. Database for law enforcement officer critical incident information.**

4           (a) The Division shall develop and maintain a statewide database for use by law  
5 enforcement agencies that tracks all critical incident data of law enforcement officers in North  
6 Carolina.

7           (b) All law enforcement agencies in the State that employ personnel certified by the  
8 Commission shall provide any information requested by the Division to maintain the database  
9 required by subsection (a) of this section.

10           (c) Information collected under this section is not a public record as defined in  
11 G.S. 132-1.

12           (d) Information collected under this section that is confidential under State or federal law  
13 shall remain confidential.

14           (e) A law enforcement officer who is reported to the Division as having been involved in  
15 a critical incident who disputes being involved in a critical incident has a right, prior to being  
16 placed in the database, to request a contested case hearing regarding that determination pursuant  
17 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

18           **SECTION 18.5.(c)** G.S. 17E-2 reads as rewritten:

19 **"§ 17E-2. Definitions.**

20           Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

21           ...

22           (4) "Critical incident" means an incident involving any use of force by a law  
23 enforcement officer that results in death or serious bodily injury to a person."

24           **SECTION 18.5.(d)** Chapter 17E of the General Statutes is amended by adding a new  
25 section to read:

26 **"§ 17E-15. Database for justice officer critical incident information.**

27           (a) The Division shall develop and maintain a statewide database for use by law  
28 enforcement agencies that tracks all critical incident data of justice officers in North Carolina.

29           (b) All law enforcement agencies in the State that employ personnel certified by the  
30 Commission shall provide any information requested by the Commission to maintain the  
31 database required by subsection (a) of this section.

32           (c) Information collected under this section is not a public record as defined in  
33 G.S. 132-1.

34           (d) Information collected under this section that is confidential under State or federal law  
35 shall remain confidential.

36           (e) A law enforcement officer who is reported to the Division as having been involved in  
37 a critical incident who disputes being involved in a critical incident has a right, prior to being  
38 placed in the database, to request a contested case hearing regarding that determination pursuant  
39 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

40           **SECTION 18.5.(e)** This section becomes effective October 1, 2021, and applies to  
41 critical incidents on or after that date.

42  
43 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM**

44           **SECTION 18.6.(a)** G.S. 17C-20 reads as rewritten:

45 **"§ 17C-20. Definitions.**

46           As used in this Article, the following definitions apply:

47           ...

48           (5) Eligible county. – A county with a population of less than ~~125,000~~150,000  
49 according to the latest federal decennial census ~~or a county designated as a~~  
50 development tier one area pursuant to G.S. 143B-437.08, ~~or both census.~~

51           ...."

1           **SECTION 18.6.(b)** G.S. 17C-22 reads as rewritten:

2   "**§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

3       ...

4       (b) Program Administrator. – The Director of the Division shall select a member of the  
5 Division staff, with the consent of the Committee, to serve as the Program administrator. The  
6 Program administrator will be responsible for all administrative duties and oversight of the  
7 Program as established by the Committee. The Program administrator will conduct recruitment  
8 efforts to include the following:

9       ...

10       (3) Target high school seniors who demonstrate an interest in ~~becoming~~ being  
11 employed in ~~a~~ an eligible criminal justice professionals profession.

12       (4) Engage with employees of eligible criminal justice professionals professions  
13 and leaders in eligible counties for input in the Program.

14       (5) Attend high school career days, job fairs, and other activities ~~in eligible~~  
15 ~~counties~~ to recruit qualified individuals into the Program.

16       ...

17       (d) Eligibility Criteria. – An applicant must be domiciled in ~~an eligible county~~ this State  
18 at the time of application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a  
19 high school graduate or a high school senior who will graduate from high school by the end of  
20 the current academic year, and demonstrate the intent upon completion of the Program to be  
21 employed ~~as a~~ in an eligible criminal justice professional profession in an eligible county. An  
22 applicant who has been convicted of any of the following is ineligible to receive a forgivable  
23 loan:

24       ...

25       (h) Recipient Obligations. – A recipient must become and remain a full-time student at a  
26 North Carolina community college in an Applied Associate Degree in Criminal Justice or in a  
27 Committee-approved related field of study at all times during each of the recipient's two  
28 academic years of community college study and pursue continuously studies that will qualify the  
29 recipient to be employed in an eligible criminal justice profession upon graduation. The recipient  
30 must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain  
31 appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal  
32 Justice or Committee-approved field of study within two years. The recipient must also accept  
33 employment in an eligible county ~~as a~~ in an eligible criminal justice professional profession for  
34 at least four out of five years following graduation. The Committee may adopt additional  
35 recipient obligations it deems appropriate.

36       ...."

37           **SECTION 18.6.(c)** G.S. 17C-23(b) reads as rewritten:

38       "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the  
39 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or  
40 Committee-approved field of study, the recipient is employed on a full-time basis for a period of  
41 at least four years in an eligible county in an eligible criminal justice profession. The recipient  
42 shall provide the Committee within 60 days of completion of the Program verification of the  
43 recipient's intent to seek employment ~~as a~~ in an eligible criminal justice professional profession  
44 in an eligible county. The recipient shall provide verification of employment to the Committee  
45 each year until the obligation is satisfied. The Committee shall also forgive the loan if it finds  
46 that it is impossible for the recipient to meet the terms of the loan, after or before graduation, due  
47 to death or permanent disability of the recipient."

48           **SECTION 18.6.(d)** This section is effective when it becomes law and applies to  
49 Criminal Justice Fellows Program applicants selected on or after that date.

50  
51 **PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL**



1           **SECTION 18.7.(a)** G.S. 114-2.2 reads as rewritten:

2   "**§ 114-2.2. Consent Approval of consent judgments.**

3       ...

4       (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
5 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
6 and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General  
7 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with  
8 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official  
9 capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly  
10 approved by the Speaker of the House of Representatives and the President Pro Tempore of the  
11 Senate, or by and through counsel of their choice, before the judgment may be entered.

12       ...."

13           **SECTION 18.7.(b)** G.S. 114-2.4 reads as rewritten:

14   "**§ 114-2.4. Settlement agreements.**

15       ...

16       (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or  
17 provision of the North Carolina Constitution, and the Speaker of the House of Representatives  
18 and the President Pro Tempore of the Senate (i) have intervened on behalf of the General  
19 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with  
20 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official  
21 capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or  
22 other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved  
23 by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or  
24 by and through counsel of their choice, before the agreement may be entered.

25       (a3) In litigation in which the State is interested or is a party, no settlement agreement shall  
26 be entered into by the State unless and no settlement agreement shall be binding on the State  
27 except to the extent that the State's entire obligation for the current and for future fiscal years will  
28 be satisfied with funds that are available for that purpose for the current fiscal year, including  
29 funds that the Council of State agrees to allot from the Contingency and Emergency Fund,  
30 provided that for payments of tort claims and workers' compensation claims it shall not be  
31 binding on the State except to the extent that the State's entire obligation for the current and for  
32 future fiscal years can be satisfied with funds that are available for the current fiscal year,  
33 including funds that the Council of State agrees to allot from the Contingency and Emergency  
34 Fund. The Director of the Budget shall report to the appropriation committees of the General  
35 Assembly concerning all funds made available during the preceding fiscal year from the  
36 Contingency and Emergency Fund for the purpose of carrying out settlement agreements.

37       ...."

38           **SECTION 18.7.(c)** G.S. 163-22.2 reads as rewritten:

39   "**§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

40       In the event any portion of Chapter 163 of the General Statutes or any State election law or  
41 form of election of any county board of commissioners, local board of education, or city officer  
42 is held unconstitutional or invalid by a State or federal court or is unenforceable because of  
43 objection interposed by the United States Justice Department under the Voting Rights Act of  
44 1965 and such ruling adversely affects the conduct and holding of any pending primary or  
45 election, the State Board of Elections shall have authority to make reasonable interim rules and  
46 regulations with respect to the pending primary or election as it deems advisable so long as they  
47 do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and  
48 regulations shall become null and void 60 days after the convening of the next regular session of  
49 the General Assembly. ~~The State Board of Elections shall also be authorized, upon~~  
50 ~~recommendation of the Attorney General, to enter into agreement with the courts in lieu of~~  
51 ~~protracted litigation until such time as the General Assembly convenes."~~



1 organizational and budgetary purposes only and the Board shall exercise all of its statutory  
 2 powers in this Part independent of control by the ~~Office of the State Chief Information~~  
 3 ~~Officer~~ Department of Justice.

4 ...

5 **"§ 114-71.2. Compensation and expenses of Board members; travel reimbursements.**

6 Members of the Board shall serve without compensation but may receive travel and  
 7 subsistence as follows:

8 (1) Board members who are officials or employees of a State agency or unit of  
 9 local government, in accordance with G.S. 138-6.

10 (2) All other Board members, at the rate established in G.S. 138-5.

11 **"§ 114-71.3. Powers and duties.**

12 (a) The Board shall have the following powers and duties:

13 (1) To establish and operate the Network as an integrated system of State and  
 14 local government components for effectively and efficiently storing,  
 15 communicating, and using criminal justice information at the State and local  
 16 levels throughout North Carolina's law enforcement, judicial, juvenile justice,  
 17 and corrections agencies, with the components of the Network to include  
 18 electronic devices, programs, data, and governance and to set the Network's  
 19 policies and procedures.

20 ...

21 (8) To employ the services of an Executive Director who shall report solely to the  
 22 Board.

23 (9) To exercise administrative control over the operational budget established by  
 24 the Board and appropriated by the General Assembly.

25 (10) To exercise sole authority and control over employee positions allotted to the  
 26 Board, including the authority to establish qualifications, classification, and  
 27 salary levels for its employees and determine appropriate methods of  
 28 screening for candidates, interviewing, hiring, and day-to-day management of  
 29 Board employees.

30 ...

31 **"§ 114-71.4. Election of officers; meetings; staff, etc.**

32 ...

33 (b) The staff of the Criminal Justice Information Network shall provide the Board with  
 34 professional and clerical support and any additional support the Board needs to fulfill its mandate.

35 (c) ~~The Board's staff shall use space provided by the Department of Information~~  
 36 ~~Technology~~ Department of Justice shall provide office space and administrative support for the  
 37 Board's staff and shall provide technical assistance to the Board at the request of the Board."

38 **SECTION 18.8.(d)** G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

39 **SECTION 18.8.(e)** G.S. 143B-1321(a)(30) reads as rewritten:

40 "(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN~~, and 911 Board."

41 **SECTION 18.8.(f)** G.S. 143B-1322(c)(19) reads as rewritten:

42 "(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN~~, and  
 43 911 Board."

44  
 45 **PART XIX. PUBLIC SAFETY**

46  
 47 **PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

48  
 49 **JPS GRANT REPORTING**

50 **SECTION 19A.1.(a)** Article 29 of Chapter 7A of the General Statutes is amended  
 51 by adding a new section to read:

1 **"§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

2 The Judicial Department shall report by May 1 of each year to the chairs of the House of  
3 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
4 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
5 for receipt by the Department. The report shall include information on the amount of grant funds  
6 received or preapproved for receipt by the Department, the use of the funds, the State match  
7 expended to receive the funds, and the period to be covered by each grant. If the Department  
8 intends to continue the program beyond the end of the grant period, the Department shall report  
9 on the proposed method for continuing the funding of the program at the end of the grant period.  
10 The Department shall also report on any information it may have indicating that the State will be  
11 requested to provide future funding for a program presently supported by a local grant."

12 **SECTION 19A.1.(b)** Article 1 of Chapter 114 of the General Statutes is amended  
13 by adding a new section to read:

14 **"§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

15 The Department of Justice shall report by May 1 of each year to the chairs of the House of  
16 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
17 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
18 for receipt by the Department. The report shall include information on the amount of grant funds  
19 received or preapproved for receipt by the Department, the use of the funds, the State match  
20 expended to receive the funds, and the period to be covered by each grant. If the Department  
21 intends to continue the program beyond the end of the grant period, the Department shall report  
22 on the proposed method for continuing the funding of the program at the end of the grant period.  
23 The Department shall also report on any information it may have indicating that the State will be  
24 requested to provide future funding for a program presently supported by a local grant."

25 **SECTION 19A.1.(c)** Article 13 of Chapter 143B of the General Statutes is amended  
26 by adding a new section to read:

27 **"§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

28 The Department of Public Safety shall report by May 1 of each year to the chairs of the House  
29 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
30 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
31 for receipt by the Department. The report shall include information on the amount of grant funds  
32 received or preapproved for receipt by the Department, the use of the funds, the State match  
33 expended to receive the funds, and the period to be covered by each grant. If the Department  
34 intends to continue the program beyond the end of the grant period, the Department shall report  
35 on the proposed method for continuing the funding of the program at the end of the grant period.  
36 The Department shall also report on any information it may have indicating that the State will be  
37 requested to provide future funding for a program presently supported by a local grant."

38  
39 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

40 **SECTION 19A.2.(a)** Notwithstanding any other provision of law, and except as  
41 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
42 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any  
43 other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the  
44 base budget for one or both fiscal years of the biennium.

45 **SECTION 19A.2.(b)** This section shall not apply to consolidation of information  
46 technology positions into the Department of Information Technology pursuant to  
47 G.S. 143B-1325.

48  
49 **ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES**

50 **SECTION 19A.3.(a)** Of the two million seventy thousand dollars (\$2,070,000)  
51 appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be

1 used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal  
2 amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer, based  
3 upon 2019 Certified County Population Estimates from the State Demographer in the Office of  
4 State Budget and Management.

5 **SECTION 19A.3.(b)** Of the five million two hundred sixty-nine thousand dollars  
6 (\$5,269,000) appropriated in this act to the Department of Public Safety in the 2022-2023 fiscal  
7 year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in  
8 equal amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer,  
9 based upon 2019 Certified County Population Estimates from the State Demographer in the  
10 Office of State Budget and Management.

11 **SECTION 19A.3.(c)** The grants provided to sheriffs' offices in this section shall be  
12 used for expenses incurred by the offices from enforcing the laws of this State and carrying out  
13 other duties set by law.

#### 14 **INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS**

15 **SECTION 19A.4.(a)** Of the funds appropriated to the Department of Public Safety,  
16 the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds in each  
17 year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Sheriffs'  
18 Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local  
19 law enforcement agencies to investigate reports of internet crimes against children.

20 **SECTION 19A.4.(b)** The grant funds allocated under subsection (a) of this section  
21 shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines  
22 and procedures for the administration and distribution of grants to participating sheriffs' offices  
23 and local law enforcement agencies. These guidelines and procedures shall include the following  
24 requirements and limitations:  
25

- 26 (1) The maximum grant amount shall not exceed seventy-five thousand dollars  
27 (\$75,000) per recipient per fiscal year.
- 28 (2) Recipient agencies shall be required to enter into a memorandum of agreement  
29 with the State Bureau of Investigation (SBI) governing the investigation of  
30 internet crimes against children.

31 **SECTION 19A.4.(c)** The North Carolina Sheriffs' Association shall submit the  
32 following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public  
33 Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public  
34 Safety, and to the Fiscal Research Division:

- 35 (1) No later than November 1, 2021, a report on the guidelines and procedures  
36 that will govern distribution and administration of grant funds distributed  
37 pursuant to this section.
- 38 (2) No later than August 1, 2022, a report on the grant funds distributed pursuant  
39 to this section during the 2021-2022 fiscal year.
- 40 (3) No later than August 1, 2023, a report on the grant funds distributed pursuant  
41 to this section during the 2022-2023 fiscal year.

42 **SECTION 19A.4.(d)** It is the intent of the General Assembly to strongly encourage  
43 sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports  
44 and tips regarding internet crimes against children and to consult with the SBI Computer Crimes  
45 Unit and North Carolina Internet Crimes Against Children Task Force.

#### 46 **CENTRAL ENGINEERING PRISON FACILITIES REPORT**

47 **SECTION 19A.5.(a)** The Department of Public Safety, Central Engineering Section,  
48 shall report to the Joint Legislative Oversight Committee on Justice and Public Safety no later  
49 than October 1, 2022, regarding the status of all Department of Public Safety prison facilities.  
50 The report shall include at a minimum the following:  
51

- 1 (1) Recommendations as to the repair and maintenance of each prison facility,  
2 including itemized cost estimates.
- 3 (2) Recommendations as to the construction of any new prison facility, including  
4 itemized cost estimates.
- 5 (3) Recommendations as to the closure of any prison facility.
- 6 (4) Recommendations as to the prioritization and chronological implementation  
7 of projects recommended pursuant to this section.

8 **SECTION 19A.5.(b)** This section is effective when it becomes law.  
9

10 **TRANSFER LAW ENFORCEMENT STANDARDS AND TRAINING TO THE**  
11 **DEPARTMENT OF PUBLIC SAFETY**

12  
13 **TRANSFER OF THE CRIMINAL JUSTICE EDUCATION AND TRAINING**  
14 **STANDARDS COMMISSION AND RELATED PROVISIONS**

15 **SECTION 19A.6.(a)** The North Carolina Criminal Justice Education and Training  
16 Standards Commission established in Chapter 17C of the General Statutes is transferred from the  
17 Department of Justice to the Department of Public Safety. This transfer shall have all the elements  
18 of a Type II transfer, as defined in G.S. 143A-6.

19 **SECTION 19A.6.(b)** The Criminal Justice Standards Division established in  
20 G.S. 17C-9 is transferred from the Department of Justice to the Criminal Justice Standards  
21 Division of the Department of Public Safety. This transfer shall have all the elements of a Type  
22 II transfer, as defined in G.S. 143A-6.

23 **SECTION 19A.6.(c)** Article 1 of Chapter 17C of the General Statutes reads as  
24 rewritten:

25 "Article 1.  
26 "General.

27 ...

28 **"§ 17C-4. Compensation.**

29 ...

30 (b) The Chairman of the Commission may appoint such ad hoc members of the  
31 Commission's standing and select committees as are necessary to carry out the business of the  
32 Commission, and such service shall be reimbursed as provided in G.S. 17C-4(a), subject to the  
33 approval of the ~~Attorney General Commission.~~

34 **"§ 17C-5. Chairman; vice-chairman; other officers; meetings; reports.**

35 ...

36 (d) The Commission shall present regular and special reports and recommendations to  
37 the ~~Attorney General or the General Assembly, or both, Assembly~~ as the need may arise or as  
38 the ~~Attorney General or General Assembly~~ may request.

39 **"§ 17C-6. Powers of Commission.**

40 ...

41 (b) The Commission shall have the following powers, which shall be advisory in nature  
42 and for which the Commission is not authorized to undertake any enforcement actions:

- 43 (1) Identify types of criminal justice positions, other than entry level positions,  
44 for which advanced or specialized training and education are appropriate, and  
45 establish minimum standards for the certification of persons as being qualified  
46 for those positions on the basis of specified education, training, and  
47 experience; provided, that compliance with these minimum standards shall be  
48 discretionary on the part of criminal justice agencies with respect to their  
49 criminal justice ~~officers;officers.~~
- 50 (2) Certify, pursuant to the standards that it has established for the purpose,  
51 criminal justice officers for those criminal justice agencies that elect to comply

1 with the minimum education, training, and experience standards established  
 2 by the Commission for positions for which advanced or specialized training,  
 3 education, and experience are ~~appropriate;~~appropriate.

4 (3) Consult and cooperate with counties, municipalities, agencies of this State,  
 5 other governmental agencies, and with universities, colleges, junior colleges,  
 6 and other institutions concerning the development of criminal justice training  
 7 schools and programs or courses of ~~instruction;~~instruction.

8 (4) Study and make reports and recommendations concerning criminal justice  
 9 education and training in North ~~Carolina;~~Carolina.

10 (5) Conduct and stimulate research by public and private agencies which shall be  
 11 designed to improve education and training in the administration of criminal  
 12 ~~justice;~~justice.

13 (6) Study, obtain data, statistics, and information and make reports concerning the  
 14 recruitment, selection, education, retention, and training of persons serving  
 15 criminal justice agencies in this State; to make recommendations for  
 16 improvement in methods of recruitment, selection, education, retention, and  
 17 training of persons serving criminal justice ~~agencies;~~agencies.

18 (7) Make recommendations concerning any matters within its purview pursuant  
 19 to this ~~Article;~~Article.

20 (8) Appoint such advisory committees as it may deem ~~necessary;~~necessary.

21 (9) Do such things as may be necessary and incidental to the administration of its  
 22 authority pursuant to this ~~Article;~~Article.

23 (10) Formulate basic plans for and promote the development and improvement of  
 24 a comprehensive system of education and training for the officers and  
 25 employees of criminal justice agencies consistent with its rules and  
 26 ~~regulations;~~regulations.

27 (11) Maintain liaison among local, State and federal agencies with respect to  
 28 criminal justice education and ~~training;~~training.

29 (12) Promote the planning and development of a systematic career development  
 30 program for criminal justice professionals.

31 ...

32 **"§ 17C-7. Functions of the ~~Department of Justice.~~Department of Public Safety.**

33 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance  
 34 as the Commission shall require in the performance of its duties.

35 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all books,  
 36 papers, documents, or other records and property of the Commission.

37 ...

38 **"§ 17C-9. Criminal Justice Standards Division of the Department of ~~Justice~~Public Safety**  
 39 **established; appointment of director; duties.**

40 (a) There is hereby established, within the Department of ~~Justice,~~Public Safety, the  
 41 Criminal Justice Standards Division, hereinafter called "the Division," which shall be organized  
 42 and staffed in accordance with applicable laws and regulations and within the limits of authorized  
 43 appropriations.

44 (b) The ~~Attorney General~~Commission shall appoint a director for the Division ~~chosen~~  
 45 ~~from a list of three nominees submitted to him by the Commission~~ who shall be responsible to  
 46 and serve at the pleasure of the ~~Attorney General and the Commission.~~

47 (c) The Division shall administer such programs as are assigned to it by the Commission.  
 48 The Division shall also administer such additional related programs as may be assigned to it by  
 49 the ~~Attorney General~~Commission or the General Assembly. Administrative duties and  
 50 responsibilities shall include, but are not limited to, the following:

- 1 (1) Administering any and all programs assigned to the Division by the
- 2 Commission and reporting any violations of or deviations from the rules and
- 3 regulations of the Commission as the Commission may ~~require~~;require.
- 4 (2) Compiling data, developing reports, identifying needs and performing
- 5 research relevant to beneficial improvement of the criminal justice
- 6 ~~agencies~~;agencies.
- 7 (3) Developing new and revising existing programs for adoption consideration by
- 8 the ~~Commission~~;Commission.
- 9 (4) Monitoring and evaluating programs of the ~~Commission~~;Commission.
- 10 (5) Providing technical assistance to relevant agencies of the criminal justice
- 11 system to aid them in the discharge of program participation and
- 12 ~~responsibilities~~;responsibilities.
- 13 (6) Disseminating information on Commission programs to concerned ~~agencies~~
- 14 ~~and/or individuals~~;agencies, individuals, or both.
- 15 (7) Taking such other actions as may be deemed necessary or appropriate to carry
- 16 out its assigned duties and ~~responsibilities~~;responsibilities.
- 17 (8) The director may divulge any information in the Division's personnel file of a
- 18 criminal justice officer or applicant for certification to the head of the criminal
- 19 justice agency employing the officer or considering the applicant for
- 20 employment when the director deems it necessary and essential to the
- 21 retention or employment of said officer or applicant. The information may be
- 22 divulged whether or not such information was contained in a personnel file
- 23 maintained by a State or by a local government agency.

24 ...."

25 **SECTION 19A.6.(d)** G.S. 74E-4 reads as rewritten:

26 "**§ 74E-4. Powers of Attorney General.**

27 The Attorney General has the following powers in addition to those conferred elsewhere in

28 this Chapter:

- 29 ...
- 30 (8) ~~To require that the Criminal Justice Standards Division provide administrative~~
- 31 ~~support staff for the Company Police Program.~~

32 ...."

33 **SECTION 19A.6.(e)** G.S. 74G-4 reads as rewritten:

34 "**§ 74G-4. Powers of Attorney General.**

35 The Attorney General has the following powers in addition to those conferred elsewhere in

36 this Chapter:

- 37 ...
- 38 (8) ~~To require that the Criminal Justice Standards Division provide administrative~~
- 39 ~~support staff for the Campus Police Program.~~

40 ...."

41 **SECTION 19A.6.(f)** G.S. 115D-5(b) reads as rewritten:

42 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of

43 curricular courses and of noncurricular extension courses at convenient locations away from

44 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata

45 portion of the established regular tuition rate charged a full-time student shall be charged a

46 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of

47 Community Colleges shall establish a uniform registration fee, or a schedule of uniform

48 registration fees, to be charged students enrolling in extension courses for which instruction is

49 financed primarily from State funds. The State Board of Community Colleges may provide by

50 general and uniform regulations for waiver of tuition and registration fees for the following:

51 ...



- 1 (2) Courses requested by the following entities that support the organizations'  
2 training needs and are on a specialized course list approved by the State Board  
3 of Community Colleges:

4 ...

- 5 j. The Criminal Justice Standards Division of the Department of ~~Justice~~  
6 Public Safety for the training of criminal justice professionals, as  
7 defined in G.S. 17C-20(6), who are required to be certified under (i)  
8 Article 1 of Chapter 17C of the General Statutes and the rules of the  
9 North Carolina Criminal Justice Education and Training Standards  
10 Commission or (ii) Chapter 17E of the General Statutes and the rules  
11 of the North Carolina Sheriffs' Education and Training Standards  
12 Commission. The waivers provided for in this sub-subdivision apply  
13 to participants and recent graduates of the North Carolina Criminal  
14 Justice Fellows Program to obtain certifications for eligible criminal  
15 justice professions as defined in G.S. 17C-20(6).

16 ...."

17 **SECTION 19A.6.(g)** G.S. 143B-602 reads as rewritten:

18 **"§ 143B-602. Powers and duties of the Secretary of Public Safety.**

19 The Secretary of Public Safety shall have the powers and duties as are conferred on the  
20 Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the  
21 Secretary by the Constitution and laws of this State. These powers and duties include the  
22 following:

23 ...

- 24 (8) Other powers and duties. – The Secretary has the following additional powers  
25 and duties:

26 ...

- 27 i. To require that the Criminal Justice Standards Division provide  
28 administrative support staff for the Company Police Program  
29 established in Chapter 74E of the General Statutes.  
30 j. To require that the Criminal Justice Standards Division provide  
31 administrative support staff for the Campus Police Program  
32 established in Chapter 74G of the General Statutes."

33 **SECTION 19A.6.(h)** G.S. 143A-55.1 is repealed.

34 **SECTION 19A.6.(i)** Subsections (a) through (h) of this section become effective  
35 October 1, 2021.

36  
37 **TRANSFER OF THE NORTH CAROLINA JUSTICE ACADEMY AND RELATED**  
38 **PROVISIONS**

39 **SECTION 19A.6.(j)** The North Carolina Justice Academy established in Chapter  
40 17D of the General Statutes is transferred from the Department of Justice to the North Carolina  
41 Justice Academy Section of the Division of Training of the Department of Public Safety. This  
42 transfer shall have all the elements of a Type I transfer, as defined in G.S. 143A-6.

43 **SECTION 19A.6.(k)** Chapter 17D of the General Statutes reads as rewritten:

44 **"Chapter 17D.**

45 **"North Carolina Justice Academy.**

46 **"§ 17D-1. Definitions.**

47 As used in this Chapter, unless the context otherwise requires:

48 ...

- 49 (2) "Academy property" means property that is owned or leased in whole or in  
50 part by the State of North Carolina and which is subject to the general  
51 management and control of the Department of ~~Justice~~Public Safety and is

1 located in Salemburg, North Carolina, or at any other locations within the  
2 State which are dedicated to the use of the North Carolina Justice Academy  
3 subsequent to this Chapter being enacted.

4 ...

5 (6) "Department" means the Department of ~~Justice~~Public Safety."

6 **"§ 17D-2. Academy established; duties.**

7 (a) The ~~North Carolina~~ Department of ~~Justice~~Public Safety shall establish a North  
8 Carolina Justice Academy.

9 (b) The Department of ~~Justice~~Public Safety shall employ the staff of the academy and  
10 direct its operations.

11 (c) ~~Duties of the academy.~~The North Carolina Justice Academy shall have, but is not  
12 limited to, the following ~~functions~~duties:

13 ...

14 **"§ 17D-3. Donations.**

15 The Department of ~~Justice~~Public Safety may accept for any of its purposes and functions  
16 under this Article any and all donations, both real and personal, and grants of money from any  
17 governmental unit or public agency, or from any institution, person, firm or corporation. Any  
18 arrangements pursuant to this section shall be detailed in an annual report of the academy. Such  
19 reports shall include the identity of the donor, the nature of the transaction, and the conditions, if  
20 any. Any money received by the Department of ~~Justice~~Public Safety pursuant to this section  
21 shall be deposited in the State Treasury to the account of the academy. All moneys involved shall  
22 be subject to audit by the State Auditor.

23 **"§ 17D-4. Application of State highway and motor vehicles laws at the academy; authority  
24 of Department of ~~Justice~~Public Safety to regulate traffic, etc.**

25 (a) Except as otherwise provided in this section, all of the provisions of Chapter 20 of the  
26 General Statutes relating to the use of highways of the State and the operation of vehicles thereon  
27 are applicable to all streets, alleys, driveways, and parking lots on academy property. Nothing in  
28 this section modifies any rights of ownership or control of academy property, now or hereafter  
29 vested in the State of North Carolina ex rel., Department of ~~Justice~~Public Safety.

30 (b) The Department of ~~Justice~~Public Safety may by ordinance prohibit, regulate, divert,  
31 control, and limit pedestrian or vehicular traffic and the parking of vehicles and other modes of  
32 conveyance on the campus. In fixing speed limits, the Department of ~~Justice~~Public Safety is not  
33 subject to G.S. 20-141(f) or (g), but may fix any speed limit reasonable and safe under the  
34 circumstances as conclusively determined by the Department of ~~Justice~~Public Safety. The  
35 Department of ~~Justice~~Public Safety may not regulate traffic on streets open to the public as of  
36 right, except as specifically provided in this section.

37 (c) The Department of ~~Justice~~Public Safety may by ordinance provide for the registration  
38 of vehicles maintained or operated on the campus by any student, faculty member, or employee  
39 of the academy and may fix fees for such registration. The ordinance may make it unlawful for  
40 any person to operate an unregistered vehicle on the campus when the vehicle is required by the  
41 ordinance to be registered.

42 (d) The Department of ~~Justice~~Public Safety may by ordinance set aside parking lots on  
43 the campus for use by students, faculty, and employees of the academy and members of the  
44 general public attending schools, conferences, or meetings at the academy, visiting or making  
45 use of any academy facilities, or attending to official business with the academy. The Department  
46 of ~~Justice~~Public Safety may issue permits to park in these lots and may charge a fee therefor.  
47 The Department of ~~Justice~~Public Safety may also by ordinance make it unlawful for any person  
48 to park a vehicle in any lot or other parking facility without procuring the requisite permit and  
49 displaying it on the vehicle.

50 (e) The Department of ~~Justice~~Public Safety may by ordinance provide for the issuance  
51 of stickers, decals, permits or other indicia representing the registration of vehicles or the

1 eligibility of vehicles to park on the campus and may by ordinance prohibit the forgery,  
2 counterfeiting, unauthorized transfer, or unauthorized use of such stickers, decals, permits or  
3 other indicia.

4 ...

5 (g) An ordinance adopted under this section may provide that a violation will subject the  
6 offender to a civil penalty. Penalties may be graduated according to the seriousness of the offense  
7 or the number of prior offenses committed by the person charged. The Department of ~~Justice~~  
8 Public Safety may establish ~~procedure~~ procedures for the collection of these penalties and may  
9 enforce the penalties by civil action in the nature of debt. The Department of ~~Justice~~ Public Safety  
10 may also provide for appropriate administrative sanctions if an offender does not pay a validly  
11 due penalty or has committed repeated offenses. Appropriate administrative sanctions include,  
12 but are not limited to, revocation of parking permits, termination of vehicle registration, and  
13 termination or suspension of enrollment in or employment by the academy.

14 ...

15 (i) Evidence that a vehicle was found parked or unattended in violation of a ~~council~~  
16 Department of Public Safety ordinance is prima facie evidence that the vehicle was parked ~~by~~  
17 either:

- 18 (1) The person holding an academy parking permit for the ~~vehicle~~ vehicle.  
19 (2) If no academy parking permit has been issued for the vehicle, the person in  
20 whose name the vehicle is registered with the academy pursuant to subsection  
21 ~~(e)~~ (c).

22 ...

23 The rule of evidence established by this subsection applies only in civil, criminal, or  
24 administrative actions or proceedings concerning violations of ordinances of the Department of  
25 ~~Justice~~ Public Safety. G.S. 20-162.1 does not apply to such actions or proceedings.

26 (j) The Department of ~~Justice~~ Public Safety shall cause to be posted appropriate notice  
27 to the public of applicable traffic and parking restrictions.

28 (k) All ordinances adopted under this section shall be filed in the offices of the ~~North~~  
29 Carolina Attorney General Secretary of Public Safety and the Secretary of State. The Department  
30 of ~~Justice~~ Public Safety shall provide for printing and distributing copies of its traffic and parking  
31 ordinances.

32 ...."

33 **SECTION 19A.6.(l)** G.S. 115C-105.55(b)(6) reads as rewritten:

34 "(6) A representative from the North Carolina Justice Academy appointed by the  
35 ~~Attorney General~~ Secretary of Public Safety."

36 **SECTION 19A.6.(m)** The representative from the North Carolina Justice Academy  
37 serving on the Task Force for Safer Schools established under G.S. 115C-105.55 as of the  
38 effective date of this section shall serve the remainder of the person's term. Upon the expiration  
39 of the person's term, or if a vacancy otherwise occurs for the position the representative is filling,  
40 the Secretary of Public Safety shall appoint the representative to serve on the Task Force for  
41 Safer Schools in accordance with G.S. 115C-105.55(b)(6), as amended by subsection (c) of this  
42 section.

43 **SECTION 19A.6.(n)** Subpart G of Part 4 of Article 13 of Chapter 143B of the  
44 General Statutes, as amended by subsection (u) of this section, is amended by adding a new  
45 section to read:

46 "**§ 143B-993.2 Training; powers and duties.**

47 The Secretary of Public Safety shall have the power and duty to implement Chapter 17D of  
48 the General Statutes and to manage and operate the Samarcaud Training Academy."

49 **SECTION 19A.6.(o)** Subsections (j) through (n) of this section become effective  
50 October 1, 2021.

1 **TRANSFER OF THE SHERIFFS' EDUCATION AND TRAINING STANDARDS**  
 2 **COMMISSION AND RELATED PROVISIONS**

3 **SECTION 19A.6.(p)** The North Carolina Sheriffs' Education and Training Standards  
 4 Commission established in Chapter 17E of the General Statutes is transferred from the  
 5 Department of Justice to the Department of Public Safety. This transfer shall have all the elements  
 6 of a Type II transfer, as defined in G.S. 143A-6.

7 **SECTION 19A.6.(q)** The Justice Officers' Standards Division established in  
 8 G.S. 17E-6 is transferred from the Department of Justice to the Justice Officers' Standards  
 9 Division of the Department of Public Safety. This transfer shall have all the elements of a Type  
 10 II transfer, as defined in G.S. 143A-6.

11 **SECTION 19A.6.(r)** Chapter 17E of the General Statutes reads as rewritten:

12 **"Chapter 17E.**

13 **"North Carolina Sheriffs' Education and Training Standards Commission.**

14 ...

15 **"§ 17E-2. Definitions.**

16 Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

17 ...

18 (3) "Justice officer" ~~means;~~means either:

- 19 a. A person who, through the special trust and confidence of the sheriff,  
 20 has taken the oath of office prescribed by Chapter 11 of the General  
 21 Statutes as a peace officer in the office of the sheriff. This term  
 22 includes "deputy sheriffs", "reserve deputy sheriffs", and "special  
 23 deputy sheriffs", but does not include clerical and support personnel  
 24 not required to take an oath. The term "special deputy" means a person  
 25 who, through appointment by the sheriff, becomes an unpaid criminal  
 26 justice officer to perform a specific act directed by the ~~sheriff;~~  
 27 orsheriff.
- 28 b. A person who, through the special trust and confidence of the sheriff,  
 29 has been appointed as a detention officer by the ~~sheriff;~~  
 30 orsheriff.
- 31 c. A person who is either the administrator or other custodial personnel  
 32 of district confinement facilities as defined in G.S. 153A-219;  
 33 however, nothing in this Chapter transfers any supervisory or  
 34 administrative control over employees of district confinement  
 35 facilities to the office of the ~~sheriff;~~  
 36 orsheriff.

37 ...

36 **"§ 17E-3. North Carolina Sheriffs' Education and Training Standards Commission**  
 37 **established; members; terms; vacancies.**

38 ...

39 (d) Compensation. – None of the members of the Commission shall receive  
 40 compensation for serving on the Commission. However, if the North Carolina Department of  
 41 ~~Justice~~Public Safety has funds available, then members of the Commission who are State officers  
 42 or employees may be reimbursed for their expenses in accordance with G.S. 138-6; members of  
 43 the Commission who are full-time salaried public officers or employees other than State officers  
 44 or employees may be reimbursed for their expenses in accordance with G.S. 138-5(b). All other  
 45 members of the Commission may receive compensation and reimbursement for expenses in  
 46 accordance with G.S. 138-5.

47 ...

48 **"§ 17E-4. Powers and duties of the Commission.**

49 (a) The Commission shall have the following powers, duties, and responsibilities, which  
 50 are enforceable through its rules and regulations, certification procedures, or the provisions of  
 51 G.S. 17E-8 and G.S. 17E-9:

- 1 (1) Promulgate rules and regulations for the administration of this Chapter, which  
2 rules may require (i) the submission by any agency of information with respect  
3 to the employment, education, and training of its justice officers, and (ii) the  
4 submission by any training school of information with respect to its programs  
5 that are required by this ~~Chapter;~~Chapter.  
6 ...
- 7 (3) Certify, pursuant to the standards that it may establish for the purpose, persons  
8 as qualified under the provisions of this Chapter who may be employed at  
9 entry level as ~~officers;~~officers.
- 10 (4) Establish minimum standards for the certification of training schools and  
11 programs or courses of instruction that are required by this ~~Chapter;~~Chapter.
- 12 (5) Certify, pursuant to the standards that it has established for the purpose,  
13 training schools and programs or courses of instruction that are required by  
14 this ~~Chapter;~~Chapter.
- 15 (6) Establish standards and levels of education or equivalent experience for  
16 teachers who participate in programs or courses of instruction that are required  
17 by this ~~Chapter;~~Chapter.
- 18 (7) Certify, pursuant to the standards that it has established for the purpose,  
19 teachers who participate in programs or courses of instruction that are required  
20 by this ~~Chapter;~~Chapter.
- 21 (8) Investigate and make such evaluations as may be necessary to determine if  
22 agencies are complying with the provision of this ~~Chapter;~~Chapter.
- 23 (9) Adopt and amend bylaws, consistent with law, for its internal management  
24 and ~~control;~~control.
- 25 (10) Enter into contracts incident to the administration of its authority pursuant to  
26 this ~~Chapter;~~Chapter.  
27 ...
- 28 (b) The Commission shall have the following powers, which shall be advisory in nature  
29 and for which the Commission is not authorized to undertake any enforcement actions:
- 30 (1) Certify, pursuant to the standards that it has established for the purpose, justice  
31 officers for those law-enforcement agencies that elect to comply with the  
32 minimum education, training, and experience standards established by the  
33 Commission for positions for which advanced or specialized training,  
34 education, and experience are ~~appropriate;~~appropriate.
- 35 (2) Consult and cooperate with counties, agencies of this State, other  
36 governmental agencies, and with universities, colleges, junior colleges, and  
37 other institutions, public or private, concerning the development of training  
38 schools and programs or courses of ~~instruction;~~instruction.
- 39 (3) Study and make reports and recommendations concerning justice education  
40 and training in North ~~Carolina;~~Carolina.
- 41 (4) Conduct and stimulate research by public and private agencies which shall be  
42 designed to improve education and training in the administration of  
43 ~~justice;~~justice.
- 44 (5) Study, obtain data, statistics, and information and make reports concerning the  
45 recruitment, selection, education and training of persons serving justice  
46 agencies in this State; to make recommendations for improvement in methods  
47 of recruitment, selection, education and training of persons serving sheriffs'  
48 ~~departments;~~departments.
- 49 (6) Study and make reports and recommendations to the Governor, Attorney  
50 General, Secretary of Public Safety, Chief Justice, President of the Senate and

1 Speaker of the House, concerning the manpower, salary and equipment needs  
2 of the sheriffs of the ~~State;~~State.

3 (7) Make recommendations concerning any matters within its purview pursuant  
4 to this ~~Chapter;~~Chapter.

5 (8) Appoint such advisory committees as it may deem ~~necessary;~~necessary.

6 (9) Do such things as may be necessary and incidental to the administration of its  
7 authority pursuant to this ~~Chapter;~~Chapter.

8 (10) Formulate basic plans for and promote the development and improvement of  
9 a comprehensive system of education and training for the officers and  
10 employees of agencies consistent with its rules and ~~regulations;~~regulations.

11 (11) Maintain liaison among municipal, State and federal agencies with respect to  
12 education and ~~training;~~training.

13 ...

14 **"§ 17E-5. Functions of the Department of ~~Justice.~~Public Safety.**

15 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance  
16 as the Commission shall require and direct in the performance of its duties.

17 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all  
18 books, papers, documents, or other records and property of the Commission.

19 **"§ 17E-6. Justice Officers' Standards Division established; appointment of director; duties.**

20 (a) There is hereby established, within the Division of Administration of the Department  
21 of ~~Justice,~~Public Safety, the Justice Officers' Standards Division hereinafter called "the  
22 Division," which shall be organized and staffed in accordance with applicable laws and  
23 regulations and within the limits of authorized appropriations.

24 (b) The ~~Attorney General~~Commission shall appoint a director for the Division ~~chosen~~  
25 ~~from a list of nominees submitted to him by the Commission~~ who shall be responsible to and  
26 serve at the pleasure of the ~~Attorney General and the~~ Commission.

27 (c) The Division shall administer such programs as are assigned to it by the Commission.  
28 Administrative duties and responsibilities shall include, but are not limited to, the following:

29 (1) Administering any and all programs assigned to the Division by the  
30 Commission and reporting any violations of or deviations from the rules and  
31 regulations of the Commission as the Commission may ~~require;~~require.

32 (2) Compiling data, developing reports, identifying needs and performing  
33 research relevant to improvement of the ~~agencies;~~agencies.

34 (3) Developing new and revising existing programs for adoption consideration by  
35 the ~~Commission;~~Commission.

36 (4) Monitoring and evaluating programs of the ~~Commission;~~Commission.

37 (5) Providing technical assistance to agencies of the justice system to aid them in  
38 the discharge of program participation and ~~responsibilities;~~responsibilities.

39 (6) Disseminating information on Commission programs to concerned agencies  
40 or ~~individuals;~~individuals.

41 (7) Taking such other actions as may be deemed necessary or appropriate to carry  
42 out its assigned duties and ~~responsibilities;~~responsibilities.

43 (8) The director may divulge any information in the Division's personnel file of a  
44 justice officer or applicant for certification to the head of the department  
45 employing the officer or considering the applicant for employment when the  
46 director deems it necessary and essential to the retention or employment of  
47 ~~said the~~ officer or applicant. The information may be divulged whether or not  
48 ~~such the~~ information was contained in a personnel file maintained by a State  
49 or by a local government agency.

50 **"§ 17E-7. Required standards.**

51 ...

1 (b) The Commission shall provide, by regulation, that no person may be appointed as a  
2 justice officer at entry level, except on a temporary or probationary basis, unless ~~such~~the person  
3 has satisfactorily completed an initial preparatory program of training at a school certified by the  
4 Commission or has been exempted from that requirement by the Commission pursuant to this  
5 Chapter. Upon separation of a justice officer from a sheriff's department within the temporary or  
6 probationary period of appointment, the probationary certification shall be terminated by the  
7 Commission. Upon the reappointment to the same department or appointment to another  
8 department of an officer who has separated from a department within the probationary period,  
9 the officer shall be charged with the amount of time served during his initial appointment and  
10 allowed the remainder of the probationary period to complete the basic training requirement.  
11 Upon the reappointment to the same department or appointment to another department of an  
12 officer who has separated from a department within the probationary period and who has  
13 remained out of service for more than one year from the date of separation, the officer shall be  
14 allowed another probationary period to complete such training as the Commission shall require  
15 by rule for an officer returning to service.

16 (c) In addition to the requirements of subsection (b) of this section, the Commission, by  
17 rules and regulations, may fix other qualifications for the employment and retention of justice  
18 officers including minimum age, education, physical and mental standards, citizenship, good  
19 moral character, experience, and ~~such~~ other matters as relate to the competence and reliability of  
20 persons to assume and discharge the responsibilities of the office, and the Commission shall  
21 prescribe the means for presenting evidence of fulfillment of these requirements.

22 Where minimum educational standards are not met, yet the individual shows potential and a  
23 willingness to achieve the standards by extra study, they may be waived by the Commission for  
24 the reasonable amount of time it will take to achieve the standards required. Upon petition from  
25 a sheriff, the Commission may grant a waiver of any provisions of this section (17E-7) for any  
26 justice officer serving that sheriff.

27 ...

28 (d) The Commission may issue a certificate evidencing satisfaction of the requirements  
29 of subsections (b), (c), and (c1) of this section to any applicant who presents ~~such~~ evidence as  
30 may be required by its rules and regulations of satisfactory completion of a program or course of  
31 instruction in another jurisdiction.

32 **"§ 17E-8. Special requirements; authorizations.**

33 ...

34 (b) Any sheriff or justice officer, who has taken the oath of office, or person who has  
35 received a special deputation for the purpose from the sheriff, acts validly, and his arrests,  
36 executions, levies and sales are valid, without regard to whether he has complied with this  
37 Chapter or the rules or regulations adopted under this Chapter, unless he has been ordered to  
38 cease and desist from ~~such~~those actions by the court, or pursuant to G.S. 17E-9.

39 **"§ 17E-9. Compliance; enforcement.**

40 ...

41 (c) The Commission may appear in its own name and apply to courts having jurisdiction  
42 for injunctions to prevent violations of this Chapter or of rules issued pursuant ~~thereto;~~to this  
43 Chapter; specifically, the performance of justice officer functions by officers or individuals who  
44 are not in compliance with the standards and requirements of this Chapter or of rules issued  
45 pursuant ~~thereto;~~to this Chapter. A single act of performance of a justice officer function by an  
46 officer or individual who is performing ~~such~~that function in violation of this Chapter is sufficient,  
47 if shown, to invoke the injunctive relief of this section.

48 **"§ 17E-10. Donations to the Commission; grants and appropriations.**

49 (a) The Commission may accept for any of its purposes and functions under this Chapter  
50 any and all donations, both real and personal, and grants of money from any governmental unit  
51 or public agency, or from any institution, person, firm or corporation, and may receive, utilize

1 and dispose of same. Any arrangement pursuant to this section shall be detailed in a biennial  
2 report of the Commission to the General Assembly. ~~Such~~The report shall include the identity of  
3 the donor, the nature of the transaction, and the conditions, if any. Any money received by the  
4 Commission pursuant to this section shall be deposited in the State Treasury to the account of  
5 the Commission.

6 ...

7 (d) The Commission may provide grants as a reimbursement for actual expenses incurred  
8 by the State or any political subdivision ~~thereof~~of the State for the provision of training programs  
9 providing ~~said~~the political subdivisions and State law-enforcement agencies do adhere to the  
10 selection and training standards established by the Commission.

11 ...."

12 **SECTION 19A.6.(s)** G.S. 143A-55.2 is repealed.

13 **SECTION 19A.6.(t)** Subsections (p) through (s) of this section become effective  
14 October 1, 2021.

## 15 **CREATION OF THE DIVISION OF TRAINING**

16 **SECTION 19A.6.(u)** Part 4 of Article 13 of Chapter 143B of the General Statutes is  
17 amended by adding a new Subpart to read:

18 "Subpart G. Division of Training.

### 19 **"§ 143B-993. Creation of Division of Training.**

20 (a) There is established, within the Department of Public Safety, the Division of Training,  
21 which shall be organized and staffed in accordance with applicable laws and regulations and  
22 within the limits of authorized appropriations.

23 (b) The Division of Training shall have the following powers and duties:

24 (1) To exercise the powers and duties conferred on it by this Article.

25 (2) To exercise any other powers vested by law.

### 26 **"§ 143B-993.1. Creation of North Carolina Justice Academy Section.**

27 There is hereby created and constituted a section to be known as the "North Carolina Justice  
28 Academy Section of the Division of Training of the Department of Public Safety" with the  
29 organization, powers, and duties as set forth in this Article or as prescribed by the Director of the  
30 Division of Training."

31 **SECTION 19A.6.(v)** Subsections (u) and (v) of this section become effective  
32 October 1, 2021.

## 33 **CREATION OF DIVISIONS WITHIN THE DEPARTMENT OF PUBLIC SAFETY**

34 **SECTION 19A.6.(w)** Article 13 of Chapter 143B of the General Statutes is amended  
35 by adding new Parts to read:

36 "Part 4A. Criminal Justice Standards Division.

### 37 **"§ 143B-996. Creation of Criminal Justice Standards Division.**

38 There is hereby created and constituted a section to be known as the "Criminal Justice  
39 Standards Division of the Department of Public Safety" with the organization, powers, and duties  
40 as set forth in this Article or as prescribed by the Director of the Criminal Justice Standards  
41 Division.

42 "Part 4B. Justice Officers' Standards Division.

### 43 **"§ 143B-998. Creation of Justice Officers' Standards Division.**

44 There is hereby created and constituted a section to be known as the "Justice Officers'  
45 Standards Division of the Department of Public Safety" with the organization, powers, and duties  
46 as set forth in this Article or as prescribed by the Director of the Justice Officers' Standards  
47 Division."

48 **SECTION 19A.6.(x)** Subsection (w) of this section becomes effective October 1,  
49 2021.



**TRANSFER AND RENAME THE BOXING COMMISSION**

**SECTION 19A.7.(a)** The Boxing Commission created under G.S. 143-652.2 is transferred to the Department of Public Safety and renamed the "North Carolina Boxing and Combat Sports Commission." This transfer has all of the elements of a Type II transfer, as described in G.S. 143A-6, except that the management functions of the Commission shall not be performed under the direction and supervision of the Secretary of Public Safety.

**SECTION 19A.7.(b)** G.S. 143-651(4b) reads as rewritten:

"(4b) Commission. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission."

**SECTION 19A.7.(c)** G.S. 143-652.1(b) reads as rewritten:

"(b) Enforcement. – Except as otherwise authorized under G.S. 143-652.2(f), the Executive Director of the Commission shall investigate and enforce violations of this Article through the ALE Division. The ALE Division shall assist the Executive Director in investigating and enforcing violations of this Article."

**SECTION 19A.7.(d)** G.S. 143-652.2 reads as rewritten:

**"§ 143-652.2. ~~Boxing~~ The North Carolina Boxing and Combat Sports Commission.**

(a) Creation. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission is created for the purposes set forth in G.S. 143-652.1. The Commission shall be administratively located within the Department of ~~Commerce, Public Safety,~~ but shall exercise its powers independently of the Secretary of ~~Commerce, Public Safety.~~ The Commission shall consist of six voting members and two nonvoting advisory members. All the members shall be residents of North Carolina. The members shall be appointed as follows:

...

(4) One voting member shall be appointed by the Secretary of ~~Commerce~~ Public Safety for an initial term of three years.

...

Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may serve on the Commission only if an agreement exists and remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission to regulate professional boxing matches within the Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this subsection shall advise the Commission on matters concerning the health and physical condition of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may prepare and submit to the Commission for its approval any rules that in their judgment will safeguard the physical welfare of all participants engaged in boxing.

Terms for all members of the Commission except for the initial appointments shall be for three years.

The Governor shall designate which member of the Commission is to serve as chair. A member appointed pursuant to subdivision (1) or (6) of this subsection shall serve at the Governor's pleasure. The other members of the Commission may be removed from office by the member's appointing authority for cause. Members of the Commission are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best of the member's ability. A record of these oaths shall be filed in the Department of ~~Commerce, Public Safety.~~

...

(f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director of the Commission. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate and review criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission. The Commission may also hire additional staff. The Executive Director is exempt from provisions of the North Carolina Human Resources Act as provided by G.S. 126-5. All other staff of the Commission are subject to the North Carolina Human Resources Act.

...."

**SECTION 19A.7.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(37) The Executive Director of the North Carolina Boxing and Combat Sports Commission created pursuant to G.S. 143-652.2."

**SECTION 19A.7.(f)** The initial appointment to the North Carolina Boxing and Combat Sports Commission under G.S. 143-652.2(a)(4), as amended by subsection (d) of this section, shall be for a term commencing July 1, 2021. The term of the member serving on the Boxing Commission pursuant to G.S. 143-652.2(a)(4) as of June 30, 2021, expires on the effective date of this section.

**SECTION 19A.7.(g)** Funds in the State Boxing Revenue Account within the Department of Commerce as of the effective date of this section shall be transferred into the State Boxing Revenue Account within the Department of Public Safety. Once these funds have been transferred, the State Boxing Revenue Account within the Department of Commerce shall be closed.

**SECTION 19A.7.(h)** The North Carolina Boxing and Combat Sports Commission shall take all steps necessary to ensure the Commission is fully receipt-supported by the beginning of the 2023-2025 fiscal biennium, including the adjustment of fees authorized to be collected under G.S. 143-655. By October 1, 2022, the Commission shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety detailing the steps taken by the Commission to complete the requirement set forth in this subsection.

**SECTION 19A.7.(i)** The implementation of this section shall not affect any investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions for offenses or violations committed prior to the effective date of this section are not abated or affected by this section, and the statutes that would be applicable but for this section shall remain applicable to those prosecutions.

**SECTION 19A.7.(j)** This section becomes effective October 1, 2021.

## **RELOCATION OF ALE HEADQUARTERS AND REGIONAL OFFICES**

**SECTION 19A.9.(a)** Subsections (b) and (c) of Section 1 of S.L. 2019-203 are repealed.

**SECTION 19A.9.(b)** From funds appropriated in this act to the Department of Public Safety, the Department shall relocate the Alcohol Law Enforcement (ALE) headquarters and regional offices.

**SECTION 19A.9.(c)** This section becomes effective October 1, 2021.

**SECTION 19A.10.(a)** Of the funds appropriated to the Department of Public Safety in this act, the sum of two million dollars (\$2,000,000) in nonrecurring funds in each fiscal year of the 2021-2023 biennium shall be used to provide competitive grants to sheriffs' offices to assist

1 in establishing, maintaining, or expanding Medication-Assisted Treatment (MAT) programs for  
2 alcohol or opioid addiction for jails.

3 **SECTION 19A.10.(b)** The funds allocated for competitive grants in subsection (a)  
4 of this section shall be used as follows:

- 5 (1) \$750,000 for the establishment of new MAT programs.
- 6 (2) \$750,000 for the expansion of existing MAT programs.
- 7 (3) \$500,000 for the maintenance of existing MAT programs.

8 **SECTION 19A.10.(c)** The grants awarded pursuant to subsection (a) of this section  
9 shall meet the following criteria:

- 10 (1) No sheriff may receive grants pursuant to more than one category under  
11 subsection (b) of this section.
- 12 (2) No sheriff may receive grants totaling the entire allotment of funds provided  
13 for one of the categories listed in subsection (b) of this section.
- 14 (3) Counties receiving grants shall be prioritized based upon the following criteria  
15 regarding each county:
  - 16 a. The rate of opioid-related deaths.
  - 17 b. The rate of opioid-related hospital admissions.
  - 18 c. The rate of violations of probation or parole due to ongoing opioid or  
19 alcohol use.
  - 20 d. The accessibility of mental and physical health care.

21 **SECTION 19A.10.(d)** If qualified grant applications do not exhaust the funds  
22 allotted for one of the categories under subsection (b) of this section, the remaining funds may  
23 be redistributed equally between the other two categories.

24 **SECTION 19A.10.(e)** The Secretary of Public Safety may assign staff to support the  
25 grant program created under this section and shall convene a working group comprised of the  
26 following members:

- 27 (1) The Director of the Section of Community Corrections of the Department of  
28 Public Safety or their designee.
- 29 (2) The Director of the Office of Rural Health of the Department of Health and  
30 Human Services or their designee.
- 31 (3) The Section Chief for Addictions and Management Operations of the Division  
32 of Mental Health, Developmental Disabilities, and Substance Abuse Services  
33 or their designee.
- 34 (4) Other relevant stakeholders as determined by the Secretary of Public Safety.

35 **SECTION 19A.10.(f)** The working group created under subsection (e) of this section  
36 shall establish the operational criteria and application process for the grant program created by  
37 this section and shall communicate information regarding the grant program to all sheriffs' offices  
38 in the State. The working group shall evaluate applications for each of the categories under  
39 subsection (b) of this section and may award lower amounts than requested to individual sheriffs'  
40 offices in order to assure broader access to funds. The working group may establish protocols for  
41 the allotment of funds to assure that funds can be expended efficiently.

42 **SECTION 19A.10.(g)** Notwithstanding any other provision of law, funds allotted  
43 under subsection (a) of this section for the 2021-2022 fiscal year shall not revert until June 30,  
44 2023.

## 45 **PART XIX-B. LAW ENFORCEMENT**

### 46 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

47  
48 **SECTION 19B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The  
49 State Capitol Police may contract with State agencies for the creation of receipt-supported  
50 positions to provide security services to the buildings occupied by those agencies.  
51

1           **SECTION 19B.1.(b)** Annual Report Required. – No later than September 1 of each  
2 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
3 Justice and Public Safety the following information for the fiscal year in which the report is due:

4           (1) A list of all positions in the State Capitol Police. For each position listed, the  
5 report shall include at least the following information:

- 6           a. The position type.  
7           b. The agency to which the position is assigned.  
8           c. The source of funding for the position.

9           (2) For each receipt-supported position listed, the contract and any other terms of  
10 the contract.

11           **SECTION 19B.1.(c)** Additional Reporting Required Upon Creation of  
12 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
13 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
14 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
15 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
16 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
17 to this section shall include at least all of the following information:

- 18           (1) The position type.  
19           (2) The agency to which the position is being assigned.  
20           (3) The position salary.  
21           (4) The total amount of the contract.  
22           (5) The terms of the contract.

23           **SECTION 19B.1.(d)** Format of Reports. – Reports submitted pursuant to this section  
24 shall be submitted electronically and in accordance with any applicable General Assembly  
25 standards.  
26

## 27 **USE OF SEIZED AND FORFEITED PROPERTY**

28           **SECTION 19B.2.(a)** Seized and forfeited assets transferred to the Department of  
29 Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to  
30 applicable federal law shall be credited to the budget of the recipient department and shall result  
31 in an increase of law enforcement resources for that department. The Department of Public Safety  
32 and the Department of Justice shall each make the following reports to the chairs of the House  
33 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
34 Appropriations Committee on Justice and Public Safety:

- 35           (1) A report upon receipt of any assets.  
36           (2) A report that shall be made prior to use of the assets on their intended use and  
37 the departmental priorities on which the assets may be expended.  
38           (3) A report on receipts, expenditures, encumbrances, and availability of these  
39 assets for the previous fiscal year, which shall be made no later than  
40 September 1 of each year.

41           **SECTION 19B.2.(b)** The General Assembly finds that the use of seized and forfeited  
42 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
43 of real property, repair of buildings where the repair includes structural change, and construction  
44 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
45 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
46 using these assets for such purposes without the prior approval of the General Assembly.

47           **SECTION 19B.2.(c)** Nothing in this section prohibits State law enforcement  
48 agencies from receiving funds from the United States Department of Justice, the United States  
49 Department of the Treasury, and the United States Department of Health and Human Services.

50           **SECTION 19B.2.(d)** The Joint Legislative Oversight Committee on Justice and  
51 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of

1 seized and forfeited assets. The Committee shall report its findings and recommendations prior  
2 to the convening of the 2022 Regular Session of the 2021 General Assembly.

#### 3 4 **REQUEST FOR PROPOSALS FOR VIPER SYSTEM**

5 **SECTION 19B.4.(a)** Prior to using the funds appropriated in this act for the purchase  
6 of equipment or maintenance or both of the Voice Interoperability Plan for Emergency  
7 Responders (VIPER) System, the Department of Public Safety shall issue a request for proposals  
8 for that equipment or maintenance or both.

9 **SECTION 19B.4.(b)** The Department of Public Safety shall report the proposals  
10 submitted pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee  
11 on Justice and Public Safety no later than 20 days after the deadline to submit proposals has  
12 passed.

13 **SECTION 19B.4.(c)** The Department of Public Safety shall not award a contract in  
14 response to the request for proposals required by subsection (a) of this section until 30 days have  
15 passed following the submission of the report required by subsection (b) of this section. Once a  
16 contract has been awarded pursuant to this section, the Department of Public Safety may use the  
17 funds referenced in subsection (a) of this section to contract with a vendor to equip, maintain, or  
18 equip and maintain the VIPER System.

#### 19 20 **MODIFY TERM OF DIRECTOR OF THE STATE BUREAU OF INVESTIGATION**

21 **SECTION 19B.6.(a)** G.S. 143B-926(a) reads as rewritten:

22 "(a) The Director of the State Bureau of Investigation shall be appointed by the Governor  
23 for a term of ~~eight~~six years subject to confirmation by the General Assembly by joint resolution.  
24 The term of office of the Director of the State Bureau of Investigation shall be for ~~eight~~six years;  
25 the first full six-year term shall begin July 1, ~~2015-~~2023. The name of the person to be appointed  
26 by the Governor shall be submitted by the Governor to the General Assembly for confirmation  
27 by the General Assembly on or before May 1 of the year in which the term for which the  
28 appointment is to be made expires. Upon failure of the Governor to submit a name as herein  
29 provided, the President Pro Tempore of the Senate and the Speaker of the House of  
30 Representatives jointly shall submit a name of an appointee to the General Assembly on or before  
31 May 15 of the same year. The appointment shall then be made by enactment of a bill. The bill  
32 shall state the name of the person being appointed, the office to which the appointment is being  
33 made, the effective date of the appointment, the date of expiration of the term, the residence of  
34 the appointee, and that the appointment is made upon the joint recommendation of the Speaker  
35 of the House of Representatives and the President Pro Tempore of the Senate. Nothing precludes  
36 any member of the General Assembly from proposing an amendment to any bill making such an  
37 appointment. If there is no vacancy in the office of the Director of the State Bureau of  
38 Investigation, and a bill that would confirm the appointment of the person as Director fails a  
39 reading in either chamber of the General Assembly, then the Governor shall submit a new name  
40 within 30 days."

41 **SECTION 19B.6.(b)** This section becomes effective June 30, 2023.

#### 42 43 **DIRECT USE OF FEDERAL RAP BACK PROGRAM**

44 **SECTION 19B.7.(a)** Article 13 of Chapter 143B of the General Statutes is amended  
45 by adding a new section to read:

46 "**§ 143B-972.1. Criminal record checks for North Carolina Criminal Justice Education and**  
47 **Training Standards Commission and North Carolina Sheriffs' Education and**  
48 **Training Standards Commission; fingerprints sent to Federal Bureau of**  
49 **Investigation.**

50 (a) The Department of Public Safety shall provide to the North Carolina Criminal Justice  
51 Education and Training Standards Commission and the North Carolina Sheriffs' Education and

1 Training Standards Commission from the State and National Repositories of Criminal Histories  
2 the criminal history of any person who applies for certification or is certified as a criminal justice  
3 officer or justice officer or any other position that requires certification with either Commission.  
4 The Commissions shall provide to the State Bureau of Investigation the fingerprints of the  
5 applicants and certified officers and any other identifying information requested by the State  
6 Bureau of Investigation related to the requirements of relevant State and federal information  
7 databases, as well as its own information databases.

8 (b) The State Bureau of Investigation shall enroll each individual whose fingerprints are  
9 received under this section in the Federal Bureau of Investigation's Record of Arrest and  
10 Prosecution Background (Rap Back) Service.

11 (c) The State Bureau of Investigation shall maintain the fingerprints of the applicants and  
12 certified officers submitted pursuant to this section in the Statewide Automated Fingerprint  
13 Identification System (SAFIS) consistent with SubChapter B of Chapter 09 and SubChapter B  
14 of Chapter 10 of Title 12 of the North Carolina Administrative Code.

15 (d) Within 15 business days of receiving notification by either Commission that the  
16 individual whose fingerprints have been stored in SAFIS pursuant to subsection (c) of this section  
17 has separated from employment and a Department of Justice Report of Separation Form F-5B  
18 has been filed with either Commission, the State Bureau of Investigation shall remove the  
19 individual's fingerprints from SAFIS.

20 (e) The Commissions shall keep all information obtained pursuant to this section  
21 confidential."

22 **SECTION 19B.7.(b)** No later than June 30, 2022, any person certified by the North  
23 Carolina Criminal Justice Education and Training Standards Commission or the North Carolina  
24 Sheriffs' Education and Training Standards Commission on the effective date of this act shall  
25 electronically submit their fingerprints to the State Bureau of Investigation or, if so directed, to  
26 their certifying Commission, who shall forward the fingerprints to the State Bureau of  
27 Investigation. The State Bureau of Investigation shall search the State's criminal history record  
28 file, shall forward a set of fingerprints to the Federal Bureau of Investigation for a national  
29 criminal history record check, and shall maintain the fingerprints pursuant to G.S. 143B-972.1  
30 as enacted by Section 1 of this act.

31 **SECTION 19B.7.(c)** This section is effective when it becomes law.  
32

### 33 **MODIFY PAYMENT SOURCE OF GOVERNOR'S SECURITY DETAIL**

34 **SECTION 19B.8.** G.S. 20-189 reads as rewritten:

35 "**§ 20-189. Patrolmen assigned to Governor's office.**

36 The Secretary of Public Safety, at the request of the Governor, shall assign and attach two  
37 members of the State Highway Patrol to the office of the Governor, there to be assigned such  
38 duties and perform such services as the Governor may direct. The ~~salary-cost~~ of the State  
39 Highway Patrol members so assigned to the office of the Governor shall be paid from  
40 appropriations made to the ~~office of the Governor and shall be fixed in an amount to be~~  
41 ~~determined by the Governor.~~ Department of Public Safety."  
42

### 43 **RESTRICTIONS ON USE OF CERTAIN STATE HIGHWAY PATROL FUNDS**

44 **SECTION 19B.9.** Notwithstanding any provision of law to the contrary, the funds  
45 appropriated in this act to the State Highway Patrol for a third State Highway Patrol cadet class  
46 in the 2022-2023 fiscal year shall only be used for that purpose. No other use for those funds is  
47 authorized and all funds remaining at the end of the 2022-2023 fiscal year shall revert to the  
48 General Fund.  
49

### 50 **PART XIX-C. ADULT CORRECTION**

51

**CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

**SECTION 19C.1.** The Department of Public Safety may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Public Safety.

**STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

**SECTION 19C.2.** G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction and Juvenile Justice to do so.

The North Carolina Sheriffs' Association shall:

- (1) Report no later than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal Research Division on the Statewide Misdemeanant Confinement Program. Each monthly report shall include all of the following:
  - a. The daily population delineated by misdemeanant or DWI monthly housing.
  - b. The cost of housing prisoners under the Program.
  - c. The cost of transporting prisoners under the Program.
  - d. Personnel costs.
  - e. Inmate medical care costs.
  - f. The number of counties that volunteer to house inmates under the Program.
  - g. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety.
- (2) Report no later than October 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Statewide Misdemeanant Confinement Program. The report shall include the following with respect to the prior fiscal year:
  - a. The cost of housing prisoners by county under the Program.
  - b. The cost of transporting prisoners by county under the Program.
  - c. Personnel costs by county.
  - d. Inmate medical care costs by county.
  - e. The number of counties that volunteer to house inmates under the Program.
  - f. The administrative costs paid to the Sheriffs' Association and to the Department of Public Safety."

**STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

**SECTION 19C.3.** Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

- (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.
- (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be allocated each fiscal year to the Division of Adult Correction for its administrative and operating expenses for the Program.

**INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS**

**SECTION 19C.4.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

**SECTION 19C.4.(b)** No later than October 1 of each fiscal year, the Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used pursuant to this section and for what purposes the funds were used.

**NURSE STAFFING AT STATE PRISONS REPORT**

**SECTION 19C.5.(a)** The Department of Public Safety 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 total number of permanent nursing positions allocated to the Department, the number of filled positions, the number of positions that have been vacant for more than six months, and information regarding the location of both filled and vacant positions.
- (2) The extent to which temporary contract services are being used to staff vacant nursing positions, the method for funding the contract services, and any cost differences between the use of permanent employees versus contract employees.
- (3) A progress report on the implementation of its plan to (i) reduce the use of contract services to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in permanent positions in State prisons.

**SECTION 19C.5.(b)** Notwithstanding any other provision of law, the Department of Public Safety may, in its discretion and subject to the approval of the Office of State Budget and Management, convert funds appropriated for contractual nursing services to permanent nursing positions when it is determined to promote security, generate cost savings, and improve health care quality. The Department shall report on any such conversions to the Fiscal Research 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 (1) The number of Division employees charged with the commission of a criminal  
 2 offense committed in a State prison and during the employee's work hours.  
 3 The information shall be provided by State facility and shall specify the  
 4 offense charged and the outcome of the charge.
- 5 (2) The number of employees disciplined, demoted, or separated from service due  
 6 to personal misconduct. To the extent it does not disclose confidential  
 7 personnel records, the information shall be organized by type of misconduct,  
 8 nature of corrective action taken, and outcome of the corrective action.
- 9 (3) The hiring and screening process, including any required credentials or skills,  
 10 criminal background checks, and personality assessments. The information  
 11 shall also include the process the Division uses to verify the information  
 12 provided by an applicant.  
 13

#### 14 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 15 **EXPENSES**

16 **SECTION 19C.7.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety  
 17 may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse  
 18 counties for the cost of housing convicted inmates, parolees, and post-release supervisees  
 19 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may  
 20 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,  
 21 2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight  
 22 Committee on Justice and Public Safety and the chairs of the House of Representatives  
 23 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
 24 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
 25 prisoners awaiting transfer.  
 26

#### 27 **DOT CONTRACT OF INMATE LITTER CREW**

28 **SECTION 19C.8.(a)** After the issuance of a request for information (RFI) and  
 29 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,  
 30 the Department of Transportation shall first offer the contract to the Division of Adult Correction  
 31 and Juvenile Justice upon the same terms and conditions as the most favorable bid received by  
 32 the Department of Transportation from a suitable contractor. The Division of Adult Correction  
 33 and Juvenile Justice shall have 30 days to accept or decline the offered contract.

34 **SECTION 19C.8.(b)** It is the policy of the General Assembly that the Department  
 35 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads  
 36 as often as is necessary and practicable.  
 37

#### 38 **MAKE ADULT CORRECTION AND JUVENILE JUSTICE SEPARATE DIVISIONS**

39 **SECTION 19C.9.(a)** Article 13 of Chapter 143B of the General Statutes reads as  
 40 rewritten:

41 "Article 13.

42 "Department of Public Safety.

43 "Part 1. General Provisions.  
 44

44 ...

#### 45 **"§ 143B-604. State Reentry Council Collaborative.**

46 (a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The  
 47 SRCC shall include up to two representatives from each of the following:

- 48 (1) The Division of Motor Vehicles.  
 49 (2) The Department of Health and Human Services.  
 50 (3) The Administrative Office of the Courts.  
 51 (4) The North Carolina Community College System.

- 1           (5)    The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of  
2           Public Safety.  
3           (6)    A nonprofit entity that provides reentry services or reentry programs.  
4           (7)    Any other agency that the Secretary deems relevant.

5           ...

6                         ~~"Part 1A. Division of Adult Correction and Juvenile Justice.~~

7    ~~"§ 143B-630. Creation of Division of Adult Correction and Juvenile Justice; powers.~~

8           ~~There is hereby created and established a division to be known as the Division of Adult~~  
9    ~~Correction and Juvenile Justice of the Department of Public Safety. The Division shall have the~~  
10 ~~power and duty to implement Parts 2 and 3 of this Article and shall have such other powers and~~  
11 ~~duties as are set forth in this Chapter and are prescribed by the Secretary of the Department of~~  
12 ~~Public Safety.~~

13                                 "Part 2. Adult Correction.

14                                 "Subpart A. General Provisions.

15           ...

16    ~~"§ 143B-701. Division of Adult Correction and Juvenile Justice of the Department of Public~~  
17    ~~Safety – powers, duties.~~

18           ~~(a)    There is hereby established a division to be known as the Division of Adult Correction~~  
19 ~~of the Department of Public Safety. The Division shall have the power and duty to implement~~  
20 ~~Part 2 of this Article and shall have such other powers and duties as are set forth in this Article~~  
21 ~~and prescribed by the Secretary of the Department of Public Safety.~~

22           ~~(b)    It shall be the duty of the Division to provide the necessary custody, supervision, and~~  
23 ~~treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and cost of~~  
24 ~~crime and delinquency.~~

25    ~~"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public~~  
26    ~~Safety – rules and regulations.~~

27           ~~The Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~  
28 ~~shall adopt rules and regulations related to the conduct, supervision, rights and privileges of~~  
29 ~~persons in its custody or under its supervision. Such rules and regulations shall be filed with and~~  
30 ~~published by the office of the Attorney General and shall be made available by the Division for~~  
31 ~~public inspection. The rules and regulations shall include a description of the organization of the~~  
32 ~~Division. A description or copy of all forms and instructions used by the Division, except those~~  
33 ~~relating solely to matters of internal management, shall also be filed with the office of the~~  
34 ~~Attorney General.~~

35    ~~"§ 143B-703. Repair or replacement of personal property.~~

36           ~~(a)    The Secretary of Public Safety may adopt rules governing repair or replacement of~~  
37 ~~personal property items excluding private passenger vehicles that belong to employees of State~~  
38 ~~facilities within the Division of Adult Correction and Juvenile Justice of the Department of Public~~  
39 ~~Safety and that are damaged or stolen by inmates of the State facilities provided that the item is~~  
40 ~~determined by the Secretary to be damaged or stolen on or off facility grounds during the~~  
41 ~~performance of employment and necessary for the employee to have in his possession to perform~~  
42 ~~his assigned duty.~~

43           ...

44    ~~"§ 143B-704. Division of Adult Correction and Juvenile Justice of the Department of Public~~  
45    ~~Safety – functions with respect to adults.~~

46           ~~(a)    The functions of the Division of Adult Correction and Juvenile Justice of the~~  
47 ~~Department of Public Safety shall include all functions of the executive branch of the State in~~  
48 ~~relation to corrections and the rehabilitation of adult offenders, including detention, parole, and~~  
49 ~~aftercare supervision, and further including those prescribed powers, duties, and functions~~  
50 ~~enumerated in the laws of this State.~~

1 (b) All such functions, powers, duties, and obligations heretofore vested in the  
2 Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of  
3 Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested  
4 in the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety  
5 except as otherwise provided by the Executive Organization Act of 1973. They shall include, by  
6 way of extension and not of limitation, the functions of:

7 ...

8 **"§ 143B-705. Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public**  
9 **Safety – Alcoholism and Chemical Dependency Treatment Program.**

10 ...

11 (b) A Section Chief for the Alcoholism and Chemical Dependency Treatment Program  
12 shall be employed and shall report directly to a deputy director for the Division of Adult  
13 Correction ~~and Juvenile Justice~~ as designated by the Deputy Commissioner for the Division of  
14 Adult Correction ~~and Juvenile Justice~~. Correction. The duties of the Section Chief and staff shall  
15 include the following:

- 16 (1) Administer and coordinate all substance abuse programs, grants, contracts,  
17 and related functions in the Division of Adult Correction ~~and Juvenile Justice~~  
18 of the Department of Public Safety.  
19 (2) Develop and maintain working relationships and agreements with agencies  
20 and organizations that will assist in developing and operating alcoholism and  
21 chemical dependency treatment and recovery programs in the Division of  
22 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety.

23 ...

- 24 (7) Supervise directly the facility and district program managers, other  
25 specialized personnel, and programs that exist or may be developed in the  
26 Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public  
27 Safety.

28 ...

29 (c) In each prison that houses an alcoholism and chemical dependency program, there  
30 shall be a unit superintendent under the Section of Prisons of the Division of Adult Correction  
31 ~~and Juvenile Justice~~ and other custodial, administrative, and support staff as required to maintain  
32 the proper custody level at the facility. The unit superintendent shall be responsible for all matters  
33 pertaining to custody and administration of the unit. The Section Chief of the Alcoholism and  
34 Chemical Dependency Treatment Program shall designate and direct employees to manage  
35 treatment programs at each location. Duties of unit treatment program managers shall include  
36 program development and implementation, supervision of personnel assigned to treatment  
37 programs, adherence to all pertinent policy and procedural requirements of the Department, and  
38 other duties as assigned.

39 ...

40 **"§ 143B-707. Reports to the General Assembly.**

41 The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety  
42 shall report by March 1 of each year to the Chairs of the Senate and House Appropriations  
43 Committees and the Chairs of the Senate and House Appropriations Subcommittees in Justice  
44 and Public Safety on their efforts to provide effective treatment to offenders with substance abuse  
45 problems. The report shall include:

46 ...

- 47 (7) Evaluation of each substance abuse treatment program funded by the Division  
48 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety.  
49 Evaluation measures shall include reduction in alcohol and drug dependency,  
50 improvements in disciplinary and infraction rates, recidivism (defined as  
51 return-to-prison rates), and other measures of the programs' success.

1 ...

2 **"§ 143B-708. Community service program.**

3 (a) ~~The Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
4 Safety may conduct a community service program. The program shall provide oversight of  
5 offenders placed under the supervision of the Section of Community Corrections of the Division  
6 of Adult Correction ~~and Juvenile Justice~~ and ordered to perform community service hours for  
7 criminal violations, including driving while impaired violations under G.S. 20-138.1. This  
8 program shall assign offenders, either on supervised or on unsupervised probation, to perform  
9 service to the local community in an effort to promote the offender's rehabilitation and to provide  
10 services that help restore or improve the community. The program shall provide appropriate work  
11 site placement for offenders ordered to perform community service hours. The Division may  
12 adopt rules to conduct the program. Each offender shall be required to comply with the rules  
13 adopted for the program.

14 ...

15 (e) The community service staff shall report to the court in which the community service  
16 was ordered, a significant violation of the terms of the probation, deferred prosecution, or  
17 conditional discharge related to community service, including a willful failure to pay any moneys  
18 due the State under any court order or payment schedule adopted by the Section of Community  
19 Corrections of the Division of Adult ~~Correction and Juvenile Justice~~. Correction. The community  
20 service staff shall give notice of the hearing to determine if there is a willful failure to comply  
21 to the person who was ordered to perform the community service. This notice shall be given by  
22 either personal delivery to the person to be notified or by depositing the notice in the United  
23 States mail in an envelope with postage prepaid, addressed to the person at the last known address  
24 available to the preparer of the notice and reasonably believed to provide actual notice to the  
25 person. The notice shall be mailed at least 10 days prior to any hearing and shall state the basis  
26 of the alleged willful failure to comply. The court shall then conduct a hearing, even if the person  
27 ordered to perform the community service fails to appear, to determine if there is a willful failure  
28 to complete the work as ordered by the community service staff within the applicable time limits.  
29 The hearing may be held in the county in which the order requiring the performance of  
30 community service was imposed, the county in which the violation occurred, or the county of  
31 residence of the person. If the court determines there is a willful failure to comply, it shall revoke  
32 any drivers license issued to the person and notify the Division of Motor Vehicles to revoke any  
33 drivers license issued to the person until the community service requirement has been met. In  
34 addition, if the person is present, the court may take any further action authorized by Article 82  
35 of Chapter 15A of the General Statutes for violation of a condition of probation.

36 **"§ 143B-709. Security Staffing.**

37 (a) ~~The Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
38 Safety shall conduct:

39 ...

40 (b) ~~The Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
41 Safety shall update the security staffing relief formula at least every three years. Each update  
42 shall include a review of all annual training requirements for security staff to determine which of  
43 these requirements should be mandatory and the appropriate frequency of the training. The  
44 Division shall survey other states to determine which states use a vacancy factor in their staffing  
45 relief formulas.

46 ...

47 **"§ 143B-711. Division of Adult Correction and Juvenile Justice of the Department of Public  
48 Safety – organization.**

49 The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety  
50 shall be organized initially to include the Post-Release Supervision and Parole Commission, the  
51 Section of Prisons of the Division of Adult Correction, the Section of Community Corrections,

1 the Section of Alcoholism and Chemical Dependency Treatment Programs, and such other  
2 divisions as may be established under Part 3 of this Article and under the other provisions of the  
3 Executive Organization Act of 1973.

4 ...

5 "Subpart C. Parole Commission.

6 **"§ 143B-720. Post-Release Supervision and Parole Commission – creation, powers and**  
7 **duties.**

8 (a) There is hereby created a Post-Release Supervision and Parole Commission of the  
9 Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety with the  
10 authority to grant paroles, including both regular and temporary paroles, to persons held by virtue  
11 of any final order or judgment of any court of this State as provided in Chapter 148 of the General  
12 Statutes and laws of the State of North Carolina, except that persons sentenced under Article 81B  
13 of Chapter 15A of the General Statutes are not eligible for parole but may be conditionally  
14 released into the custody and control of United States Immigration and Customs Enforcement  
15 pursuant to G.S. 148-64.1. The Commission shall also have authority to revoke, terminate, and  
16 suspend paroles of such persons (including persons placed on parole on or before the effective  
17 date of the Executive Organization Act of 1973) and to assist the Governor in exercising his  
18 authority in granting reprieves, commutations, and pardons, and shall perform such other services  
19 as may be required by the Governor in exercising his powers of executive clemency. The  
20 Commission shall also have authority to revoke and terminate persons on post-release  
21 supervision, as provided in Article 84A of Chapter 15A of the General Statutes. The Commission  
22 shall also have the authority to punish for criminal contempt for willful refusal to accept  
23 post-release supervision or to comply with the terms of post-release supervision by a prisoner  
24 whose offense requiring post-release supervision is a reportable conviction subject to the  
25 registration requirement of Article 27A of Chapter 14 of the General Statutes. Any contempt  
26 proceeding conducted by the Commission shall be in accordance with G.S. 5A-15 as if the  
27 Commission were a judicial official.

28 ...

29 (c) The Commission is authorized and empowered to adopt such rules and regulations,  
30 not inconsistent with the laws of this State, in accordance with which prisoners eligible for parole  
31 consideration may have their cases reviewed and investigated and by which such proceedings  
32 may be initiated and considered. All rules and regulations heretofore adopted by the Board of  
33 Paroles shall remain in full force and effect unless and until repealed or superseded by action of  
34 the Post-Release Supervision and Parole Commission. All rules and regulations adopted by the  
35 Commission shall be enforced by the Division of Adult Correction ~~and Juvenile Justice~~ of the  
36 Department of Public Safety.

37 ...

38 "Part 3. Juvenile ~~Justice~~ Section Justice.

39 "Subpart A. Creation of Division.

40 **"§ 143B-800. Creation of Division of Juvenile Justice ~~Section of the Division of Adult~~**  
41 **~~Correction and Juvenile Justice~~ of the Department of Public Safety.**

42 There is hereby created and constituted a ~~section~~ division to be known as the "Juvenile  
43 Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of  
44 the Department of Public Safety", with the organization, powers, and duties as set forth in this  
45 Article or as prescribed by the ~~Director of the Division of Adult Correction and Juvenile~~  
46 ~~Justice~~ Secretary of the Department of Public Safety.

47 **"§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile**  
48 **Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the**  
49 **Department of Public Safety.**

50 (a) All (i) statutory authority, powers, duties, and functions, including directives of S.L.  
51 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel

1 positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations,  
 2 reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the  
 3 Governor are transferred to and vested in ~~the Juvenile Justice Section of the Division of Adult~~  
 4 ~~Correction and Juvenile Justice of the Department of Public Safety.~~ This transfer has all of the  
 5 elements of a Type I transfer as defined in G.S. 143A-6.

6 (b) The ~~Section~~Division shall be considered a continuation of the Office of Juvenile  
 7 Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office  
 8 and of those rights, powers, duties, and obligations exercised by the Office of the Governor on  
 9 behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of  
 10 Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law,  
 11 contract, or other document, that reference shall apply to ~~the Juvenile Justice Section of the~~  
 12 ~~Division of Adult Correction and Juvenile Justice.~~ Where the Office of the Governor is referred  
 13 to by contract or other document, where the Office of the Governor is acting on behalf of the  
 14 Office of Juvenile Justice, that reference shall apply to the ~~Section~~Division.

15 (c) All institutions previously operated by the Office of Juvenile Justice and the present  
 16 central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies,  
 17 personnel, or other properties rented or controlled by the Office or by the Office of the Governor  
 18 for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice  
 19 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public  
 20 Safety.

21 ...

22 "Subpart B. General Provisions.

23 **"§ 143B-805. Definitions.**

24 In this Part, unless the context clearly requires otherwise, the following words have the listed  
 25 meanings:

26 (1) Chief court counselor. – The person responsible for administration and  
 27 supervision of juvenile intake, probation, and post-release supervision in each  
 28 judicial district, operating under the supervision of the ~~Juvenile Justice Section~~  
 29 ~~of the Division of Adult Correction and Juvenile Justice of the Department of~~  
 30 ~~Public Safety.~~

31 ...

32 (10a) Division. – The Division of Juvenile Justice of the Department of Public  
 33 Safety.

34 ...

35 (19a) ~~Section.~~ ~~The Juvenile Justice Section of the Division of Adult Correction~~  
 36 ~~and Juvenile Justice of the Department of Public Safety.~~

37 ...

38 **"§ 143B-806. Duties and powers of the Division of Juvenile Justice ~~Section of the Division~~**  
 39 **~~of Adult Correction and Juvenile Justice of the Department of Public Safety.~~**

40 ...

41 (b) In addition to its other duties, the Division of Juvenile Justice ~~Section of the Division~~  
 42 ~~of Adult Correction and Juvenile Justice~~ shall have the following powers and duties:

43 ...

44 **"§ 143B-807. Authority to contract with other entities.**

45 (a) The ~~Section~~Division may contract with any governmental agency, person, or  
 46 association for the accomplishment of its duties and responsibilities. The expenditure of funds  
 47 under these contracts shall be for the purposes for which the funds were appropriated and not  
 48 otherwise prohibited by law.

49 (b) The ~~Section~~Division may enter into contracts with, and act as intermediary between,  
 50 any federal government agency and any county of this State for the purpose of assisting the  
 51 county to recover monies expended by a county-funded financial assistance program. As a

1 condition of assistance, the county shall agree to hold and save harmless the ~~Section~~Division  
2 against any claims, loss, or expense which the ~~Section~~Division might incur under the contracts  
3 by reason of any erroneous, unlawful, or tortious act or omission of the county or its officials,  
4 agents, or employees.

5 (c) The ~~Section~~Division and any other appropriate State or local agency may purchase  
6 services from public or private agencies providing delinquency prevention programs or juvenile  
7 court services, including parenting responsibility classes. The programs shall meet State  
8 standards. As institutional populations are reduced, the ~~Section~~Division may divert State funds  
9 appropriated for institutional programs to purchase the services under the State Budget Act.

10 (d) Each programmatic, residential, and service contract or agreement entered into by the  
11 ~~Section~~Division shall include a cooperation clause to ensure compliance with the ~~Section's~~  
12 Division's quality assurance requirements and cost-accounting requirements.

13 **"§ 143B-808. Authority to assist private nonprofit foundations.**

14 The ~~Section~~Division may provide appropriate services or allow employees of the ~~Section~~  
15 Division to assist any private nonprofit foundation that works directly with the ~~Section's~~  
16 Division's services or programs and whose sole purpose is to support these services and  
17 programs. A ~~Section~~Division employee shall be allowed to work with a foundation no more than  
18 20 hours in any one month. These services are not subject to Chapter 150B of the General  
19 Statutes.

20 The board of directors of each private, nonprofit foundation shall secure and pay for the  
21 services of the Department of State Auditor or employ a certified public accountant to conduct  
22 an annual audit of the financial accounts of the foundation. The board of directors shall transmit  
23 to the ~~Section~~Division a copy of the annual financial audit report of the private nonprofit  
24 foundation.

25 **"§ 143B-809. Teen court programs.**

26 (a) All teen court programs administered by the ~~Juvenile Justice Section of the Division~~  
27 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall operate as  
28 community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile  
29 diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds  
30 the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative  
31 measure or sanction, including counseling, restitution, curfews, and community service.

32 Teen court programs may also operate as resources to the local school administrative units to  
33 handle problems that develop at school but that have not been turned over to the juvenile  
34 authorities.

35 (b) Every teen court program that receives funds from Juvenile Crime Prevention  
36 Councils shall comply with rules and reporting requirements of the ~~Juvenile Justice Section of~~  
37 ~~the Division of Adult Correction and Juvenile Justice of the Department of Public~~  
38 ~~Safety~~Division.

39 ...

"Subpart C. Juvenile Facilities.

41 **"§ 143B-815. Juvenile facilities.**

42 In order to provide any juvenile in a juvenile facility with appropriate treatment according to  
43 that juvenile's need, the ~~Section~~Division shall be responsible for the administration of statewide  
44 educational, clinical, psychological, psychiatric, social, medical, vocational, and recreational  
45 services or programs.

46 **"§ 143B-816. Authority to provide necessary medical or surgical care.**

47 The ~~Section~~Division may provide any medical and surgical treatment necessary to preserve  
48 the life and health of juveniles committed to the custody of the ~~Section~~Division; however, no  
49 surgical operation may be performed except as authorized in G.S. 148-22.2.

50 **"§ 143B-817. Compensation to juveniles in care.**

1 A juvenile who has been committed to the ~~Section~~Division may be compensated for work  
2 or participation in training programs at rates approved by the Secretary within available funds.  
3 The Secretary may provide for a reasonable allowance to the juvenile for incidental personal  
4 expenses, and any balance of the juvenile's earnings remaining at the time the juvenile is released  
5 shall be paid to the juvenile or the juvenile's parent or guardian. The ~~Section~~Division may accept  
6 grants or funds from any source to compensate juveniles under this section.

7 **"§ 143B-818. Visits and community activities.**

8 (a) The ~~Section~~Division shall encourage visits by parents or guardians and responsible  
9 relatives of juveniles committed to the custody of the ~~Section~~Division.

10 (b) The ~~Section~~Division shall develop a program of home visits for juveniles in the  
11 custody of the ~~Section~~Division. The visits shall begin after the juvenile has been in the custody  
12 of the for a period of at least six months. In developing the program, the ~~Section~~Division shall  
13 adopt criteria that promote the protection of the public and the best interests of the juvenile.

14 **"§ 143B-819. Regional detention services.**

15 The ~~Section~~Division is responsible for juvenile detention services, including the  
16 development of a statewide plan for regional juvenile detention services that offer juvenile  
17 detention care of sufficient quality to meet State standards to any juvenile requiring juvenile  
18 detention care within the State in a detention facility as follows:

19 (1) The ~~Section~~Division shall plan with the counties operating a county detention  
20 facility to provide regional juvenile detention services to surrounding  
21 counties. The ~~Section~~Division has discretion in defining the geographical  
22 boundaries of the regions based on negotiations with affected counties,  
23 distances, availability of juvenile detention care that meets State standards,  
24 and other appropriate factors.

25 (2) The ~~Section~~Division may plan with any county that has space within its  
26 county jail system to use the existing space for a county detention facility  
27 when needed, if the space meets the State standards for a detention facility and  
28 meets all of the requirements of G.S. 153A-221. The use of space within the  
29 county jail system shall be constructed to ensure that juveniles are not able to  
30 converse with, see, or be seen by the adult population, and juveniles housed  
31 in a space within a county jail shall be supervised closely.

32 (3) The ~~Section~~Division shall plan for and administer regional detention  
33 facilities. The ~~Section~~Division shall carefully plan the location, architectural  
34 design, construction, and administration of a program to meet the needs of  
35 juveniles in juvenile detention care. The physical facility of a regional  
36 detention facility shall comply with all applicable State and federal standards.  
37 The programs of a regional detention facility shall comply with the standards  
38 established by the ~~Section~~Division.

39 **"§ 143B-820. State subsidy to county detention facilities.**

40 The ~~Section~~Division shall administer a State subsidy program to pay a county that provides  
41 juvenile detention services and meets State standards a certain per diem per juvenile. In general,  
42 this per diem should be fifty percent (50%) of the total cost of caring for a juvenile from within  
43 the county and one hundred percent (100%) of the total cost of caring for a juvenile from another  
44 county. Any county placing a juvenile in a detention facility in another county shall pay fifty  
45 percent (50%) of the total cost of caring for the juvenile to the ~~Section~~Division. The ~~Section~~  
46 Division may vary the exact funding formulas to operate within existing State appropriations or  
47 other funds that may be available to pay for juvenile detention care.

48 **"§ 143B-821. Authority for implementation.**

49 In order to allow for effective implementation of a statewide regional approach to juvenile  
50 detention, the ~~Section~~Division may:

51 ...



"Subpart D. Juvenile Court Services.

**"§ 143B-830. Duties and powers of chief court counselors.**

The chief court counselor in each district appointed under G.S. 143B-806(b)(15) may:

(1) Appoint juvenile court counselors, secretaries, and other personnel authorized by the ~~Section-Division~~ in accordance with the personnel policies adopted by the ~~Section-Division~~.

...

(3) Provide in-service training for staff as required by the ~~Section-Division~~.

...

**"§ 143B-831. Duties and powers of juvenile court counselors.**

As the court or the chief court counselor may direct or require, all juvenile court counselors shall have the following powers and duties:

...

(14) Provide supervision for a juvenile transferred to the counselor's supervision from another court or another state, and provide supervision for any juvenile released from an institution operated by the ~~Section-Division~~ when requested by the ~~Section-Division~~ to do so.

...

(19) Have any other duties as the ~~Section-Division~~ may direct.

...

"Subpart E. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.

**"§ 143B-840. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.**

(a) The ~~Section-Division~~ shall develop and implement a comprehensive juvenile delinquency and substance abuse prevention plan and shall coordinate with County Councils for implementation of a continuum of services and programs at the community level.

The ~~Section-Division~~ shall ensure that localities are informed about best practices in juvenile delinquency and substance abuse prevention.

...

(c) The ~~Section-Division~~ shall cooperate with all other affected State agencies and entities in implementing this section.

...

"Subpart F. Juvenile Crime Prevention Councils.

...

**"§ 143B-851. Powers and duties.**

(a) Each County Council shall review annually the needs of juveniles in the county who are at risk of delinquency or who have been adjudicated undisciplined or delinquent and the resources available to address those needs. In particular, each County Council shall assess the needs of juveniles in the county who are at risk or who have been associated with gangs or gang activity, and the local resources that are established to address those needs. The Council shall develop and advertise a request for proposal process and submit a written plan of action for the expenditure of juvenile sanction and prevention funds to the board of county commissioners for its approval. Upon the county's authorization, the plan shall be submitted to the ~~Section-Division~~ for final approval and subsequent implementation.

(b) Each County Council shall ensure that appropriate intermediate dispositional options are available and shall prioritize funding for dispositions of intermediate and community-level sanctions for court-adjudicated juveniles under minimum standards adopted by the ~~Section-Division~~.

...

**"§ 143B-853. Funding for programs.**

(a) Annually, the Division of ~~Adult Correction and~~ Juvenile Justice shall develop and implement a funding mechanism for programs that meet the standards developed under this

1 Subpart. The Division shall ensure that the guidelines for the State and local partnership's funding  
2 process include the following requirements:

3 ...  
4 (c) ~~The Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~  
5 of the Department of Public Safety shall report to the Senate and House of Representatives  
6 Appropriations Subcommittees on Justice and Public Safety no later than March 1, 2006, and  
7 annually thereafter, on the results of intensive intervention services. Intensive intervention  
8 services are evidence-based or research-supported community-based or residential services that  
9 are necessary for a juvenile in order to (i) prevent the juvenile's commitment to a youth  
10 development center or detention facility or (ii) facilitate the juvenile's successful return to the  
11 community following commitment. Specifically, the report shall provide a detailed description  
12 of each intensive intervention service, including the numbers of juveniles served, their  
13 adjudication status at the time of service, the services and treatments provided, the length of  
14 service, the total cost per juvenile, and the six- and 12-month recidivism rates for the juveniles  
15 after the termination of program services.

16 ...  
17 **"§ 143B-935. Criminal history record checks of employees of and applicants for**  
18 **employment with the Department of Health and Human Services, and the**  
19 **~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~**  
20 **of the Department of Public Safety.**

21 (a) Definitions. – As used in this section, the term:

22 (1) "Covered person" means any of the following:

23 a. An applicant for employment or a current employee in a position in  
24 the ~~Juvenile Justice Section of the Division of Adult Correction and~~  
25 Juvenile Justice of the Department of Public Safety who provides  
26 direct care for a client, patient, student, resident or ward of the  
27 Division.

28 b. A person who supervises positions in the ~~Juvenile Justice Section of~~  
29 ~~the Division of Adult Correction and Juvenile Justice~~ of the  
30 Department of Public Safety providing direct care for a client, patient,  
31 student, resident or ward of the Division.

32 ...  
33 f. An independent contractor or an employee of an independent  
34 contractor who has contracted with the ~~Juvenile Justice Section of the~~  
35 ~~Division of Adult Correction and Juvenile Justice~~ of the Department  
36 of Public Safety to provide direct care for a client, patient, student,  
37 resident, or ward of the Division.

38 g. A person who has been approved to perform volunteer services in or  
39 for the ~~Juvenile Justice Section of the Division of Adult Correction~~  
40 ~~and Juvenile Justice~~ of the Department of Public Safety to provide  
41 direct care for a client, patient, student, resident, or ward of the  
42 Division.

43 (2) "Criminal history" means a State or federal history of conviction of a crime,  
44 whether a misdemeanor or felony, that bears upon a covered person's fitness  
45 for employment in the Department of Health and Human Services or the  
46 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile~~  
47 ~~Justice~~ of the Department of Public Safety. The crimes include, but are not  
48 limited to, criminal offenses as set forth in any of the following Articles of  
49 Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing  
50 Monetary Substitutes; Article 5A, Endangering Executive and Legislative  
51 Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses;

1 Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13,  
2 Malicious Injury or Damage by Use of Explosive or Incendiary Device or  
3 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson  
4 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,  
5 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,  
6 Obtaining Property or Services by False or Fraudulent Use of Credit Device  
7 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article  
8 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality  
9 and Decency; Article 26A, Adult Establishments; Article 27, Prostitution;  
10 Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public  
11 Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots,  
12 Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article  
13 40, Protection of the Family; Article 59, Public Intoxication; and Article 60,  
14 Computer-Related Crime. The crimes also include possession or sale of drugs  
15 in violation of the North Carolina Controlled Substances Act, Article 5 of  
16 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale  
17 to underage persons in violation of G.S. 18B-302, or driving while impaired  
18 in violation of G.S. 20-138.1 through G.S. 20-138.5.

19 (b) When requested by the Department of Health and Human Services or the ~~Juvenile~~  
20 ~~Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of~~  
21 ~~Public Safety, the North Carolina Department of Public Safety may provide to the requesting~~  
22 ~~department or division a covered person's criminal history from the State Repository of Criminal~~  
23 ~~Histories. Such requests shall not be due to a person's age, sex, race, color, national origin,~~  
24 ~~religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For~~  
25 ~~requests for a State criminal history record check only, the requesting department or division~~  
26 ~~shall provide to the Department of Public Safety a form consenting to the check signed by the~~  
27 ~~covered person to be checked and any additional information required by the Department of~~  
28 ~~Public Safety. National criminal record checks are authorized for covered applicants who have~~  
29 ~~not resided in the State of North Carolina during the past five years. For national checks the~~  
30 ~~Department of Health and Human Services or the Juvenile Justice Section of the Division of~~  
31 ~~Adult Correction and Juvenile Justice of the Department of Public Safety shall provide to the~~  
32 ~~North Carolina Department of Public Safety the fingerprints of the covered person to be checked,~~  
33 ~~any additional information required by the Department of Public Safety, and a form signed by~~  
34 ~~the covered person to be checked consenting to the check of the criminal record and to the use of~~  
35 ~~fingerprints and other identifying information required by the State or National Repositories. The~~  
36 ~~fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search~~  
37 ~~of the State criminal history record file and the State Bureau of Investigation shall forward a set~~  
38 ~~of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.~~  
39 ~~The Department of Health and Human Services and the Juvenile Justice Section of the Division~~  
40 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety shall keep all~~  
41 ~~information pursuant to this section confidential. The Department of Public Safety shall charge~~  
42 ~~a reasonable fee for conducting the checks of the criminal history records authorized by this~~  
43 ~~section.~~

44 (c) All releases of criminal history information to the Department of Health and Human  
45 Services or ~~the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~  
46 ~~of the Department of Public Safety shall be subject to, and in compliance with, rules governing~~  
47 ~~the dissemination of criminal history record checks as adopted by the North Carolina Department~~  
48 ~~of Public Safety. All of the information either department receives through the checking of the~~  
49 ~~criminal history is privileged information and for the exclusive use of that department.~~

50 (d) If the covered person's verified criminal history record check reveals one or more  
51 convictions covered under subsection (a) of this section, then the conviction shall constitute just

1 cause for not selecting the person for employment, or for dismissing the person from current  
 2 employment with the Department of Health and Human Services or ~~the Juvenile Justice Section~~  
 3 ~~of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety.~~ The  
 4 conviction shall not automatically prohibit employment; however, the following factors shall be  
 5 considered by the Department of Health and Human Services or ~~the Juvenile Justice Section of~~  
 6 ~~the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ in  
 7 determining whether employment shall be denied:

8 ...

9 (e) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~  
 10 ~~the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ may  
 11 deny employment to or dismiss a covered person who refuses to consent to a criminal history  
 12 record check or use of fingerprints or other identifying information required by the State or  
 13 National Repositories of Criminal Histories. Any such refusal shall constitute just cause for the  
 14 employment denial or the dismissal from employment.

15 (f) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~  
 16 ~~the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~ may  
 17 extend a conditional offer of employment pending the results of a criminal history record check  
 18 authorized by this section.

19 ...

20 "Part 6. Division of Administration.

21 "Subpart A. Governor's Crime Commission.

22 **"§ 143B-1100. Governor's Crime Commission – creation; composition; terms; meetings,**  
 23 **etc.**

24 (a) There is hereby created the Governor's Crime Commission of the Department of  
 25 Public Safety. The Commission shall consist of 37 voting members and five nonvoting members.  
 26 The composition of the Commission shall be as follows:

27 ...

28 (2) The nonvoting members shall be the Director of the State Bureau of  
 29 Investigation, the Deputy Chief of the ~~Juvenile Justice Section of the Division~~  
 30 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~  
 31 who is responsible for Intervention/Prevention programs, the Deputy Chief of  
 32 the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile~~  
 33 ~~Justice of the Department of Public Safety~~ who is responsible for Youth  
 34 Development programs, the Section Chief of the Section of Prisons of the  
 35 Division of Adult Correction ~~and Juvenile Justice~~ and the Section Chief of the  
 36 Section of Community Corrections of the Division of Adult ~~Correction and~~  
 37 ~~Juvenile Justice.~~ Correction.

38 (b) The membership of the Commission shall be selected as follows:

39 (1) The following members shall serve by virtue of their office: the Governor, the  
 40 Chief Justice of the Supreme Court, the Attorney General, the Director of the  
 41 Administrative Office of the Courts, the Secretary of the Department of Health  
 42 and Human Services, the Secretary of Public Safety, the Director of the State  
 43 Bureau of Investigation, the Section Chief of the Section of Prisons of the  
 44 Division of Adult ~~Correction and Juvenile Justice,~~ Correction, the Section  
 45 Chief of the Section of Community Corrections of the Division of Adult  
 46 ~~Correction and Juvenile Justice,~~ Correction, the Deputy Chief who is  
 47 responsible for Intervention/Prevention of the ~~Juvenile Justice Section of the~~  
 48 ~~Division of Adult Correction and Juvenile Justice of the Department of Public~~  
 49 ~~Safety,~~ the Deputy Chief who is responsible for Youth Development of the  
 50 ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile~~  
 51 ~~Justice of the Department of Public Safety,~~ and the Superintendent of Public

1 Instruction. Should the Chief Justice of the Supreme Court choose not to  
2 serve, his alternate shall be selected by the Governor from a list submitted by  
3 the Chief Justice which list must contain no less than three nominees from the  
4 membership of the Supreme Court.

5 ...

6 "Subpart B. Treatment for Effective Community Supervision Program.

7 ...

8 **"§ 143B-1152. Definitions.**

9 The following definitions apply in this Subpart:

10 ...

11 (2) Division. – The Division of Adult ~~Correction and Juvenile Justice~~.Correction.

12 ...

13 (6a) Section. – The Section of Community Corrections of the Division of Adult  
14 ~~Correction and Juvenile Justice~~.Correction.

15 ...

16 **"§ 143B-1154. Eligible population.**

17 ...

18 (b) The priority populations for programs funded under this Subpart shall be as follows:

19 ...

20 (2) Offenders identified by the Division of Adult Correction ~~and Juvenile Justice~~  
21 using a validated risk assessment instrument to have a high likelihood of  
22 reoffending and a moderate to high need for substance abuse treatment.

23 **"§ 143B-1155. Duties of Division of Adult ~~Correction and Juvenile Justice~~.Correction.**

24 (a) In addition to those otherwise provided by law, the Division of Adult Correction ~~and~~  
25 ~~Juvenile Justice~~ shall have the following duties:

26 ...

27 (b) The Section of Community Corrections of the Division of Adult Correction ~~and~~  
28 ~~Juvenile Justice~~ shall develop and publish a recidivism reduction plan for the State that  
29 accomplishes the following:

30 ...

31 **"§ 143B-1156. Contract for services.**

32 (a) The Division of Adult Correction ~~and Juvenile Justice~~ shall contract with service  
33 providers through a competitive procurement process to provide community-based services to  
34 offenders on probation, parole, or post-release supervision.

35 ...

36 (c) The Division of Adult ~~Correction and Juvenile Justice~~.Correction. in partnership with  
37 the Department of Health and Human Services, shall develop standard service definitions and  
38 performance measures for substance abuse and aftercare support services for inclusion in the  
39 contracts.

40 ...

41 (e) The Division of Adult Correction ~~and Juvenile Justice~~ shall pay service providers the  
42 contract base award upon the initiation of services with the remaining payments made as  
43 milestones are reached as stated in the contract for services. If the service provider cancels or  
44 terminates the contract prior to its conclusion, the service provider shall reimburse the Division  
45 for the unearned pro rata portion of the base award.

46 ...

47 **"§ 143B-1161. Justice Reinvestment Council.**

48 (a) The Justice Reinvestment Council is established to act as an advisory body to the  
49 ~~Commissioner of Adult Correction~~ Secretary of the Department of Public Safety with regard to  
50 this Subpart. The Council shall consist of 13 members as follows, to be appointed as provided in  
51 subsection (b) of this section:

1 ...  
2 (d) The purpose of the Justice Reinvestment Council in conjunction with the Department  
3 of Public Safety, Division of Adult ~~Correction and Juvenile Justice, Correction,~~ is to:  
4 ...."

5 **SECTION 19C.9.(b)** 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 Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3,  
8 7B-2517, 14-202, 14-208.6, 14-208.20, 14-208.22, 14-208.40, 14-208.40A, 14-208.40B,  
9 14-208.40C, 14-208.41, 14-208.42, 14-208.43, 14-208.44, 14-208.45, 14-254.5, 14-258.1,  
10 14-258.2, 14-258.3, 14-269, 14-415.10, 15-6.1, 15-10.1, 15-194, 15-196.3, 15-206, 15-209,  
11 15A-145, 15A-145.1, 15A-145.2, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, 15A-149,  
12 15A-534, 15A-534.1, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-830, 15A-832, 15A-837,  
13 15A-1332, 15A-1340.13, 15A-1340.16, 15A-1340.18, 15A-1340.20, 15A-1342, 15A-1343.3,  
14 15A-1351, 15A-1352, 15A-1353, 15A-1354, 15A-1355, 15A-1368, 15A-1368.2, 15A-1368.3,  
15 15A-1368.4, 15A-1368.6, 15A-1369, 15A-1369.4, 15A-1371, 15A-1374, 15A-1376, 15B-21,  
16 15B-31, 15B-32, 20-19, 20-28, 20-79.4, 20-81.12, 20-179, 20-179.3, 50-13.2, 65-4, 66-25, 66-58,  
17 97-13, 105-259, 106-915, 115C-46.2, 122C-22, 122C-55, 122C-62, 122C-312, 122C-313,  
18 122C-402, 126-23, 127A-54, 130A-25, 131E-98, 131E-184, 131E-214.1, 135-1, 143-63.1,  
19 143-300.7, 143-599, 143B-179, 143B-1154, 146-33, 147-12, 148-2, 148-3, 148-4, 148-4.1,  
20 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-11, 148-12, 148-18,  
21 148-18.1, 148-19, 148-19.1, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24,  
22 148-26, 148-26.5, 148-28, 148-29, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37,  
23 148-37.3, 148-40, 148-41, 148-45, 148-46.1, 148-53, 148-54, 148-59, 148-64, 148-64.1,  
24 148-65.6, 148-65.7, 148-66, 148-67, 148-70, 148-74, 148-78, 148-118.1, 148-118.2, 148-118.4,  
25 148-118.5, 148-118.6, 148-130, 148-131, 148-132, 148-134, 150B-1, 153A-221, 153A-230.1,  
26 153A-230.2, 153A-230.3, 153A-230.5, 160A-287, 162-39, 163-82.20A, 164-42, 164-47, and  
27 164-50.

28 **SECTION 19C.9.(c)** The following statutes are amended by deleting the language  
29 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting  
30 "Division of Juvenile Justice": G.S. 7B-1501, 7B-2055, 106-915, 115C-106.3, 115C-107.6,  
31 115C-108.1, 115C-296.2, 115C-325.10, 143B-853, and 153A-218.

32 **SECTION 19C.9.(d)** The following statutes are amended by deleting the language  
33 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice"  
34 wherever it appears and substituting "Section of Community Corrections of the Division of Adult  
35 Correction": G.S. 7B-3000, 7B-3001, 7B-3100, 14-208.40C, 14-208.41, 15A-837, 15A-1342,  
36 15A-1368.4, 15A-1369.4, 15A-1371, 20-179.3, 105-259, 115C-46.2, 143B-708, and 148-65.6.

37 **SECTION 19C.9.(e)** The following statutes are amended by deleting the language  
38 "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears  
39 and substituting "Section of Prisons of the Division of Adult Correction": G.S. 14-208.6,  
40 14-208.40C, 14-258.2, 130A-25, 148-11, 148-18, 148-29, and 148-130.

41 **SECTION 19C.9.(f)** The following statutes are amended by deleting the language  
42 "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it  
43 appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100,  
44 14-239, 14-258.1, 14-316.1, 15-6, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117,  
45 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391, 148-32.1,  
46 153A-221.1, 162-60, and 164-43.

47 **SECTION 19C.9.(g)** G.S. 7B-1402(b) reads as rewritten:

48 "(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio  
49 members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by  
50 the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President  
51 Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may

1 designate representatives from their particular departments, divisions, or offices to represent  
2 them on the Task Force. In making appointments or designating representatives, appointing  
3 authorities and ex officio members shall use best efforts to select members or representatives  
4 with sufficient knowledge and experience to effectively contribute to the issues examined by the  
5 Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial  
6 diversity of this State. The members shall be as follows:

7 ...

8 (11a) The Director of the ~~Juvenile Justice Section~~, Division of ~~Adult Correction and~~  
9 Juvenile Justice, Department of Public Safety.

10 ...."

11 **SECTION 19C.9.(g1)** G.S. 7B-2204 reads as rewritten:

12 **"§ 7B-2204. Right to pretrial release; detention.**

13 (a) Once the order of transfer has been entered, the juvenile has the right to pretrial release  
14 as provided in G.S. 15A-533 and G.S. 15A-534. The release order shall specify the person or  
15 persons to whom the juvenile may be released. Pending release, the court shall order that the  
16 juvenile be detained in a detention facility while awaiting trial. Personnel of the ~~Juvenile Justice~~  
17 ~~Section of the Division~~, Division of Juvenile Justice, or personnel approved by the ~~Juvenile~~  
18 ~~Justice Section~~, Division of Juvenile Justice, shall transport the juvenile from the detention  
19 facility to court.

20 (b) The court may order the juvenile to be held in a holdover facility at any time the  
21 presence of the juvenile is required in court for pretrial hearings or trial, if the court finds that it  
22 would be inconvenient to return the juvenile to the detention facility. Personnel of the ~~Justice~~  
23 ~~Section of the Division~~, Division of Juvenile Justice, or personnel approved by the ~~Juvenile~~  
24 ~~Justice Section~~, Division of Juvenile Justice, shall transport the juvenile from the holdover  
25 facility to court and shall transport the juvenile back to the detention center.

26 (c) If the juvenile reaches the age of 18 years while awaiting the completion of  
27 proceedings in superior court, the juvenile shall be transported by personnel of the ~~Juvenile~~  
28 ~~Justice Section of the Division~~, Division of Juvenile Justice, or personnel approved by the  
29 ~~Juvenile Justice Section~~, Division of Juvenile Justice, to the custody of the sheriff of the county  
30 where the charges arose.

31 (d) Should the juvenile be found guilty, or enter a plea of guilty or no contest to a criminal  
32 offense in superior court and receive an active sentence, then immediate transfer to the Division  
33 of Adult Correction and ~~Juvenile Justice~~ of the Department of Public Safety shall be ordered.  
34 Until such time as the juvenile is transferred to the Division of Adult Correction and ~~Juvenile~~  
35 ~~Justice~~ of the Department of Public Safety, the juvenile may be detained in a holdover ~~facility~~.  
36 facility authorized by the Division of Juvenile Justice of the Department of Public Safety. The  
37 juvenile may not be detained in a detention facility pending transfer to the Division of Adult  
38 Correction and ~~Juvenile Justice~~ of the Department of Public Safety, unless the detention facility  
39 is operated by the sheriff pursuant to G.S. 7B-1905(b).

40 (e) The juvenile may be kept by the Division of Adult Correction and ~~Juvenile Justice~~ of  
41 the Department of Public Safety as a safekeeper until the juvenile is placed in an appropriate  
42 correctional program."

43 **SECTION 19C.9.(h)** G.S. 15A-521 reads as rewritten:

44 **"§ 15A-521. Commitment to detention facility pending trial.**

45 (a) Commitment. – Every person charged with a crime and held in custody who has not  
46 been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order  
47 of the judicial official who conducted the initial appearance as provided in Article 24 to an  
48 appropriate detention facility as provided in this section. If the person being committed by written  
49 order is under the age of 18, that person must be committed to a detention facility approved by  
50 the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~  
51 to provide secure confinement and care for juveniles, or to a holdover facility as defined in

1 G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in  
 2 custody, the person shall be transported by personnel of the Division of Juvenile Justice Section  
 3 ~~of the Division, Justice~~ or personnel approved by the ~~Juvenile Justice Section, Division of~~  
 4 Juvenile Justice to the custody of the sheriff of the county where the charges arose.

5 ...  
 6 (c) Copies and Use of Order, Receipt of Prisoner. –

7 ...  
 8 (2) The jailer or personnel of the Division of Juvenile Justice Section must receive  
 9 the prisoner and the order of commitment, and note on the order of  
 10 commitment the time and date of receipt. As used in this subdivision, "jailer"  
 11 includes any person having control of a detention facility and "personnel of  
 12 the ~~Juvenile Justice Section~~" Division of Juvenile Justice" includes personnel  
 13 approved by the ~~Juvenile Justice Section~~ Division of Juvenile Justice.

14 (3) Upon releasing the prisoner pursuant to the terms of the order, or upon  
 15 delivering the prisoner to the court, the jailer or personnel of the Division of  
 16 Juvenile Justice Section must note the time and date on the order and return it  
 17 to the clerk. Personnel of the ~~Juvenile Justice Section, Division of Juvenile~~  
 18 Justice, or personnel approved by the Juvenile Justice Section, Division of  
 19 Juvenile Justice, shall transport the person under the age of 18 from the  
 20 juvenile detention facility or holdover facility to court and shall transfer the  
 21 person back to the juvenile detention facility or holdover facility.

22 ...."

23 **SECTION 19C.9.(i)** G.S. 15A-1301 reads as rewritten:

24 **"§ 15A-1301. Order of commitment to imprisonment when not otherwise specified.**

25 When a judicial official orders that a defendant be imprisoned he must issue an appropriate  
 26 written commitment order. When the commitment is to a sentence of imprisonment, the  
 27 commitment must include the identification and class of the offense or offenses for which the  
 28 defendant was convicted and, if the sentences are consecutive, the maximum sentence allowed  
 29 by law upon conviction of each offense for the punishment range used to impose the sentence for  
 30 the class of offense and prior record or conviction level, and, if the sentences are concurrent or  
 31 consolidated, the longest of the maximum sentences allowed by law for the classes of offense  
 32 and prior record or conviction levels upon conviction of any of the offenses. If the person  
 33 sentenced to imprisonment is under the age of 18, the person must be committed to a ~~detention~~  
 34 facility approved by the Juvenile Justice Section of the Division of Adult Correction and Juvenile  
 35 Justice pursuant to G.S. 15A-1352 to provide secure confinement and care for juveniles. If the  
 36 person is under the age of 18, the person may be temporarily confined in a holdover facility as  
 37 defined in G.S. 7B-1501(11) until the person can be transferred to a ~~juvenile detention facility.~~  
 38 facility pursuant to G.S. 15A-1352. Personnel of the Division of Juvenile Justice Section  
 39 or personnel approved by the Division of Juvenile Justice Section shall transport the person to the  
 40 juvenile detention facility or the holdover facility."

41 **SECTION 19C.9.(j)** G.S. 15A-1343 reads as rewritten:

42 **"§ 15A-1343. Conditions of probation.**

43 ...  
 44 (a1) Community and Intermediate Probation Conditions. – In addition to any conditions a  
 45 court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any  
 46 one or more of the following conditions as part of a community or intermediate punishment:

47 ...  
 48 (3) Submission to a period or periods of confinement in a local confinement  
 49 facility for a total of no more than six days per month during any three separate  
 50 months during the period of probation. The six days per month confinement  
 51 provided for in this subdivision may only be imposed as two-day or three-day



1 consecutive periods. When a defendant is on probation for multiple  
2 judgments, confinement periods imposed under this subdivision shall run  
3 concurrently and may total no more than six days per month. If the person  
4 being ordered to a period or periods of confinement is under the age of 18,  
5 that person must be confined in a detention facility approved by the Division  
6 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
7 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
8 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
9 or periods of confinement reaches the age of 18 years while in confinement,  
10 the person may be transported by personnel of the Division of Juvenile Justice  
11 ~~Section of the Division, Justice, or~~ personnel approved by the Division of  
12 Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable  
13 local confinement facility.

14 ...

15 (b) Regular Conditions. – As regular conditions of probation, a defendant must:

16 ...

17 (16) Supply a breath, urine, or blood specimen for analysis of the possible presence  
18 of prohibited drugs or alcohol when instructed by the defendant's probation  
19 officer for purposes directly related to the probation supervision. If the results  
20 of the analysis are positive, the probationer may be required to reimburse the  
21 Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public  
22 Safety for the actual costs of drug or alcohol screening and testing.

23 ...

24 In addition to these regular conditions of probation, a defendant required to serve an active  
25 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or  
26 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and  
27 regulations of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public  
28 Safety governing the conduct of inmates while imprisoned and report to a probation officer in  
29 the State of North Carolina within 72 hours of his discharge from the active term of  
30 imprisonment.

31 ...

32 (b1) Special Conditions. – In addition to the regular conditions of probation specified in  
33 subsection (b), the court may, as a condition of probation, require that during the probation the  
34 defendant comply with one or more of the following special conditions:

35 ...

36 (6) Perform community or reparation service under the supervision of the Section  
37 of Community Corrections of the Division of Adult Correction ~~and Juvenile~~  
38 ~~Justice~~ and pay the fee required by G.S. 143B-708.

39 ...

40 (b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses  
41 Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a  
42 defendant who has been convicted of an offense which is a reportable conviction as defined in  
43 G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

44 ...

45 (8) Submit to satellite-based monitoring pursuant to Part 5 of Article 27A of  
46 Chapter 14 of the General Statutes, if the defendant is in the category  
47 described by G.S. 14-208.40(a)(2), and the Division of Adult Correction ~~and~~  
48 ~~Juvenile Justice~~ of the Department of Public Safety, based on the Division's  
49 risk assessment program, recommends that the defendant submit to the highest  
50 possible level of supervision and monitoring.

1 (9) Submit at reasonable times to warrantless searches by a probation officer of  
2 the probationer's person and of the probationer's vehicle and premises while  
3 the probationer is present, for purposes specified by the court and reasonably  
4 related to the probation supervision, but the probationer may not be required  
5 to submit to any other search that would otherwise be unlawful. For purposes  
6 of this subdivision, warrantless searches of the probationer's computer or other  
7 electronic mechanism which may contain electronic data shall be considered  
8 reasonably related to the probation supervision. Whenever the warrantless  
9 search consists of testing for the presence of illegal drugs, the probationer may  
10 also be required to reimburse the Division of Adult Correction ~~and Juvenile~~  
11 ~~Justice~~ of the Department of Public Safety for the actual cost of drug screening  
12 and drug testing, if the results are positive.

13 Defendants subject to the provisions of this subsection shall not be placed on unsupervised  
14 probation.

15 (b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit  
16 to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART)  
17 or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division  
18 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety must undergo a  
19 screening to determine chemical dependency. If the screening indicates the defendant is  
20 chemically dependent, the court shall order an assessment to determine the appropriate level of  
21 treatment. The assessment may be conducted either before or after the court imposes the  
22 condition, but participation in the program shall be based on the results of the assessment.

23 (b4) Intermediate Conditions. – The following conditions of probation apply to each  
24 defendant subject to intermediate punishment:

25 (1) If required in the discretion of the defendant's probation officer, perform  
26 community service under the supervision of the Section of Community  
27 Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ and pay  
28 the fee required by G.S. 143B-708.

29 ...

30 (c) Statement of Conditions. – A defendant released on supervised probation must be  
31 given a written statement explicitly setting forth the conditions on which the defendant is being  
32 released. If any modification of the terms of that probation is subsequently made, the defendant  
33 must be given a written statement setting forth the modifications.

34 Upon entry of an order of supervised probation by the court, a defendant shall submit to the  
35 Division of Adult Correction ~~and Juvenile Justice~~ for filing with the clerk of superior court a  
36 signed document stating that:

37 ...."

38 **SECTION 19C.9.(k)** G.S. 15A-1343.2 reads as rewritten:

39 **"§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

40 ...

41 (b) Purposes of Probation for Community and Intermediate Punishments. – The Division  
42 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall develop a plan  
43 to handle offenders sentenced to community and intermediate punishments. The probation  
44 program designed to handle these offenders shall have the following principal purposes: to hold  
45 offenders accountable for making restitution, to ensure compliance with the court's judgment, to  
46 effectively rehabilitate offenders by directing them to specialized treatment or education  
47 programs, and to protect the public safety.

48 (b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the  
49 probation program developed by the Division of Adult Correction ~~and Juvenile Justice~~ of the  
50 Department of Public Safety pursuant to subsection (b) of this section, the Division of Adult  
51 Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall use a validated

1 instrument to assess each probationer for risk of reoffending and shall place a probationer in a  
2 supervision level based on the probationer's risk of reoffending and criminogenic needs.

3 ...

4 (e) Delegation to Probation Officer in Community Punishment. – Unless the presiding  
5 judge specifically finds in the judgment of the court that delegation is not appropriate, the Section  
6 of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the  
7 Department of Public Safety may require an offender sentenced to community punishment to do  
8 any of the following:

9 ...

10 (5) Submit to a period or periods of confinement in a local confinement facility  
11 for a total of no more than six days per month during any three separate  
12 months during the period of probation. The six days per month confinement  
13 provided for in this subdivision may only be imposed as two-day or three-day  
14 consecutive periods. When a defendant is on probation for multiple  
15 judgments, confinement periods imposed under this subdivision shall run  
16 concurrently and may total no more than six days per month. If the person  
17 being ordered to a period or periods of confinement is under the age of 18,  
18 that person must be confined in a detention facility approved by the Division  
19 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
20 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
21 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
22 or periods of confinement reaches the age of 18 years while in confinement,  
23 the person may be transported by personnel of the Division of Juvenile Justice  
24 ~~Section of the Division, Justice, or~~ personnel approved by the Division of  
25 Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable  
26 local confinement facility.

27 ...

28 (f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding  
29 judge specifically finds in the judgment of the court that delegation is not appropriate, the Section  
30 of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the  
31 Department of Public Safety may require an offender sentenced to intermediate punishment to  
32 do any of the following:

33 ...

34 (6) Submit to a period or periods of confinement in a local confinement facility  
35 for a total of no more than six days per month during any three separate  
36 months during the period of probation. The six days per month confinement  
37 provided for in this subdivision may only be imposed as two-day or three-day  
38 consecutive periods. When a defendant is on probation for multiple  
39 judgments, confinement periods imposed under this subdivision shall run  
40 concurrently and may total no more than six days per month. If the person  
41 being ordered to a period or periods of confinement is under the age of 18,  
42 that person must be confined in a detention facility approved by the Division  
43 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
44 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover  
45 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period  
46 or periods of confinement reaches the age of 18 years while in confinement,  
47 the person may be transported by personnel of the Division of Juvenile Justice  
48 ~~Section of the Division, Justice, or~~ personnel approved by the Division of  
49 Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable  
50 local confinement facility.

51 ...."

1           **SECTION 19C.9.(I)** 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.

19       ...

20       (d2) Confinement in Response to Violation. – When a defendant under supervision for a  
21 felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or  
22 G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to  
23 be served in the custody of the Division of Adult Correction ~~and Juvenile Justice~~ of the  
24 Department of Public Safety. The court may not revoke probation unless the defendant has  
25 previously received a total of two periods of confinement under this subsection. A defendant may  
26 receive only two periods of confinement under this subsection. The 90-day term of confinement  
27 ordered under this subsection for a felony shall not be reduced by credit for time already served  
28 in the case. Any such credit shall instead be applied to the suspended sentence. However, if the  
29 time remaining on the maximum imposed sentence on a defendant under supervision for a felony  
30 conviction is 90 days or less, then the term of confinement is for the remaining period of the  
31 sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

32       When a defendant under supervision for a misdemeanor conviction sentenced pursuant to  
33 Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other  
34 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of  
35 confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of  
36 confinement is under the age of 18, that person must be confined in a detention facility approved  
37 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
38 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined  
39 in G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of  
40 18 years while in confinement, the person may be transported by personnel of the Division of  
41 Juvenile Justice ~~Section of the Division, Justice,~~ or personnel approved by the Division of  
42 Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement  
43 facility. The court may not revoke probation unless the defendant has previously received at least  
44 two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1)  
45 or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to  
46 G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of  
47 confinement must have been imposed for a violation that occurred after the defendant served the  
48 first period of confinement. Confinement under this section shall be credited pursuant to  
49 G.S. 15-196.1.

50       When a defendant under supervision for a misdemeanor conviction not sentenced pursuant  
51 to Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other

1 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of  
2 confinement of up to 90 consecutive days to be served where the defendant would have served  
3 an active sentence. The court may not revoke probation unless the defendant has previously  
4 received a total of two periods of confinement under this subsection. A defendant may receive  
5 only two periods of confinement under this subsection. Confinement under this section shall be  
6 credited pursuant to G.S. 15-196.1.

7 The period of confinement imposed under this subsection on a defendant who is on probation  
8 for multiple offenses shall run concurrently on all cases related to the violation. Confinement  
9 shall be immediate unless otherwise specified by the court.

10 (e) Special Probation in Response to Violation. – When a defendant has violated a  
11 condition of probation, the court may modify the probation to place the defendant on special  
12 probation as provided in this subsection. In placing the defendant on special probation, the court  
13 may continue or modify the conditions of probation and in addition require that the defendant  
14 submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever  
15 time or intervals within the period of probation the court determines. In addition to any other  
16 conditions of probation which the court may impose, the court shall impose, when imposing a  
17 period or periods of imprisonment as a condition of special probation, the condition that the  
18 defendant obey the rules and regulations of the Division of Adult Correction and Juvenile Justice  
19 of the Department of Public Safety governing conduct of inmates, and this condition shall apply  
20 to the defendant whether or not the court imposes it as a part of the written order. If imprisonment  
21 is for continuous periods, the confinement may be in either the custody of the Division of Adult  
22 Correction and Juvenile Justice of the Department of Public Safety or a local confinement  
23 facility. Noncontinuous periods of imprisonment under special probation may only be served in  
24 a designated local confinement or treatment facility. If the person being ordered to a period or  
25 periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person  
26 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~  
27 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care  
28 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered  
29 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person  
30 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~  
31 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody  
32 of the sheriff of the applicable local confinement facility.

33 Except for probationary sentences for impaired driving under G.S. 20-138.1, the total of all  
34 periods of confinement imposed as an incident of special probation, but not including an activated  
35 suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment  
36 imposed for the offense. For probationary sentences for impaired driving under G.S. 20-138.1,  
37 the total of all periods of confinement imposed as an incident of special probation, but not  
38 including an activated suspended sentence, shall not exceed one-fourth the maximum penalty  
39 allowed by law. No confinement other than an activated suspended sentence may be required  
40 beyond the period of probation or beyond two years of the time the special probation is imposed,  
41 whichever comes first.

42 (e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a  
43 condition of probation, the court may hold the defendant in criminal contempt as provided in  
44 Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall  
45 not revoke the probation. If the offender serves a sentence for contempt in a local confinement  
46 facility, the Division of Adult Correction and Juvenile Justice of the Department of Public Safety  
47 shall pay for the confinement at the standard rate set by the General Assembly pursuant to  
48 G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that  
49 subsection.

50 ...."

51 **SECTION 19C.9.(m)** G.S. 15A-1351(a) reads as rewritten:

1       "(a) The judge may sentence to special probation a defendant convicted of a criminal  
2 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record  
3 or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment  
4 is authorized for the class of offense of which the defendant has been convicted. A defendant  
5 convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation.  
6 Under a sentence of special probation, the court may suspend the term of imprisonment and place  
7 the defendant on probation as provided in Article 82, Probation, and in addition require that the  
8 defendant submit to a period or periods of imprisonment in the custody of the Division of Adult  
9 Correction ~~and Juvenile Justice~~ of the Department of Public Safety or a designated local  
10 confinement or treatment facility at whatever time or intervals within the period of probation,  
11 consecutive or nonconsecutive, the court determines, as provided in this subsection. For  
12 probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all  
13 imprisonment under this subsection shall be in a designated local confinement or treatment  
14 facility. If the person being ordered to a period or periods of imprisonment is under the age of  
15 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile  
16 Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure  
17 confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If  
18 the person being ordered to a period or periods of imprisonment reaches the age of 18 years while  
19 imprisoned, the person may be transported by personnel of the Division of Juvenile Justice  
20 ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice  
21 ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility. In  
22 addition to any other conditions of probation which the court may impose, the court shall impose,  
23 when imposing a period or periods of imprisonment as a condition of special probation, the  
24 condition that the defendant obey the Rules and Regulations of the Division of Adult Correction  
25 ~~and Juvenile Justice~~ of the Department of Public Safety governing conduct of inmates, and this  
26 condition shall apply to the defendant whether or not the court imposes it as a part of the written  
27 order. Except for probationary sentences for misdemeanors, including impaired driving under  
28 G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody  
29 of either the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety  
30 or a local confinement facility. Noncontinuous periods of imprisonment under special probation  
31 may only be served in a designated local confinement or treatment facility. If the person being  
32 ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that person  
33 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~  
34 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care  
35 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered  
36 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person  
37 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~  
38 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody  
39 of the sheriff of the applicable local confinement facility. Except for probationary sentences of  
40 impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an  
41 incident of special probation, but not including an activated suspended sentence, may not exceed  
42 one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement  
43 other than an activated suspended sentence may be required beyond two years of conviction. For  
44 probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of  
45 confinement imposed as an incident of special probation, but not including an activated  
46 suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In  
47 imposing a sentence of special probation, the judge may credit any time spent committed or  
48 confined, as a result of the charge, to either the suspended sentence or to the imprisonment  
49 required for special probation. The original period of probation, including the period of  
50 imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but  
51 may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court

1 may revoke, modify, or terminate special probation as otherwise provided for probationary  
2 sentences."

3 **SECTION 19C.9.(n)** G.S. 15A-1352 reads as rewritten:

4 "**§ 15A-1352. Commitment to Division of Adult Correction and ~~Juvenile Justice~~ of the**  
5 **Department of Public Safety or local confinement facility.**

6 (a) Except as provided in subsection (f) of this section, a person sentenced to  
7 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction  
8 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by  
9 the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or,  
10 if the period is for 90 days or less, to a local confinement facility, except as provided for in  
11 G.S. 148-32.1(b).

12 If a person is sentenced to imprisonment for a misdemeanor under this Article or for  
13 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding  
14 of fact as to whether the person would be suitable for placement in a county satellite jail/work  
15 release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of  
16 fact that the person would be suitable for placement in a county satellite jail/work release unit  
17 and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the  
18 local confinement facility may transfer the misdemeanant to a county satellite jail/work release  
19 unit.

20 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
21 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~  
22 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
23 Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by  
24 the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the  
25 person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may  
26 be transported by personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~  
27 or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the  
28 sheriff of the applicable local confinement facility.

29 (b) A person sentenced to imprisonment for a felony under this Article or for nonpayment  
30 of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the  
31 term designated by the court to the custody of the Division of Adult Correction and ~~Juvenile~~  
32 ~~Justice~~ of the Department of Public Safety.

33 ...

34 (f) A person sentenced to imprisonment of any duration for impaired driving under  
35 G.S. 20-138.1, other than imprisonment required as a condition of special probation under  
36 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant  
37 Confinement Program established under G.S. 148-32.1.

38 If the person sentenced to imprisonment is under the age of 18, the person must be committed  
39 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~  
40 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.  
41 Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of  
42 Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced  
43 to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by  
44 personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel  
45 approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the  
46 applicable local confinement facility."

47 **SECTION 19C.9.(o)** G.S. 15A-2000(e) reads as rewritten:

48 "(e) Aggravating Circumstances. – Aggravating circumstances which may be considered  
49 are limited to the following:

50 ...

1 (8) The capital felony was committed against a law-enforcement officer,  
2 employee of either the Division of Adult Correction ~~and or the Division of~~  
3 Juvenile Justice of the Department of Public Safety, jailer, fireman, judge or  
4 justice, former judge or justice, prosecutor or former prosecutor, juror or  
5 former juror, or witness or former witness against the defendant, while  
6 engaged in the performance of his official duties or because of the exercise of  
7 his official duty.

8 ...."

9 **SECTION 19C.9.(p)** G.S. 17C-3(a)(6) reads as rewritten:

10 "(a) There is established the North Carolina Criminal Justice Education and Training  
11 Standards Commission, hereinafter called "the Commission." The Commission shall be  
12 composed of 34 members as follows:

13 ...

14 (6) Adult Correction and Juvenile Justice. – Four correctional officers in  
15 management positions employed by the Division of Adult Correction ~~and~~  
16 ~~Juvenile Justice~~ of the Department of Public Safety shall be appointed, two  
17 from the Section of Community Corrections upon the recommendation of the  
18 Speaker of the House of Representatives and two from the Section of Prisons  
19 upon the recommendation of the President Pro Tempore of the Senate.  
20 Appointments by the General Assembly shall be made in accordance with  
21 G.S. 120-122. Appointments by the General Assembly shall serve two-year  
22 terms to conclude on June 30th in odd-numbered years or until the appointee  
23 no longer serves in a management position with the Division of Adult  
24 ~~Correction and Juvenile Justice, Correction,~~ whichever occurs first. The  
25 Governor shall appoint one correctional officer employed by the Division of  
26 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety and  
27 assigned to the Office of Staff Development and Training, and one juvenile  
28 justice officer employed by the Division of Juvenile Justice ~~Section of the~~  
29 ~~Division of Adult Correction and Juvenile Justice.~~ The Governor's  
30 appointments shall serve three-year terms or until the appointee is no longer  
31 assigned to the Office of Staff Development and Training or is no longer a  
32 juvenile justice officer, whichever occurs first."

33 **SECTION 19C.9.(q)** G.S. 108A-14(a) reads as rewritten:

34 "(a) The director of social services shall have the following duties and responsibilities:

35 ...

36 (9) To assist and cooperate with the Division of Adult Correction and the Division  
37 of Juvenile Justice of the Department of Public Safety and their  
38 representatives;

39 ...."

40 **SECTION 19C.9.(r)** G.S. 115D-5(b) reads as rewritten:

41 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of  
42 curricular courses and of noncurricular extension courses at convenient locations away from  
43 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
44 portion of the established regular tuition rate charged a full-time student shall be charged a  
45 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of  
46 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
47 registration fees, to be charged students enrolling in extension courses for which instruction is  
48 financed primarily from State funds. The State Board of Community Colleges may provide by  
49 general and uniform regulations for waiver of tuition and registration fees for the following:

50 ...



(2) Courses requested by the following entities that support the organizations' training needs and are on a specialized course list approved by the State Board of Community Colleges:

...

g. The Division of Adult Correction and ~~the Division of Juvenile Justice~~ of the Department of Public Safety for the training of full-time custodial employees and employees of the ~~Division~~ Divisions required to be certified under Article 1 of Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.

...."

**SECTION 19C.9.(s)** G.S. 120-70.94(a) reads as rewritten:

"(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve those systems and to assist those systems in realizing their objectives of protecting the public and of punishing and rehabilitating offenders. In this examination, the Committee shall:

...

(2) Examine the effectiveness of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety in implementing the public policy stated in G.S. 148-26 of providing work assignments and employment for inmates as a means of reducing the cost of maintaining the inmate population while enabling inmates to acquire or retain skills and work habits needed to secure honest employment after their release.

...

(2b) Examine the effectiveness of the Division of ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety in implementing the duties and responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B of the General Statutes and the overall effectiveness and efficiency of the juvenile justice system in the State.

...

(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.(t)** 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."

**SECTION 19C.9.(u)** G.S. 126-5(c3) reads as rewritten:

"(c3) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(5) and the provisions of Article 6 of this Chapter, the provisions of this Chapter shall not apply to: Teaching and related educational classes of employees of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety, the Department of Health and Human Services, and any other State department, agency or institution, whose salaries shall be set in the same manner as set for corresponding public school employees in accordance with Chapter 115C of the General Statutes."

SECTION 19C.9.(v) G.S. 143-138(g) reads as rewritten:

"(g) Publication and Distribution of Code. – The Building Code Council shall cause to be printed, after adoption by the Council, the North Carolina State Building Code and each amendment thereto. It shall, at the State's expense, distribute copies of the Code and each amendment to State and local governmental officials, departments, agencies, and educational institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only on written request to the Council.)

OFFICIAL OR AGENCY	NUMBER OF COPIES
...	
Division of Adult Correction of the Department of Public Safety.....	1
<del>and</del> Division of Juvenile Justice of the Department of Public Safety.....	1
...."	

SECTION 19C.9.(w) G.S. 143-166.1 reads as rewritten:

"§ 143-166.1. Purpose.

In consideration of hazardous public service rendered to the people of this State, there is hereby provided a system of benefits for dependents of law-enforcement officers, firefighters, rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official duties, and for dependents of noncustodial employees of the Division of Adult Correction and the Division of Juvenile Justice of the Department of Public Safety killed by an individual or individuals in the custody of the Division of Adult Correction ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety."

SECTION 19C.9.(x) G.S. 143-166.2 reads as rewritten:

"§ 143-166.2. Definitions.

The following definitions apply in this Article:

- (1) Covered person. – This term shall apply to all of the following individuals:
  - a. Firefighters.
  - b. Law enforcement officers.
  - c. Noncustodial employees of either the Division of Adult Correction ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety.
  - d. Rescue squad workers.
  - e. Senior Civil Air Patrol members.
- (2) Custodial employee. – An employee of either the Division of Adult Correction ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety who is a detention officer or a correctional officer or who otherwise has direct care and control over individuals in the custody of the ~~Division of Adult Correction and Juvenile Justice of the~~ Department of Public Safety.
- ...
- (6) Killed in the line of duty. – This term shall apply to all of the following deaths:
  - ...
  - c. The death of a noncustodial employee who, while performing his or her official duties, is killed in a manner reasonably determined by the Industrial Commission to be directly caused by an individual or individuals in the custody of either the Division of Adult Correction

1 ~~and~~ or the Division of Juvenile Justice of the Department of Public  
 2 Safety.

3 ...  
 4 (7) Law enforcement officer or officer. – This term shall apply to all of the  
 5 following individuals:

6 ...  
 7 b. Full-time custodial employees and probation and parole officers of the  
 8 Division of Adult Correction ~~and Juvenile Justice~~ of the Department  
 9 of Public Safety.

10 c. Full-time institutional and full-time, permanent part-time, and  
 11 temporary detention employees of the Division of Juvenile Justice  
 12 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the  
 13 Department of Public Safety.

14 ...  
 15 (8) Noncustodial employee. – An employee of the Division of Adult Correction  
 16 ~~and or of the Division of~~ Juvenile Justice of the Department of Public Safety  
 17 who is not a custodial employee.

18 ...."

19 **SECTION 19C.9.(y)** G.S. 143-166.7 reads as rewritten:

20 **"§ 143-166.7. Applicability of Article.**

21 The provisions of this Article shall apply and be in full force and effect with respect to any  
 22 law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member  
 23 killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with  
 24 respect to full-time, permanent part-time and temporary employees of the North Carolina Forest  
 25 Service of the Department of Agriculture and Consumer Services killed in the line of duty on or  
 26 after July 1, 1975. The provisions of this Article shall apply to county fire marshals and  
 27 emergency services coordinators killed in the line of duty on and after July 1, 1988. The  
 28 provisions of this Article shall apply to noncustodial employees of the Division of Adult  
 29 Correction and noncustodial employees of the Division of Juvenile Justice of the Department of  
 30 Public Safety who are killed in the line of duty on and after April 1, 2017."

31 **SECTION 19C.9.(z)** G.S. 143-166.13(a) reads as rewritten:

32 "(a) The following persons who are subject to the Criminal Justice Training and Standards  
 33 Act are entitled to benefits under this Article:

34 ...

35 (2) State Correctional Officers, Division of Adult Correction ~~and Juvenile Justice~~  
 36 of the Department of Public Safety;

37 (3) State Probation and Parole Officers, Division of Adult Correction ~~and Juvenile~~  
 38 ~~Justice~~ of the Department of Public Safety;

39 (4) Sworn State Law-Enforcement Officers with the power of arrest, Division of  
 40 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety;

41 ...

42 (9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division~~  
 43 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety;

44 ...."

45 **SECTION 19C.9.(aa)** G.S. 148-13 reads as rewritten:

46 **"§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

47 ...

48 (a1) The Secretary of Public Safety shall adopt rules to specify the rates at, and  
 49 circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and  
 50 G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of  
 51 imprisonment for felony or misdemeanor convictions. Such rules shall include any person

1 serving an activated sentence of imprisonment who is confined in a detention facility approved  
2 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~  
3 ~~Justice~~.

4 ...

5 (e) The Secretary's regulations concerning earned time and good time credits authorized  
6 by this section shall be distributed to and followed by local jail administrators and by personnel  
7 of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile  
8 ~~Justice Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention  
9 facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction~~  
10 ~~and Juvenile Justice~~.

11 ...."

12 **SECTION 19C.9.(bb)** G.S. 148-128 reads as rewritten:

13 **"§ 148-128. Authorization for Correction Enterprises.**

14 The Section of Correction Enterprises of the Division of Adult Correction ~~and Juvenile~~  
15 ~~Justice~~ is established as a division-section of the Division of Adult Correction ~~and Juvenile Justice~~  
16 of the Department of Public Safety. The Section of Correction Enterprises of the Division of  
17 Adult Correction ~~and Juvenile Justice~~ may develop and operate industrial, agricultural, and  
18 service enterprises that employ incarcerated offenders in an effort to provide them with  
19 meaningful work experiences and rehabilitative opportunities that will increase their  
20 employability upon release from prison. Enterprises operated under this Article shall be known  
21 as "Correction Enterprises.""

22 **SECTION 19C.9.(cc)** G.S. 164-40 reads as rewritten:

23 **"§ 164-40. Correction population simulation model; Juvenile Justice ~~Section of the Division~~**  
24 **~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~**  
25 **facilities population simulation model.**

26 ...

27 (b) The Commission shall develop a Juvenile Justice ~~Section of the Division of Adult~~  
28 ~~Correction and Juvenile Justice of the Department of Public Safety~~ facilities population  
29 simulation model, and shall have first priority to apply the model to a given fact situation, or  
30 theoretical change in the dispositional laws set forth in Chapter 7B of the General Statutes, when  
31 requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

32 The Executive Director or the Chairman shall make the model available to respond to  
33 inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of~~  
34 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to  
35 the work of the Commission."

36 **SECTION 19C.9.(dd)** This section becomes effective July 1, 2022.

37  
38 **INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF**  
39 **UTILIZING INMATE LABOR**

40 **SECTION 19C.10.(a)** Consistent with the provisions of Article 3 of Chapter 148 of  
41 the General Statutes, sheriffs having custody of inmates under the Statewide Misdemeanant  
42 Confinement Program may hire those inmates to maintain the cleanliness of areas along local  
43 and State roadways.

44 **SECTION 19C.10.(b)** A sheriff that hires inmates pursuant to subsection (a) of this  
45 section shall coordinate with the Department of Transportation before and after a cleanup project  
46 to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the  
47 Department of Transportation. The sheriff shall also ensure that all inmates hired pursuant to this  
48 subsection are adequately guarded while working and that food, water, and bathroom facilities  
49 are accessible in reasonable amounts and times.

50 **SECTION 19C.10.(c)** A sheriff that utilizes inmate labor pursuant to subsection (a)  
51 of this section for a combined total of 500 work hours in one calendar month shall submit a record

1 of those work hours to the Department of Public Safety and shall be reimbursed for caring for  
2 and housing the inmates of the Statewide Misdemeanant Confinement Program at a rate of at  
3 least sixty dollars (\$60.00) per day, per inmate held under the Statewide Misdemeanant  
4 Confinement Program for each calendar month in which 500 work hours were completed. This  
5 increased reimbursement rate shall be paid to participating sheriffs only until the funds that have  
6 been specifically appropriated by the General Assembly for this purpose are exhausted.

7 **SECTION 19C.10.(d)** The North Carolina Sheriffs' Association shall report no later  
8 than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal  
9 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor  
10 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in  
11 each participating county, and (iii) the number of road miles cleaned by inmates in each  
12 participating county.

13 **SECTION 19C.10.(e)** The North Carolina Sheriffs' Association shall report no later  
14 than October 1 of each year to the chairs of the House of Representatives Appropriations  
15 Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on  
16 Justice and Public Safety, and the chairs of the Joint Legislative Oversight Committee on Justice  
17 and Public Safety regarding (i) the counties with sheriffs' offices that utilized inmate labor  
18 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in  
19 each participating county, and (iii) the number of road miles cleaned by inmates in each  
20 participating county.

## 21 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

22 **SECTION 19C.11.(a)** Prior to using the funds appropriated in this act to the  
23 Department of Public Safety for prison technology upgrades, the Department of Public Safety  
24 shall issue a request for proposals that meets the following requirements:  
25

- 26 (1) Either the products or services offered by a participating vendor are capable  
27 of each of the following:  
28 a. Tracking all phones and other wireless devices within a State prison.  
29 b. Blocking the use of contraband phones and other wireless devices  
30 within a State prison.  
31 c. Broadcasting a secure, private long-term evolution (LTE) network.  
32 d. Creating a virtual bank account for each inmate that allows approved  
33 friends or family members to send or receive money to and from the  
34 account.  
35 e. Providing a single sign-on management platform.  
36 (2) The vendor shall:  
37 a. Be able to deploy the products and services it offers within two months  
38 of award of the funds.  
39 b. Have at least five years of experience performing similar work.  
40 (3) No funds awarded by the vendor may be used for lobbying the North Carolina  
41 General Assembly.

42 **SECTION 19C.11.(b)** The Department of Public Safety shall, in consultation with  
43 the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this  
44 section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
45 October 1, 2022, in an interim report and no later than October 1, 2023, in a final report.

46 **SECTION 19C.11.(c)** The report required by subsection (b) of this section shall  
47 include, at a minimum, each of the following:

- 48 (1) A time line of the deployment of products and services.  
49 (2) An explanation of the implementation of the awarded contract.

- 1 (3) An accounting of the extent to which tracking and blocking technologies were  
2 able to successfully track and block phones and wireless devices in State  
3 prisons.
- 4 (4) An accounting of the extent to which the private long-term evolution (LTE)  
5 network met the needs of State prisons.
- 6 (5) An accounting of the extent to which the virtual bank accounts of inmates  
7 were utilized by inmates, their friends, and their family members.  
8

9 **TRANSFER OF ODOM CORRECTIONAL INSTITUTION TO NORTHAMPTON**  
10 **COUNTY**

11 **SECTION 19C.12.(a)** It is the intent of the General Assembly for the State of North  
12 Carolina to convey to the Northampton County Board of Commissioners (Northampton County)  
13 for the consideration of one dollar (\$1.00) all of its right, title, and interest in the property used  
14 for the former Odom Correctional Institution which is currently allocated to the Department of  
15 Public Safety, Division of Adult Correction and Juvenile Justice (DPI). In order to accomplish  
16 this conveyance, DPI and Northampton County shall mutually develop the boundaries of the  
17 property to be conveyed based upon the following directions and limitations:

- 18 (1) The property to be conveyed shall be a subdivision consisting of  
19 approximately 64 acres from Parcel Number 0701397 of Northampton  
20 County, deed reference Book 424, Page 601, and Book 434, Page 133, totaling  
21 approximately 1,119 acres which are currently allocated to the Department of  
22 Public Safety, Division of Adult Correction and Juvenile Justice. The  
23 conveyance shall include:
  - 24 a. The Odom Correctional Facility buildings and structures, less  
25 Correction Enterprise Agricultural operations and those operations  
26 belonging to Wildlife Resources, inclusive of those appurtenant  
27 correctional yards, fences, towers, service ways, and parking lots,  
28 totaling approximately 62 acres.
  - 29 b. The waste treatment plant and immediate grounds, totaling  
30 approximately 2 acres.
  - 31 c. Infrastructure and utility lines that serve the Odom Correctional  
32 Facility, traversing property retained by the Department of Public  
33 Safety, located within easements to be dedicated as noted below.
- 34 (2) The property conveyed pursuant to this section shall not include:
  - 35 a. Lands used by the Wildlife Resources Commission.
  - 36 b. Lands used by the Department of Public Safety for agricultural  
37 operations.
  - 38 c. Lands previously used by the Department of Public Safety for  
39 permitted land application of treated waste.
- 40 (3) The land to be dedicated for rights-of-way and easements to Northampton  
41 County shall be only that of:
  - 42 a. Sewer collection systems necessary for the operation of the transferred  
43 buildings.
  - 44 b. Water supply systems necessary for the operation of the transferred  
45 buildings.
  - 46 c. Roadway access along Odom Prison Road and unnamed agricultural  
47 roads surrounding the buildings.
  - 48 d. Public utility easements not otherwise previously dedicated for gas or  
49 electricity.

50 **SECTION 19C.12.(b)** Upon completion of developing the boundaries described in  
51 subsection (a) of this section, DPI and Northampton County shall submit a metes and bounds

1 description of the property to be conveyed to the State Property Office. The State Property Office  
2 shall prepare a deed conveying all of the State's right, title, and interest in the described property  
3 to the Northampton County Board of Commissioners for the consideration of one dollar (\$1.00)  
4 and subject to the following limitations and instructions:

- 5 (1) The conveyance is subject to a reversionary interest reserved by the State. The  
6 property shall be conveyed to the Northampton County Board of  
7 Commissioners for so long as it is utilized for county government purposes.
- 8 (2) The State of North Carolina shall convey the real property described in  
9 subsection (a) of this section "as is" without warranty. The State makes no  
10 representations or warranties concerning the title to the property, the  
11 boundaries of the property, the uses to which the property may be put, zoning,  
12 local ordinances, or any physical, environmental, health, and safety conditions  
13 relating to the property.
- 14 (3) Northampton County shall receive the property with existing water treatment  
15 and waste collection systems. The State makes no representations or  
16 warranties concerning suitability or operability of such systems for use by  
17 Northampton County. Northampton County shall obtain all necessary permits  
18 to operate the waste treatment plant and to remove waste treatment process  
19 material or effluent from the facilities for disposal. The State shall not be  
20 obligated to provide lands for the application of waste treatment process  
21 material, effluent, or sludge.

22 **SECTION 19C.12.(c)** All costs associated with the conveyance of the property  
23 described in subsection (a) of this section, including, but not limited to, subdivision, surveying,  
24 engineering services, permitting, and utility connections, shall be borne by Northampton County.

25 **SECTION 19C.12.(d)** The conveyance of the State's right, title, and interest in Odom  
26 Correctional Institution shall be exempt from the provisions of Article 7 of Chapter 146 of the  
27 General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146  
28 of the General Statutes, however, the provisions of G.S. 146-74 shall not apply.

29 **SECTION 19C.12.(e)** This section is effective when it becomes law.

## 30 31 **PART XIX-D. JUVENILE JUSTICE**

### 32 33 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

34 **SECTION 19D.1.(a)** Funds appropriated in this act to the Department of Public  
35 Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required  
36 for or used for community program contracts, may be used only for the following:

- 37 (1) Other statewide residential programs that provide Level 2 intermediate  
38 dispositional alternatives for juveniles.
- 39 (2) Statewide community programs that provide Level 2 intermediate  
40 dispositional alternatives for juveniles.
- 41 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
42 Prevention Councils which provide Level 2 intermediate dispositional  
43 alternatives for juveniles.
- 44 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
45 intermediate dispositional alternatives for juveniles listed in  
46 G.S. 7B-2506(13) through (23).

47 **SECTION 19D.1.(b)** Funds appropriated by this act to the Department of Public  
48 Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing,  
49 operations, maintenance, or any other expenses of youth development centers or detention  
50 facilities.





1           (3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.

2           (4) State Educational Institutions. – Any of the constituent institutions of the  
3           University of North Carolina, or any community college operated under the  
4           provisions of Chapter 115D of the General Statutes of North Carolina.

5           (5) Student Loan. – A loan or loans made to eligible students or parents of  
6           students to aid in attaining an education beyond the high school level.

7 **"§ 127A-193. Benefit.**

8           The benefit provided under this ~~Part~~Article shall consist of a monetary educational assistance  
9           grant not to exceed the highest amount charged by a State educational institution per academic  
10          year or a lesser amount, as prescribed by the ~~Authority, Secretary,~~ to remain within the funds  
11          appropriated, to qualifying members of the North Carolina National Guard. Benefits provided  
12          under ~~G.S. 116-209.55(g)~~G.S. 127A-195(g) shall be payable for a period of one year at a time,  
13          renewable at the option of the ~~Authority, Secretary.~~ All other benefits provided under this ~~Part~~  
14          Article shall be payable for a period of one academic year at a time, renewable at the option of  
15          the ~~Authority, Secretary.~~

16 **"§ 127A-194. Eligibility.**

17          (a) Active members of the North Carolina National Guard who are enrolled or who shall  
18          enroll in any proprietary school, private educational institution, or State educational institution  
19          shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a  
20          minimum obligation of two years remaining as a member of the North Carolina National Guard  
21          from the end of the academic period for which tuition assistance is provided or that the applicant  
22          commit himself or herself to extended membership for at least two additional years from the end  
23          of that academic period.

24          (b) This tuition assistance benefit shall be applicable to students in the following  
25          categories:

26               (1) Students seeking to achieve completion of their secondary school education  
27               at a community college or technical institute.

28               (2) Students seeking trade or vocational training or education.

29               (3) Students seeking to achieve a two-year associate degree.

30               (4) Students seeking to achieve a four-year baccalaureate degree.

31               (5) Students seeking to achieve a graduate degree.

32               (6) Students enrolled in a program granting a graduate certificate.

33               (7) Students enrolled in a professional certification program recommended by the  
34               Director of the North Carolina National Guard Education and Employment  
35               Center and approved by the North Carolina National Guard Education  
36               Services Officer.

37          (c) The following persons shall be eligible to apply for disbursements to pay outstanding  
38          student loans pursuant to ~~G.S. 116-209.55(g)~~G.S. 127A-195(g):

39               (1) Persons described in subsections (a) and (b) of this section.

40               (2) Active members of the North Carolina National Guard who were previously  
41               enrolled in any proprietary school, private educational institution, or State  
42               educational institution, but only if:

43                   a. The applicant has a minimum obligation of two years remaining as a  
44                   member of the North Carolina National Guard from the time of the  
45                   application; or

46                   b. The applicant commits himself or herself to extended membership for  
47                   at least two additional years from the time of the application.

48 **"§ 127A-195. Administration and funding.**

49          (a) The ~~Authority, Secretary~~ is charged with the administration of the tuition assistance  
50          program under this ~~Part, Article.~~ The Secretary may delegate administrative tasks to other persons  
51          within the Department of Public Safety as the Secretary deems best for the orderly administration

1 of this program. The Department of Public Safety may also contract with the State Education  
2 Assistance Authority for the administration of these tuition benefit disbursements.

3 (b) The ~~Authority-Secretary~~ shall determine the eligibility of applicants, select the benefit  
4 recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the  
5 ~~Authority-Secretary~~ finds that the recipient does not maintain an adequate academic status, or if  
6 the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or  
7 otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The  
8 ~~Authority-Secretary~~ shall maintain such records and shall promulgate such rules and regulations  
9 as the ~~Authority-Secretary~~ deems necessary for the orderly administration of this program. The  
10 ~~Authority-Secretary~~ may require of proprietary schools or State or private educational institutions  
11 such reports and other information as the ~~Authority-Secretary~~ may need to carry out the  
12 provisions of this ~~Part Article~~ and the ~~Authority-Secretary~~ shall disburse benefit payments for  
13 recipients upon certification of enrollment by the enrolling institutions.

14 (c) All tuition benefit disbursements shall be made to the proprietary school or State or  
15 private educational institution concerned, for credit to the tuition account of each recipient. Funds  
16 disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor  
17 concerned to be applied against the outstanding student loans of each North Carolina National  
18 Guard member beneficiary.

19 (d) The participation by any proprietary school or private educational institution in this  
20 program shall be subject to the applicable provisions of this ~~Part Article~~ and to examination by  
21 the State Auditor of the accounts of the benefit recipients attending or having attended such  
22 private schools or institutions. The ~~Authority-Secretary~~ may defer making an award or may  
23 suspend an award in any proprietary school or private educational institution which does not  
24 comply with the provisions of this ~~Part Article~~ relating to said institutions. The manner of  
25 payment to any proprietary school or private educational institution shall be as prescribed by the  
26 ~~Authority-Secretary~~.

27 (e) Irrespective of other provisions of this ~~Part Article~~, the ~~Authority-Secretary~~ may  
28 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of  
29 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority-~~  
30 ~~Secretary~~, may withdraw from any proprietary school or State or private educational institution  
31 prior to the completion of the term, semester, quarter or other academic period being attended at  
32 the time of withdrawal.

33 (f) Any balance of the monetary educational assistance grant up to the maximum for the  
34 academic year remaining after tuition is paid pursuant to subsection (c) of this section may be  
35 disbursed to the recipient as reimbursement for required course books and materials. The manner  
36 of obtaining the reimbursement payment for these required books and materials shall be as  
37 prescribed by the ~~Authority-Secretary~~.

38 (g) Any funds not needed to accomplish the other purposes of this ~~Part Article~~ may be  
39 used to help members of the North Carolina National Guard repay outstanding student loans in  
40 accordance with rules to be adopted by the ~~Authority-Secretary~~. These rules shall provide that  
41 the length of a member's deployment may be considered in determining whether or not, and in  
42 what amount, a member receives assistance pursuant to this subsection. There shall be no  
43 reimbursement under this subsection for payments already made on student loans, and funds shall  
44 not be provided under this subsection for the purpose of paying student loans obtained for courses  
45 from which the member withdrew or for which the member did not receive a passing grade.  
46 Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S.~~  
47 ~~116-209.53-G.S. 127A-193.~~"

48 **SECTION 19E.1(d)** This section becomes effective July 1, 2021.

49  
50 **TARHEEL CHALLENGE CODIFICATION**

1 SECTION 19E.2.(a) Chapter 127A of the General Statutes is amended by adding a  
2 new Article to read:

3 "Article 18.

4 "Tarheel Challenge Academy.

5 "**§ 127A-220. Purpose; establishment.**

6 The purpose of this Article is to authorize the North Carolina National Guard's Tarheel  
7 Challenge Academy to operate independently of existing schools. The Tarheel Challenge  
8 Academy is established as a Division of the North Carolina National Guard. The Tarheel  
9 Challenge Academy shall satisfy all of the following:

- 10 (1) Exist as a cost-free program.
- 11 (2) Be housed for administrative purposes within the North Carolina National  
12 Guard.
- 13 (3) Be a community-based school that leads, trains, and mentors at-risk youth.
- 14 (4) Be designated as an approved alternative learning program, as defined in this  
15 Article, and an innovative school option.
- 16 (5) Create at least a 22-week residential program that requires a 12-month  
17 post-residential mentoring period.
- 18 (6) Improve life skills and employment potential of participants by providing  
19 quasi-military based training and supervised work experience.
- 20 (7) Teach the "8 Core Components" of academic excellence, job skills, health and  
21 hygiene, physical fitness, life coping skills, responsible citizenship,  
22 leadership, and service to community.
- 23 (8) Increase opportunity for participants to receive a high school diploma or its  
24 equivalent.
- 25 (9) Enjoy the full cooperation of other State and local agencies in carrying out its  
26 program.

27 "**§ 127A-221. Definitions.**

28 The following definitions apply for the purposes of this Article:

- 29 (1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina  
30 National Guard.
- 31 (2) Alternative learning program. – A program offered by the Academy that  
32 provides specialized services for at-risk students outside of a standard  
33 classroom setting. Services should be designed to meet the needs of students  
34 who have not been successful in the traditional school setting.
- 35 (3) Eligible participant. – An individual who meets all of the following criteria:
  - 36 a. Is a minimum of 16 years of age and a maximum of 18 years of age at  
37 the time of entry into the program.
  - 38 b. Has failed to complete or has left school for any reason before  
39 graduation or completion of a program of studies without transferring  
40 to another school and has not received a certificate from a program of  
41 equivalency or has not progressed in a traditional high school setting.
  - 42 c. A citizen or legal resident of the United States.
  - 43 d. Unemployed or underemployed.
  - 44 e. Not currently on parole or probation and not accused or convicted of  
45 a crime that would be considered a felony if the individual was an  
46 adult.
  - 47 f. Free from use of illegal drugs or substances.
  - 48 g. Physically and mentally capable to participate in the alternative  
49 learning program.

50 "**§ 127A-222. Administration; supervision.**

1        The general supervision and administration of the Academy shall be vested in the North  
 2 Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or  
 3 her designee to do all of the following:

- 4            (1)    Create a written document that incorporates the terms and conditions imposed  
 5                    on the Academy by the Federal Youth Challenge Program.  
 6            (2)    Organize and establish all rules and regulations for the Academy, as  
 7                    necessary.  
 8            (3)    Direct and control all Academy personnel matters.  
 9            (4)    Oversee and direct the administration and functioning of the alternative  
 10                   learning program offered by the Academy."

11        **SECTION 19E.2.(b)** This section becomes effective October 1, 2021.

12  
 13 **BUTNER TIMBER FUND SALE PROCEEDS**

14        **SECTION 19E.3.(a)** G.S. 146-30 reads as rewritten:

15 **"§ 146-30. Application of net proceeds.**

16        (a)    The net proceeds of any disposition made in accordance with this Subchapter shall be  
 17 handled in accordance with the following priority:

- 18            (1)    First, in accordance with the provisions of any trust or other instrument of title  
 19                    whereby title to real property was acquired.  
 20            (2)    Second, as provided by any other act of the General Assembly.  
 21            (3)    Third, by depositing the net proceeds with the State Treasurer.

22 Nothing in this section, however, prohibits the disposition of any State lands by exchange for  
 23 other lands, but if the appraised value in fee simple of any property involved in the exchange is  
 24 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without  
 25 consultation with the Joint Legislative Commission on Governmental Operations.

26        ...  
 27        (d)    Notwithstanding any other provision of this Subchapter, the following exceptions  
 28 apply:

- 29        ...  
 30        (8)    The net proceeds derived from the sale of any portion of the land owned by  
 31 the State in the Camp Butner reservation shall be deposited with the State  
 32 Treasurer in a capital improvement account to the credit of the Department of  
 33 Health and Human Services to make capital improvements on or to property  
 34 owned by the State in the Camp Butner reservation subject to approval by the  
 35 Office of State Budget and Management. The net proceeds derived from the  
 36 sale of timber from land owned by the State in the Camp Butner reservation  
 37 shall be deposited with the State Treasurer in a capital improvement account  
 38 to the credit of the Department of Public Safety to be used to support the North  
 39 Carolina National Guard's Camp Butner Training Center and other North  
 40 Carolina National Guard-operated Training Centers. The definition of "Camp  
 41 Butner reservation" in G.S. 122C-3 applies to this subdivision.

42        ...."

43        **SECTION 19E.3.(b)** This section becomes effective July 1, 2021.

44  
 45 **NORTH CAROLINA NATIONAL GUARD JOB ACT**

46        **SECTION 19E.4.(a)** Article 13 of Chapter 126 of the General Statutes is amended  
 47 by adding a new section to read:

48 **"§ 126-80.5. National Guard preference.**

49        (a)    It shall be the policy of the State of North Carolina that, in recognition and  
 50 appreciation for service to the State and this country, and in recognition of the time and advantage  
 51 lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined

1 in G.S. 126-81(4) shall be granted preference in employment for positions subject to the  
2 provisions of this Chapter with every State department, agency, and institution.

3 (b) In all evaluations of applicants for positions with this State or any of its departments,  
4 agencies, or institutions, a preference shall be awarded to all eligible members of the National  
5 Guard who are citizens of the State. This preference applies to initial employment and extends  
6 to other employment events, including a subsequent hiring, promotion, reassignment, or  
7 horizontal transfer.

8 (c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter  
9 143B of the General Statutes."

10 **SECTION 19E.4.(b)** G.S. 126-81 reads as rewritten:

11 **"§ 126-81. Definitions.**

12 ~~As used in this Article:~~The following definitions apply in this Article:

- 13 (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,  
14 through November 11, 1918), World War II (December 7, 1941, through  
15 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,  
16 1955), the period of time between January 31, 1955, and the end of the  
17 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or  
18 engagement for which a campaign badge or medal is authorized by the United  
19 States Department of Defense.
- 20 (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of  
21 the United States on active duty, for reasons other than training, and has been  
22 discharged under other than dishonorable conditions.
- 23 (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:  
24 a. A veteran who served during a period of ~~war; or~~ war.  
25 b. The spouse of a disabled ~~veteran; or~~ veteran.  
26 c. The surviving spouse or dependent of a veteran who dies on active  
27 duty during a period of war either directly or indirectly as a result of  
28 such ~~service; or~~ service.  
29 d. A veteran who suffered a service-connected disability during  
30 ~~peacetime; or~~ peacetime.  
31 e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of  
32 this ~~subsection; or~~ subdivision.  
33 f. The surviving spouse or dependent of a person who served in the  
34 Armed Forces of the United States on active duty, for reasons other  
35 than training, who died for service-related reasons during peacetime.
- 36 (4) Eligible member of the National Guard. – Any of the following:  
37 a. A resident of North Carolina who is a current member in good standing  
38 of either the North Carolina Army National Guard or the North  
39 Carolina Air National Guard.  
40 b. A resident of North Carolina who is a former member of either the  
41 North Carolina Army National Guard or the North Carolina Air  
42 National Guard, whose discharge is under honorable conditions with  
43 a minimum of six years of creditable service.  
44 c. The surviving spouse and dependent of a member of the North  
45 Carolina Army National Guard or the North Carolina Air National  
46 Guard who dies on State active duty either directly or indirectly as a  
47 result of that service.  
48 d. The surviving spouse or dependent of a member of the North Carolina  
49 National Guard who died for service-related reasons during  
50 peacetime."

51 **SECTION 19E.4.(c)** G.S. 128-15 reads as rewritten:

1 **"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

2 (a) It shall be the policy of the State of North Carolina that, in appreciation for their  
3 service to this State and this country during a period of war, and in recognition of the time and  
4 advantage lost toward the pursuit of a civilian career, veterans and eligible members of the  
5 National Guard shall be granted preference in employment with every State department, agency,  
6 and institution.

7 (b) As used in this section:

8 (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,  
9 through November 11, 1918), World War II (December 7, 1941, through  
10 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,  
11 1955), the period of time between January 31, 1955, and the end of the  
12 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or  
13 engagement for which a campaign badge or medal is authorized by the United  
14 States Department of Defense.

15 (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of  
16 the United States on active duty, for reasons other than training, and has been  
17 discharged under other than dishonorable conditions.

18 (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:

19 a. A veteran who served during a period of ~~war; or~~ war.

20 b. The spouse of a disabled ~~veteran; or~~ veteran.

21 c. The surviving spouse or dependent of a veteran who dies on active  
22 duty during a period of war either directly or indirectly as the result of  
23 such ~~service; or~~ service.

24 d. A veteran who suffered a disabling injury for service-related reasons  
25 during ~~peacetime; or~~ peacetime.

26 e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of  
27 this ~~subsection; or~~ subdivision.

28 f. The surviving spouse or dependent of a person who served in the  
29 Armed Forces of the United States on active duty, for reasons other  
30 than training, who dies for service-related reasons during peacetime.

31 (4) Eligible member of the National Guard. – Any of the following:

32 a. A resident of North Carolina who is a current member in good standing  
33 of either the North Carolina Army National Guard or the North  
34 Carolina Air National Guard.

35 b. A resident of North Carolina who is a former member of either the  
36 North Carolina Army National Guard or the North Carolina Air  
37 National Guard, whose discharge is under honorable conditions with  
38 a minimum of six years of creditable service.

39 c. The surviving spouse and dependent of a member of the North  
40 Carolina Army National Guard or the North Carolina Air National  
41 Guard who dies on State active duty either directly or indirectly as a  
42 result of that service.

43 d. The surviving spouse or dependent of a member of the North Carolina  
44 National Guard who died for service-related reasons during peacetime.

45 (c) Hereafter, in all evaluations of applicants for positions with this State or any of its  
46 departments, institutions or agencies, a preference shall be awarded to all eligible veterans and  
47 eligible members of the National Guard who are citizens of the State and who served the State  
48 or the United States honorably in the military forces of this State or of the United States during  
49 a period of war. This preference applies to initial employment with the State and extends to other  
50 employment events including subsequent hirings, promotions, reassignments, and horizontal  
51 transfers.

1 (d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter  
2 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of  
3 the General Statutes."

4 **SECTION 19E.4.(d)** This section is effective when it becomes law.

#### 6 **COMPETITIVE EMERGENCY MANAGEMENT GRANTS**

7 **SECTION 19E.5.(a)** The funds appropriated in this act to the Department of Public  
8 Safety, Division of Emergency Management, to provide competitive grants to county emergency  
9 management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to  
10 county emergency management agencies located in counties with a population of 210,000 or  
11 fewer, based upon the 2019 Certified County Population Estimates from the State Demographer  
12 in the Office of State Budget and Management. Grants shall be used to ensure local emergency  
13 management offices are adequately equipped, trained, and prepared for all hazards and  
14 emergencies. The Division shall develop policies and procedures to implement a competitive  
15 grant program consistent with this section.

16 **SECTION 19E.5.(b)** The Division shall report on the awarding of grant funds  
17 pursuant to subsection (a) of this section by January 15, 2022, and by January 15 of each year  
18 thereafter until the funds appropriated by this section are expended.

#### 20 **EMERGENCY MANAGEMENT ACT REVISIONS**

21 **SECTION 19E.6.(a)** G.S. 166A-19.3 is amended by adding the following new  
22 subdivisions to read:

23 "(2d) Concurrence of the Council of State. – The consensus, within 48 hours of  
24 contact, of a majority of the Council of State prior to the Governor exercising  
25 a power or authority requiring a concurrence of the Council of State. The  
26 Governor shall document the contact and response of each Council of State  
27 member and shall release the concurrence, nonconcurrence, or no response  
28 provided by each member by name and position. Any failure to respond to the  
29 Governor within the 48 hours of contact shall be deemed a concurrence by the  
30 member of the Council of State failing to respond. All documentation of the  
31 contact and response of each member of the Council of State shall be a public  
32 record.

33 (2m) Council of State. – The Lieutenant Governor, Secretary of State, Auditor,  
34 Treasurer, Superintendent of Public Instruction, Attorney General,  
35 Commissioner of Agriculture, Commissioner of Labor, Commissioner of  
36 Insurance, or any interim officer or acting officer appointed in accordance  
37 with Section 7 of Article III of the State Constitution.

38 ...

39 (20) Statewide emergency area. – Any emergency area applicable to two-thirds or  
40 more of the counties in this State."

41 **SECTION 19E.6.(b)** G.S. 166A-19.20 reads as rewritten:

42 **"§ 166A-19.20. Gubernatorial or legislative declaration of state of emergency.**

43 (a) Declaration. – A state of emergency may be declared by the Governor or by a  
44 resolution of the General Assembly, if either of these finds that an emergency exists.

45 (b) Emergency Area. – An executive order or resolution declaring a state of emergency  
46 shall include a definition of the area constituting the emergency area.

47 (c) Expiration of States of Emergency. – A state of emergency declared pursuant to this  
48 section shall expire as follows:

49 (1) If not a statewide emergency area, when it is rescinded by the authority that  
50 issued it.

1           (2) If a statewide emergency area, seven calendar days after issuance without a  
2 concurrence of the Council of State. A declaration of emergency may not be  
3 extended without the concurrence of the Council of State. Any such extension  
4 shall not be for more than 30 days without further concurrence of the Council  
5 of State.

6           (c1) Effect of Failure of Concurrence of the Council of State. – If the concurrence of the  
7 Council of State fails with the issuance or extension of a declaration of emergency under  
8 subdivision (c)(2) of this section, the Governor shall not issue the same or any other substantially  
9 similar declarations of emergency based on the same emergency.

10          (c2) Multiple Declarations to Avoid Concurrence of Council of State. – If the Governor  
11 declares more than one state of emergency based on the same emergency that would extend the  
12 application of the emergency area, when combined, to more than two-thirds of the counties in  
13 the State, the Governor shall obtain the concurrence of the Council of State in accordance with  
14 subdivision (c)(2) of this section for each declaration of emergency.

15          (d) Exercise of Powers Not Contingent on Declaration of Disaster Type. – Once a state  
16 of emergency has been declared pursuant to this section, the fact that a declaration of disaster  
17 type has not been issued shall not preclude the exercise of powers otherwise conferred during a  
18 state of emergency.

19          (e) Extra Session; Emergency Transportation Expenditures. – The General Assembly  
20 considers a determination by the Secretary of Transportation under G.S. 136-44.2E(f) that  
21 anticipated emergency expenses will exceed the funds in the Transportation Emergency Reserve  
22 within the meaning of the term "extraordinary occasions," and therefore the Governor is  
23 authorized to convene the General Assembly in Extra Session under Section 5(7) of Article III  
24 of the North Carolina Constitution. The General Assembly strongly urges the Governor to  
25 convene the General Assembly in Extra Session within 14 days of notice by the Secretary under  
26 G.S. 136-44.2E(f) for the purpose of appropriating funds from the Savings Reserve to the  
27 Emergency Reserve to address the transportation needs of the State necessitated by a major  
28 disaster."

29           **SECTION 19E.6.(c)** G.S. 166A-19.30 is amended by adding a new subsection to  
30 read:

31           "(c1) Upon exercise of any of the powers granted in subsection (c) of this section, the  
32 following shall apply:

33           (1) The Governor shall notify the affected local authorities immediately upon  
34 exercising any of the powers and any extensions thereof.

35           (2) In exercising any of the powers, notwithstanding subdivision (c)(1) of this  
36 section, the Governor shall obtain a concurrence of the Council of State.

37           (3) The duration of the exercise of any power by the Governor shall expire in  
38 accordance with G.S. 166A-19.20."

39           **SECTION 19E.6.(d)** G.S. 130A-20 reads as rewritten:

40           "**§ 130A-20. Abatement of an imminent hazard.**

41           (a) ~~If the Secretary or a local health director determines that an imminent hazard exists,~~  
42 ~~the Secretary or a local health director may order the owner, lessee, operator, or other person in~~  
43 ~~control of the a specific identified property to abate the imminent hazard or may, after notice to~~  
44 ~~or reasonable attempt to notify the owner, lessee, operator, or other person in control of the~~  
45 ~~property enter upon any the specific identified property and take any action necessary to abate~~  
46 ~~the imminent hazard. If the Secretary or a local health director abates the imminent hazard, the~~  
47 ~~Department or the local health department shall have a lien on the property of the owner, lessee,~~  
48 ~~operator, or other person in control of the specific identified property where the imminent hazard~~  
49 ~~existed for the cost of the abatement of the imminent hazard. The lien may be enforced in~~  
50 ~~accordance with procedures provided in Chapter 44A of the General Statutes. The lien may be~~  
51 ~~defeated by a showing that an imminent hazard did not exist at the time the Secretary or the local~~



1 health director took the action. The owner, lessee, operator, or any other person against whose  
2 property the lien has been filed may defeat the lien by showing that that person was not culpable  
3 in the creation of the imminent hazard.

4 (b) ~~The Secretary of Environmental Quality and a local health director shall have the~~  
5 same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9  
6 and 10 of this Chapter.

7 (c) The Secretary shall have the authority to determine that a class or category of property  
8 uses presents a statewide imminent hazard. For a period of no more than seven calendar days,  
9 the Secretary may order owners, operators, or other persons in control of that class or category  
10 of property uses to abate the statewide imminent hazard. If the Secretary has notified the  
11 Governor, and the Governor has received the concurrence of the Council of State, such order  
12 may be extended for up to 30 days at a time. The Secretary may, after notice to or reasonable  
13 attempt to notify the owners, operators, or other persons in control of a specific property not  
14 complying with the order of abatement, enter upon the property and take any action necessary to  
15 abate the imminent hazard. If the Secretary's orders under this subsection would extend the  
16 application of the class or categories of properties in areas, when combined, to statewide  
17 application, the Secretary shall notify the Governor, and the Governor shall seek the concurrence  
18 of the Council of State in accordance with this subsection prior to extension of any of the orders.

19 (d) The Secretary of Environmental Quality, in accordance with subsection (c) of this  
20 section, may enforce the provisions of Articles 9 and 10 of this Chapter.

21 (e) For purposes of this section, the following definitions shall apply:

22 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

23 (2) Statewide. – Two-thirds or more of the counties in this State."

24 **SECTION 19E.6.(e)** G.S. 130A-145 reads as rewritten:

25 **"§ 130A-145. Quarantine and isolation authority.**

26 (a) The State Health Director and a local health director are empowered to exercise  
27 quarantine and isolation ~~authority.~~ authority in accordance with this section. Quarantine and  
28 isolation authority shall be exercised only when and so long as the public health is endangered,  
29 all other reasonable means for correcting the problem have been exhausted, and no less restrictive  
30 alternative exists.

31 (b) No person other than a person authorized by the State Health Director or local health  
32 director shall enter quarantine or isolation premises. Nothing in this subsection shall be construed  
33 to restrict the access of authorized health care, law enforcement, or emergency medical services  
34 personnel to quarantine or isolation premises as necessary in conducting their duties.

35 (c) Before applying quarantine or isolation authority to livestock or poultry for the  
36 purpose of preventing the direct or indirect conveyance of an infectious agent to persons, the  
37 State Health Director or a local health director shall consult with the State Veterinarian in the  
38 Department of Agriculture and Consumer Services.

39 (d) When quarantine or isolation limits the freedom of movement of a person or animal  
40 or of access to a person or animal whose freedom of movement is limited, the period of limited  
41 freedom of movement or access shall not exceed 30 calendar days. Any person substantially  
42 affected by that limitation may institute in superior court in Wake County or in the county in  
43 which the limitation is imposed an action to review that limitation. The official who exercises  
44 the quarantine or isolation authority shall give the persons known by the official to be  
45 substantially affected by the limitation reasonable notice under the circumstances of the right to  
46 institute an action to review the limitation. If a person or a person's representative requests a  
47 hearing, the hearing shall be held within 72 hours of the filing of that request, excluding Saturdays  
48 and Sundays. The person substantially affected by that limitation is entitled to be represented by  
49 counsel of the person's own choice or if the person is indigent, the person shall be represented by  
50 counsel appointed in accordance with Article 36 of Chapter 7A of the General Statutes and the  
51 rules adopted by the Office of Indigent Defense Services. The court shall reduce or terminate the

1 limitation unless it determines, by the preponderance of the evidence, that the limitation is  
2 reasonably necessary to prevent or limit the conveyance of a communicable disease or condition  
3 to others.

4 (e) If the State Health Director or the local health director determines that a  
5 30-calendar-day limitation on freedom of movement or access is not adequate to protect the  
6 public health, the State Health Director or local health director must institute in superior court in  
7 the county in which the limitation is imposed an action to obtain an order extending the period  
8 of limitation of freedom of movement or access. If the person substantially affected by the  
9 limitation has already instituted an action in superior court in Wake County, the State Health  
10 Director must institute the action in superior court in Wake County or as a counterclaim in the  
11 pending case. Except as provided below for persons with tuberculosis, the court shall continue  
12 the limitation for a period not to exceed 30 days if it determines, by the preponderance of the  
13 evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a  
14 communicable disease or condition to others. The court order shall specify the period of time the  
15 limitation is to be continued and shall provide for automatic termination of the order upon written  
16 determination by the State Health Director or local health director that the quarantine or isolation  
17 is no longer necessary to protect the public health. In addition, where the petitioner can prove by  
18 a preponderance of the evidence that quarantine or isolation was not or is no longer needed for  
19 protection of the public health, the person quarantined or isolated may move the trial court to  
20 reconsider its order extending quarantine or isolation before the time for the order otherwise  
21 expires and may seek immediate or expedited termination of the order. Before the expiration of  
22 an order issued under this section, the State Health Director or local health director may move to  
23 continue the order for additional periods not to exceed 30 days each. If the person whose freedom  
24 of movement has been limited has tuberculosis, the court shall continue the limitation for a period  
25 not to exceed one calendar year if it determines, by a preponderance of the evidence, that the  
26 limitation is reasonably necessary to prevent or limit the conveyance of tuberculosis to others.  
27 The court order shall specify the period of time the limitation is to be continued and shall provide  
28 for automatic termination of the order upon written determination by the State Health Director  
29 or local health director that the quarantine or isolation is no longer necessary to protect the public  
30 health. In addition, where the petitioner can prove by a preponderance of the evidence that  
31 quarantine or isolation was not or is no longer needed for protection of the public health, the  
32 person quarantined or isolated may move the trial court to reconsider its order extending  
33 quarantine or isolation before the time for the order otherwise expires and may seek immediate  
34 or expedited termination of the order. Before the expiration of an order limiting the freedom of  
35 movement of a person with tuberculosis, the State Health Director or local health director may  
36 move to continue the order for additional periods not to exceed one calendar year each.

37 (f) Notwithstanding the first sentence of subsection (d) of this section, for a period of no  
38 more than seven calendar days, the State Health Director shall have the authority to determine  
39 and order that a class or category of persons or animals need to be quarantined or isolated to  
40 protect the public health. If such an order under this section applies statewide, the State Health  
41 Director may move the court for extensions of the order in accordance with subsection (d) of this  
42 section after the State Health Director has notified the Governor, and the Governor has received  
43 the concurrence of the Council of State. If such an order applies less than statewide, the State  
44 Health Director may move the court for extension of the order in accordance with subsection (d)  
45 of this section. If the State Health Director's orders under this subsection would extend the  
46 application of the class or categories in areas, when combined, to statewide application, the State  
47 Health Director shall notify the Governor, and the Governor shall seek the concurrence of the  
48 Council of State in accordance with this subsection prior to moving the court for the extension  
49 of any of the orders.

50 (g) For purposes of this section, the following definitions shall apply:

51 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

1           (2)     Statewide. – Two-thirds or more of the counties in this State."

2           **SECTION 19E.6.(f)** This section is effective when it becomes law and applies to the  
3 exercise of power under a state of emergency or declaration of emergency existing on or after  
4 that date or any order of abatement issued on or after that date. Any power exercised under a  
5 state of emergency or declaration of emergency existing on that date that would require a  
6 concurrence of the Council of State under G.S. 166A-19.20 or G.S. 166A-19.30, as amended by  
7 this section, shall expire two days after this section becomes law unless a concurrence of the  
8 Council of State is sought and received in accordance with G.S. 166A-19.20 or G.S. 166A-19.30,  
9 as amended by this section.

## 10           **NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY**

11           **SECTION 19E.7.** Section 5.7(a) of S.L. 2018-136, as amended by Section 12.5 of  
12 S.L. 2020-78, reads as rewritten:

13           **"SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the  
14 Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects  
15 and administer funds provided by the Community Development Block Grant Disaster Recovery  
16 program.  
17

18           **"SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division  
19 of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year~~  
20 ~~time-limited positions.~~ positions if State and federal funds are available to support those  
21 positions. The reassigned positions assigned to the Office shall retain the employment status of  
22 the positions at the time of the reassignment after implementation of this act is completed. The  
23 ~~three-year time-limited new~~ positions created in this section shall be ~~temporary positions based~~  
24 upon availability of State and federal funds and are exempt from the provision of the State Human  
25 Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

26           **"SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and  
27 public information; citizen outreach and application case management; audit, finance,  
28 compliance, and reporting on disaster recovery funds; and program and construction  
29 management services. The Office shall also contract for services from vendors specializing in  
30 housing, construction, and project management services."  
31

## 32           **STATEWIDE IMPLEMENTATION OF PANIC ALARM APPLICATION**

33           **SECTION 19E.8.(a)** Of the funds appropriated in this act to the Department of  
34 Public Safety, Division of Emergency Management (Division), the sum of four million four  
35 hundred sixty-two thousand four hundred seventy-five dollars (\$4,462,475) in nonrecurring  
36 funds for the 2021-2022 fiscal year shall be used to contract with a vendor to implement a  
37 statewide panic alarm application in accordance with this section.

38           **SECTION 19E.8.(b)** Of the funds appropriated in this act to the Division, the sum  
39 of two hundred twenty thousand dollars (\$220,000) in recurring funds for the 2021-2023 fiscal  
40 biennium shall be used to manage the application once implemented.

41           **SECTION 19E.8.(c)** By December 1, 2021, the Division shall implement and  
42 maintain a statewide panic alarm application that meets the requirements prescribed in  
43 G.S. 115C-105.51(c) and is available to all employees of public secondary schools, as that term  
44 is defined in G.S. 115C-105.51(g), in collaboration with the Department of Public Instruction,  
45 Division of School Operations, and the Centers for Safer Schools. When implementing and  
46 maintaining the statewide panic alarm application, the Division shall consider results from the  
47 School Panic Alarm Pilot Program conducted in the 2017-2018 fiscal year and the  
48 recommendations of the May 2018 report entitled "Panic Alarm Solution for North Carolina K-12  
49 Public Schools."  
50

## 51           **NCORR ADDITIONAL POSITIONS**

1           **SECTION 19E.9.(a)** Of the funds appropriated to the Department of Public Safety,  
2 Office of Recovery and Resiliency, the sum of three hundred fifty-six thousand six hundred  
3 seventeen dollars (\$356,617) in recurring funds for each fiscal year of the 2021-2023 biennium  
4 shall be used to support three full-time equivalent positions to (i) carry out resiliency  
5 programming which may include advising State decision makers on recovery and resiliency  
6 activities, (ii) lead and coordinate resiliency efforts across State and federal agencies, regional  
7 and local governments, public higher education, and other public and private stakeholders, (iii)  
8 provide expertise and technical support to communities for resiliency planning and projects to  
9 protect communities from flooding and other natural disasters, and (iv) coordinate and assist with  
10 the implementation of disaster recovery and resiliency projects through the Office. The Office  
11 may locate and station Office employees in key regions to foster partnerships with councils of  
12 government in order to address capacity gaps and to aid local governments to access federal funds  
13 for recovery and resiliency projects and activities.

14           **SECTION 19E.9.(b)** The Office of State Budget and Management is directed to  
15 create a fund code within the Department of Public Safety, Office of Recovery and Resiliency,  
16 to house the staff of the Office.  
17

## 18 **NORTH CAROLINA PIEDMONT RADAR STUDY**

19           **SECTION 19E.10.(a)** The Department of Public Safety, Division of Emergency  
20 Management (Division), in conjunction with the Western Piedmont, Centralina, and Piedmont  
21 Triad Councils of Governments, shall study the feasibility of closing the radar gap over the  
22 Piedmont region of North Carolina. In conducting the study, the Division shall consult with the  
23 National Weather Service, local stakeholders, and other interested parties in order to complete  
24 the study. The Division shall include in the feasibility study, at a minimum, all of the following:

- 25           (1) Entities able to assist in the implementation of new radar infrastructure,  
26 including local governments, federal agencies, nonprofit organizations,  
27 associations, and other entities specializing in weather or radar monitoring.
- 28           (2) Exact sites of radar infrastructure, construction cost estimates, operational and  
29 maintenance cost estimates, and other considerations related to the  
30 installation, operation, and maintenance of radar infrastructure at each site  
31 over the life span of the radar infrastructure.
- 32           (3) Types of radar infrastructure necessary to provide a network of radar coverage  
33 for the Piedmont region, including C-band radar and X-band radar.
- 34           (4) Identification of federal funds eligible for cost share for the radar projects, and  
35 a plan to secure federal funding prior to the implementation of the radar  
36 projects, if feasible.

37           **SECTION 19E.10.(b)** No later than May 1, 2022, the Division shall submit the  
38 results of the study to the chairs of the House Appropriations Committee on Justice and Public  
39 Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, and the  
40 Fiscal Research Division.  
41

## 42 **PART XX. ADMINISTRATION**

### 43 44 **MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY** 45 **PORTFOLIO**

46           **SECTION 20.1.(a)** G.S. 143-341.2 reads as rewritten:

47 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**  
48 **portfolio.**

49           (a) Duties of the Department of Administration. – The Department of Administration  
50 shall have the following powers and duties:

- 1           (1)    Development of comprehensive State facilities plan. – No later than ~~December~~  
2            4, 2018, April 1, 2023, and every five years thereafter, the Department of  
3            Administration shall develop and implement a plan to comprehensively  
4            manage, acquire, and dispose of the facilities and spaces required to fully  
5            support State government operations. The plan shall do all of the following:  
6            ...  
7            f.       Provide recommendations for disposing of existing State property and  
8            facilities, consolidating operations among existing facilities, and  
9            relocating State agencies from leased facilities to State-owned  
10           facilities.  
11           g.       Describe all changes made to space planning standards developed and  
12           distributed as provided in subdivision (4) of this subsection.  
13           ...  
14           (3)    Development of utilization measures. – ~~No later than December 1, 2016, the~~  
15            The Department of Administration shall develop and distribute to State  
16            agencies procedures to be used to measure the utilization of State-owned and  
17            State-leased real property. The procedures developed pursuant to this  
18            subdivision shall be all of the following:  
19            ...  
20           (4)    Development and enforcement of space planning standards. – ~~No later than~~  
21            ~~December 1, 2016, the~~ The Department of Administration shall develop and  
22            distribute to State agencies space planning standards to be used to determine  
23            workspace size and to govern the use of shared space. The standards  
24            developed pursuant to this subdivision shall be based on the Federal GSA's  
25            Office of Real Property Management Performance Measurement Division  
26            Workspace Utilization and Allocation Benchmark report unless the  
27            Department identifies another efficient industry standard upon which to base  
28            the space planning standards developed pursuant to this subdivision. The  
29            Department ~~shall annually shall:~~  
30            a.       Annually perform audits of a portion of State agencies to determine  
31            each agency's adherence to the space planning standards developed  
32            pursuant to this subdivision and shall send formal letters of  
33            admonishment to any agency that fails to justify, in the sole discretion  
34            of the Department, any deviation from those standards.  
35            b.       Update the space planning standards developed pursuant to this  
36            subdivision at least once every five years and distribute those changes  
37            to State agencies.  
38            ...  
39           (7)    Reporting. – The Department of Administration shall make the following  
40            reports:  
41            a.       No later than ~~December 1, 2018, April 1, 2023,~~ and every five years  
42            thereafter, the Department shall report the following to the Joint  
43            Legislative Commission on Governmental Operations, ~~to the Joint~~  
44            Legislative Oversight Committee on Capital Improvements, Joint  
45            Legislative Oversight Committee on General Government, and Fiscal  
46            ~~Research Division of the General Assembly, and to the Program~~  
47            ~~Evaluation Division of the General Assembly:~~ Division:  
48            ...  
49            b.       If any State agency fails to submit the information required by  
50            subdivision (b)(1) of this section, the Department shall report the  
51            failure to the chairs of the Joint Legislative Commission on

Governmental ~~Operations and to Operations~~, the chairs of the Joint Legislative Oversight Committee on Capital Improvements, and the chairs of the Joint Legislative ~~Program Evaluation Oversight~~ Committee on General Government within 30 days.

c. No later than ~~December 1, 2019~~, April 1, 2024, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, ~~to the Joint Legislative Oversight Committee on Capital Improvements, Joint Legislative Oversight Committee on General Government, and Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly~~ on the State's portfolio of real property. This report shall include at least the following information:

8. A list of all audits performed that year pursuant to sub-subdivision a. of subdivision (4) of this subsection, a summary of the findings of each audit, and the agency's plans for addressing the findings of the audit.

(b) Duties of Other State Agencies. – Each State agency shall have the following powers and duties:

(1) Collection and reporting of information on property use. – No later than ~~July 1, 2018~~, November 1, 2022, and each year thereafter, each State agency shall submit to the Department of Administration all of the information described in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any building or facility that the agency occupies. This shall be in addition to any reports required pursuant to G.S. 143-341(4)h.

(4) Development of five-year property management plan. – No later than ~~July 1, 2018~~, November 1, 2022, and every five years thereafter, each State agency shall develop a five-year real property management plan and shall submit the plan to the Department of Administration for review. Each plan shall do all of the following:

- ...."
- SECTION 20.1.(b)** The Department of Administration, State Property Office, shall include in the April 1, 2023, comprehensive State facilities plan required by G.S. 143-341.2, as enacted in subsection (a) of this section, a report on any changes to the space needs of State agencies as a result of employees working from home due to the COVID-19 pandemic. The State Property Office shall consult with the Office of State Human Resources in preparing the report, which shall include all of the following:
- (1) The percentage of employees in each State agency that, on average, worked from home at least one day each week from March 1, 2021, to March 1, 2022.
  - (2) The percentage of employees in each State agency that, on average, worked from home at least four days each week from March 1, 2021, to March 1, 2022.
  - (3) Information from State agencies about the continued duration of their work-from-home policies, including anticipated termination of the policies.
  - (4) Recommendations for reducing or consolidating State agency facilities in response to expanded State agency work-from-home policies.

**DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT**

**SECTION 20.2.** The Department of Administration, Division of Nonpublic Education (Division), shall report to the Joint Legislative Oversight Committee on General

1 Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research  
 2 Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for  
 3 the purpose of ensuring compliance with the provisions of G.S. 115C-552 and G.S. 115C-560.  
 4 The report shall be compiled as follows:

5 (1) An initial report submitted no later than February 1, 2022, which shall include  
 6 all of the following:

- 7 a. A description of the increase in home school notice of intent filings as  
 8 a result of the COVID-19 pandemic and the number of those home  
 9 schools that have since submitted termination notices.
- 10 b. The current approach to tracking the number of operational home  
 11 schools in the State.
- 12 c. Challenges in maintaining an accurate count of operational home  
 13 schools.
- 14 d. Efforts underway to determine which home schools are no longer  
 15 operational.
- 16 e. The current methodology for compiling annual statistical reports on  
 17 operational home schools and any planned database improvements and  
 18 changes to the statistical report methodology.
- 19 f. Year-to-date and planned expenditures.

20 (2) A final report submitted no later than August 1, 2022, which shall be appended  
 21 to the Division's annual statistical report on home schools and shall include all  
 22 of the following:

- 23 a. An assessment of the long-term impact of the COVID-19 pandemic on  
 24 the number of home schools in the State, including whether the  
 25 increase in the number of home schools experienced during the  
 26 pandemic is likely to continue to rise or decline and the factors  
 27 contributing to those decisions.
- 28 b. An assessment of the accuracy of current data on the number of  
 29 operational home schools.
- 30 c. An update on efforts undertaken to determine which home schools are  
 31 no longer operational.
- 32 d. Any changes made to the way in which the annual statistical report is  
 33 compiled, including any completed database improvements and  
 34 changes to the statistical report methodology.
- 35 e. Recommendations on ways in which the collection and compilation of  
 36 data on the number of operational home schools can be further  
 37 improved.

38  
 39 **DOA DIVISION OF NONPUBLIC EDUCATION ANNUAL REPORTING**  
 40 **REQUIREMENT**

41 **SECTION 20.2A.** G.S. 143-341 reads as rewritten:

42 **"§ 143-341. Powers and duties of Department.**

43 ...

44 (12) Nonpublic Schools:

- 45 a. Via the Division of Nonpublic Education (Division), to submit reports  
 46 to the Joint Legislative Oversight Committee on General Government,  
 47 the Joint Legislative Oversight Committee on Education, and the  
 48 Fiscal Research Division by July 15 of each year that include all of the  
 49 following, including the methodology used to gather or estimate the  
 50 information:

- 1                                    1.     For schools to which Part 1 and Part 2 of Article 39 of Chapter  
2                                    115C of the General Statutes relate, excluding home schools as  
3                                    defined in Part 3 of Article 39 of Chapter 115C of the General  
4                                    Statutes:
- 5                                    I.     Statewide. –
- 6                                    A.     Total number of all schools and total number of  
7                                    schools by type. For purposes of this  
8                                    subdivision, the term "type" means the school  
9                                    is operating as a private church school or school  
10                                   of religious charter under Part 1 or as a  
11                                   nonpublic school under Part 2 of Article 39 of  
12                                   Chapter 115C of the General Statutes.
- 13                                   B.     Total student enrollment and total student  
14                                   enrollment by type of school.
- 15                                   C.     Total student enrollment by grade.
- 16                                   D.     Total student enrollment by sex.
- 17                                   II.    For each county. –
- 18                                   A.     Total number of all schools and total number of  
19                                   schools by type.
- 20                                   B.     Total student enrollment and total student  
21                                   enrollment by type of school.
- 22                                   C.     Total student enrollment by grade.
- 23                                   2.     For home schools as that term is defined in Part 3 of Article 39  
24                                   of Chapter 115C of the General Statutes:
- 25                                   I.     Statewide. –
- 26                                   A.     Total number of all home schools and total  
27                                   number of home schools electing to operate  
28                                   under Part 1 and total number electing to  
29                                   operate under Part 2 of Article 39 of Chapter  
30                                   115C of the General Statutes.
- 31                                   B.     Total student enrollment and total student  
32                                   enrollment for home schools electing to operate  
33                                   under Part 1 and total enrollment for home  
34                                   schools electing to operate under Part 2 of  
35                                   Article 39 of Chapter 115C of the General  
36                                   Statutes.
- 37                                   C.     Total student enrollment by grade.
- 38                                   II.    For each county. –
- 39                                   A.     Total number of home schools.
- 40                                   B.     Total student enrollment.
- 41                                   b.     The Division shall prepare separate reports for the information  
42                                   required by sub-sub-subdivisions a.1. and a.2. of this subdivision.
- 43                                   c.     The Division shall annually prepare and publish on its website a  
44                                   statistical history report on (i) the total number of schools and total  
45                                   student enrollment for schools to which Part 1 and Part 2 of Article 39  
46                                   of Chapter 115C of the General Statutes relate, excluding home  
47                                   schools, and (ii) the total number of home schools and the total student  
48                                   enrollment for home schools."



1           **SECTION 20.3.** G.S. 143B-393 reads as rewritten:

2   "**§ 143B-393. North Carolina Council for Women and Youth Involvement – creation;**  
3   **powers and duties.**

4       (a) There is hereby created the North Carolina Council for Women and Youth  
5   Involvement of the Department of Administration. The Council shall ~~have~~perform the following  
6   functions and duties:

7           (1) ~~To advise~~Advise the Governor, the principal State departments, and the State  
8           legislature concerning the education and employment of women in the State  
9           of North Carolina.

10          (1a) ~~To advise~~Advise the Governor or Secretary of Administration upon any  
11          matter relating to the following programs and organizations:

12           a. North Carolina Internship Council and the North Carolina State  
13           Government Internship Program.

14           b. SADD (Students Against Destructive Decisions).

15           c. State Youth Councils.

16          (2) ~~To advise~~Advise the Secretary of Administration upon any matter the  
17          Secretary may refer to the Council.

18          (3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.

19          (4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.

20          (5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in  
21          G.S. 143B-394.21.

22          (6) Recommend a person to serve as State Coordinator of the office of  
23          Coordinator of Services for Victims of Sexual Assault, as provided in  
24          G.S. 143B-394.2.

25          (7) Provide staff support to the Domestic Violence Commission, as provided in  
26          G.S. 143B-394.16.

27          (8) Serve as a member of the North Carolina Child Fatality Task Force, as  
28          provided in G.S. 7B-1402.

29          (9) Consult with the Department of Public Safety on a reporting system and  
30          database on certain domestic violence-related homicides, as provided in  
31          G.S. 143B-903.

32          (10) Provide staff support for the North Carolina Internship Council and the State  
33          Youth Advisory Council, as provided in G.S. 143B-394.32 and  
34          G.S. 143B-394.26, respectively.

35       ...."

36  
37   **ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE**  
38   **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

39       **SECTION 20.5.** Of the funds appropriated in this act from the State Fiscal Recovery  
40   Fund to the Department of Administration, North Carolina Council for Women and Youth  
41   Involvement (Council), the sum of eight million three hundred eight thousand two hundred  
42   eighteen dollars (\$8,308,218) in nonrecurring funds for the 2021-2022 fiscal year shall be used  
43   to reduce the negative economic impact of the COVID-19 pandemic on organizations that  
44   provide domestic violence and sexual assault services across the State. The Council shall allocate  
45   the funds as follows:

46           (1) Four million one hundred fifty-four thousand one hundred nine dollars  
47           (\$4,154,109) to domestic violence organizations across the State eligible to  
48           receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall  
49           receive an equal amount as provided in G.S. 50B-9(b).

50           (2) Four million one hundred fifty-four thousand one hundred nine dollars  
51           (\$4,154,109) to sexual assault programs and organizations across the State

1 eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant  
2 recipients shall receive an amount based on the formula provided in  
3 G.S. 143B-394.21.  
4

5 **NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT**  
6 **REPORTING REQUIREMENTS**

7 **SECTION 20.6.** G.S. 50B-9 reads as rewritten:

8 "**§ 50B-9. Domestic Violence Center Fund.**

9 (a) The Domestic Violence Center Fund is established within the State Treasury. The  
10 fund shall be administered by the Department of Administration, North Carolina Council for  
11 ~~Women, Women and Youth Involvement,~~ and shall be used to make grants to centers for victims  
12 of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This  
13 fund shall be administered in accordance with the provisions of the ~~Executive State Budget Act.~~  
14 The Department of Administration shall make quarterly grants to each eligible domestic violence  
15 center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1,~~  
16 ~~2017, and each fiscal year thereafter, the Violence. The~~ Department of Administration shall send  
17 the contracts to grantees within 10 business days of the date the Current Operations  
18 Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

19 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds  
20 under this section, a domestic violence center must meet the following requirements:

- 21 (1) It shall have been in operation on the preceding July 1 and shall continue to  
22 be in operation.
- 23 (2) It shall offer all of the following services: a hotline, transportation services,  
24 community education programs, daytime services, and call forwarding during  
25 the night and it shall fulfill other criteria established by the Department of  
26 Administration.
- 27 (3) It shall be a nonprofit corporation or a local governmental entity.

28 (c) ~~The On or before September 1, the~~ North Carolina Council for Women and Youth  
29 Involvement shall report on the quarterly distributions of the grants from the Domestic Violence  
30 Center Fund to the House and Senate chairs of the General Government Appropriations  
31 Committee ~~within five business days of distribution.~~ and the Fiscal Research Division. The report  
32 shall include the ~~date,~~ following:

- 33 (1) Date, amount, and recipients of the fund disbursements. ~~The report shall also~~  
34 ~~include any eligible~~
- 35 (2) Eligible programs which are ineligible to receive funding during the relative  
36 reporting cycle as well as the reason of the ineligibility for that relative  
37 reporting cycle."  
38

39 **GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO**  
40 **VICTIMS OF HUMAN TRAFFICKING**

41 **SECTION 20.7.(a)** Of the funds appropriated in this act from the State Fiscal  
42 Recovery Fund to the Department of Administration, North Carolina Council for Women and  
43 Youth Involvement (Council), the sum of six million six hundred thousand dollars (\$6,600,000)  
44 in nonrecurring funds for the 2021-2022 fiscal year shall be used to develop and implement a  
45 grant program to provide funds to eligible organizations for economic assistance and to enhance  
46 services to victims of human trafficking. The Council may use up to three hundred thousand  
47 dollars (\$300,000) of the funds appropriated in this section in each fiscal year of the 2021-2023  
48 fiscal biennium to establish three time-limited positions to administer the grant program.

49 **SECTION 20.7.(b)** The following criteria shall apply to the grant program:

- 50 (1) Grant applicants shall satisfy all of the following:  
51 a. Be a nonprofit corporation.

- b. Provide direct services to victims of human trafficking, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.
  - c. Demonstrate an economic loss resulting from the COVID-19 pandemic.
  - d. Be ineligible for a grant under the provisions of G.S. 50B-9 and G.S. 143B-394.21.
- (2) The Council shall coordinate outreach efforts with the North Carolina Human Trafficking Commission, State agencies, and local partners to make information regarding the grant funds available to eligible organizations within two weeks after this section becomes law.
  - (3) The amount of the grant shall not exceed the organization's economic loss resulting from the COVID-19 pandemic.
  - (4) The Council shall, upon receipt of all applications by the deadline set under grant program deadlines, expeditiously award and disburse grant funds.
  - (5) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Council.

**SECTION 20.7.(c)** If all funds appropriated as provided in subsection (a) of this section are not disbursed in the first round of grants, the Council shall award a second round of grants to eligible organizations for the purpose of developing, strengthening, or expanding human trafficking victim service programs to help mitigate the increased risk of human trafficking as a result of the COVID-19 pandemic. The following criteria shall apply to the second round of the grant program:

- (1) Grant applicants shall satisfy all of the following:
  - a. Be a nonprofit corporation.
  - b. Provide direct services to victims of human trafficking, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.
  - c. Be ineligible for a grant under the provisions of G.S. 50B-9 and G.S. 143B-394.21.
  - d. Submit 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.

- 1 6. A description of the organization's capacity to implement its  
2 plan to address the needs of victims, including the  
3 organization's staffing level, systems, partnerships, existing  
4 funding, and existing programs.
- 5 7. A description of the applicant's plans and capability to continue  
6 each proposed initiative beyond June 30, 2022, if the applicant  
7 plans to do so.
- 8 8. Any additional information deemed appropriate by the  
9 Council.
- 10 (2) The Council shall, in consultation with the North Carolina Human Trafficking  
11 Commission, develop program guidelines and shall coordinate outreach  
12 efforts with the Commission, State agencies, and local partners to make  
13 information regarding the grant funds available to eligible organizations.
- 14 (3) The Council shall set the maximum amount of each grant based upon the  
15 availability of funds.
- 16 (4) No later than June 30, 2022, each grantee shall submit a report to the Council  
17 that includes all of the following:
- 18 a. Progress on the development and implementation of each of its  
19 program initiatives.
- 20 b. Progress on meeting goals and objectives for each program initiative.
- 21 c. The number of human trafficking victims assisted through each  
22 program initiative.
- 23 d. A description and explanation of any delays in implementation of  
24 program initiatives.
- 25 e. A description and explanation of any changes in the proposal  
26 submitted pursuant to sub-subdivision d. of subdivision (1) of this  
27 subsection.
- 28 f. Planning and administrative costs to date for each program initiative,  
29 sorted by type, including staffing, fixed costs, contracts, and  
30 information technology.
- 31 g. Any additional information required by the Council.
- 32 (5) Grant recipients shall comply with all reporting requirements in  
33 G.S. 143C-6-23 and the contract between the recipient and the Council.
- 34 (6) The Council shall post on its website the detailed proposal required by  
35 sub-subdivision d. of subdivision (1) of this subsection and the report required  
36 by subdivision (4) of this subsection.

37 **SECTION 20.7.(d)** Within 60 days of disbursing grants in the first round and the  
38 second round, if applicable, the Council shall submit a report on the grants awarded to the Senate  
39 Appropriations Committee on General Government and Information Technology, the House of  
40 Representatives Appropriations Committee on General Government, the Joint Legislative  
41 Oversight Committee on General Government, and the Fiscal Research Division that contains all  
42 of the following:

- 43 (1) The number of applications received.
- 44 (2) The number of grants awarded.
- 45 (3) The names and locations of the grant recipients.
- 46 (4) The amount of each grant awarded.
- 47 (5) A description of the human trafficking program initiatives that were funded  
48 by each grant awarded under subsection (c) of this section, including the  
49 geographic area in which services were provided.
- 50 (6) The total number of victims of human trafficking that were served, to date, by  
51 each recipient receiving a grant under subsection (c) of this section.

1  
2 **COUNCIL OF STATE REIMBURSEMENT FOR COMMUTING IN STATE-OWNED**  
3 **MOTOR VEHICLES**

4 **SECTION 20.9.** G.S. 143-341 reads as rewritten:

5 **"§ 143-341. Powers and duties of Department.**

6 The Department of Administration has the following powers and duties:

7 ...  
8 (8) General Services:

9 ...  
10 i. To establish and operate a central motor fleet and such subsidiary  
11 related facilities as the Secretary may deem necessary, and to that end:

12 ...  
13 7a. ...

14 Every individual who uses a State-owned passenger motor  
15 vehicle, pickup truck, or van to drive between the individual's  
16 official work station and his or her home, shall reimburse the  
17 State for these trips at a rate computed by the Department. This  
18 rate shall ~~approximate~~ be derived from a method that  
19 approximates the benefit derived from the use of the vehicle as  
20 prescribed by federal ~~law.~~ law, which may include the lease  
21 value rule described in Publication 15-B of the Internal  
22 Revenue Service. Reimbursement for a member of the Council  
23 of State shall be for the actual number of days the member uses  
24 the vehicle to commute during the month. Reimbursement for  
25 any other individual shall be for 20 days per month regardless  
26 of how many days the individual uses the vehicle to commute  
27 during the month. Reimbursement shall be made by payroll  
28 deduction. Funds derived from reimbursement on vehicles  
29 owned by the Motor Fleet Management Division shall be  
30 deposited to the credit of the Division; funds derived from  
31 reimbursements on vehicles initially purchased with  
32 appropriations from the Highway Fund and not owned by the  
33 Division shall be deposited in a Special Depository Account in  
34 the Department of Transportation, which shall revert to the  
35 Highway Fund; funds derived from reimbursement on all other  
36 vehicles shall be deposited in a Special Depository Account in  
37 the Department of Administration which shall revert to the  
38 General Fund. Commuting, for purposes of this  
39 sub-sub-subdivision, does not include those individuals whose  
40 office is in their home, as determined by the Department of  
41 Administration, Division of Motor Fleet Management. Also,  
42 this sub-sub-subdivision does not apply to the following  
43 vehicles: (i) clearly marked police and fire vehicles, (ii)  
44 delivery trucks with seating only for the driver, (iii) flatbed  
45 trucks, (iv) cargo carriers with over a 14,000 pound capacity,  
46 (v) school and passenger buses with over 20 person capacities,  
47 (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix)  
48 cranes and derricks, (x) forklifts, (xi) cement mixers, (xii)  
49 dump trucks, (xiii) garbage trucks, (xiv) specialized utility  
50 repair trucks (except vans and pickup trucks), (xv) tractors,  
51 (xvi) unmarked law-enforcement vehicles that are used in

1                   undercover work and are operated by full-time, fully sworn  
2 law-enforcement officers whose primary duties include  
3 carrying a firearm, executing search warrants, and making  
4 arrests, and (xvii) any other vehicle exempted under Section  
5 274(d) of the Internal Revenue Code of 1954, and Federal  
6 Internal Revenue Service regulations based thereon. The  
7 Department of Administration, Division of Motor Fleet  
8 Management, shall report quarterly to the Joint Legislative  
9 Commission on Governmental Operations and to the Fiscal  
10 Research Division of the Legislative Services Office on  
11 individuals who use State-owned passenger motor vehicles,  
12 pickup trucks, or vans between their official work stations and  
13 their homes, who are not required to reimburse the State for  
14 these trips.

15                   ...."

### 17 **DOA LEASE LAKE WHEELER FIELD LAB PROPERTY TO USDA**

18                   **SECTION 20.10.** The Department of Administration (Department) may lease to the  
19 United States Department of Agriculture, Agricultural Research Service (USDA ARS), for  
20 nominal monetary consideration, up to 15 acres of real property owned by the State and allocated  
21 to North Carolina State University as part of the University's Lake Wheeler Field Lab in the City  
22 of Raleigh near the intersection of Lake Wheeler Road and Inwood Road. The lease may be for  
23 a term of up to 40 years, including renewals, and may permit the construction, as well as the use  
24 and operation, by USDA ARS of an interdisciplinary plant research facility and related  
25 improvements to facilitate, encourage, and strengthen collaboration with university researchers  
26 in related fields. The lease shall provide that USDA ARS shall be responsible for all costs related  
27 to the construction, use, and operation of the facility. Notwithstanding the provisions of  
28 G.S. 146-29.1, the lease shall be effective upon execution and the satisfaction of any conditions  
29 precedent to its effectiveness stated in the lease. The Department shall comply with the reporting  
30 requirements of G.S. 146-29(c) prior to entering or renewing any lease under this section.

### 32 **REVISE LAWS GOVERNING PROCEEDS OF PROPERTY SALES**

33                   **SECTION 20.11.(a)** G.S. 146-30.2 is repealed.

34                   **SECTION 20.11.(b)** This section is effective retroactively to June 1, 2021. The net  
35 proceeds of sales of State-owned real property closing on or after that date shall be distributed  
36 by the Department of Administration as set forth in G.S. 146-30.

### 38 **CONTRACTS FOR NONPROFIT WORK CENTERS FOR THE BLIND AND** 39 **SEVERELY DISABLED**

40                   **SECTION 20.12.(a)** G.S. 143-129.5 reads as rewritten:

41 "**§ 143-129.5. Purchases from nonprofit work centers for the blind and severely disabled.**

42                   **(a)** Notwithstanding G.S. 143-129, a city, county, or other governmental entity subject to  
43 this Article may purchase goods and services directly from a nonprofit work center for the blind  
44 and severely disabled, as defined in G.S. 143-48.

45                   **(b)** The Secretary of Administration shall, at least annually, canvass nonprofit work  
46 centers for the blind and severely disabled for goods and services required by the State  
47 government or any of its departments, institutions, or agencies and shall purchase or contract for  
48 the purchase, lease, or lease-purchase of those goods and services. The Secretary shall establish  
49 and enforce specifications that shall apply to all goods and services to be purchased or leased  
50 from nonprofit work centers for the use of the State government or any of its departments,  
51 institutions, or agencies. Except as provided in G.S. 148-134, where one or more sources of

1 supply have been established by contract and certified by the Secretary of Administration to State  
 2 departments, institutions, and agencies, it shall be the duty of all State departments, institutions,  
 3 and agencies to make requisition or issue orders on forms to be prescribed by the Secretary of  
 4 Administration for purchases required by them upon the sources of supply so certified. No State  
 5 department, institution, or agency shall purchase from any sources other than those certified by  
 6 the Secretary unless the requisition cannot be fulfilled because of insufficient availability of  
 7 goods or services required. The Secretary shall, in any contract or lease, require that nonprofit  
 8 work centers maintain the price of goods or services substantially in accord with that paid by  
 9 governmental agencies for similar goods or services of equivalent quality. The provisions of  
 10 G.S. 143-52 shall not apply to purchases made pursuant to this section. However, nothing in this  
 11 section shall prohibit a nonprofit work center from submitting bids or making offers for contracts  
 12 under G.S. 143-52.

13 (c) ~~The Department of Administration shall report annually to the Joint Legislative~~  
 14 ~~Commission on Governmental Operations Oversight Committee on General Government on its~~  
 15 ~~administration of this program.~~ the programs described in subsections (a) and (b) of this section."

16 **SECTION 20.12.(b)** G.S. 143-48.2 reads as rewritten:

17 **"§ 143-48.2. Procurement program for nonprofit work centers for the blind and the**  
 18 **severely disabled.**

19 (a) An agency subject to the provisions of this Article for the procurement of goods may  
 20 purchase goods directly from a nonprofit work center for the blind and severely disabled, subject  
 21 to the following provisions:

22 ...

23 (2) The goods must not be available under a State requirements ~~contract-contract,~~  
 24 except as provided in G.S. 143-129.5, or available from Correction  
 25 Enterprises as provided in G.S. 148-134.

26 ...

27 (b) An agency subject to the provisions of this Article for the procurement of services  
 28 may purchase services directly from a nonprofit work center for the blind and severely disabled,  
 29 subject to the following provisions:

30 (1) The services must not be available under a State requirements  
 31 ~~contract-contract,~~ except as provided in G.S. 143-129.5, or available from  
 32 Correction Enterprises as provided in G.S. 148-134.

33 ...."

34 **SECTION 20.12.(c)** This section becomes effective October 1, 2021, and applies to  
 35 requisitions made on or after that date.

## 36 **REPEAL STATE EMPLOYEE SUGGESTION PROGRAM**

37 **SECTION 20.13.(a)** The State Employee Suggestion Program (NC-Thinks), being  
 38 Article 36A of Chapter 143 of the General Statutes, is repealed.

39 **SECTION 20.13.(b)** G.S. 126-3(b)(10) and G.S. 143-340(1) are repealed.

## 40 **PART XXI. ADMINISTRATIVE HEARINGS**

### 41 **OFFICE OF ADMINISTRATIVE HEARINGS/USE OF FUNDS FOR HUMAN** 42 **RELATIONS SPECIALIST POSITION**

43 **SECTION 21.1.** Of the funds appropriated in this act to the Office of Administrative  
 44 Hearings for a new Human Relations Specialist position, the sum of two thousand five hundred  
 45 dollars (\$2,500) in the 2021-2022 fiscal year may be used for start-up costs, including the  
 46 purchase of furniture and other necessary equipment.

## 47 **PART XXII. AUDITOR [RESERVED]**

1  
2 **PART XXIII. BUDGET AND MANAGEMENT**  
3

4 **EVIDENCE-BASED GRANTS**

5 **SECTION 23.1.** Of the funds appropriated in this act to the Office of State Budget  
6 and Management (OSBM), the sum of five hundred thousand dollars (\$500,000) in nonrecurring  
7 funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State  
8 agencies to do the following: (i) in partnership with research institutions, conduct research  
9 projects that will directly inform the agencies' policy and program decisions and (ii) pursuant to  
10 contract with an outside entity or in conjunction with OSBM, evaluate how well the agencies'  
11 programs are achieving their intended outcomes. OSBM shall develop guidelines and procedures  
12 for the administration and distribution of these funds to State agencies through a competitive  
13 process and shall, by June 30, 2022, and June 30, 2023, submit reports on the administration and  
14 use of the funds to the Joint Legislative Oversight Committee on General Government and the  
15 Fiscal Research Division. Each report shall include all of the following for both research projects  
16 and evaluation projects for each fiscal year:

- 17 (1) The criteria used by OSBM to evaluate applications from State agencies for  
18 grant funds.  
19 (2) The number of applications received.  
20 (3) The number of applications accepted and rejected.  
21 (4) For each State agency, a description of the specific policies and/or programs  
22 that were included in the projects as well as the data and research methodology  
23 used.  
24 (5) The names of the research institutions that partnered with State agencies to  
25 conduct research projects.  
26 (6) The names of the outside entities with whom State agencies worked in  
27 conjunction to evaluate program outcomes.  
28 (7) The amount spent on each project.  
29 (8) The findings of each project.  
30 (9) A summary of all policy and program changes planned or enacted as a result  
31 of project findings.  
32

33 **NCPRO/EXTENSION OF OPERATIONS**

34 **SECTION 23.2.** Section 4.3 of S.L. 2020-4, as amended by Section 3.5 of S.L.  
35 2021-1, reads as rewritten:

36 "**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery  
37 Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery  
38 Legislation. This Office shall also provide technical assistance and ensure coordination of federal  
39 funds received by State agencies and local governments and ensure proper reporting and  
40 accounting of all funds. The authorization set forth in this section expires on ~~December 31, 2021,~~  
41 July 1, 2027, and the Office shall cease to operate upon expiration of the authorization.  
42

43 ...."

44 **LOCAL FISCAL RECOVERY FUNDS/TECHNICAL ASSISTANCE**

45 **SECTION 23.3.(a)** Of the funds appropriated in this act from the State Fiscal  
46 Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the  
47 sum of thirty million dollars (\$30,000,000) in nonrecurring funds for the 2021-2022 fiscal year  
48 shall be allocated equally to the North Carolina League of Municipalities, the North Carolina  
49 Association of County Commissioners, and the North Carolina Association of Regional Councils  
50 of Government to provide guidance and technical assistance to units of local government in the



1 administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of  
2 S.L. 2021-25.

3 **SECTION 23.3.(b)** Of the funds appropriated in this act from the State Fiscal  
4 Recovery Fund to the Office of State Budget and Management, Pandemic Recovery Office, the  
5 sum of twenty-four million dollars (\$24,000,000) in nonrecurring funds for the 2021-2022 fiscal  
6 year shall be allocated equally between the Town of Huntersville and the Town of Apex.  
7

#### 8 **FUNDING FOR STATE RECOGNIZED INDIAN TRIBES**

9 **SECTION 23.4.** Of the funds appropriated in this act from the State Fiscal Recovery  
10 Fund to the Office of State Budget and Management, Pandemic Recovery Office, the sum of ten  
11 million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
12 allocated to the American Indian tribes named in Chapter 71A of the General Statutes. The funds  
13 shall be allocated based on the number of members enrolled in the tribes on July 1, 2021.  
14

#### 15 **STATE AGENCY PERFORMANCE MANAGEMENT**

16 **SECTION 23.5.(a)** The Program Analyst position established in this act in the Office  
17 of State Budget and Management (OSBM) shall be used to support statewide performance  
18 management initiatives in OSBM.

19 **SECTION 23.5.(b)** The Program Analyst positions established in this act in the  
20 Department of Administration and the Department of Military and Veterans Affairs shall be used  
21 to implement evidence-based program design and management within the respective agencies.  
22 Each department shall collaborate with OSBM on the recruitment, hiring, and onboarding of the  
23 positions and shall, prior to filling the positions, consult with OSBM.  
24

#### 25 **INTERNAL AUDITORS/DOA AND DMVA CONSULT OSBM**

26 **SECTION 23.6.** The Internal Auditor positions established in this act in the  
27 Department of Administration (DOA) and the Department of Military and Veterans Affairs  
28 (DMVA) shall be used to implement evidence-based program design and management within  
29 the respective agencies. Each department shall collaborate with the Office of State Budget and  
30 Management on the recruitment, hiring, and onboarding of the positions and shall, prior to filling  
31 the positions, consult with OSBM.  
32

### 33 **PART XXIV. BUDGET AND MANAGEMENT – DIRECTED GRANTS**

#### 34 **EASTERN TRIAD WORKFORCE INITIATIVE**

35 **SECTION 24.1A.** Of the funds appropriated in this act to the Office of State Budget  
36 and Management, the sum of four million five hundred thousand dollars (\$4,500,000) in  
37 nonrecurring funds for the 2022-2023 fiscal year shall be used to provide directed grants to  
38 support the Triad Workforce Solutions Collaborative as follows:  
39

40	(1)	Alamance County	\$875,000
41	(2)	Guilford County	\$2,250,000
42	(3)	Rockingham County	\$625,000
43	(4)	Randolph County	\$750,000.

44

#### 45 **TRUCK DRIVER SHORTAGE**

46 **SECTION 24.1B.(a)** Of the funds appropriated in this act from the State Fiscal  
47 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars  
48 (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to the North  
49 Carolina Trucking Association Foundation (Foundation) to address the truck driver shortage in  
50 the State. In partnership with the CAGC Foundation, Inc., and the North Carolina Community  
51 College System, the Foundation shall use these funds as follows:

- 1 (1) To create and conduct a truck driver shortage and image awareness campaign  
2 statewide targeting outreach to women and minorities.
- 3 (2) To provide funds for community college instructor pay and equipment related  
4 to truck driver training programs in the State, particularly in rural and  
5 depressed areas.
- 6 (3) To provide funds for tuition scholarships paid directly to schools in the State  
7 to provide opportunities for individuals that are unable to afford tuition for  
8 coursework related to truck driver training programs and to obtain commercial  
9 driver licensure.
- 10 (4) To provide stipends to trucking company finishing schools in the State.
- 11 (5) To provide hiring bonuses to retired truck drivers recruited as instructors to  
12 expand community college training programs in the State.
- 13 (6) To encourage trucking companies to partner with community colleges in the  
14 State by offering conditional job placements prior to graduation from a truck  
15 driver training program.
- 16 (7) To offer incentives to trucking companies to establish internships and  
17 pre-apprenticeships to high school students in the State.

18 **SECTION 24.1B.(b)** Funds appropriated for the program described in this section  
19 shall remain available until expended or until December 31, 2024, whichever is later.  
20

## 21 **CONTRACTOR BUSINESS ACADEMY FOR HISTORICALLY UNDERUTILIZED** 22 **BUSINESSES**

23 **SECTION 24.1C.(a)** Of the funds appropriated in this act from the State Fiscal  
24 Recovery Fund to the Office of State Budget and Management, the sum of three million dollars  
25 (\$3,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC  
26 Foundation, Inc., (CAGC) to conduct Historically Underutilized Business Contractor Business  
27 Academies (Academies) in partnership with the Department of Administration, Office for  
28 Historically Underutilized Businesses (HUB), and the North Carolina Community Colleges  
29 System. In developing and administering the Academies, CAGC shall do the following:

- 30 (1) In partnership with HUB and the North Carolina Community Colleges  
31 System, develop the content and training to be offered at the Academies.
- 32 (2) Collaborate with nonprofit organizations, including, but not limited to, trade  
33 organizations and affinity groups, religious organizations, and State agencies,  
34 to recruit participants from rural-, minority-, and women-owned businesses in  
35 this State for the Academies.
- 36 (3) Offer at least three Academies in various locations at historically black  
37 colleges and universities and community colleges in this State. The  
38 Academies shall provide instruction through a combination of in-person and  
39 virtual formats and shall be taught by construction industry experts and  
40 professionals.
- 41 (4) Provide participation in the Academies free of charge to Disadvantaged  
42 Business Enterprise, Minority Business Enterprise, and Women Business  
43 Enterprise Program businesses.
- 44 (5) Develop and teach small subcontractors and specialty contractors the basics  
45 of operating a successful construction company that can compete for  
46 State-funded projects.

47 **SECTION 24.1C.(b)** Funds appropriated for the program described in this section  
48 shall remain available until expended or until December 31, 2024, whichever is later.  
49

## 50 **CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM**

1           **SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal  
2 Recovery Fund to the Office of State Budget and Management, the sum of three million five  
3 hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall  
4 be provided as follows:

- 5           (1) The sum of one million dollars (\$1,000,000) to be allocated to the Community  
6 Colleges System Office to develop an eight-week work-based learning  
7 program across the community college system on campuses where  
8 construction programs currently exist or where there is a demand to expand  
9 construction programs. The work-based learning program shall involve the  
10 construction industry and shall focus on core competencies, including applied  
11 hands-on skills, safety training, and soft skills training.
- 12           (2) The sum of two million five hundred thousand dollars (\$2,500,000) to CAGC  
13 Foundation, Inc., (CAGC) to be used as follows:
- 14           a. One million five hundred thousand dollars (\$1,500,000) for outreach,  
15 recruitment, career coaching, placement, and grants to employers for  
16 internships, apprenticeships, and other work-based learning for  
17 eligible participants. For purposes of this sub-subdivision, the term  
18 "eligible participant" means a woman, minority, veteran, low-wealth  
19 individual, and an individual that has been previously incarcerated.
- 20           b. One million dollars (\$1,000,000) to provide financial assistance to  
21 individuals to pursue a career pathway through a registered  
22 apprenticeship or trade program once an individual has completed the  
23 eight-week work-based learning program described in subdivision (1)  
24 of this subsection.

25           **SECTION 24.1D.(b)** CAGC, in cooperation with the Community Colleges System  
26 Office, shall partner with nonprofit organizations, including, but not limited to, trade  
27 organizations and affinity groups, religious organizations, businesses, media organizations, State  
28 agencies, and other entities, to conduct outreach to low-wealth and rural high schools and  
29 minority and non-English speaking populations in this State for purposes of achieving the  
30 objectives prescribed by subsection (a) of this section.

31           **SECTION 24.1D.(c)** Funds appropriated for the program described in this section  
32 shall remain available until expended or until December 31, 2024, whichever is later.

### 33 **COVID-19 CONSTRUCTION HEALTH, SAFETY, AND EDUCATION**

34           **SECTION 24.1E.(a)** Of the funds appropriated in this act from the State Fiscal  
35 Recovery Fund to the Office of State Budget and Management, the sum of four million dollars  
36 (\$4,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC  
37 Foundation, Inc., (CAGC) to be used as follows:

- 38           (1) The sum of one million dollars (\$1,000,000) for a statewide multilingual  
39 outreach and media campaign targeting construction employers and  
40 construction workers and their families that promotes the efficacy and safety  
41 of COVID-19 vaccines and the latest guidelines approved by the Centers for  
42 Disease Control and Prevention. The media campaign shall utilize various  
43 mediums to reach minority populations and individuals that lack proficiency  
44 in the English language.
- 45           (2) The sum of two million dollars (\$2,000,000) to provide COVID-19  
46 vaccination and medical services to construction workers at construction work  
47 sites via pop-up mobile medical units. Medical services available to  
48 construction workers shall include COVID-19 testing, COVID-19  
49 vaccination, blood pressure screenings, body composition scans, A1C  
50 screening, stress tests, mental health screening, vision screening, and  
51

1 substance abuse screening. Referrals to community resources shall be  
2 provided for employee follow-up where necessary, including referrals to free  
3 or affordable health clinics, pharmaceutical companies, rent and utility  
4 assistance programs, food banks, and other community-based organizations.

- 5 (3) The sum of one million dollars (\$1,000,000) to address mental health and  
6 substance abuse in the construction industry in this State by conducting a  
7 campaign to create awareness of mental health and substance abuse issues and  
8 to combat the opioid crisis in the construction industry. The campaign shall  
9 also proactively address suicide prevention through transformational  
10 strategies by providing resources to construction employers and their  
11 employees via safety events, counseling, training, and education.

12 **SECTION 24.1E.(b)** CAGC shall partner with nonprofit organizations, including,  
13 but not limited to, trade organizations and affinity groups, religious organizations, businesses,  
14 media organizations, State agencies, and other entities, to conduct outreach to rural, minority,  
15 and non-English speaking populations in the State for purposes of achieving the objectives  
16 prescribed by this section.

17 **SECTION 24.1E.(c)** Funds appropriated in subsection (a) of this section shall  
18 remain available until expended or until December 31, 2024, whichever is later.

## 19 **FUTURE CITY COMPETITION**

20 **SECTION 24.1F.** Of the funds appropriated in this act to the Office of State Budget  
21 and Management, the sum of two hundred thousand dollars (\$200,000) in nonrecurring funds for  
22 the 2021-2022 fiscal year shall be used to provide a directed grant to the Professional Engineers  
23 of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the  
24 NC Future City competition, a statewide program for sixth, seventh, and eighth grade students  
25 that engages students in a hands-on future challenge to foster engineering skills and create interest  
26 in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be  
27 used to fund any portion of the salary for any employee of the Foundation.

## 28 **PART XXV. CONTROLLER**

### 29 **OVERPAYMENT AUDITS**

30 **SECTION 25.1.(a)** During the 2021-2023 fiscal biennium, receipts generated by the  
31 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
32 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
33 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as  
34 required by G.S. 147-86.22(c).

35 **SECTION 25.1.(b)** Of the funds appropriated in this act from the Special Reserve  
36 Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty  
37 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for  
38 data processing, debt collection, or e-commerce costs.

39 **SECTION 25.1.(c)** The State Controller shall report annually to the Joint Legislative  
40 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
41 deposited into Special Reserve Account 24172 and the disbursement of that revenue.

### 42 **DATA SHARING BETWEEN ENTERPRISE-LEVEL SYSTEMS**

43 **SECTION 25.2.(a)** G.S. 143B-1376 reads as rewritten:

44 **"§ 143B-1376. Statewide security and privacy standards.**

45 ...

46 (d) With the approval of the State CIO, enterprise-level system owners may share data  
47 between their secure systems and other enterprise-level secure systems to maximize State  
48

1 government's effectiveness and productivity, unless sharing the data is expressly prohibited by  
2 State or federal law. Sharing of data under this subsection shall include the transfer of PII or other  
3 potentially sensitive data only when appropriate safeguards are in place for both the transfer of  
4 the data and storage of the data in the receiving system and when consistent with the Statewide  
5 Information Security Policy. For purposes of this subsection, the term "owner" means a State  
6 agency having both (i) possession or control of data with the ability to access, create, modify,  
7 transfer, or remove data and (ii) authority to assign access privileges to others."

8 **SECTION 25.2.(b)** This section is effective when it becomes law.  
9

## 10 **PART XXVI. ELECTIONS**

### 11 **POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS**

12 **SECTION 26.1.(a)** The State Board of Elections (Board) is authorized to continue  
13 funding 30 time-limited positions in each fiscal year of the 2021-2023 fiscal biennium using any  
14 remaining funds from the three million dollars (\$3,000,000) in nonrecurring Help America Vote  
15 Act (HAVA) funds that were appropriated in Section 5.7 of S.L. 2019-239 to the State Board of  
16 Elections Special Fund (28025) for each fiscal year of the 2019-2021 fiscal biennium.

17 **SECTION 26.1.(b)** The full-time position of Chief Information Security Officer,  
18 authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.  
19

### 20 **POST-ELECTION INTEGRITY REPORT**

21 **SECTION 26.2.** G.S. 163-182.12A reads as rewritten:

22 **"§ 163-182.12A. Post-election audits.**

23 (a) After conducting a post-election audit, audit for each election as required by this  
24 Chapter, except for a general election, the State Board shall produce a report which summarizes  
25 the audit, including the rationale for and the findings of the audit. After conducting a post-election  
26 audit for a general election, the State Board shall produce a report which shall include all of the  
27 following:  
28

- 29 (1) A summary of the types of post-election audits required by law and the  
30 requirements for conducting each of the audits.
- 31 (2) A summary of the results of each of the post-election audits described in  
32 subdivision (1) of this subsection.
- 33 (3) A detailed description of each of the post-election audits described in  
34 subdivision (1) of this subsection, including any issues that could have  
35 affected the outcome of the election and the manner in which those issues  
36 were resolved.
- 37 (4) A description of any systemic issues that were identified during the  
38 post-election audits and any recommendations on the manner in which those  
39 issues should be addressed to ensure election security and integrity.
- 40 (5) The ways in which the public were allowed to observe and comment on the  
41 conduct of the post-election audits, as authorized by law.
- 42 (6) Any other matters deemed appropriate by the State Board.

43 (b) The Each report required by subsection (a) of this section shall be submitted to the  
44 Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee  
45 on General Government within 10 business days of the date the audit is completed."  
46

## 47 **PART XXVII. GENERAL ASSEMBLY**

### 48 **FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON** 49 **LEGISLATURE** 50

1           **SECTION 27.1.** Of the funds appropriated in this act from the State Fiscal Recovery  
2 Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars  
3 (\$21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023  
4 fiscal biennium shall be allocated as follows:

- 5           (1) Two million three hundred fifty thousand dollars (\$2,350,000) for premium  
6 pay and bonuses for essential workers.
- 7           (2) Eleven million dollars (\$11,000,000) for staff resources dedicated to support  
8 legislative activities, including research and analysis, developing and drafting  
9 legislation, monitoring spending and compliance with State and federal  
10 requirements, and related activities.
- 11           (3) Four hundred fifty thousand dollars (\$450,000) for replacing revenue lost by  
12 legislative food services due to the negative impact of the COVID-19  
13 pandemic.
- 14           (4) Eight million dollars (\$8,000,000) for making broadband and other  
15 information technology improvements in the legislative complex and for  
16 making improvements in the functionality of committee rooms.

## 17 18 **PART XXVIII. GOVERNOR [RESERVED]**

## 19 20 **PART XXIX. HOUSING FINANCE AGENCY**

### 21 22 **BUDGETING AND REPORTING REQUIREMENTS**

23           **SECTION 29.2.(a)** Chapter 122A of the General Statutes is amended by adding a  
24 new section to read:

#### 25 **"§ 122A-16.1. Budgeting requirements.**

26           In addition to the requirements set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the Agency  
27 shall include in the report required under G.S. 122A-16 a recommended base budget for  
28 operations of, and programs administered by, the Agency showing accounting detail  
29 corresponding to the Agency budget recommendation for each budget code and purpose or  
30 program. The recommended base budget required under this subsection shall meet all of the  
31 following requirements:

- 32           (1) Employ the North Carolina Accounting System Uniform Chart of Accounts  
33 adopted by the State Controller to show both uses and sources of funds by  
34 line-item detail and shall display in separate parallel columns all of the  
35 following: (i) actual expenditures and receipts for the most recent fiscal year  
36 for which actual information is available, (ii) the certified budget for the  
37 preceding fiscal year, (iii) the currently authorized budget for the preceding  
38 fiscal year, (iv) program base budget requirements for the upcoming fiscal  
39 year, (v) proposed expenditures and receipts for the upcoming fiscal year, and  
40 (vi) proposed increases and decreases.
- 41           (2) Identify all budget and fund code titles.
- 42           (3) Include accurate projections of receipts, expenditures, and fund balances.  
43 Estimated receipts, including federal funds, shall be adjusted to reflect actual  
44 collections from the previous fiscal year, unless there is a more reasonable  
45 basis upon which to accurately project receipts. Revenue and expenditure  
46 detail provided in the Budget Support Document shall be no less detailed than  
47 the two-digit level in the North Carolina Accounting System Uniform Chart  
48 of Accounts as prescribed by the State Controller.
- 49           (4) Clearly identify all proposed expenditures supported by existing or proposed  
50 appropriations, including statutory appropriations.

1           (5) Include a list of budget adjustments made during the prior fiscal year that are  
2 included in the proposed base budget for the upcoming fiscal year. The list of  
3 budget adjustments shall identify the revision number, revision type, revision  
4 title, the purpose or programs affected, the amount of funds moving between  
5 the purpose or programs, and the justification for the adjustment."

6           **SECTION 29.2.(b)** G.S. 143C-1-1(b) reads as rewritten:

7           "(b) The provisions of this Chapter shall apply to every State agency, unless specifically  
8 exempted herein, and to every non-State entity that receives or expends any State funds. No State  
9 agency or non-State entity shall expend any State funds except in accordance with an act of  
10 appropriation and the requirements of this Chapter. Except for the provisions set forth in  
11 G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall  
12 continue to apply to the North Carolina Housing Finance Agency created under Chapter 122A of  
13 the General Statutes and to control its expenditures and, in the event of a conflict with the sections  
14 of this Chapter other than G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of  
15 the General Statutes shall control. The provisions of Chapter 120 of the General Statutes shall  
16 continue to apply to the General Assembly and to control its expenditures and in the event of a  
17 conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control.  
18 Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive,  
19 or judicial branch."

20           **SECTION 29.2.(c)** G.S. 143C-3-3 is amended by adding a new subsection to read:

21           "(f) Applicability to Housing Finance Agency. – The provisions of this section apply to  
22 the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes.  
23 Nothing in this section shall be construed as requiring the Housing Finance Agency to receive  
24 approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

25           **SECTION 29.2.(d)** G.S. 143C-3-5(d) reads as rewritten:

26           "(d) Funds Included in Budget. – Consistent with requirements of the North Carolina  
27 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with  
28 the Recommended Base Budget and Recommended Capital Improvements Budget Support  
29 Document, shall include recommended expenditures of State funds from all Governmental and  
30 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for  
31 (i) The University of North Carolina and its constituent institutions that are subject to this  
32 Chapter. Chapter and (ii) the North Carolina Housing Finance Agency created under Chapter  
33 122A of the General Statutes that are appropriated from the State Treasury. Except where  
34 provided otherwise by federal law, funds received from the federal government become State  
35 funds when deposited in the State treasury and shall be classified and accounted for in the  
36 Governor's budget recommendations no differently than funds from other sources. Nothing in  
37 this section shall be construed as requiring the Housing Finance Agency to receive approval for  
38 the exercise of any of the powers granted by Chapter 122A of the General Statutes."

39           **SECTION 29.2.(e)** G.S. 122A-16 reads as rewritten:

40           "**§ 122A-16. Oversight by committees of General Assembly; ~~annual reports-report; audit;~~**  
41 **construction of Chapter.**

42           (a) Oversight. – The Finance Committee of the House of Representatives and  
43 Representatives, the Finance Committee of the Senate-Senate, and the Joint Legislative Oversight  
44 Committee on General Government shall exercise continuing oversight of the Agency in order  
45 to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that  
46 nothing in this Chapter shall be construed as required by the Agency to receive legislative  
47 approval for the exercise of any of the powers granted by this Chapter.purpose.

48           (b) Comprehensive Report. – The Agency shall, promptly following the close of each  
49 fiscal year, on or before December 1 of each year, submit an annual comprehensive report of its  
50 activities for the preceding year to the Governor, the Office of State Budget and Management,  
51 State Auditor, the aforementioned committees of the General Assembly and the Local

1 ~~Government Commission. Each such Commission, the Joint Legislative Oversight Committee~~  
2 ~~on General Government, and the Fiscal Research Division. The comprehensive report required~~  
3 ~~under this subsection shall set forth a complete operating and financial statement of the Agency~~  
4 ~~during such year.~~ include at least all of the following:

- 5 (1) The goals and objectives of each program administered by the Agency.
- 6 (2) The number and types of activities funded by the Agency.
- 7 (3) The number of individuals or families served for each program administered  
8 by the Agency.
- 9 (4) The information required under G.S. 45-104, 122A-5.14, 122A-5.15,  
10 122A-16.1, and Section 20.1 of S.L. 2005-276.

11 (c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least  
12 once in each year by an independent certified public accountant and the cost thereof may be paid  
13 from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each~~  
14 ~~year submit a written report of its activities to the Joint Legislative Commission on Governmental~~  
15 ~~Operations. The Agency shall also at the end of each fiscal year submit a written report of its~~  
16 ~~budget expenditures by line item to the Joint Legislative Commission on Governmental~~  
17 ~~Operations.~~

18 (d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to  
19 receive legislative approval for the exercise of any of the powers granted by this Chapter."

20 **SECTION 29.2.(f)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

21 "**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the  
22 federal HOME Program shall be used to match federal funds appropriated for the HOME  
23 Program. In allocating State funds appropriated to match federal HOME Program funds, the  
24 Agency shall give priority to HOME Program projects, as follows:

- 25 (1) First priority to projects that are located in counties designated as Tier One,  
26 Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
- 27 (2) Second priority to projects that benefit persons and families whose incomes  
28 are fifty percent (50%) or less of the median family income for the local area,  
29 with adjustments for family size, according to the latest figures available from  
30 the United States Department of Housing and Urban Development.

31 ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency shall~~  
32 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~  
33 ~~concerning on the status of the HOME Program and shall include in the report information on~~  
34 ~~priorities met, types of activities funded, and types of activities not funded."~~

35 **SECTION 29.2.(g)** G.S. 45-104(f) reads as rewritten:

36 "(f) ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency~~  
37 ~~shall report to the General Assembly describing on the operation of the program established by~~  
38 ~~this act not later than May 1 of each year until the funds are completely disbursed from the State~~  
39 ~~Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in~~  
40 ~~aggregate form and may include the number of clients helped, the effectiveness of the funds in~~  
41 ~~preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,~~  
42 ~~and provide any other aggregated information the Housing Finance Agency determines is~~  
43 ~~pertinent or that the General Assembly requests."~~

44 **SECTION 29.2.(h)** G.S. 122A-5.14(d) reads as rewritten:

45 "(d) Annual Report. – ~~By April 1 of each year, the As part of the report required under~~  
46 ~~G.S. 122A-16, the Agency shall report to the House Appropriations Subcommittee on General~~  
47 ~~Government and Senate Appropriations Subcommittee on General Government and Information~~  
48 ~~Technology on the effectiveness of the Program in accomplishing its purposes and provide any~~  
49 ~~other information the Agency determines is pertinent or that the General Assembly requests."~~

50 **SECTION 29.2.(i)** G.S. 122A-5.15(d) reads as rewritten:



1       "(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16,  
2 the Agency shall report to the Joint Legislative Commission on Governmental Operations and  
3 the Fiscal Research Division on the number of loans made under this section, the amount of each  
4 loan, and whether the low-income housing development is located in a low-, moderate-, or  
5 high-income county, as designated by the Agency."

6       **SECTION 29.2.(j)** Subsections (b) through (d) of this section become effective July  
7 1, 2021, and apply beginning with the 2022-2023 fiscal year. Subsections (b) and (c) of  
8 G.S. 122A-16, as amended by subsection (e) of this section, and subsections (f) through (i) of  
9 this section become effective July 1, 2021, and apply to reports due on or after that date. The  
10 remainder of this section becomes effective July 1, 2021.

## 11 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 subsection 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) Allocate or expend funds from the Fund only in accordance with section 3206  
35 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the  
36 Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as  
37 amended from time to time, and any other guidance issued by the Treasury  
38 regarding the HAF.
- 39       (5) Beginning in 2022, on or before March 1 and September 1, and on those dates  
40 in each year thereafter until the federal HAF funds are fully expended, report  
41 to the entities listed in subdivision (2) of this subsection for each program  
42 administered under the Fund by providing, at a minimum, all of the following:
  - 43       a. An overview and description of program goals.
  - 44       b. The date the program was established and the duration of the program.
  - 45       c. The program's target population and geographic area.
  - 46       d. Homeowner eligibility requirements.
  - 47       e. The number of participating homeowners, type and amount of  
48 assistance provided to those homeowners, and the duration of the  
49 assistance.
  - 50       f. Progress in meeting program goals to date.
  - 51       g. Interaction with other programs administered under the Fund.

- 1 h. Agency planning and administrative costs, sorted by type, including  
2 staffing, fixed costs, contracts, and information technology.  
3 i. Total of federal HAF funds spent to date, amount obligated, and  
4 amount unobligated.

5 **SECTION 29.3.(b)** This section expires on September 30, 2025, unless the period  
6 of performance under the federal HAF program is amended or extended by federal law.  
7

## 8 **WORKFORCE HOUSING LOAN PROGRAM/REVOLVING LOANS**

9 **SECTION 29.4.1.(a)** G.S. 122A-5.15 reads as rewritten:

### 10 **"§ 122A-5.15. Workforce Housing Loan Program.**

11 (a) The North Carolina Housing Finance Agency shall establish and administer the  
12 Workforce Housing Loan Program for the purpose of making revolving loans for qualified  
13 low-income housing development in the State. Funds appropriated to the North Carolina Housing  
14 Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as  
15 provided in this section.

16 ...."

17 **SECTION 29.4.1.(b)** This section is effective when it becomes law.

18 **SECTION 29.4.2.** Unless otherwise prohibited by federal law or guidelines, loans  
19 made from the Workforce Housing Loan Program using funds appropriated to the Program from  
20 the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making  
21 revolving loans as authorized by G.S. 122A-5.15.  
22

## 23 **PART XXX. INSURANCE**

### 24 **REGULATORY FEE AND INSURANCE REGULATORY FUND**

25 **SECTION 30.1.(a)** Notwithstanding the provisions of G.S. 58-6-25(b), the  
26 percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b)  
27 is five percent (5%) for the 2022 calendar year.  
28

29 **SECTION 30.1.(b)** G.S. 58-6-25 reads as rewritten:

### 30 **"§ 58-6-25. Insurance regulatory charge.**

31 ...

32 (b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent  
33 (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the  
34 Department shall propose a percentage rate of the charge levied in this section. The Governor  
35 shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the  
36 General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds  
37 sufficient to defray the estimated cost of the operations of the Department for each upcoming  
38 fiscal year, including a reasonable margin for a reserve fund, and ~~(ii) that the amount of the~~  
39 ~~reserve not exceed one-third of the estimated cost of operating the Department for each upcoming~~  
40 ~~fiscal year. that shall be used to provide for unanticipated expenditures requiring a budget~~  
41 ~~adjustment as authorized by G.S. 143C-6-4.~~ In calculating the amount of the reserve, the General  
42 Assembly shall consider all relevant factors that may affect the cost of operating the Department  
43 or a possible unanticipated increase or decrease in North Carolina premiums or other charge  
44 revenue.

45 ...

46 (d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury,~~  
47 ~~under the control of the Office of State Budget and Management. The~~ as an interest-bearing  
48 special fund to which the proceeds of the charge levied in this section and all fees collected under  
49 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General  
50 Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account  
51 and any interest or other income derived from the Fund shall be credited to the Fund. credited.

1 Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly  
2 ~~Assembly, and in accordance with the line item budget enacted by the General Assembly. The~~  
3 ~~the~~ Fund is subject to the provisions of the State Budget Act, ~~except that no unexpended surplus~~  
4 ~~of the Fund shall revert to the General Fund. Act.~~ All money credited to the Fund shall be used  
5 to reimburse the General Fund for the following:

6 ...."

7 **SECTION 30.1.(c)** The Office of State Budget and Management shall, in  
8 conjunction with the North Carolina Industrial Commission, adjust the Commission's base  
9 budget for each fiscal year of the 2023-2025 fiscal biennium to use proceeds from the insurance  
10 regulatory charge established under G.S. 58-6-25 to reimburse the General Fund for operations  
11 of the Commission as authorized by G.S. 58-6-25(d)(11).  
12

### 13 **VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES**

14 **SECTION 30.2.(a)** Grants Authorized. – Notwithstanding the provisions of  
15 G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire  
16 Department Fund to provide grants to eligible fire departments in accordance with this section.  
17 The Commissioner may use up to one percent (1%) of the Fund for staff and resources to  
18 administer the grant programs authorized by this section. For purposes of this section, the term  
19 "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

20 **SECTION 30.2.(b)** Base Allocation Grants. – Of the funds appropriated in this act  
21 to the Department of Insurance, the sum of eight million dollars (\$8,000,000) from the State  
22 Fiscal Recovery Fund shall be used to provide eligible fire departments base allocation grants for  
23 purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the  
24 Commissioner and shall be awarded a base allocation of ten thousand dollars (\$10,000) for the  
25 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its  
26 impact on the department's ability to conduct fundraising and generate revenue. Base allocations  
27 do not require a match and shall be made as soon as practicable, but not later than August 1,  
28 2021.

29 **SECTION 30.2.(c)** Supplemental Grants. – An eligible fire department may apply  
30 to the Commissioner for a supplemental grant to be used to purchase equipment, make capital  
31 improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be  
32 awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars  
33 (\$35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire  
34 departments in single lump sum payments. The Commissioner shall award and release grant  
35 funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants  
36 across the State.

37 **SECTION 30.2.(d)** Emergency Reserve Grants. – The Commissioner shall reserve  
38 up to one million dollars (\$1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to  
39 provide grants to eligible fire departments in the event of an emergency. For purposes of this  
40 subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency  
41 reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes  
42 consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on  
43 June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire  
44 Department Fund. If an eligible fire department is awarded an emergency reserve grant and  
45 thereafter receives a monetary settlement from its insurance carrier for the same loss or damages  
46 for which the grant was awarded, the fire department shall reimburse the State for the amount of  
47 the grant.

48 **SECTION 30.2.(e)** Report. – Within 60 days after all grants have been awarded  
49 under this section, the Commissioner shall submit a written report to the Senate Appropriations  
50 Committee on General Government and Information Technology, the House of Representatives  
51 Appropriations Committee on General Government, the Joint Legislative Oversight Committee

1 on General Government, and the Fiscal Research Division which shall be posted on the  
2 Department of Insurance's website and shall contain all of the following:

- 3 (1) For base allocation grants under subsection (b) of this section, the total number  
4 of grants awarded.
- 5 (2) For supplemental grants under subsection (c) of this section:
  - 6 a. The total number of grants awarded, the average amount of the grants  
7 awarded, and the range of the amounts of the grants awarded.
  - 8 b. A description of the types of purchases made using grant funds and the  
9 other ways in which grant funds were used.
- 10 (3) For emergency reserve grants under subsection (d) of this section:
  - 11 a. A list of the eligible fire departments that were awarded grants.
  - 12 b. The amount of the grant award to each eligible fire department.
  - 13 c. A description of the emergency for which grant funds were awarded.

## 14 15 **WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE** 16 **WORKERS**

17 **SECTION 30.3.** Notwithstanding the provisions of G.S. 58-87-10, for the  
18 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall  
19 not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined  
20 in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created  
21 pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no  
22 eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission  
23 any payment to participate in the Fund.

## 24 25 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

## 26 27 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

## 28 29 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

### 30 31 **ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS**

32 **SECTION 33.1.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
33 appropriated in this act to the Department of Military and Veterans Affairs (Department), the  
34 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022  
35 fiscal year shall be used by the Department, in consultation with the Department of Health and  
36 Human Services (DHHS), to assess the long-term care needs of veterans across the State for the  
37 purpose of developing a plan to guide the State in enhancing long-term care and other services  
38 for veterans. The assessment and plan shall incorporate the following principles and objectives:

- 39 (1) Use State-specific veterans' demographic information, including the  
40 geographical distribution of veterans across the State.
- 41 (2) Allow for the fact that the needs of veterans are complex and broader than the  
42 traditional, institutional-based system of care.
- 43 (3) Take into account the needs of pre- and post-Gulf War veterans in planning  
44 services and support.
- 45 (4) Incorporate the presence and location of current State Veterans Homes, and  
46 the services they provide, in a larger long-term system of care to meet the  
47 needs of veterans in both rural and urban areas.
- 48 (5) Enhance and develop new partnerships, including with the existing nursing  
49 home industry, to encourage and promote the location and certification of  
50 nursing homes in target areas so that those facilities can qualify for  
51 reimbursement from the U.S. Department of Veterans Affairs.

- 1 (6) Explore partnerships with a broader system of nursing homes across the State
- 2 to expand State resources.
- 3 (7) Encourage partnerships of home- and community-based services with existing
- 4 providers and the U.S. Department of Veterans Affairs for enhanced services.
- 5 (8) Evaluate State planning to explore financially feasible and sustainable options
- 6 for meeting veterans' needs.
- 7 (9) Evaluate current resources by determining programmatic approaches to avoid
- 8 new construction of State veterans' homes.
- 9 (10) Consider alternate models of care prior to expanding veterans nursing homes.

10 **SECTION 33.1.(b)** To lead the assessment and develop the plan required by this  
11 section, the Department shall issue a request for proposals for an independent consultant with  
12 subject matter expertise in the field of long-term care planning for veterans. The provisions of  
13 Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

14 **SECTION 33.1.(c)** The Department, in consultation with DHHS, shall issue a  
15 progress report on the implementation of this section no later than December 1, 2021, and April  
16 1, 2022, and a final report, including the results of the assessment and the plan required by this  
17 section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General  
18 Government, the Senate Appropriations Committee on General Government and Information  
19 Technology, the House of Representatives Appropriations Committee on General Government,  
20 and the Fiscal Research Division.

## 21 **REPORT ON STATE VETERANS HOMES**

22 **SECTION 33.2.** Part 10 of Article 14 of Chapter 143B of the General Statutes is  
23 amended by adding a new section to read:

### 24 **"§ 143B-1301. Detailed annual report.**

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

- 32 (1) Facility location and date opened, which shall be included in the first report  
33 only, unless the information has changed.
- 34 (2) Services available, including specialty services offered.
- 35 (3) Staffing levels, including resident-to-nursing ratios.
- 36 (4) Partnerships with outside organizations and governments in delivery of  
37 services.
- 38 (5) Average daily census.
- 39 (6) Number of beds, by type.
- 40 (7) Admission eligibility, admission by type, such as long-term care and  
41 rehabilitation, and admissions by referral.
- 42 (8) Description of residents, including:
  - 43 a. Demographics by age, race, ethnicity, and gender.
  - 44 b. Resident's home county where domiciled prior to admission to facility.
  - 45 c. Number of admissions, discharges, and deaths.
- 46 (9) Results of resident and family satisfaction surveys.
- 47 (10) Waiting list data, including average length of wait time and priority for  
48 admission.
- 49 (11) Certification and quality rating by independent organizations and State and  
50 federal government.
- 51

- 1           (12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private
- 2           pay, or any other source.
- 3           (13) Average out-of-pocket payment per resident.
- 4           (14) State administrative costs, sorted by type, including staffing, fixed costs,
- 5           facility operation, and maintenance.
- 6           (15) Total receipts collected, by source, including Medicare, Medicaid, Veterans
- 7           Affairs, private pay, or any other source."

## 9 **VETERANS LIFE CENTER CHALLENGE GRANT**

10           **SECTION 33.3.(a)** Notwithstanding the provisions of G.S. 143B-1293, the  
11 Department of Military and Veterans Affairs (hereinafter "Department") shall use the sum of  
12 seven hundred fifty thousand dollars (\$750,000) in recurring funds for each year of the  
13 2021-2023 fiscal biennium appropriated in this act from the North Carolina Veterans Home Trust  
14 Fund to the Department to create a challenge grant program for the Veterans Life Center of North  
15 Carolina (hereinafter "Center") as provided in this section. The funds shall be used by the Center  
16 for the purpose of providing rehabilitation and reintegration services and support to veterans  
17 across the State. To receive State funds under this section, the Center shall raise at least seven  
18 hundred fifty thousand dollars (\$750,000) in non-State funds for each fiscal year of the  
19 2021-2023 fiscal biennium, which the Center shall demonstrate to the satisfaction of the  
20 Department prior to the allocation of State funds. The Department shall disburse State funds on  
21 a quarterly basis in an amount equal to the non-State funds raised by the Center in that quarter,  
22 but in no case shall the Department disburse State funds to the Center if it has not raised the  
23 required non-State funds. The Center cannot supplant, shift, or reallocate Center funds for the  
24 purpose of achieving the non-State fundraising target required by this section.

25           **SECTION 33.3.(b)** Not later than August 1, 2022, and August 1, 2023, the  
26 Department shall report to the Joint Legislative Oversight Committee on General Government  
27 and the Fiscal Research Division on the use of the funds authorized in subsection (a) of this  
28 section, including whether the Center achieved the fundraising targets in each fiscal year of the  
29 fiscal biennium to receive State funds. The report shall also detail the specific services that were  
30 provided to veterans as a result of the challenge grant program. The Center shall provide  
31 information, as requested by the Department, to prepare the report.

## 33 **REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

34           **SECTION 33.4.** Part 2 of Article 14 of Chapter 143B of the General Statutes is  
35 amended by adding a new section to read:

### 36 **"§ 143B-1228. Report on scholarships.**

37           By September 1 of each year, the Department of Military and Veterans Affairs shall report  
38 to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations  
39 Committee on General Government and Information Technology, the House of Representatives  
40 Appropriations Committee on General Government, and the Fiscal Research Division the  
41 following data on the Scholarships for Children of Wartime Veterans program:

- 42           (1) Description of the scholarship program, by year, including statutory
- 43           establishment, purpose, and eligibility.
- 44           (2) Number of scholarships awarded in each of the past five fiscal years and sorted
- 45           by:
  - 46           a. Number of full-time students receiving scholarships and grouped by
  - 47           public, private, and community colleges.
  - 48           b. Number of new applicants for scholarships.
  - 49           c. Number of new scholarship awards offered, denied, and accepted.
  - 50           d. Range and average amount of scholarships awarded.
  - 51           e. Actual amount of award provided.

- 1            f.      Scholarship awards offered and accepted by county.  
 2            g.      Number of scholarship recipients who completed the degree  
 3            requirements for graduation.  
 4            h.      Total expenditures for scholarship awards classified by source,  
 5            including State funds and Escheats Fund.  
 6            i.      Total costs of administering the scholarship program."

#### 8 **VETERANS CEMETERIES TRUST FUND**

9            **SECTION 33.5.(a)** Notwithstanding the provisions of G.S. 143B-1293, the sum of  
 10 fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year  
 11 transferred in this act from the North Carolina Veterans Home Trust Fund and appropriated to  
 12 the North Carolina Veterans Cemeteries Trust Fund shall be used to provide a sustainable and  
 13 recurring source of funds for the maintenance of each of the State's veterans cemeteries when  
 14 each reaches full capacity.

15            **SECTION 33.5.(b)** G.S. 143B-1293 reads as rewritten:

#### 16 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

17            ...

18            (d) Miscellaneous. – The following provisions apply to the trust fund created in  
 19 subsection (a) of this section:

- 20            (1) All funds deposited and all income earned on the investment or reinvestment  
 21 of such funds shall be credited to the trust fund.  
 22            (1a) The Department of Military and Veterans Affairs shall transfer ten percent  
 23 (10%) of the unspent receipts collected in each fiscal year from the trust fund  
 24 to the North Carolina Veterans Cemeteries Trust Fund on or before June 30  
 25 of each fiscal year.  
 26            (2) ~~Any~~ Except as provided in subdivision (1a) of this subsection, monies  
 27 remaining in the trust fund at the end of each fiscal year shall remain on  
 28 deposit in the State treasury to the credit of the North Carolina Veterans Home  
 29 Trust Fund.  
 30            (3) Nothing contained herein shall prohibit the establishment and utilization of  
 31 special agency accounts by the Department of Military and Veterans Affairs  
 32 or by the Veterans' Affairs Commission, for the receipt and disbursement of  
 33 personal funds of the State veterans homes' residents or for receipt and  
 34 disbursement of charitable contributions for use by and for residents."

#### 36 **VETERANS JUSTICE INTERVENTION PILOT PROGRAM**

37            **SECTION 33.7.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
 38 appropriated in this act from the Veterans Home Trust Fund to the Department of Military and  
 39 Veterans Affairs, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the  
 40 2021-2022 fiscal year shall be used to provide a directed grant to The Independence Fund, Inc.,  
 41 to establish and implement a pilot program to expand the Veterans Justice Intervention (VJI)  
 42 program by working with law enforcement agencies all across the State. These funds may be  
 43 used to contract with a subject matter expert for the assessment, coordination, and  
 44 implementation of the VJI in each of the law enforcement departments.

45            **SECTION 33.7.(b)** As a condition of receiving the funds authorized in subsection  
 46 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 47            (1) Partner with other nonprofits, State and local governments, and federal  
 48 agencies to develop and assess each county's initial response to veterans in  
 49 crises and develop an updated data collection process map for each county.

- 1 (2) Educate first responders, local community support employees, and others on  
2 veteran-specific crisis intervention, suicide prevention, and VA resources  
3 available through the Veterans Affairs Administration.
- 4 (3) Execute new training plans based on the data collection process maps  
5 developed pursuant to subdivision (1) of this subsection.
- 6 (4) Monitor the pilot program and maintain regular contact with each county to  
7 ensure up-to-date training and availability and allocation of resources.
- 8 (5) By June 30, 2022, report to the Joint Legislative Committee on General  
9 Government, the Joint Legislative Committee on Justice and Public Safety,  
10 and the Fiscal Research Division on the effectiveness of the pilot program,  
11 including the feasibility of expanding the program throughout the State.  
12

## 13 PART XXXIV. REVENUE

### 14 TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND

15 SECTION 34.1. G.S. 105-243.1 reads as rewritten:

#### 16 "§ 105-243.1. Collection of tax debts.

17 ...

18 (e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of~~  
19 ~~collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be~~  
20 ~~credited to a special account within the Department and may be expended only as provided in~~  
21 ~~this subsection. The proceeds of the fee may not be used for any purpose that is not directly and~~  
22 ~~primarily related to collecting and reducing the incidence of overdue tax debts. The Department~~  
23 ~~may apply the proceeds of the fee for the purposes listed in this subsection. The remaining~~  
24 ~~proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The~~  
25 ~~fee proceeds do not revert but remain in the special account until spent for the purposes listed in~~  
26 ~~this subsection. The Department and the Office of State Budget and Management must account~~  
27 ~~for all expenditures using accounting procedures that clearly distinguish costs allocable to the~~  
28 ~~purposes listed in this subsection from costs allocable to other purposes and must demonstrate~~  
29 ~~that none of the fee proceeds are used for any other purpose pursuant to appropriation by the~~  
30 ~~General Assembly.~~

31 The Department may apply the fee proceeds for the following purposes:

- 32 (1) ~~To pay (i) contractors for collecting overdue tax debts under subsection (b) of~~  
33 ~~this section and (ii) auditors responsible for identifying overdue tax debts.~~
- 34 (2) ~~To pay the fee the United States Department of the Treasury charges for setoff~~  
35 ~~to recover tax owed to North Carolina.~~
- 36 (3) ~~To pay for taxpayer locator services, not to exceed three hundred fifty~~  
37 ~~thousand dollars (\$350,000) a year.~~
- 38 (4) ~~To pay for postage or other delivery charges for correspondence directly and~~  
39 ~~primarily relating to collecting overdue tax debts, not to exceed seven hundred~~  
40 ~~fifty thousand dollars (\$750,000) a year.~~
- 41 (5) ~~To pay for operating expenses for Project Collection Tax and the Taxpayer~~  
42 ~~Assistance Call Center.~~
- 43 (6) ~~To pay for expenses of the Examination and Collection Division directly and~~  
44 ~~primarily relating to collecting overdue tax debts.~~
- 45 (7) ~~To pay the direct and indirect expenses of information technology upgrades~~  
46 ~~to the Department of Revenue computer systems that are intended to upgrade~~  
47 ~~Department of Revenue capabilities to (i) allow for electronic filing of returns~~  
48 ~~by taxpayers and the electronic issuance of refunds by the Department for all~~  
49 ~~remaining tax schedules and (ii) accomplish other mission-critical information~~  
50



1 technology tasks of the Department as approved by the Office of State Budget  
2 and Management in consultation with the State CIO.

3 ...."

#### 5 TAX FRAUD ANALYTICS

6 **SECTION 34.3.** Of the funds appropriated in this act to the Department of Revenue,  
7 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each  
8 fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the  
9 Department's tax fraud analysis contract through the Government Data Analytics Center  
10 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information  
11 reporting, collections case management, collections optimization, managed services, and  
12 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC  
13 and utilize the subject matter expertise and technical infrastructure available through existing  
14 GDAC public-private partnerships for fraud detection and analytics infrastructure.

#### 16 GROWER GRANT PROGRAM

17 **SECTION 34.3A.(a)** Purpose; Use. – The purpose of this section is to use funds  
18 from the American Rescue Plan Act to aid businesses in North Carolina that suffered substantial  
19 economic damage from the COVID-19 pandemic.

20 **SECTION 34.3A.(b)** GROWER Grant Program. – The Department of Revenue is  
21 authorized to create and administer the Generating Recovery for Organizations Without Earlier  
22 Relief Grant Program (Program). The Department must provide a one-time grant to businesses  
23 that suffered economic damage from the COVID-19 pandemic and meet the conditions of this  
24 section.

25 **SECTION 34.3A.(c)** Eligibility. – A business is eligible for a grant under this  
26 Program if it meets all of the following conditions:

27 (1) It is a business classified in NAICS Code 71 or 72.

28 (2) It demonstrates that it suffered an economic loss of at least ten percent (10%).

29 **SECTION 34.3A.(d)** Application. – A business must apply to the Department of  
30 Revenue for a grant on a form prescribed by the Department and must include any supporting  
31 documentation required by the Department. The application must be filed with the Department  
32 on or before the deadline prescribed by the Department, which must be at least 60 days after the  
33 effective date of this section but no more than 90 days after the effective date of this section. The  
34 Department may not accept late applications.

35 **SECTION 34.3A.(e)** Grant Amount. – The grant amount for applicants who have  
36 not previously received an award amount is equal to the applicant's economic loss. The grant  
37 amount for applicants who have previously received an award amount is equal to five percent  
38 (5%) of the largest award amount received, subject to the reduction in subsection (f) of this  
39 section.

40 **SECTION 34.3A.(f)** Grant Program Limit. – The total of all funds granted under  
41 this Program, including the amount the Department of Revenue may use for administration of  
42 the Program, may not exceed five hundred million dollars (\$500,000,000). The Department must  
43 calculate the total amount of grants requested from the applications timely filed under subsection  
44 (d) of this section. If the total amount of grants requested exceeds the maximum amount of funds  
45 available under this subsection, the Department shall (i) prioritize and fully fund grants to  
46 applicants who have not previously received an award amount and (ii) reduce each grant award  
47 to applicants who have previously received an award amount on a proportionate basis. The  
48 Department's grant determinations based on applications timely filed are final.

49 **SECTION 34.3A.(g)** Clawback. – If a business receives a grant under this program  
50 for which it is ineligible, the business forfeits the grant awarded under this section and is liable  
51 for the amounts received.

**SECTION 34.3A.(h)** Definitions. – The following definitions apply in this section:

- (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L. 117-2.
- (1a) Award amount. – Amount awarded from any of the following:
  - a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L. 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.
  - b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined in any of the following:
    1. 15 U.S.C. § 9009(e).
    2. Section 331 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.
    3. Section 5002 of the American Rescue Plan Act of 2021, P.L. 117-2.
  - c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).
  - d. Restaurant Revitalization Fund. – Defined in section 5003 of the American Rescue Plan Act of 2021, P.L. 117-2.
  - e. Shuttered Venue Operators Grant Program. – Defined in section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, Title III of Division N of Public Law 116–260.
- (2) Business. – An entity subject to income tax under Article 4 of Chapter 105 of the General Statutes.
- (3) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136.
- (4) Consolidated Appropriations Act. – The Consolidated Appropriations Act of 2021, P.L. 116-260.
- (5) COVID period. – The period beginning April 1, 2020, and ending December 31, 2020.
- (6) Economic loss. – The economic damage experienced in connection with the COVID-19 pandemic, determined as the difference between the business's gross receipts for the COVID period and its gross receipts for the equivalent time frame in 2019.
- (7) Gross receipts. – The sum of the North Carolina gross receipts listed on line 1 of Form E-500, Sales and Use Tax Return, for sales occurring during a specified time period.
- (8) NAICS. – The North American Industry Classification System adopted by the United States Office of Management and Budget as of December 31, 2020.

**SECTION 34.3A.(i)** Outreach. – The Department of Administration, Office for Historically Underutilized Businesses, is directed to inform and educate minority-owned businesses that may be eligible to apply for the grants provided by the Program as soon as practicable so they may have the opportunity to access the grants provided by it. The Department of Revenue is not required to advertise or provide any specific outreach on the Program except for posting relevant Program information on its website.

**SECTION 34.3A.(j)** Allocation of Funds for the GROWER Grant Program. – Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Revenue, the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated for the Generating Recovery for Organizations Without Earlier Relief Grant Program to be used as provided in this section. The Department of Revenue may use up to two million five hundred thousand dollars (\$2,500,000) of the funds allocated in this subsection for the administration of this section. The Department shall use five million dollars (\$5,000,000) of the funds allocated in this subsection for a grant to the North Carolina Restaurant

1 and Lodging Association, to be used for marketing and recruiting initiatives for the restaurant  
2 and lodging industries. The Department shall remit any funds remaining after disposition of all  
3 timely filed applications under this section to the Office of State Budget and Management which  
4 shall deposit the funds into the State Fiscal Recovery Reserve. Amounts deposited into the  
5 Reserve under this section are receipts that do not constitute an "appropriation made by law," as  
6 that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

7 **SECTION 34.3A.(k)** This section is effective when it becomes law.

8 **SECTION 34.3B.(a)** G.S. 105-130.5(b) reads as rewritten:

9 "(b) The following deductions from federal taxable income shall be made in determining  
10 State net income:

11 ...

12 (31a) To the extent included in federal taxable income, the amount received by a  
13 taxpayer under the Generating Recovery for Organizations Without Earlier  
14 Relief Grant Program."

15 **SECTION 34.3B.(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 Generating Recovery for  
21 Organizations Without Earlier Relief Grant Program."

22 **SECTION 34.3B.(c)** This section is effective for taxable years beginning on or after  
23 January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

## 24 **DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT**

25 **SECTION 34.4.** Section 8.1 of S.L. 2019-246 reads as rewritten:

26 **"SECTION 8.1.(a)** The Department of Revenue shall update its electronic tax systems to  
27 store and recognize power of attorney registrations to ensure that notices generated by the  
28 Department are simultaneously sent to both the taxpayer and the person designated in the  
29 taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to  
30 the Joint Legislative Oversight Committee on General Government on its progress in updating  
31 its electronic tax systems to store and recognize power of attorney registrations.

32 **"SECTION 8.1.(b)** By October 1, 2021, and monthly thereafter, the Department of Revenue  
33 shall submit a written report on the status of the power of attorney registration project required  
34 by subsection (a) of this section to the chairs of the House Appropriations Committee on General  
35 Government and the Senate Appropriations Committee on General Government and Information  
36 Technology and the Fiscal Research Division. The monthly report shall also include an update  
37 on the status of the Collections Case Management system implementation and the IBM 4100  
38 replacement project currently underway in the Department."

## 39 **PART XXXV. SECRETARY OF STATE [RESERVED]**

## 40 **PART XXXVI. TREASURER**

## 41 **IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL** 42 **GOVERNMENT UNITS**

43 **SECTION 36.1.(a)** The Department of State Treasurer, State and Local Government  
44 Finance Division, in consultation with the Local Government Commission (hereinafter  
45 "Commission"), shall evaluate the State's current system for monitoring the financial operations  
46 of local government units (hereinafter "unit" or "units") and approving their requests to issue new  
47 debt and amend current debt. For purposes of this section, the term "unit" has the same meaning  
48  
49  
50  
51

1 as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for  
2 monitoring the financial operations of units that does all of the following:

- 3 (1) Uses a "value added" approach to reviewing the State's current practices and  
4 policies.
- 5 (2) Directs current Commission staffing resources to the units in greatest need  
6 and away from units with adequate governance, staff, resources, and technical  
7 expertise.
- 8 (3) Implements a schedule of reporting to the Commission based on a unit's  
9 financial health.
- 10 (4) Standardizes training of unit officials and staff, as deemed appropriate by the  
11 Commission.
- 12 (5) Authorizes the Commission to compel units to comply with Commission  
13 directives.
- 14 (6) Incorporates a clear definition of the term "fiscal distress."
- 15 (7) Implements a new fiscal warning system for units at risk of fiscal distress.
- 16 (8) Expands the criteria and parameters for measuring a unit's fiscal health to  
17 incorporate economic and demographic factors.
- 18 (9) Incorporates factors impacting a unit's fiscal health, including changes in  
19 population, tax base, and business and economic indicators.

20 **SECTION 36.1.(b)** The Department shall submit an interim report on the  
21 implementation of this section no later than December 15, 2021, and a final report and plan by  
22 April 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations  
23 Committee on General Government and Information Technology, House Appropriations  
24 Committee on General Government, and Fiscal Research Division. The reports shall contain any  
25 recommendations for legislation deemed appropriate to implement the provisions of this section.  
26

## 27 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR** 28 **FIREFIGHTERS' DEATH BENEFITS**

29 **SECTION 36.2.(a)** G.S. 143-166.2 reads as rewritten:

### 30 **"§ 143-166.2. Definitions.**

31 The following definitions apply in this Article:

- 32 ...
- 33 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:  
34 ...
  - 35 e. When the death of a firefighter occurs as a direct and proximate result  
36 of any of the following cancers that are occupationally related to  
37 firefighting, that firefighter is presumed to have been killed in the line  
38 of duty:
    - 39 1. Mesothelioma.
    - 40 2. Testicular cancer.
    - 41 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
    - 42 4. Esophageal cancer.
    - 43 5. Oral cavity cancer.
    - 44 6. Pharynx cancer.

45 ...."

46 **SECTION 36.2.(b)** This section is effective when it becomes law and applies to  
47 deaths occurring on or after that date.

## 49 **PART XXXVII. GENERAL GOVERNMENT**

### 51 **GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS**

1  
2 **DEPARTMENT OF ADMINISTRATION**

3 **SECTION 37.1.(a)** G.S. 116D-4 reads as rewritten:

4 **"§ 116D-4. Minority and historically underutilized business participation.**

5 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
6 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
7 under this section. The following State agencies shall monitor compliance with this requirement  
8 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General  
9 Government by January 1 of each year on the participation by minority businesses in these  
10 projects. The State Construction Office, Department of Administration, shall monitor compliance  
11 with regard to projects funded by the proceeds of university improvement general obligation  
12 bonds and notes and special obligation bonds and notes; the Board of Governors of The  
13 University of North Carolina shall provide the State Construction Office any information  
14 required by the State Construction Office to monitor compliance. The Community Colleges  
15 System Office shall monitor compliance with regard to projects funded by the proceeds of  
16 community college general obligation bonds and notes.

17 ...."

18 **SECTION 37.1.(b)** G.S. 143-48 reads as rewritten:

19 **"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**  
20 **contractors, physically handicapped contractors, and women contractors;**  
21 **purpose; required annual reports.**

22 ...

23 (d) The Department of Administration shall collect and compile the data described in this  
24 section and report it annually to the ~~General Assembly~~ Joint Legislative Oversight Committee  
25 on General Government.

26 ...."

27 **SECTION 37.1.(c)** G.S. 143-128.3 reads as rewritten:

28 **"§ 143-128.3. Minority business participation administration.**

29 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of  
30 Administration, Office of Historically Underutilized Business, the following with respect to each  
31 building project:

32 ...

33 The reports shall be in the format and contain the data prescribed by the Secretary of  
34 Administration. The University of North Carolina and the State Board of Community Colleges  
35 shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
36 Department of Administration shall make reports every six months to the Joint Legislative  
37 Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
38 General Government on information reported pursuant to this subsection.

39 ...

40 (c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative  
41 Oversight Committee on General Government and other State agencies ways to improve the  
42 effectiveness and efficiency of the State capital facilities development, minority business  
43 participation program and good faith efforts in utilizing minority businesses as set forth in  
44 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
45 utilization of minority businesses.

46 (d) The Secretary shall appoint an advisory board to develop recommendations to  
47 improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
48 its advisory board, shall review the State's programs for promoting the recruitment and utilization  
49 of minority businesses involved in State capital projects and shall recommend to the ~~General~~  
50 ~~Assembly~~ Joint Legislative Oversight Committee on General Government, the State  
51 Construction Office, The University of North Carolina, and the community colleges system

1 changes in the terms and conditions of State laws, rules, and policies that will enhance  
 2 opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
 3 guidance to these agencies on identifying types of projects likely to attract increased participation  
 4 by minority businesses and breaking down or combining elements of work into economically  
 5 feasible units to facilitate minority business participation.

6 ...

7 (g) ~~The Annually, on or before September 1, beginning September 1, 2022, the Secretary~~  
 8 shall report findings and ~~recommendations~~ recommendations, as required under this ~~section~~  
 9 section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~  
 10 ~~June 1, beginning June 1, 2002~~ and the Joint Legislative Oversight Committee on General  
 11 Government and shall post the report findings and recommendations on the Department's  
 12 website."

13 **SECTION 37.1.(d)** G.S. 143-341 reads as rewritten:

14 **"§ 143-341. Powers and duties of Department.**

15 The Department of Administration has the following powers and duties:

16 ...

17 (8) General Services:

18 ...

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

21 ...

22 11. To report annually to the ~~General Assembly~~ Joint Legislative  
 23 Oversight Committee on General Government on any rules  
 24 adopted, amended or repealed under sub-sub-subdivisions 3.,  
 25 7., or 7a. of this sub-subdivision.

26 ...

27 (12) Report on Vehicles Managed. – Beginning on September 1, 2021, and  
 28 semiannually thereafter, the Department of Administration shall provide a  
 29 report to the Joint Legislative Oversight Committee on General Government  
 30 and the Joint Legislative Oversight Committee on Justice and Public Safety  
 31 on the status of all motor vehicles managed by the Department of  
 32 Administration for the Department of Public Safety. The report shall include  
 33 all of the following information:

34 a. The number of motor vehicles managed by the Department of  
 35 Administration for the Department of Public Safety.

36 b. The condition of each motor vehicle, including the mileage on each  
 37 motor vehicle.

38 c. The average amount of time taken to repair or replace a motor vehicle.

39 d. The number and condition of any backup motor vehicles managed by  
 40 the Department of Administration and available for use by the  
 41 Department of Public Safety, including the location and condition of  
 42 each motor vehicle."

43 **SECTION 37.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

44 **SECTION 37.1.(f)** G.S. 143-747 reads as rewritten:

45 **"§ 143-747. Council of Internal Auditing.**

46 ...

47 (c) The Council shall:

48 ...

49 (12) ~~Issue an annual report including, but not limited to, No later than November~~  
 50 1 of each year, issue a report that shall include, but not be limited to, service  
 51 efforts and accomplishments of State agency internal auditors and to propose

1 proposed legislation for consideration by the Governor and General  
2 Assembly. The annual report shall be prepared by the Office of State Budget  
3 and Management and shall be submitted to the Joint Legislative Oversight  
4 Committee on General Government."

5 **SECTION 37.1.(g)** G.S. 143B-394.16(b) reads as rewritten:

6 "(b) Report. – The Commission shall report its findings and recommendations, including  
7 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight  
8 Committee on General Government no later than April 1 each year."

9 **SECTION 37.1.(h)** G.S. 143B-394.21 is amended by adding a new subsection to  
10 read:

11 "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
12 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs  
13 of the General Government Appropriations Committee within five business days of distribution.  
14 The report shall include the date, amount, and recipients of the fund disbursements. The report  
15 shall also include any eligible programs which are ineligible to receive funding during the relative  
16 reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

17 **SECTION 37.1.(i)** G.S. 143B-409 reads as rewritten:

18 "**§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

19 The Commission shall prepare a written annual report giving an account of its proceedings,  
20 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
21 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.  
22 The report will become a matter of public record and will be maintained in the State Historical  
23 Archives. It may also be furnished to such other persons or agencies as the Commission may  
24 deem proper."

25 **SECTION 37.1.(j)** G.S. 143B-410 reads as rewritten:

26 "**§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
27 **staff.**

28 Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
29 a part of the annual report and will be submitted in accordance with the regulations governing  
30 preparation and submission of the annual report. The Commission shall submit the annual report  
31 to the Joint Legislative Oversight Committee on General Government."

32 **SECTION 37.1.(k)** G.S. 143B-411.2 reads as rewritten:

33 "**§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
34 **purpose or creation; powers and duties.**

35 The purpose of the Council is to study on a continuing basis the relationship between the  
36 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
37 concern to the State or the Tribe. It shall be the duty of the Council:

- 38 (1) Identify existing and potential conflicts between the State of North Carolina  
39 and the Eastern Band of Cherokee ~~Indians;~~ Indians.
- 40 (2) Propose State and federal legislation and agreements between the State of  
41 North Carolina and the Cherokee Tribe to resolve existing and potential  
42 ~~conflicts;~~ conflicts.
- 43 (3) To study and make recommendations concerning any issue referred to the  
44 Council by any official of the Eastern Band of the Cherokee, the State of North  
45 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
46 Cherokee Counties.
- 47 (4) Study other issues of mutual concern to the Eastern Band of the  
48 ~~Cherokee;~~ Cherokee.
- 49 (5) ~~Make a report with recommendations as needed, but not less often than~~  
50 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~

1 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
2 ~~Cherokee."~~

3 **SECTION 37.1.(l)** The North Carolina Farmworker Council, enacted as Part 26 of  
4 Article 9 of Chapter 143B of the General Statutes, is repealed.

## 6 ETHICS COMMISSION

7 **SECTION 37.2.** G.S. 138A-10 reads as rewritten:

8 "**§ 138A-10. Powers and duties.**

9 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:

10 ...

11 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight  
12 Committee on General Government and the Governor on the Commission's  
13 activities and generally on the subject of public disclosure, ethics, and  
14 conflicts of interest, including recommendations for administrative and  
15 legislative action, as the Commission deems appropriate.

16 ...."

## 18 OFFICE OF STATE HUMAN RESOURCES

19 **SECTION 37.3.** G.S. 143-583 reads as rewritten:

20 "**§ 143-583. Model program; technical assistance; reports.**

21 ...

22 (c) Reports. – The Office of State Human Resources shall report annually to the Joint  
23 Legislative Commission on Governmental Operations and the Joint Legislative Oversight  
24 Committee on General Government on the safety, health, and workers' compensation activities  
25 of State agencies, compliance with this Article, and the fines levied against State agencies  
26 pursuant to Article 16 of Chapter 95 of the General Statutes."

## 28 OFFICE OF STATE AUDITOR

29 **SECTION 37.4.** G.S. 147-64.11 reads as rewritten:

30 "**§ 147-64.11. Review of office.**

31 The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems  
32 necessary, or as requested by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight  
33 Committee on General Government, cause to be made a quality review audit of the operations of  
34 ~~his~~ the Auditor's office. Such a "peer review" shall be conducted in accordance with standards  
35 prescribed by the accounting profession. Upon the recommendation of the Joint Legislative  
36 Commission on Governmental ~~Operations~~ Operations, the Auditor may contract with an  
37 independent public accountant, qualified management consultant, or other professional person to  
38 conduct a financial and compliance, economy and efficiency, and program result audit of the  
39 State Auditor."

## 41 OFFICE OF STATE BUDGET AND MANAGEMENT

42 **SECTION 37.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by  
43 adding a new section to read:

44 "**§ 143C-6-13. Results first annual report.**

45 By October 1 of each year, the Office of State Budget and Management shall submit an  
46 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative  
47 Oversight Committee on General Government, and Joint Legislative Program Evaluation  
48 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in  
49 crafting policy and budget decisions. The report may include recommendations for legislation."

50 **SECTION 37.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

51 **SECTION 37.5.(c)** G.S. 143C-6-23 reads as rewritten:



1 **"§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

2 ...  
 3 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~  
 4 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report  
 5 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
 6 ~~Division on post online at regular intervals a list of all grantees or subgrantees that failed to~~  
 7 ~~comply with this section with respect to grant funds received in the prior fiscal year.~~

8 ...."

9 **SECTION 37.5.(d)** G.S. 143-194 is repealed.

10  
 11 **STATE BOARD OF ELECTIONS**

12 **SECTION 37.6.(a)** G.S. 66-58 reads as rewritten:

13 **"§ 66-58. Sale of merchandise or services by governmental units.**

14 ...

15 (c) The provisions of subsection (a) of this section shall not prohibit:

16 ...

17 (17) The sale by the State Board of Elections to political committees and candidate  
 18 committees of computer software designed by or for the State Board of  
 19 Elections to provide a uniform system of electronic filing of the campaign  
 20 finance reports required by Article 22A of Chapter 163 of the General Statutes  
 21 and to facilitate the State Board's monitoring of compliance with that Article.  
 22 ~~This computer software for electronic filing of campaign finance reports shall~~  
 23 ~~not exceed a cost of one hundred dollars (\$100.00) to any political committee~~  
 24 ~~or candidate committee without the State Board of Elections first notifying in~~  
 25 ~~writing the Joint Legislative Commission on Governmental Operations.~~

26 ...."

27 **SECTION 37.6.(b)** G.S. 163-165.9 reads as rewritten:

28 **"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

29 ...

30 (b) After the acquisition of any voting system, the county board of elections shall comply  
 31 with any requirements of the State Board of Elections regarding training and support of the voting  
 32 system by completing all of the following:

33 ...

34 (2) The county board of elections shall annually maintain software license and  
 35 maintenance agreements necessary to maintain the warranty of its voting  
 36 system. A county board of elections may employ qualified personnel to  
 37 maintain a voting system in lieu of entering into maintenance agreements  
 38 necessary to maintain the warranty of its voting system. State Board of  
 39 Elections is not required to provide routine maintenance to any county board  
 40 of elections that does not maintain the warranty of its voting system. If the  
 41 State Board of Elections provides any maintenance to a county that has not  
 42 maintained the warranty of its voting system, the county shall reimburse the  
 43 State for the cost. The State Board of Elections shall ~~annually~~ report annually  
 44 by January 15 to the House and Senate Committees on Appropriations, to the  
 45 Fiscal Research Division, to the Joint Legislative Oversight Committee on  
 46 General Government, and to the Joint Legislative Commission on  
 47 Governmental Operations on implementation of this subdivision. If requested  
 48 by the county board of elections, the State Board of Elections may enter into  
 49 contracts on behalf of that county under this subdivision, but such contracts  
 50 must also be approved by the county board of elections. Any contract entered  
 51 into under this subdivision shall be paid from non-State funds. Neither a

1 county nor the State Board of Elections shall enter into any contract with any  
 2 vendor for software license and maintenance agreements unless the vendor  
 3 agrees to (i) operate a training program for qualification of county personnel  
 4 under this subsection with training offered within the State of North Carolina  
 5 and (ii) not dishonor warranties merely because the county is employing  
 6 qualified personnel to maintain the voting system as long as the county:  
 7 ...."

## 9 DEPARTMENT OF INSURANCE

10 SECTION 37.7.(a) G.S. 58-2-120 reads as rewritten:

### 11 "§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.

12 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~  
 13 the Joint Legislative Oversight Committee on General Government any change or changes that  
 14 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects  
 15 pertaining to the Department."

16 SECTION 37.7.(b) G.S. 58-42-45 reads as rewritten:

### 17 "§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.

18 ...

19 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
 20 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
 21 and to Committee, the Joint Legislative Commission on Governmental ~~Operations~~, Operations,  
 22 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall  
 23 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or  
 24 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

25 SECTION 37.7.(c) G.S. 58-79-20 reads as rewritten:

### 26 "§ 58-79-20. Inspection of premises; dangerous material removed.

27 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
 28 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
 29 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
 30 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
 31 such officers find in any building or upon any premises overcrowding in violation of occupancy  
 32 limits established pursuant to the North Carolina State Building Code, combustible material or  
 33 inflammable conditions dangerous to the safety of such building or premises they shall order the  
 34 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
 35 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,  
 36 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be  
 37 at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's  
 38 authority the order of the officer above named is revoked it remains in force and must be forthwith  
 39 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building  
 40 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an  
 41 immediate investigation as to the presence of combustible material or the existence of  
 42 inflammable conditions in any building or upon any premises under their jurisdiction upon  
 43 complaint of any person having an interest in such building or premises or property adjacent  
 44 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and  
 45 make such inspections alone or in company with the local officer. The Commissioner shall  
 46 submit annually, as early as consistent with full and accurate preparation, and not later than the  
 47 first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article,  
 48 and it shall be embodied in ~~his~~ the report to the General Assembly. Joint Legislative Oversight  
 49 Committee on General Government."

50 SECTION 37.7.(d) G.S. 58-87-1 reads as rewritten:

### 51 "§ 58-87-1. Volunteer Fire Department Fund.

1 ...  
 2 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
 3 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
 4 have been made. This report must contain the following:

5 ...."

6 **SECTION 37.7.(e)** G.S. 58-87-5 reads as rewritten:

7 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

8 ...  
 9 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
 10 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
 11 have been made. This report must contain the following:

12 ...."

13 **SECTION 37.7.(f)** G.S. 58-92-15(n) reads as rewritten:

14 "(n) The Commissioner shall review the effectiveness of this section and report every three  
 15 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government  
 16 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the  
 17 effectiveness of this Article. The report and legislative recommendations shall be submitted no  
 18 later than June 30 following the conclusion of each three-year period."

19  
 20 **INDUSTRIAL COMMISSION**

21 **SECTION 37.8.(a)** G.S. 97-78 reads as rewritten:

22 "**§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,  
 23 and other staff assistance; annual report.**

24 ...  
 25 (e) No later than October 1 of each year, the Commission shall publish annually for free  
 26 distribution a report of the administration of this Article, together with such recommendations as  
 27 the Commission deems advisable. No later than October 1 of each year, the Commission shall  
 28 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~  
 29 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~  
 30 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~  
 31 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate  
 32 Appropriations Committee on General Government and Information Technology, and the House  
 33 Appropriations Committee on General Government.

34 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the  
 35 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

36 ...

37 (g) The Commission shall demonstrate its success in implementing its strategic plan  
 38 under subsection (f) of this section by including all of the following in its annual report under  
 39 subsection (e) of this section:

40 (1) The total number of claims made during the preceding ~~calendar~~ fiscal year,  
 41 the total number of claims in which compliance was not timely made, and, for  
 42 each claim, the date the claim was filed, the date by which compliance was  
 43 required, the date of actual compliance, and any sanctions or other remedial  
 44 action imposed by the Commission.

45 (2) The total number of requests for, and disputes involving, medical  
 46 compensation under G.S. 97-25 in which final disposition was not made  
 47 within 75 days of the filing of the motion with the Commission, and, for each  
 48 such request or dispute, the date the motion or other initial pleading was filed,  
 49 the date on which final disposition was ~~made and, where reasonably~~  
 50 ~~ascertainable, the date on which any ordered medical treatment was actually~~  
 51 provided."

1           **SECTION 37.8.(b)** G.S. 143-788(b) reads as rewritten:

2           "(b) No later than October 1 of each year, the Section shall publish annually to the Office  
3 of the Governor and to the Joint Legislative Commission on Governmental Operations a report  
4 of the administration of this Article, together with any recommendations as the Section deems  
5 advisable. This report shall include, at a minimum, the number of reports of employee  
6 misclassification received, the number of cases referred to each State agency, the number and  
7 amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed, and, where~~  
8 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies  
9 collected, ~~and the number of cases referred to each State agency collected.~~"

10  
11 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

12           **SECTION 37.9.(a)** G.S. 144-9 reads as rewritten:

13 **"§ 144-9. Retirement of a flag of the United States of America or the State of North**  
14 **Carolina.**

15           ...

16           (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or  
17 otherwise damaged flag of the United States of America or the State of North Carolina from a  
18 citizen of the State and shall make arrangements for its respectful disposal. The Division shall  
19 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
20 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
21 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
22 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
23 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
24 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
25 ~~Governmental Operations.~~

26           ...."

27           **SECTION 37.9.(b)** G.S. 143B-1300(a) reads as rewritten:

28           "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
29 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
30 on General Government on the activities of the State Veterans Homes Program. This report shall  
31 contain an accounting of all monies received and expended, statistics on residents in the homes  
32 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
33 to the program, and such other matters as may be deemed pertinent."

34           **SECTION 37.9.(c)** G.S. 143B-1310 reads as rewritten:

35 **"§ 143B-1310. Commission established; purpose; transaction of business.**

36           ...

37           (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
38 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
39 Veterans ~~Affairs and to the General Assembly Affairs and the Joint Legislative Oversight~~  
40 Committee on General Government at least every six months. Prior to the start of a Regular  
41 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~  
42 Legislative Oversight Committee on General Government with recommendations, if any, for  
43 legislation. Priority actions or issues may be submitted at any time.

44           ...."

45  
46 **DEPARTMENT OF REVENUE**

47           **SECTION 37.10.** G.S. 105-256 reads as rewritten:

48 **"§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
49 **progress.**

50           (a) Publications. – The Secretary shall prepare and publish the following:

51           ...

1 (6) On an annual basis, a report on the quality of services provided to taxpayers  
 2 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
 3 education. The report must be submitted to the Joint Legislative Commission  
 4 on Governmental ~~Operations~~-Operations and the Joint Legislative Oversight  
 5 Committee on General Government.

6 ...

7 (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual  
 8 report on the Department's activities listed in this subdivision. The report must  
 9 be submitted to the Joint Legislative Commission on Governmental  
 10 ~~Operations~~-Operations, to the Joint Legislative Oversight Committee on  
 11 General Government, and to the Revenue Laws Study Committee.

12 ...."

## 13 SECRETARY OF STATE

14 **SECTION 37.11.(a)** G.S. 64-1.1 is repealed.

15 **SECTION 37.11.(b)** G.S. 147-54.5 reads as rewritten:

16 **"§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
 17 **use of the Fund.**

18 ...

19 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
 20 annually to the ~~General Assembly's~~ Fiscal Research Division ~~and to~~ of the General Assembly,  
 21 the Joint Legislative Commission on Governmental ~~Operations~~-Operations, and the Joint  
 22 Legislative Oversight Committee on General Government on the expenditures from the Investor  
 23 Protection and Education Trust Fund and on the effectiveness of investor awareness education  
 24 efforts of the Department of the Secretary of State."  
 25

## 26 DEPARTMENT OF STATE TREASURER

27 **SECTION 37.12.(a)** G.S. 147-68 reads as rewritten:

28 **"§ 147-68. To receive and disburse moneys; to make reports.**

29 ...

30 (d2) ~~After consulting with the Select Committee on Information Technology and the Joint~~  
 31 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
 32 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
 33 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
 34 ~~Department's investment banking operations system, retirement payroll systems, and other~~  
 35 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~  
 36 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~  
 37 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~  
 38 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~  
 39 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~  
 40

41 ...."

42 **SECTION 37.12.(b)** G.S. 147-69.2A reads as rewritten:

43 **"§ 147-69.2A. Investments; special funds held by the State Treasurer.**

44 ...

45 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
 46 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
 47 applicable provisions of the General Statutes protecting confidential information.

48 The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
 49 statement for the Fund.

50 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
 51 of interests such that (i) the designees of the State Treasurer and Governor who selected the

1 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
2 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
3 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
4 within two years after the end of their service to the Fund, to any entity in which an investment  
5 from the Fund was made.

6 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~  
7 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~  
8 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~  
9 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~  
10 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

11 ...."

12 **SECTION 37.12.(c)** G.S. 147-69.12 reads as rewritten:

13 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

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

20 ...

21 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~  
22 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,  
23 with a summary of the receipts and payments of the treasury during the preceding fiscal year,  
24 and so far as practicable an account of the same down to the termination of the current calendar  
25 year.

26 ...."

27 **SECTION 37.12.(d)** G.S. 147-86.45 is repealed.

28 **SECTION 37.12.(e)** G.S. 147-86.62 is repealed.

29 **SECTION 37.12.(f)** G.S. 147-86.84 is repealed.

30 **SECTION 37.13.** This Part is effective when this act becomes law and applies to  
31 reports submitted on or after that date.

## 32 **PART XXXVIII. INFORMATION TECHNOLOGY**

### 33 **DIT/GREAT ACT CHANGES**

34 **SECTION 38.1.** G.S. 143B-1373 reads as rewritten:

35 "**§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

36 (a) As used in this section, the following definitions apply:

37 ...

38 (5) Eligible economically distressed ~~county~~ area. – A county designated as a  
39 development tier one or tier two area, as defined in  
40 ~~G.S. 143B-473.08.~~ G.S. 143B-437.08, or a rural census tract, as defined in  
41 G.S. 143B-472.127(a)(2), located in any other county.

42 (6) Eligible project. – An eligible project is a discrete and specific project located  
43 in an unserved economically distressed area ~~of an economically distressed~~  
44 ~~county~~ seeking to provide broadband service to homes, businesses, and  
45 community anchor points not currently served. Eligible projects do not include  
46 middle mile, backhaul, and other similar projects not directed at broadband  
47 service to end users. If a contiguous project area crosses from one eligible  
48 county into one or more eligible adjacent counties, for the purposes of this  
49 section, the project shall be deemed to be located in the county where the  
50  
51

1 greatest number of unserved households are proposed to be served. ~~To qualify~~  
2 ~~for an award under this section, no more than an incidental number of~~  
3 ~~households or businesses, not to exceed ten percent (10%) of the total~~  
4 ~~households or businesses within the boundaries of the project area submitted~~  
5 ~~by the applicant, may have terrestrially deployed Internet access service with~~  
6 ~~transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

7 ...

8 (14) Unserved area. – A designated geographic area that is presently without access  
9 to broadband service, as defined in this section, offered by a wireline or fixed  
10 wireless provider. Areas where a private provider has been designated to  
11 receive funds through other ~~State~~ State- or federally funded programs  
12 designed specifically for broadband deployment shall be considered served if  
13 such funding is intended to result in construction of broadband in the area  
14 within ~~18 months~~ months or for the duration of the federal funding program  
15 for that area, or if the funding recipient is otherwise in good standing with the  
16 funding agency's regulations governing the funding program.

17 ...

18 (c) ~~Project areas comprised of census blocks, or portions thereof, within which a~~  
19 ~~broadband provider is receiving matching funds to deploy broadband service within the next 18~~  
20 ~~months are ineligible for the GREAT program. It is essential for the Office to know the location~~  
21 ~~of census blocks, or portions thereof, comprising these areas so it can determine project~~  
22 ~~eligibility. A private provider receiving Universal Service or Connect America Phase II, or~~  
23 ~~nonfederal State or federal funds to deploy broadband service in unserved areas may qualify such~~  
24 ~~area for protection by submitting within 60 days of the application period a listing of the census~~  
25 ~~blocks, or portions thereof, comprising the State- or federally funded project areas meeting this~~  
26 ~~requirement and nothing more to in a manner prescribed by the Office. In future program years,~~  
27 ~~the cutoff date for submitting this census block data shall be established by the Office, but shall~~  
28 ~~be not less than 60 days prior to the beginning date of the application period. This will enable the~~  
29 ~~office to update maps and advise applicants as to the unserved areas of the State that are eligible~~  
30 ~~for consideration in that program year. The Office shall only utilize this data to update maps of~~  
31 ~~census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the~~  
32 ~~part of a provider to submit the listing of census blocks by the cutoff date shall result in those~~  
33 ~~areas being eligible for inclusion under this program during the upcoming subsequent program~~  
34 ~~year. years. The Office shall use the census block data provided only for mapping of unserved~~  
35 ~~areas. Upon expiration of the 18-month reservation period described in this subsection, A project~~  
36 ~~area shall remain protected for a period of 18 months from the submission of the listing~~  
37 ~~information required under this subsection; provided, however, a private provider that has~~  
38 ~~received a reservation of census blocks protection for a project area shall submit written~~  
39 ~~documentation by April 30 of the year following the program year that broadband deployment~~  
40 ~~has begun or been completed-completed, or is otherwise in good standing, in the census blocks,~~  
41 ~~or portions thereof, that have been deemed ineligible by the Office due to the existence of a~~  
42 ~~federally funded project area. under this subsection. Upon submission of documentation~~  
43 ~~satisfactory to the Office, a protected project area shall remain protected until project completion.~~  
44 ~~A project area where a private provider has forfeited or otherwise defaulted on an agreement in~~  
45 ~~connection with receipt of funds to deploy broadband service shall be eligible for inclusion in~~  
46 ~~this program in subsequent program years. Information provided to the Office pursuant to this~~  
47 ~~subsection is not a public record, as that term is defined in G.S. 132-1.~~

48 ...

49 (d1) An application submitted pursuant to this section shall include a project area map that  
50 provides location-specific data in a format required by the Office. A provider submitting an  
51 application pursuant to this section shall bear the burden of proof that the proposed area to be

1 served can, in fact, be served using the proposed technology. The burden of proof may be  
2 satisfied by the submission of data, maps, and any other information satisfactory to the Office,  
3 demonstrating that the area and number of prospective broadband recipients proposed to be  
4 served can be provided the minimum upload and download speeds indicated in the application.

5 (e) Applications shall be made publicly available by posting on the Web site of the  
6 Department of Information Technology for a period of at least ~~30-20~~ days prior to award. During  
7 the ~~30-day-20-day~~ period, any interested party may submit comments to the Secretary concerning  
8 any pending application. A broadband service provider of broadband services currently providing  
9 broadband service in a project area proposed in an application may submit a protest of any  
10 application on the grounds the proposed project covers an area that is ~~not an eligible~~ a protected  
11 area under subsection (c) of this section~~section~~, or that the proposed project area contains ten  
12 percent (10%) or more of total households with access to broadband service as defined in this  
13 section. Protests shall be submitted in writing, accompanied by all credible and relevant  
14 supporting documentation, and including specific addresses, and detailed mapping  
15 demonstrating that the protesting broadband provider has installed infrastructure sufficient to  
16 provide broadband service to the specific addresses provided in the protest, along with an  
17 attestation that broadband service is available in the public right-of-way at the specific addresses  
18 indicated. The protest shall be considered by the Office in connection with the review of the  
19 application. Upon submission of evidence satisfactory to the Office that the proposed project area  
20 includes a protected area or prospective broadband recipients that are presently served, as  
21 measured using a methodology satisfactory to the Office, the Office may work with an applicant  
22 to amend an application to reduce the number of unserved prospective broadband recipients in  
23 the project area to reflect an accurate level of current broadband service. The Office may revise  
24 application scores in accordance with amended applications; however, the Office may reject any  
25 amended application resulting in a lower application score to the extent that the lower score  
26 would have impacted the ranking of the application in the initial scoring process. For applications  
27 with filed protests, the Secretary shall issue a written decision to the protesting party at least 15  
28 days prior to the approval of that application. Following a protest that is granted for a portion of  
29 the application, the Office may release to an applicant the locations or areas declared ineligible.  
30 The information released to the applicant is not a public record, as that term is defined under  
31 G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the  
32 information in the protest is accurate and that the protest is submitted in good faith. The Office  
33 may deny any protest or application that contains inaccurate information.

34 As a means of resolving a protest, the Office may utilize speed tests to determine if the  
35 protested area or individual households or businesses currently have access to broadband service  
36 as defined in this section. The Department shall publish the speed test methodology it uses to  
37 assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized  
38 and the manner by which the speed tests are applied shall be made by the Secretary or the  
39 Secretary's designee.

40 ...

41 (g) Applications shall be scored based upon a system that awards a single point for criteria  
42 considered to be the minimum level for the provision of broadband service with additional points  
43 awarded to criteria that exceed minimum levels. The Office shall score project applications in  
44 accordance with the following:

- 45 (1) Partnership. – Projects ~~involving proposing~~ a partnership shall be given points  
46 in their application score. A proposed partnership shall (i) be in writing, (ii)  
47 provide the specific terms and conditions of the partnership, and (iii) be signed  
48 and attested to by the parties. A county or nonprofit may enter into proposed  
49 agreements with more than one applicant. For the purposes of scoring under  
50 this subdivision, a county that provides a portion of the match required by this  
51 section or that has entered into an agreement with the applicant to one point



shall be given for a proposed partnership that will make available its existing infrastructure that has been installed for the county's partner's enterprise, nonconsumer broadband purposes, or any other property, buildings, or structures owned by the county, partner, for a proposed project under this section shall be considered a partnership section. A county may provide a portion of the or nonprofit entity that proposes to provide a financial match required by this section pursuant to G.S. 153A-349.60. Projects involving partnerships shall be given six points in their application score. shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal funding allocated to it for the purpose of improving broadband infrastructure for a financial match. Funds received from the federal American Rescue Plan Act (P.L. 117-2) may not be used for the purposes of this subdivision. Nothing in this subdivision shall be deemed to authorize a county to provide broadband service.

...

(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:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

<b>Est. Cost per Household/Business</b>	<b>Partnership Using Infrastructure</b>	<b>Private Provider Only Points</b>
Up to \$1,700	3,500 4	9
\$1,701 - 2,200	\$3,500, up to \$5,000 3	8
\$2,201 - 2,700	\$5,000, up to \$6,000 2	7
\$2,701 - 3,200	\$6,000 and over 1	6

b. For projects located in the Mountain Region:

<b>Est. Cost per Household/Business</b>	<b>Partnership Using Infrastructure</b>	<b>Private Provider Only Points</b>
Up to \$2,500	\$4,500 4	9
\$2,501 - 3,300	\$4,500, up to \$6,000 3	8
\$3,301 - 3,800	\$6,000, up to \$7,000 2	7
\$3,801 - 4,300	\$7,000 and over 1	6

(6) Base speed multiplier. – Projects that will provide minimum download and minimum upload speeds shall have the aggregate points given under subdivisions (1) through (5) of this subsection multiplied by a factor at the level indicated in the table below:

<b>Minimum Download:</b>	<b>Minimum Upload</b>	<b>Score Multiplier</b>
25:3 Mbps. Up	Up to 100:10 Mbps.	1.35
100:10 Mbps.	up to 200:20 Mbps.	1.75
200:20 Mbps. or greater.		2.00
100 Mbps., symmetrical.		3.00
Greater than 100:100 Mbps.		4.00

...

(i) (Effective July 1, 2021) Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household or business.

1 Applicants awarded grants pursuant to this section shall enter into an agreement with the Office.  
 2 The agreement shall contain all of the elements outlined in subsection (d) of this section and any  
 3 other provisions the Office may require. The agreement shall contain a provision governing the  
 4 time line and minimum requirements and thresholds for disbursement of grant funds measured  
 5 by the progress of the project. For projects where the application includes a proposed partnership,  
 6 the agreement shall contain a provision requiring a certification of the existence of the partnership  
 7 prior to disbursement of grant funds. Grant funds shall be disbursed only upon verification by  
 8 the Office that the terms of the agreement have been fulfilled according to the progress milestones  
 9 contained in the agreement. At project completion, the grant recipient shall certify and provide  
 10 to the Office evidence consistent with Federal Communications Commission attestation that  
 11 either speeds greater than those identified in the application guidelines or the proposed upstream  
 12 and downstream broadband speeds identified in the application guidelines, and for which a base  
 13 speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are  
 14 available throughout the project area prior to any end user connections. A single grant award  
 15 shall not exceed ~~two~~four million dollars (\$2,000,000). ~~No more than one grant may be awarded~~  
 16 ~~per fiscal year for a project in any one eligible economically distressed county; except that if~~  
 17 ~~(\$4,000,000).~~ No combination of grant awards under this section involving any single county  
 18 may exceed eight million dollars (\$8,000,000) in a fiscal year. If funds remain available after all  
 19 top scoring projects have been awarded a grant, then the next highest scoring projects may be  
 20 awarded a grant even if the project is located in a county where a grant has been awarded in that  
 21 fiscal year provided the total award associated with that county does not exceed ~~two~~eight million  
 22 dollars (~~\$2,000,000~~)-(\$8,000,000) in that fiscal year.

23 No more than one-half of the funds appropriated to the fund established in subsection (b) of  
 24 this section shall be disbursed for eligible projects located in a development tier two or tier three  
 25 county. If the Office has not received enough grant applications for projects located in a  
 26 development tier one county to disburse one-half of the funds appropriated to the fund established  
 27 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any  
 28 unencumbered funds in the fund for eligible projects located in a development tier two or tier  
 29 three county.

30 Any project that is applied for and not funded in an award round under this section shall be  
 31 eligible for funding under the Completing Access to Broadband program pursuant to  
 32 G.S. 143B-1373.1.

33 (j) Grant recipients are required to provide matching funds based upon the application  
 34 scoring pursuant to this section in the following minimum amounts:

35 Score	Matching Requirement
36 12.0 points or less	<del>55%</del> <u>50%</u>
37 Greater than 12.0 points, but less than 17.5 points	<del>50%</del> <u>45%</u>
38 17.5 points, up to 22.0 points	<del>45%</del> <u>40%</u>
39 Greater than 22.0 points	<del>35%</del> <u>30%</u>

40 Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of  
 41 third-party funding including funds from other grant programs. Funds from the Universal Service  
 42 Fund shall not be used for any portion of the required matching funds. Any other current or future  
 43 federal funds may be used, including any future phase of the Connect America Fund, for the  
 44 required matching funds within the parameters of this program.

45 ...

46 (p) The Department may use up to one percent (1.0%) of ~~the State funds~~ appropriated  
 47 funds each fiscal year to administer the ~~GREAT program~~ program established under this  
 48 section."

50 **INTERNAL SERVICE FUND RATE SUBMISSION**

51 **SECTION 38.2.** G.S. 143B-1333 reads as rewritten:

**"§ 143B-1333. Internal Service Fund.**

(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services. The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be approved by the Office of State Budget and Management~~ and submitted by the Department to the Office of State Budget and Management and Fiscal Research Division on the date agreed upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly.

(b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget and Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized."

**CYBERSECURITY REPORTING**

**SECTION 38.3.(a)** The Department of Information Technology shall develop a plan for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the Department shall include the following:

- (1) A summary of all cybersecurity funds received and how those funds have been and will be utilized.
- (2) The scope of activities and services planned to (i) prevent cybersecurity incidents and significant cybersecurity incidents in the State and (ii) mitigate and address cybersecurity incidents and significant cybersecurity incidents that have occurred.
- (3) Potential funding, partnerships, and other resources available to the Department to assist in its role of preventing, mitigating, and addressing cybersecurity issues in the State.

**SECTION 38.3.(b)** The Department shall submit the cybersecurity plan outlined in this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before October 1, 2021.

**STATE RECOVERY FUNDS/BROADBAND GRANTS**

**SECTION 38.4.(a)** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Information Technology for broadband infrastructure grants, and in accordance with applicable federal guidelines, the Department of Information Technology shall administer broadband infrastructure grants through the Growing Rural Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of the following:

- (1) The definition of "eligible economically distressed county" in G.S. 143B-1373(a) shall mean a county designated as a development tier one or tier two area, as defined in G.S. 143B-437.08, or a rural census tract, as

1 defined in G.S. 143B-472.127(a)(2), located in any other county. For the  
2 purposes of this subdivision, the tier designation that is in effect as of the  
3 beginning of a fiscal year shall be applied for all grants awarded for that fiscal  
4 year. With the exception of funds expended under this section or under  
5 G.S. 143B-1373.1, as enacted by Section 38.6(a) of this act, a county that has  
6 utilized federal funding for broadband infrastructure on or after May 1, 2021,  
7 shall be ineligible.

8 (2) The definition of "eligible project" in G.S. 143B-1373(a) shall be a discrete  
9 and specific project located in an unserved economically distressed area  
10 seeking to provide broadband service to homes, businesses, and community  
11 anchor points not currently served. Eligible projects do not include middle  
12 mile, backhaul, and other similar projects not directed at broadband  
13 service-to-end users. If a contiguous project area crosses from one eligible  
14 county into one or more eligible adjacent counties, for the purposes of this  
15 section, the project shall be deemed to be located in the county where the  
16 greatest number of unserved households are proposed to be served.

17 (3) The financial contribution restrictions for partnerships in  
18 G.S. 143B-1373(a)(11a) are removed.

19 (4) The definition of "unserved area" in G.S. 143B-1373(a) shall be a designated  
20 geographic area that is presently without access to broadband service, as  
21 defined in G.S. 143B-1373(a), or where internet access service does not meet  
22 the definition of broadband service. Areas where a private provider has been  
23 designated to receive funds through other State- or federally funded programs  
24 designed specifically for broadband deployment shall be considered served if  
25 such funding is intended to result in construction of broadband in the area  
26 within 18 months or for the duration of the federal funding program for that  
27 area or if the funding recipient is otherwise in good standing with the funding  
28 agency's regulations governing the funding program.

29 (5) The provisions of G.S. 143B-1373(c) are replaced with the following:

30 A private provider receiving State or federal funds to deploy broadband  
31 service in unserved areas may qualify such area for protection by submitting  
32 a listing of the census blocks, or portions thereof, comprising the State- or  
33 federally funded project areas in a manner prescribed by the Office. The  
34 Office shall only utilize this data to update maps of census blocks to reflect  
35 these census blocks, or portions thereof, as being served. Failure on the part  
36 of a provider to submit the listing of census blocks by the cutoff date shall  
37 result in those areas being eligible for inclusion under the G.R.E.A.T. grant  
38 program during subsequent program years. The Office shall use the census  
39 block data provided only for mapping of unserved areas. A project area shall  
40 remain protected for a period of 18 months from the submission of the listing  
41 information required under this subdivision; provided, however, a private  
42 provider that has received protection for a project area shall submit written  
43 documentation by April 30 of the year following the program year that  
44 broadband deployment has begun, been completed, or is otherwise in good  
45 standing, in the census blocks, or portions thereof, that have been deemed  
46 ineligible by the Office under this subsection. Upon submission of  
47 documentation satisfactory to the Office, a protected project area shall remain  
48 protected until project completion. A project area where a private provider has  
49 forfeited or otherwise defaulted on an agreement in connection with receipt of  
50 funds to deploy broadband service shall be eligible for inclusion in this  
51 program in subsequent program years. Information provided to the Office

- 1           pursuant to this subdivision is not a public record, as that term is defined in  
2           G.S. 132-1.
- 3           (6)     The provisions of G.S. 143B-1373(d1) are replaced with the following:  
4           An application submitted pursuant to this section shall include a project area  
5           map that provides location-specific data in a format required by the Office. A  
6           provider submitting an application pursuant to this section shall bear the  
7           burden of proof that the proposed area to be served can, in fact, be served  
8           using the proposed technology. The burden of proof may be satisfied by the  
9           submission of data, maps, and any other information satisfactory to the Office  
10          demonstrating that the area and number of prospective broadband recipients  
11          proposed to be served can be provided the minimum upload and download  
12          speeds indicated in the application.
- 13          (7)     The provisions in G.S. 143B-1373(e) are replaced with the following:  
14          Applications shall be made publicly available by posting on the website of the  
15          Department of Information Technology for a period of at least 20 days prior  
16          to award. During the 20-day period, any interested party may submit  
17          comments to the Secretary concerning any pending application. A broadband  
18          service provider currently providing broadband service in a project area  
19          proposed in an application may submit a protest of any application on the  
20          grounds the proposed project covers an area that is a protected area under  
21          subsection (c) of this section or that the proposed project area contains ten  
22          percent (10%) or more of total households with access to broadband service  
23          as defined in this section. Protests shall be submitted in writing, accompanied  
24          by all credible and relevant supporting documentation, including specific  
25          addresses, and detailed mapping demonstrating that the protesting broadband  
26          provider has installed infrastructure sufficient to provide broadband service to  
27          the specific addresses provided in the protest, along with an attestation that  
28          broadband service is available to the exterior of the structure at the specific  
29          addresses indicated. The protest shall be considered by the Office in  
30          connection with the review of the application. Upon submission of evidence  
31          satisfactory to the Office that the proposed project area includes a protected  
32          area or prospective broadband recipients that are presently served, as  
33          measured using a methodology satisfactory to the Office, the Office may work  
34          with an applicant to amend an application to reduce the number of unserved  
35          prospective broadband recipients in the project area to reflect an accurate level  
36          of current broadband service. The Office may revise application scores in  
37          accordance with amended applications; however, the Office may reject any  
38          amended application resulting in a lower application score to the extent that  
39          the lower score would have impacted the ranking of the application in the  
40          initial scoring process. For applications with filed protests, the Secretary shall  
41          issue a written decision to the protesting party at least 15 days prior to the  
42          approval of that application. Following a protest that is granted for a portion  
43          of the application, the Office may release to an applicant the locations or areas  
44          declared ineligible. The information released to the applicant is not a public  
45          record, as that term is defined under G.S. 132-1, and shall remain confidential.  
46          Any provider submitting a protest shall verify that the information in the  
47          protest is accurate and that the protest is submitted in good faith. The Office  
48          may deny any protest or application that contains inaccurate information.  
49          As a means of resolving a protest, the Office may utilize speed tests to  
50          determine if the protested area or individual households or businesses  
51          currently have access to broadband service as defined in this section. The

Department shall publish the speed test methodology it uses to assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized and the manner by which the speed tests are applied shall be made by the Secretary or the Secretary's designee.

- (8) The partnership scoring provision in G.S. 143B-1373(g)(1) is replaced with the following:

Projects proposing a partnership shall be given points in their application score. A proposed partnership shall (i) be in writing, (ii) provide the specific terms and conditions of the partnership, and (iii) be signed and attested to by the parties. A county or nonprofit may enter into proposed agreements with more than one applicant. For the purposes of scoring under this subdivision, one point shall be given for a proposed partnership that will make available existing infrastructure that has been installed for the partner's enterprise, nonconsumer broadband purposes, or any other property, buildings, or structures owned by the partner, for a proposed project under this section. A county or nonprofit entity that proposes to provide a financial match shall be given one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any provision of law to the contrary, a county may use unrestricted general funds or federal American Rescue Plan Act (P.L. 117-1) funds allocated to it for the purpose of improving broadband infrastructure for a financial match. An applicant shall receive two additional points for a proposed partnership where the county's financial match is comprised entirely from federal American Rescue Plan Act (P.L. 117-2) funds intended for broadband infrastructure. Nothing in this subdivision shall be deemed to authorize a county to provide broadband service. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds.

- (9) The scoring model measures contained in G.S. 143B-1373(g)(5) are replaced with the following:

a. For projects proposed in the Piedmont or Coastal Plain Regions:

<b>Est. Cost per Household/Business</b>		<b>Points</b>
Up to \$3,500		9
\$3,500, up to \$5,000		8
\$5,000, up to \$6,000		7
\$6,000 and over		0

b. For projects located in the Mountain Region:

<b>Est. Cost per Household/Business</b>		<b>Points</b>
Up to \$4,500		9
\$4,500, up to \$6,000		8
\$6,000, up to \$7,000		7
\$7,000 and over		0

- (10) The base speed multiplier provided in G.S. 143B-1373(g)(6) shall be administered as follows:

<b>Minimum Download:</b>	<b>Score Multiplier</b>
<b>Minimum Upload</b>	
100:20 Mbps. or greater.	1.00
100 Mbps., symmetrical	2.00
Greater than 100:100 Mbps.	3.00

An applicant proposing minimum download and minimum upload speeds of less than 100 Mbps., symmetrical, shall provide an attestation to the Office that, upon project completion, the completed infrastructure will be scalable to a minimum of 100 Mbps. download and 100 Mbps. upload on or before December 31, 2026, subject to the return of all federal American Rescue Plan Act (P.L. 117-2) funds received under this section and all of the grant forfeiture provisions in G.S. 143B-1373(l).

- (11) Additional points shall be awarded to counties providing a portion of a project's matching funds entirely from federal American Rescue Plan Act (P.L. 117-2) funds the county received directly from the federal government. For counties that received an aggregate of eight million dollars (\$8,000,000) or more directly from the federal government, the following points shall be added to the application score:

<b>County Match</b>	<b>Points</b>
\$1,000,000, up to \$2,000,000	1
\$2,000,000, up to \$4,000,000	2
\$4,000,000, up to \$6,000,000	3
\$6,000,000, up to \$8,000,000	4
\$8,000,000, or greater	5

For counties that (i) received less than an aggregate of eight million dollars (\$8,000,000) directly from the federal government from the American Rescue Plan Act (P.L. 117-2) and (ii) are providing a portion of a project's matching funds using the entirety of the federal funds the county received, together with any other unrestricted general fund monies, if needed, the following points shall be added to the application score:

<b>County Match</b>	<b>Points</b>
\$250,000, up to \$6,000,000	6
\$6,000,000, up to \$8,000,000	7

- (12) The grant limitation amounts in G.S. 143B-1373(i) are changed as follows: A single grant award shall not exceed four million dollars (\$4,000,000). No combination of grant awards involving any single county may exceed eight million dollars (\$8,000,000) in a fiscal year. Any project that is applied for and not funded in an award round under this section shall be eligible for funding under the Completing Access to Broadband program pursuant to G.S. 143B-1373.1.

- (13) The provisions of G.S. 143B-1373(j) are replaced with the following: Grant recipients are required to provide matching funds based upon the application scoring pursuant to this section in the following minimum amounts:

<b>Score</b>	<b>Matching Requirement</b>
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a

1 maximum of twenty-five percent (25%). A grant recipient receiving a portion  
2 of matching funds from a county, where the county portion of matching funds  
3 is entirely comprised of federal American Rescue Plan Act (P.L. 117-2)  
4 funding, may have the grant recipient's portion of the matching requirement  
5 imposed under this subdivision reduced to a maximum of fifteen percent  
6 (15%).

7 **SECTION 38.4.(b)** The Department of Information Technology shall utilize a  
8 portion of the administrative funds authorized in this Part for legal and appraisal services needed  
9 to assist the Department of Administration in administering the provisions of G.S. 146-29.2(b1).  
10 The Department of Administration shall utilize all available resources to prioritize the review  
11 and disposition of requests for collocation, installation, and operation of equipment for  
12 broadband providers receiving grants under this Part.

### 13 14 **COMPLETING ACCESS TO BROADBAND PROGRAM**

15 **SECTION 38.6.(a)** Article 15 of Chapter 143B of the General Statutes is amended  
16 by adding a new section to read:

#### 17 **"§ 143B-1373.1. Completing Access to Broadband program.**

18 (a) As used in this section, the following definitions apply:

- 19 (1) Broadband service. – Terrestrially deployed internet access service with  
20 transmission speeds of at least 25 megabits per second (Mbps) download and  
21 at least 3 megabits per second upload (25:3).
- 22 (2) Department. – The Department of Information Technology.
- 23 (3) Eligible area. – An area that is unserved or underserved in a county. A county  
24 that has utilized federal funding for broadband infrastructure projects on or  
25 after May 1, 2021, is not eligible.
- 26 (4) Office. – The Broadband Infrastructure Office within the Department of  
27 Information Technology.
- 28 (5) Project area. – An eligible area that is jointly determined by a requesting  
29 county and the Broadband Infrastructure Office within the Department of  
30 Information Technology as requiring project funding under this section to  
31 further complete the deployment of broadband service in the county.
- 32 (6) Unserved or underserved. – A location within a county that has no deployment  
33 of broadband service or that has internet access service that does not meet the  
34 definition of broadband service. Areas where a private provider has been  
35 designated to receive funds through other State- or federally funded programs  
36 designed specifically for broadband deployment shall be considered served if  
37 such funding is intended to result in construction of broadband in the area  
38 within 18 months or for the duration of the federal funding program for that  
39 area, or if the funding recipient is otherwise in good standing with the funding  
40 agency's regulations governing the funding program.

41 (b) The Completing Access to Broadband Fund (CAB Fund) is established as a special  
42 revenue fund in the Department of Information Technology. The Secretary may award grants  
43 from the CAB Fund projects meeting the criteria established under this section. State funds  
44 appropriated to this Fund shall be considered an information technology project within the  
45 meaning of G.S. 143C-1-2. The Office shall establish procedures in accordance with this section  
46 that allow every county in the State to participate in the Completing Access to Broadband  
47 program. Monies awarded from the CAB Fund shall be used for infrastructure and infrastructure  
48 costs, as those terms are defined in G.S. 143B-1373(a). The State shall not be obligated for funds  
49 committed for project costs from the CAB Fund in excess of those sums appropriated by the  
50 General Assembly to the CAB Fund.



(c) In collaboration with the Broadband Infrastructure Office, a county may request funding under this section for either a defined eligible project area that is mutually identified by the county and the Office or for a project that was not awarded a grant in the most recent round of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process requirements in this subsection. In selecting project areas to receive funding, the Office shall give priority to eligible areas that a county has requested funding for based upon utilizing the Office's Community Broadband Planning Playbook and those counties that meet the criteria established in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this Article to develop competitive bid processes for the procurement of the construction, installation, and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the General Statutes, or any other provision of law to the contrary, the Department may delegate to a county the authority to select a provider for the project area in accordance with Part 4 of this Article. The Department shall reserve the authority to approve the selection of a county pursuant to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall utilize customizable forms and procedures developed by the Department for the purposes of this subsection. Selections made pursuant to this subsection are not subject to the Department's administrative review authority under Article 3A of Chapter 150B of the General Statutes or the Department's administrative rules regarding information technology bid protests and contested case procedures. Selection of project areas shall be subject to the protections provided in G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted on the Department's website for a period of at least 10 days. Upon submission of credible evidence, a broadband service provider may request a project scope adjustment to the Office in accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the broadband service provider is credible, the Office shall work with the county to amend the scope of the project. The Office shall develop and administer any agreement entered into pursuant to this section. Nothing in this subsection shall be deemed to grant authority for a county to own, operate, or otherwise control broadband infrastructure contracted for under this section.

(d) A broadband service provider selected for a project under this section may provide up to thirty percent (30%) of the total estimated project cost. The Office may commit up to thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The county requesting the project shall be responsible for at least thirty-five percent (35%) of the total estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to fund a project, a county may increase its share of the total estimated project cost, or the Office may adjust the scope of the project to meet the level of available funding. No county may receive more than four million dollars (\$4,000,000) in aggregate funding from the CAB Fund in any single fiscal year.

(e) Notwithstanding the project cost responsibility allocations in subsection (d) of this section, for a county receiving from the federal government less than an aggregate of eight million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a broadband service provider selected for a project shall provide not less than fifteen percent (15%) of the total estimated project cost. If a broadband service provider provides more than fifteen percent (15%) of the total estimated project cost, the State and county cost responsibilities shall be equally apportioned. The following cost responsibility allocations for counties meeting the requirements of this subsection and the State apply:

<u>Direct Federal Funds Received</u>	<u>County Responsibility</u>	<u>State Responsibility</u>
<u>\$250,000, up to \$4,000,000</u>	<u>5%, minimum</u>	<u>Up to 80%</u>
<u>\$4,000,000, up to \$8,000,000</u>	<u>10%, minimum</u>	<u>Up to 75%</u>

(f) A broadband service provider selected for a project under this section shall enter into an agreement with the Office that shall include the project description, time lines, benchmarks, proposed broadband speeds, and any other information and documentation the Office deems

1 necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of  
2 American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall  
3 provide its portion of the total estimated project costs to the Office to be combined with CAB  
4 Funds awarded for the project and placed in a separate project account. The Office shall provide  
5 project oversight and, upon completion of established benchmarks in the project agreement, the  
6 Office shall disburse funds from the project account to the broadband service provider. The  
7 forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this  
8 section."

9       **SECTION 38.6.(b)** The Department may use up to ninety million dollars  
10 (\$90,000,000) of State Fiscal Recovery Funds appropriated to the Completing Access to  
11 Broadband Fund in this act to provide grants to internet service providers, local government  
12 entities, and nonprofits for the provision and installation of infrastructure, as that term is defined  
13 in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and  
14 underserved households in this State. The Department shall ensure that grant funds are awarded  
15 and utilized in compliance with applicable federal guidelines.

## 17 **EXPANSION OF THE G.R.E.A.T. PROGRAM FOR FIXED WIRELESS AND** 18 **SATELLITE BROADBAND GRANTS**

19       **SECTION 38.7.(a)** Article 15 of Chapter 143B of the General Statutes is amended  
20 by adding a new section to read:

### 21 **"§ 143B-1373.1. G.R.E.A.T. program fixed wireless and satellite broadband grants.**

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

- 23       (1) Broadband service. – Internet access service provided by low-orbit  
24 geostationary satellites or fixed wireless networks with (i) a latency of 500  
25 milliseconds or less and (ii) transmission speeds that are equal to or greater  
26 than the requirements for the minimum performance tier, as provided by the  
27 Federal Communications Commission in Paragraph 39 of the report and order  
28 adopted January 30, 2020, and released February 7, 2020.
- 29       (2) Equipment. – The antenna and any necessary hardware provided by a  
30 broadband service provider to a subscriber that enables the subscriber to  
31 connect to the broadband service. The term does not include a modem.
- 32       (3) Fixed wireless provider. – A broadband service provider that provides internet  
33 access to a subscriber via fixed antenna that receives a radio link from the  
34 provider's network to the subscriber.
- 35       (4) Grantee. – A broadband provider that has been awarded a grant pursuant to  
36 this section.
- 37       (5) Office. – The Broadband Infrastructure Office in the Department of  
38 Information Technology.
- 39       (6) Satellite broadband provider. – A broadband service provider that provides  
40 Internet access directly to consumers via satellite technology.
- 41       (7) Secretary. – The Secretary of the Department of Information Technology.
- 42       (8) Unserved household. – A household located in this State that does not have  
43 access to broadband service from a wireline or wireless service provider. A  
44 household that is included in an area where a grant from the Growing Rural  
45 Economies with Access to Technology (GREAT) program pursuant to  
46 G.S. 143B-1373 has been awarded is not eligible for a grant under this section.

47       (b) Applications for grants will be submitted at times designated by and on forms  
48 prescribed by the Secretary. Notwithstanding any other provision of law, if the Secretary deems  
49 some of the information in an application to contain proprietary information, the Secretary may  
50 provide that such information is not a public record, as that term is defined in G.S. 132-1, subject  
51 to public records or other laws requiring the disclosure of such information and have that portion

1 of the application redacted. An application shall include, at a minimum, the following  
2 information:

- 3 (1) The identity of the applicant.
- 4 (2) The specific address of the subscriber.
- 5 (3) A description of the services provided, including the upstream and  
6 downstream broadband speeds delivered, latency metrics, and any applicable  
7 data caps. Any applicant proposing a data cap below 150 Gigabytes of usage  
8 per month shall also provide justification to the satisfaction of the Office that  
9 the proposed cap is in the public interest and consistent with industry  
10 standards.
- 11 (4) The cost to be charged to the unserved household for the equipment needed to  
12 connect to the broadband service for the next two years.
- 13 (5) Evidence of a contract with the subscriber, including the amount charged for  
14 the equipment and the installation of the equipment, necessary for providing  
15 broadband service to the subscriber.
- 16 (6) The terms and conditions imposed upon the subscriber, including restrictions  
17 on use and possession of equipment used for broadband service connection.
- 18 (7) Any other information or supplementary documentation requested by the  
19 Office.

20 (c) The Office shall determine eligibility for a grant pursuant to this section based upon  
21 the information provided in the application of a broadband service provider and any other  
22 information or supplementary documentation requested by the Office. As a measurement of the  
23 provision of broadband equipment to an unserved household, the Office shall award grants to  
24 applicants that demonstrate the provision of equipment that has provided broadband service to  
25 an unserved household. The Office shall provide grants to eligible broadband service providers  
26 for providing broadband service equipment to unserved households as follows:

- 27 (1) Up to one thousand one hundred dollars (\$1,100) for the provision of satellite  
28 broadband equipment to any single unserved household, or up to seven  
29 hundred dollars (\$700.00) for the provision of fixed wireless broadband  
30 equipment to any single unserved household, providing broadband speeds of  
31 50 megabits per second download and 3 megabits per second upload or  
32 greater.
- 33 (2) Up to seven hundred dollars (\$700.00) for the provision of satellite broadband  
34 equipment to any single unserved household, or up to five hundred dollars  
35 (\$500.00) for the provision of fixed wireless broadband equipment to any  
36 single unserved household, providing less than 50 megabits per second  
37 download and 3 megabits per second upload.

38 The grants awarded by the Office shall not exceed the cost of the broadband provider's  
39 equipment, including any installation costs, necessary to provide broadband service to the  
40 unserved household.

41 (d) Eligibility for a grant award is dependent upon the household maintaining broadband  
42 service with the grantee for at least 24 consecutive months. No grant shall be awarded for  
43 providing broadband service at an address that the Office has previously awarded a grant under  
44 this section. A grantee shall submit documentation to the Office annually that will provide  
45 information sufficient for the Office to verify eligibility of subscriptions, including that the  
46 household was unserved. Payment of grant funds is subject to documentation showing eligibility  
47 of subscriptions.

48 (e) The Office shall require a grantee to enter into an agreement. The agreement shall  
49 contain at least all of the following:

- 50 (1) An address of the household subscribing for broadband service for which the  
51 grant is sought.

- 1           (2)    A provision that requires the grantee to maintain its service for the subscriber  
2           for at least 24 consecutive months.
- 3           (3)    A provision establishing the conditions under which the grant agreement may  
4           be terminated and under which grant funds may be recaptured by the Office.
- 5           (4)    A provision stating that unless the agreement is terminated pursuant to its  
6           terms, the agreement is binding and constitutes a continuing contractual  
7           obligation of the State and the grantee.
- 8           (5)    A provision that establishes any allowed variation in the terms of the  
9           agreement that will not subject the grantee to grant reduction, amendment, or  
10          termination of the agreement.
- 11          (6)    A provision describing the manner in which the amount of the grant will be  
12          measured and administered to ensure compliance with the agreement and this  
13          section.
- 14          (7)    A provision stating that any recapture of a grant and any reduction in the  
15          amount of the grant or the term of the agreement must, at a minimum, be  
16          proportional to the failure to comply measured relative to the condition or  
17          criterion with respect to which the failure occurred.
- 18          (8)    A provision describing the methodology the Office will use to verify  
19          subscriptions and the types of information required to be submitted by the  
20          grantee.
- 21          (9)    A provision stating that the grantee may not impose data caps upon any  
22          eligible subscription, for the term of the agreement.
- 23          (10)   A provision stating that the equipment necessary for a subscriber to receive  
24          broadband service from the grantee shall be deemed a fixed asset upon the  
25          property of the eligible subscription and shall transfer with the property to any  
26          successors.
- 27          (11)   Any other provision the Office deems necessary.
- 28          (f)    If the grantee fails to meet or comply with any condition or requirement set forth in  
29          an agreement, the Office shall reduce the amount of the grant or the term of the agreement, may  
30          terminate the agreement, or both. The reduction in the amount or the term must, at a minimum,  
31          be proportional to the failure to comply measured relative to the condition with respect to which  
32          the failure occurred. If the Office finds that the grantee has manipulated or attempted to  
33          manipulate data with the purpose of increasing the amount of a grant, the Office shall  
34          immediately terminate the agreement and take action to recapture any grant funds disbursed in  
35          any year in which the Office finds the grantee manipulated or attempted to manipulate data with  
36          the purpose of increasing the amount of a grant.
- 37          (g)    The grantee shall certify and provide to the Office evidence consistent with a Federal  
38          Communications Commission attestation that the proposed minimum upstream and minimum  
39          downstream broadband speeds and latency metrics identified in the application guidelines are  
40          and will be available throughout the project area during the term of the agreement prior to any  
41          end user connections. A grantee may receive a disbursement of a grant only after the Office has  
42          certified that the grantee has met the terms and conditions of the agreement. A grantee shall  
43          submit a certification of compliance with the agreement to the Office. The Office shall require  
44          the grantee to provide any necessary evidence of compliance to verify that the terms of the  
45          agreement have been met.
- 46          (h)    The Office shall require that a grantee offer the proposed advertised minimum  
47          download and minimum upload speeds and subscription cost identified in the application for the  
48          duration of the 24 consecutive months provided in the agreement. Upon request, a grantee shall  
49          provide to the Office evidence consistent with a Federal Communications Commission  
50          attestation that the grantee is making available the proposed advertised speed, or a faster speed,  
51          as contained in the grant agreement."

1           **SECTION 38.7.(b)** The Department may utilize up to one million dollars  
2 (\$1,000,000) in funds appropriated to the Growing Rural Economies with Access to Technology  
3 Fund established in G.S. 143B-1373(b) for grants awarded under this section.

4           **SECTION 38.7.(c)** This section becomes effective July 1, 2022.

5  
6 **BROADBAND MAPPING**

7           **SECTION 38.8.(a)** G.S. 143B-1321 reads as rewritten:

8 **"§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

9           (a) The Department shall have the following powers and duties:

10           ...

11           (34) Prepare and maintain statewide broadband maps incorporating current and  
12 future federal data along with State data collected by the Department or  
13 provided to the Department from other sources to identify the capabilities and  
14 needs related to broadband distribution and access and serve as the sole source  
15 provider of broadband mapping for State agencies.

16           ...."

17           **SECTION 38.8.(b)** G.S. 143B-1370 reads as rewritten:

18 **"§ 143B-1370. Communications services.**

19           (a) The State CIO shall exercise authority for telecommunications and other  
20 communications included in information technology relating to the internal management and  
21 operations of State agencies. In discharging that responsibility, the State CIO shall do the  
22 following:

23           ...

24           (5) Provide for the establishment, management, and operation, through either  
25 State ownership, by contract, or through commercial leasing, of the following  
26 systems and services as they affect the internal management and operation of  
27 State agencies:

- 28           a. Central telephone systems and telephone networks, including Voice  
29 over Internet Protocol and Commercial Mobile Radio Systems.  
30           b. Satellite services.  
31           c. Closed-circuit TV systems.  
32           d. Two-way radio systems.  
33           e. Microwave systems.  
34           f. Related systems based on telecommunication technologies.  
35           g. The "State Network," managed by the Department, which means any  
36 connectivity designed for the purpose of providing Internet Protocol  
37 transport of information for State agencies.  
38           h. ~~Broadband.~~ Broadband, including serving as the sole source of agency  
39 broadband maps.

40           ...."

41           **SECTION 38.8.(c)** G.S. 143B-1373 reads as rewritten:

42 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

43           ...

44           (m) The Office of Broadband Infrastructure in the Department of Information Technology  
45 (Office) shall be the designated agency for receipt and disbursement of federal grant funds  
46 intended for the State for broadband expansion and shall seek available federal grant funds for  
47 that purpose. All federal grant funds received for the purpose of broadband expansion shall be  
48 disbursed in accordance with this section. The Office shall serve as the designated agency for the  
49 receipt of all State, federal, and private grants, gifts, or matching funds for broadband mapping,  
50 as provided by G.S. 143B-1370(a)(5)h. Funds received under this subsection shall remain  
51 unexpended until appropriated by an act of the General Assembly.

...."

## FACILITATION OF BROADBAND DEPLOYMENT

SECTION 38.9. Article 15 of Chapter 160A of the General Statutes is amended by adding a new section to read:

### "§ 160A-296.1. Facilitation of broadband deployment.

(a) Except as provided in G.S. 160D-935, a city shall issue a written decision to approve or deny an application for a permit or encroachment to conduct activities in the city's rights-of-way that has been submitted by an entity deploying broadband service, as defined in G.S. 143B-1373(a), within 30 days of the submission of the application. If a written decision has not been issued within the 30-day period, the application shall be deemed approved by the city. An application submitted pursuant to this section shall include information concerning the identity of the applicant and any contractors for the applicant, the type of installation and related facilities to be installed, the proposed construction time line, and the location or address of the proposed construction or installation. A city may deny an application that fails to meet reasonable guidelines established pursuant to this section and shall provide the reasons for denial to the applicant. An applicant may cure the deficiencies identified in the application denial and resubmit a revised application at no additional cost to the applicant. A city shall review only the portion of a resubmitted application relating to the deficiencies initially identified and shall approve or deny the resubmitted application within 10 days of resubmission. A city shall include a method to designate applications submitted pursuant to this section as being submitted by an entity deploying broadband service.

(b) In administering the provisions of this section, a city may do the following:

- (1) Determine reasonable guidelines for the installation of facilities in the city's rights-of-way to prevent any activities from interfering with or endangering public use of city streets.
- (2) Require an applicant to promptly repair any damage caused by the applicant or an agent of the applicant.
- (3) Require that an applicant execute an affidavit evidencing financial responsibility or obtain commercially reasonable insurance that demonstrates adequate resources to repair any damage caused by the applicant or an agent of the applicant.

A city may not impose additional conditions or requirements on an applicant beyond those listed in this subsection. A city may not require an entity that has been issued a valid certificate of public convenience by the Public Utilities Commission or a franchise to provide video programming services issued by the Secretary of State to enter into a master encroachment agreement or other similar agreement as a condition of approval of an application under this section."

## BROADBAND ACCELERATION

SECTION 38.10.(a) G.S. 153A-459 reads as rewritten:

### "§ 153A-459. Authorization to provide grants. County broadband acceleration.

A county may provide grants to unaffiliated ~~qualified private or nonprofit~~ providers of high-speed Internet access service, ~~broadband service,~~ as that term is defined in ~~G.S. 160A-340(4), G.S. 143B-1373(a)(2),~~ for the purpose of expanding broadband service in unserved areas ~~for economic development~~ in the county. The grants shall be awarded on a technology neutral basis, shall be open to ~~qualified applicants,~~ all private or nonprofit providers of broadband service, and may require matching funds by the private ~~provider or nonprofit providers.~~ A county shall seek and consider requests for proposal from ~~qualified private providers within the county~~ prior to awarding a broadband grant and shall use reasonable means to ensure that potential applicants are made aware of the grant, ~~including, at a minimum, compliance with~~

1 ~~the notice procedures set forth in G.S. 160A-340.6(e)~~. grant; provided, however, a county is not  
2 ~~required to seek and consider requests for proposal when providing financial or other support in~~  
3 ~~connection with an application from a private provider for a broadband service grant under~~  
4 ~~G.S. 143B-1373. The county shall may use only unrestricted~~ general fund revenue as well as  
5 ~~State or federal funds for the grants. For the purposes of this section, a qualified private provider~~  
6 ~~is a private provider of high-speed Internet access service in the State prior to the issuance of the~~  
7 ~~grant proposal. For purposes of this section, the term "unserved area" has the same meaning as~~  
8 ~~in G.S. 143B-1373(a)(14). For any grants awarded pursuant to this section after the date this~~  
9 ~~section becomes effective, the term "unserved area" shall not include any location where a private~~  
10 ~~provider has been designated to receive funds through State- or federally funded programs~~  
11 ~~designed specifically for broadband service deployment if the recipient of the funding is in good~~  
12 ~~standing with the grantor agency's requirements regarding construction build-out and time lines.~~  
13 Nothing in this section authorizes a county to provide high-speed Internet broadband service."

14 **SECTION 38.10.(b)** The Broadband Pole Replacement Program (hereinafter  
15 "Program") is hereby established for the purpose of speeding and facilitating the deployment of  
16 broadband service to individuals, businesses, agricultural operations, and community access  
17 points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by  
18 communications service providers. A communications service provider who pays or incurs the  
19 costs of removing and replacing an existing pole in connection with a qualified project may apply  
20 to the Department for reimbursement in an amount equal to fifty percent (50%) of eligible pole  
21 replacement costs paid or incurred by the applicant or ten thousand dollars (\$10,000), whichever  
22 is less, for each pole replaced.

23 **SECTION 38.10.(c)** The funds appropriated in this act for the Program shall be held  
24 by the Department in a special fund and shall not revert to the General Fund but shall remain  
25 available to reimburse communications service providers as authorized in this section until  
26 December 30, 2026, provided that reimbursements shall comply with applicable federal  
27 guidelines for the use of these recovery funds. The Department may use up to one percent (1%)  
28 of the funds appropriated for the Program, not to exceed the total sum of one hundred thousand  
29 dollars (\$100,000) in each fiscal year, to administer the Program. The Department shall issue  
30 guidelines for the implementation of the Program and shall take all actions necessary to obtain  
31 access to the Coronavirus Capital Projects Fund for such purpose, including applying for such  
32 funding to the United States Treasury and promulgating any additional program requirements  
33 required by the United States Treasury as a condition of obtaining access to such funding.

34 **SECTION 38.10.(d)** Each applicant for reimbursement under the Program shall  
35 provide the following in a form specified by the Department:

- 36 (1) Information sufficient to establish the number, cost, and eligibility of pole  
37 replacements and the identity of the communications service provider  
38 attaching the broadband facilities.
- 39 (2) Documentation sufficient to establish that the pole replacements have been  
40 completed or are scheduled for completion not later than 90 days after the  
41 applicant has been reimbursed as authorized by this section.
- 42 (3) The amount of reimbursement requested and documentation or information  
43 justifying the amount requested.
- 44 (4) A verified statement from an officer or agent of the applicant declaring that  
45 the contents of the application are true and accurate.
- 46 (5) Any other information the Department deems necessary for final review of the  
47 application and award of reimbursement.

48 **SECTION 38.10.(e)** No later than 60 days after the date the Department receives a  
49 completed application for reimbursement under the Program, the Department shall review the  
50 application and, if the application establishes that the applicant has paid or incurred costs eligible  
51 for reimbursement under the Program and there are sufficient funds in the Program special fund,

1 shall reimburse the applicant as authorized in this section. The Department shall reimburse an  
2 applicant no later than 30 days after the date the Department determines reimbursement can be  
3 made as provided in this subsection. If a communications service provider incurs eligible pole  
4 replacement costs, the pole owner shall cooperate and coordinate with the provider to supply all  
5 information required by the Department to aid the provider in promptly completing and  
6 submitting an application for reimbursement under the Program. A pole owner shall reasonably  
7 and promptly cooperate with any request by the Department for substantiation of charges  
8 assessed by the pole owner.

9 **SECTION 38.10.(f)** If there are insufficient funds in the Program special fund to  
10 reimburse an applicant, the application for reimbursement shall be denied. However, the  
11 applicant may resubmit the application for reimbursement if sufficient funds are appropriated by  
12 the General Assembly to the Program special fund. If there are insufficient funds in the Program  
13 special fund to reimburse an applicant, and the communications service provider must reimburse  
14 "reasonable and actual cost" of the pole owner under G.S. 62-350(a), the term "reasonable and  
15 actual cost" shall mean the reasonable cost of advancing the retirement of the pole that would  
16 have occurred in the absence of the attachment, which presumptively is capped at the sum of the  
17 following:

- 18 (1) The net book value of the existing pole being retired as a result of the  
19 attachment.
- 20 (2) The incremental cost, if any, of installing a pole with greater capacity relative  
21 to the average installation cost of a new pole installed by the municipality or  
22 membership corporation.
- 23 (3) Any other incremental costs proved by the municipality or membership  
24 corporation of advancing the retirement, except that the incremental costs  
25 shall not include any costs associated with the future installation of a pole the  
26 municipality or membership corporation would have installed if there was no  
27 attachment being made. If the pole owner lacks records sufficient to establish  
28 reasonable and actual cost as defined in this subsection, a portion of the total  
29 cost associated with the pole replacement shall be presumptively assigned to  
30 the communications service provider based on the age of the pole being  
31 replaced, as follows:
  - 32 a. 0, up to 12 years – 90%.
  - 33 b. 12, up to 22 years – 45%.
  - 34 c. 22, up to 35 years, or pole age unknown – 25%.
  - 35 d. 35 years and up – 10%.

36 **SECTION 38.10.(g)** A pole owner shall perform or allow providers to perform all  
37 actions to facilitate access to poles for qualified projects in the same time lines and pursuant to  
38 the same procedures to provide access to utility poles as provided in 47 C.F.R. § 1.1411, as such  
39 regulation existed on the date this section becomes effective. For purposes of complying with the  
40 time lines and procedures described in this subsection, replacement of a pole shall be considered  
41 work above the communications space.

42 **SECTION 38.10.(h)** A party subject to a dispute arising under subsection (f) or (g)  
43 of this section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner  
44 as a party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission  
45 shall issue a final order resolving the dispute within 120 days of the date the proceedings were  
46 initiated; provided, however, the Commission may extend the time for issuance of a final order  
47 for good cause and with the agreement of all parties. In such a dispute, the Commission shall  
48 apply the provisions of this section notwithstanding any contrary provisions of any existing  
49 agreement.



1           **SECTION 38.10.(i)** No later than 60 days after the date funds are appropriated to  
2 the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and  
3 publish on its website all of the following:

- 4           (1) The number of applications for reimbursement received, processed, and  
5           rejected, including the reasons applications were rejected.
- 6           (2) The amount of each reimbursement, the total number of reimbursements, and  
7           the status of any pending reimbursements.
- 8           (3) The estimated remaining balance in the Program special fund.

9           **SECTION 38.10.(j)** The following definitions apply in this section:

- 10          (1) Broadband service. – As defined in G.S. 143B-1373(a).
- 11          (2) Communications service provider. – As defined in G.S. 62-350(e).
- 12          (3) Department. – The Department of Information Technology.
- 13          (4) Eligible pole replacement cost. – The actual and reasonable costs paid or  
14          incurred by a party after June 1, 2021, to remove and replace a pole, including  
15          the amount of any expenditures to remove and dispose of the existing pole,  
16          purchase and install a replacement pole, and transfer any existing facilities to  
17          the new pole. The term includes costs paid or incurred by the party responsible  
18          for the costs of a pole replacement to reimburse the party that performs the  
19          pole replacement. The term does not include costs that the party incurs initially  
20          that have been reimbursed to the party by another party ultimately responsible  
21          for the costs.
- 22          (5) Pole. – Any pole used, wholly or partly, for any wire communications or  
23          electric distribution, irrespective of who owns or operates the pole.
- 24          (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 25          (7) Qualified project. – A project undertaken by a communications service  
26          provider that is not affiliated with a pole owner seeking to provide qualifying  
27          internet access service on a retail basis to one or more households, businesses,  
28          agricultural operations, or community access points in an unserved area.
- 29          (8) Qualifying internet access service. – Fixed, terrestrial internet access service  
30          with such speeds and technical capabilities required by the United States  
31          Treasury for projects under the Coronavirus Capital Projects Fund established  
32          by section 9901 of the American Rescue Plan Act and codified at section 604  
33          of the Social Security Act, provided that if the United States Treasury does  
34          not establish such requirements, qualifying internet access shall mean service  
35          offered over a network that is capable of speeds of 100 megabits per second  
36          or faster in both the downstream and upstream directions.
- 37          (9) Unserved area. – An area in which, according to the most recent map of fixed  
38          broadband internet access service made available by the Federal  
39          Communications Commission, fixed, terrestrial broadband service at speeds  
40          of at least 25 megabits per second download and at least 3 megabits per second  
41          upload is unavailable at the time the communications service provider  
42          requests access. A pole shall be presumed to be located in an unserved area if  
43          the pole is located in an area that is the subject of a federal or State grant to  
44          deploy broadband service, the conditions of which limit the availability of a  
45          grant to unserved areas.

46           **SECTION 38.10.(k)** If any provision of this section or its application is held invalid,  
47 the invalidity does not affect other provisions or applications of this section that can be given  
48 effect without the invalid provisions or application, and to this end, the provisions of this section  
49 are severable.

50           **SECTION 38.10.(l)** G.S. 160D-931 reads as rewritten:

51           "**§ 160D-931. Definitions.**

1 The following definitions apply in this Part:

2 ...

- 3 (7) City utility pole. – A pole owned by a city (i) in the city right-of-way that  
4 provides lighting, traffic control, or a similar ~~function~~-function and (ii) as part  
5 of a public enterprise owned or operated by a city pursuant to Article 16 of  
6 Chapter 160A of the General Statutes consisting of an electric power  
7 generation, transmission, or distribution system.

8 ...."

9 SECTION 38.10.(m) G.S. 160D-935 reads as rewritten:

10 "§ 160D-935. Collocation of small wireless facilities.

11 ...

12 (a1) A city may not charge a wireless provider who is taxed under G.S. 105-164.4(a)(4c)  
13 and submits an application under G.S. 160D-935(d) or G.S. 160D-936(j) either of the following:

- 14 (1) A fee for the collocation of a small wireless facility or the installation,  
15 modification, or replacement of a utility pole or city utility pole in the city  
16 right-of-way, including, without limitation, a fee under subsections (e) and (f)  
17 of this section or a fee for a building permit, electrical permit, inspection, lane  
18 closure, or work permit of any kind.  
19 (2) Except for recurring charges assessed under G.S. 160D-937(a), (c), and (d), a  
20 recurring charge for the collocation of a small wireless facility in the city  
21 right-of-way or the installation, modification, or replacement of a utility pole  
22 or city utility pole in the city right-of-way, including, without limitation, a  
23 recurring charge under G.S. 160D-936(f).

24 ...

25 (e) ~~Subject to the limitations provided in G.S. 160A-296(a)(6),~~ a city may charge an  
26 application fee that shall not exceed the lesser of (i) the actual, direct, and reasonable costs to  
27 process and review applications for collocated small wireless facilities, (ii) the amount charged  
28 by the city for permitting of any similar activity, or (iii) one hundred dollars (\$100.00) per facility  
29 for the first five small wireless facilities addressed in an application, plus fifty dollars (\$50.00)  
30 for each additional small wireless facility addressed in the application. In any dispute concerning  
31 the appropriateness of a fee, the city has the burden of proving that the fee meets the requirements  
32 of this subsection.

33 (f) ~~Subject to the limitations provided in G.S. 160A-296(a)(6),~~ a city may impose a  
34 technical consulting fee for each application, not to exceed five hundred dollars (\$500.00), to  
35 offset the cost of reviewing and processing applications required by this section. The fee must be  
36 based on the actual, direct, and reasonable administrative costs incurred for the review,  
37 processing, and approval of an application. A city may engage an outside consultant for technical  
38 consultation and the review of an application. The fee imposed by a city for the review of the  
39 application shall not be used for either of the following:

40 ...."

41 SECTION 38.10.(n) G.S. 160D-936 reads as rewritten:

42 "§ 160D-936. Use of public right-of-way.

43 ...

44 (f) Except as provided in this Part, a city may assess a right-of-way charge under this  
45 section for use or occupation of the right-of-way by a wireless provider, ~~subject to the restrictions~~  
46 ~~set forth under G.S. 160A-296(a)(6).~~ provider. In addition, charges authorized by this section  
47 shall meet all of the following requirements:

48 ...."

49 SECTION 38.10.(o) G.S. 160D-937 reads as rewritten:

50 "§ 160D-937. Access to city utility poles to install small wireless facilities.

51 ...

1 (i) ~~This section shall not apply to an excluded entity. Nothing in this Part shall be~~  
2 ~~construed to apply to an electric membership corporation organized under Chapter 117 of the~~  
3 ~~General Statutes that owns or controls poles, ducts, or conduits and is exempt from regulation~~  
4 ~~under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.~~  
5 ~~Nothing in this section shall be construed to affect the authority of an excluded entity electric~~  
6 ~~membership corporation to deny, limit, restrict, or determine the rates, fees, terms, and conditions~~  
7 ~~for the use of or attachment to its utility poles, city utility poles, poles or wireless support~~  
8 ~~structures by a wireless provider. This section shall not be construed to alter or affect the~~  
9 ~~provisions of G.S. 62-350, and the rates, terms, or conditions for the use of poles, ducts, or~~  
10 ~~conduits by communications service providers, as defined in G.S. 62-350, are governed solely~~  
11 ~~by G.S. 62-350. For purposes of this section, "excluded entity" means (i) a city that owns or~~  
12 ~~operates a public enterprise pursuant to Article 16 of Chapter 160A of the General Statutes~~  
13 ~~consisting of an electric power generation, transmission, or distribution system or (ii) an electric~~  
14 ~~membership corporation organized under Chapter 117 of the General Statutes that owns or~~  
15 ~~controls poles, ducts, or conduits, but which is exempt from regulation under section 224 of the~~  
16 ~~Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended. G.S. 62-350, of poles, ducts,~~  
17 ~~or conduits owned by electric membership corporations."~~

18 **SECTION 38.10.(p)** This section is effective when it becomes law. Subsections (b)  
19 through (k) of this section expire December 31, 2026.  
20

## 21 STATE SURPLUS COMPUTERS FOR NONPROFITS

22 **SECTION 38.11.(a)** G.S. 143-64.03 reads as rewritten:

### 23 "§ 143-64.03. Powers and duties of the State agency for surplus property.

24 (a) The State Surplus Property Agency is authorized and directed to:

- 25 (1) Sell all State owned supplies, materials, and equipment that are surplus,  
26 obsolete, or unused and sell all seized vehicles and other conveyances that the  
27 State Surplus Property Agency is authorized to sell;
- 28 (2) Warehouse such property; and
- 29 (3) Distribute such property to tax-supported or nonprofit tax-exempt  
30 organizations.

31 (b) The State Surplus Property Agency is authorized and empowered to act as a  
32 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to  
33 locate property available for acquisition from State agencies, to ascertain the terms and conditions  
34 under which the property may be obtained, to receive requests from agencies and private  
35 nonprofit tax-exempt organizations, and transmit all available information about the property,  
36 and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions  
37 for the acquisition of State surplus property. ~~When~~ Prioritization should be given to distributing  
38 computer equipment to nonprofit entities that refurbish computers and donate them to  
39 low-income students or households in this State, the State Surplus Property Agency shall  
40 distribute the computer equipment at no cost or the lowest possible cost to the nonprofit entities  
41 and must give consideration to the counties where the computer equipment will be donated to  
42 ensure that all geographic regions of the State benefit from the distributions.

43 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,  
44 shall be deemed to prohibit The University of North Carolina from conveying surplus computer  
45 equipment at no cost and The University of North Carolina is encouraged to prioritize distribution  
46 to nonprofit entities that refurbish computers to donate to low-income students or households in  
47 the State. Any conveyance to a nonprofit under this subsection shall be conditioned upon, and in  
48 consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to  
49 low-income students or households in the State and the nonprofit's reporting of information  
50 required by this subsection. After an initial conveyance, The University of North Carolina shall

1 not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has  
2 reported the information required by this subsection for prior conveyances.

3 When making a distribution under this subsection, The University of North Carolina shall  
4 keep records on the type of computer equipment distributed, the number distributed, the name of  
5 the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished  
6 computers to low-income students or households in the State. If the nonprofit is unable to  
7 refurbish computer equipment for any reason, its report shall include the disposition of such  
8 computer equipment. A nonprofit shall provide a report to the Board of Governors of The  
9 University of North Carolina by December 1, 2021, and by December 1 of each year thereafter.  
10 The report shall contain the information required by this subsection and any other information  
11 the Board of Governors deems reasonably necessary to ensure the conditions required under this  
12 subsection are satisfied. The Board of Governors of The University of North Carolina shall  
13 submit a report containing the information required to be collected under this subsection to the  
14 Joint Legislative Education Oversight Committee by February 1, 2022, and by February 1 of  
15 each year thereafter.

16 ...."

17 **SECTION 38.11.(b)** This section is effective when it becomes law.

18  
19 **JLOCIT/STUDY STATE INFORMATION TECHNOLOGY INTERNAL SERVICE**  
20 **RATES/REVIEW ALTERNATIVE COST RECOVERY METHODS**

21 **SECTION 38.12.** The Joint Legislative Oversight Committee on Information  
22 Technology (JLOCIT) shall conduct a study of best practices and make recommendations for  
23 legislative proposals to formulate a new budget and cost accounting model for State information  
24 technology goods and services provided to State agencies by the Department of Information  
25 Technology (DIT). The JLOCIT shall do at least the following in conducting this examination:

- 26 (1) Evaluate the current internal service fund rate structure under  
27 G.S. 143B-1333, including the methodologies used by DIT in setting rates and  
28 fees and whether industry standards are reflected for the goods and services  
29 for which State agencies are charged. The specific matters for review include,  
30 but are not limited to, whether those rates and fees are (i) understandable, (ii)  
31 priced on usage, (iii) predictable for planning purposes, (iv) related to value  
32 received, (v) priced competitively with open market services, and (vi) readily  
33 adjustable to factor in unplanned events.
- 34 (2) Focus on the internal service rates and fees charged by DIT for State agency  
35 internet service, Wide Area Network costs, and any other costs of information  
36 technology goods and services that the JLOCIT deems appropriate.
- 37 (3) Review alternative ways to capture and recover the costs of information  
38 technology goods and services that DIT provides to State agencies.
- 39 (4) Examine how replacement costs are accounted for and built into State agency  
40 operating budgets.
- 41 (5) Review whether some State agencies should pay for information technology  
42 using the current or a similar rate system or if some should have information  
43 technology charges and costs funded differently.

44 The JLOCIT may make an interim report of its findings, conclusions, and legislative  
45 recommendations to the 2022 Regular Session and shall make a final report to the 2023 General  
46 Assembly.

47  
48 **PART XXXIX. SALARIES AND BENEFITS**

49  
50 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY**  
51 **INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022**

1           **SECTION 39.1.(a)** Effective July 1, 2021, except as provided by subsection (b) of  
2 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
3 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
4 position on June 30, 2021, is awarded:

5           (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
6 of annual salary in the 2021-2022 fiscal year.

7           (2) Any salary adjustment otherwise allowed or provided by law.

8           **SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of  
9 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
10 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
11 position on June 30, 2022, is awarded:

12           (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
13 of annual salary in the 2022-2023 fiscal year.

14           (2) Any salary adjustment otherwise allowed or provided by law.

15           **SECTION 39.1.(b)** For the 2021-2023 fiscal biennium, the following persons are  
16 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
17 section:

18           (1) Employees of local boards of education.

19           (2) Local community college employees.

20           (3) Employees of The University of North Carolina.

21           (4) Clerks of superior court compensated under G.S. 7A-101.

22           (5) Correctional employees to which Section 39.14 of this Part applies.

23           (6) Law enforcement officers to which Section 39.15 of this Part applies.

24           (7) Employees of schools operated by the Department of Health and Human  
25 Services, the Department of Public Safety, and the State Board of Education  
26 who are paid based on the Teacher Salary Schedule.

27           (8) Judicial employees paid under Article 29A, 29B, or 29C of Chapter 7A of the  
28 General Statutes, unless an exception to this exemption is applicable.

29           **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by  
30 this section on a prorated and equitable basis.

31           **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from  
32 receiving the full salary increases provided in this section solely because the employee's salary  
33 after applying the legislative increase is above the maximum of the salary range prescribed by  
34 the State Human Resources Commission.

## 35 36 **BONUSES AWARDED TO STATE EMPLOYEES AND LOCAL EDUCATION** 37 **EMPLOYEES FOR WORK DURING THE PANDEMIC**

38           **SECTION 39.2.(a)** The General Assembly finds that North Carolina's response  
39 efforts to the COVID-19 pandemic have included the extraordinary work of State employees and  
40 local school employees at all levels and in all agencies. Essential services were continuously  
41 provided throughout the pandemic to the citizens of North Carolina, including, but not limited to,  
42 to, public health, public safety, transportation, education, and public recreation. Therefore, it is  
43 appropriate that State employees and local education employees who worked to continue the  
44 operations and services of government during the pandemic receive additional pay for their  
45 efforts during the emergency.

46           **SECTION 39.2.(b)** Further, the General Assembly finds that certain employees were  
47 at increased risk of exposure to COVID-19 due to job duties that required significant in-person  
48 interaction. These employees should receive additional pay due to the increased personal risk  
49 involved in providing the essential services associated with their job duties.

50           **SECTION 39.2.(c)** By October 31, 2021, employers of State employees and local  
51 education employees shall administer a one-time, lump sum bonus of five hundred dollars

1 (\$500.00) to all permanent full-time State employees and local education employees employed  
2 by the employer continuously from March 10, 2020, through October 1, 2021.

3 **SECTION 39.2.(d)** Employers of State employees and local education employees  
4 shall provide by October 31, 2021, an additional one-time, lump sum bonus of one thousand  
5 dollars (\$1,000) to each permanent full-time State employee or local education employee  
6 employed by an eligible employer continuously from March 10, 2020, through October 1, 2021,  
7 if the employee earns an annual salary that does not exceed seventy-five thousand dollars  
8 (\$75,000) or if the employee was employed by an eligible employer in any of the following  
9 positions during the period of March 10, 2020, through October 1, 2021:

- 10 (1) As a public school principal.
- 11 (2) As a law enforcement officer.
- 12 (3) In the Division of Adult Correction and Juvenile Justice of the Department of  
13 Public Safety with job duties requiring frequent in-person contact.
- 14 (4) In a position at a 24-hour residential or treatment facility operated by the  
15 Department of Health and Human Services.

16 **SECTION 39.2.(e)** In addition to the bonuses authorized by subsections (c) and (d)  
17 of this section, by October 31, 2021, employers of State employees and local education  
18 employees shall provide an additional one-time, lump sum bonus of five hundred dollars  
19 (\$500.00) to each permanent full-time State employee or local education employee employed by  
20 an eligible employer continuously from March 10, 2020, through October 1, 2021, if the  
21 employee earns an annual salary that does not exceed forty thousand dollars (\$40,000) or the  
22 employee was employed by an eligible employer in any of the following positions during the  
23 period of March 10, 2020, through October 1, 2021:

- 24 (1) As a public school principal.
- 25 (2) As a law enforcement officer.
- 26 (3) In the Division of Adult Correction and Juvenile Justice of the Department of  
27 Public Safety with job duties requiring frequent in-person contact.
- 28 (4) In a position at a 24-hour residential or treatment facility operated by the  
29 Department of Health and Human Services.

30 **SECTION 39.2.(f)** The following definitions apply for the purposes of administering  
31 the bonuses authorized by this section:

- 32 (1) The term "State employee" includes all State employees in all State agencies,  
33 departments, and institutions regardless of funding source.
- 34 (2) The term "local education employee" includes all employees of community  
35 colleges, local school administrative units, innovative schools, regional  
36 schools, and public charter schools regardless of funding source.

37 **SECTION 39.2.(g)** Of the funds appropriated in this act from the State Fiscal  
38 Recovery Fund, the sum of five hundred seventy-eight million dollars (\$578,000,000) for the  
39 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this  
40 section to State employees and local education employees for work performed during the  
41 COVID-19 pandemic.

42 **SECTION 39.2.(h)** The premium pay bonuses awarded by this section:

- 43 (1) Are in addition to any regular wage or other bonuses the employee receives  
44 or is scheduled to receive.
- 45 (2) Are not considered compensation for any retirement system administered by  
46 the State.

47 **SECTION 39.2.(i)** Permanent part-time employees shall receive the bonuses  
48 authorized in this section on a prorated and equitable basis.

49 **SECTION 39.2.(j)** The Office of State Budget and Management shall ensure that  
50 the funds for the bonuses authorized by this section are used only for the purposes set forth in  
51 this section. If the Director of the Budget determines that funds appropriated to a State agency

1 for these bonuses exceed the amount required by that agency, the Director may reallocate those  
 2 funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9,  
 3 funds appropriated for these bonuses in excess of the amounts required for implementation shall  
 4 not be credited to the Pay Plan Reserve.

5 **SECTION 39.2.(k)** Any funds remaining after these bonuses are awarded in  
 6 accordance with this section shall be credited to the State Fiscal Recovery Fund.  
 7

8 **GOVERNOR AND COUNCIL OF STATE**

9 **SECTION 39.3.(a)** Effective July 1, 2021, G.S. 147-11 reads as rewritten:

10 "**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to**  
 11 **represent Governor's office.**

12 (a) The salary of the Governor shall be ~~one hundred fifty four thousand seven hundred~~  
 13 ~~forty three dollars (\$154,743)~~ one hundred fifty-eight thousand six hundred twelve dollars  
 14 (\$158,612) annually, payable monthly.

15 (b) ~~He~~ The Governor shall be paid annually the sum of eleven thousand five hundred  
 16 dollars (\$11,500) as an expense allowance in attending to the business for the State and for  
 17 expenses out of the State and in the State in representing the interest of the State and people,  
 18 incident to the duties of ~~his~~ the office, the said allowance to be paid monthly.

19 (c) In addition to the foregoing allowance, the actual expenses of the Governor while  
 20 traveling outside the State on business incident to ~~his~~ the office shall be paid by a warrant drawn  
 21 on the State Treasurer. Whenever a person who is not a State official or employee is designated  
 22 by the Governor to represent the Governor's office, ~~such~~ the person shall be paid actual travel  
 23 expenses incurred in the performance of such duty; provided that the payment of ~~such~~ the travel  
 24 expense shall conform to the provisions of the biennial appropriation act in effect at the time the  
 25 payment is made."

26 **SECTION 39.3.(a1)** Effective July 1, 2022, G.S. 147-11(a), as amended by  
 27 subsection (a) of this section, reads as rewritten:

28 "(a) The salary of the Governor shall be ~~one hundred fifty eight thousand six hundred~~  
 29 ~~twelve dollars (\$158,612)~~ one hundred sixty-two thousand five hundred seventy-seven dollars  
 30 (\$162,577) annually, payable monthly."

31 **SECTION 39.3.(b)** Effective July 1, 2021, the annual salaries for members of the  
 32 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$140,116
Attorney General	140,116
Secretary of State	140,116
State Treasurer	140,116
State Auditor	140,116
Superintendent of Public Instruction	140,116
Agriculture Commissioner	140,116
Insurance Commissioner	140,116
Labor Commissioner	140,116

33 **SECTION 39.3.(b1)** Effective July 1, 2022, the annual salaries for members of the  
 34 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$143,619
Attorney General	143,619
Secretary of State	143,619
State Treasurer	143,619
State Auditor	143,619
Superintendent of Public Instruction	143,619

1	Agriculture Commissioner	143,619
2	Insurance Commissioner	143,619
3	Labor Commissioner	143,619

**CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 39.4.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for the following executive branch officials for the 2021-2022 fiscal year are as follows:

<b>Executive Branch Officials</b>	<b>Annual Salary</b>
Chairman, Alcoholic Beverage Control Commission	\$125,821
State Controller	175,200
Commissioner of Banks	141,214
Chair, Board of Review, Division of Employment Security	138,516
Members, Board of Review, Division of Employment Security	136,823
Chairman, Parole Commission	138,516
Full-Time Members of the Parole Commission	128,072
Chairman, Utilities Commission	157,017
Members of the Utilities Commission	141,214
Executive Director, North Carolina Agricultural Finance Authority	122,530

**SECTION 39.4.(a1)** Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

<b>Executive Branch Officials</b>	<b>Annual Salary</b>
Chairman, Alcoholic Beverage Control Commission	\$128,966
State Controller	179,580
Commissioner of Banks	144,745
Chair, Board of Review, Division of Employment Security	141,979
Members, Board of Review, Division of Employment Security	140,244
Chairman, Parole Commission	141,979
Full-Time Members of the Parole Commission	131,273
Chairman, Utilities Commission	160,942
Members of the Utilities Commission	144,745
Executive Director, North Carolina Agricultural Finance Authority	125,593

**JUDICIAL BRANCH**

**SECTION 39.5.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for the following judicial branch officials for the 2021-2022 fiscal year are as follows:

<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
Chief Justice, Supreme Court	\$164,859
Associate Justice, Supreme Court	160,581
Chief Judge, Court of Appeals	158,041
Judge, Court of Appeals	153,939
Judge, Senior Regular Resident Superior Court	149,785
Judge, Superior Court	145,634
Chief Judge, District Court	132,350



1	Judge, District Court	128,198
2	Chief Administrative Law Judge	129,297
3	District Attorney	140,834
4	Assistant Administrative Officer of the Courts	135,621
5	Public Defender	140,834
6	Director of Indigent Defense Services	145,152

7           **SECTION 39.5.(a1)** Effective July 1, 2022, the annual salaries, payable monthly,  
 8 for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

9	<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
10	Chief Justice, Supreme Court	\$168,980
11	Associate Justice, Supreme Court	164,595
12	Chief Judge, Court of Appeals	161,992
13	Judge, Court of Appeals	157,787
14	Judge, Senior Regular Resident Superior Court	153,530
15	Judge, Superior Court	149,275
16	Chief Judge, District Court	135,659
17	Judge, District Court	131,403
18	Chief Administrative Law Judge	132,529
19	District Attorney	144,355
20	Assistant Administrative Officer of the Courts	139,011
21	Public Defender	144,355
22	Director of Indigent Defense Services	148,781

23           **SECTION 39.5.(b)** The district attorney or public defender of a judicial district, with  
 24 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
 25 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
 26 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 27 or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed  
 28 eighty-four thousand six hundred fifty-eight dollars (\$84,658) and the minimum salary of any  
 29 assistant district attorney or assistant public defender is at least forty-five thousand four hundred  
 30 thirty-seven dollars (\$45,437), effective July 1, 2021.

31           **SECTION 39.5.(b1)** The district attorney or public defender of a judicial district,  
 32 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
 33 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
 34 public defenders, respectively, in that district such that the average salaries of assistant district  
 35 attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed  
 36 eighty-six thousand seven hundred seventy-four dollars (\$86,774) and the minimum salary of  
 37 any assistant district attorney or assistant public defender is at least forty-six thousand five  
 38 hundred seventy-three dollars (\$46,573), effective July 1, 2022.

39  
 40 **CLERKS OF SUPERIOR COURT**

41           **SECTION 39.6.(a)** Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

42           "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 43 annual salary, payable in equal monthly installments, based on the number of State-funded  
 44 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 45 workload formula, according to the following schedule:

46	Assistants and Deputies	Annual Salary
47	0-19	<del>\$97,375</del> <u>\$99,809</u>
48	20-29	<del>107,625</del> <u>110,316</u>
49	30-49	<del>117,875</del> <u>120,822</u>
50	50-99	<del>128,125</del> <u>131,328</u>
51	100 and above	<del>130,688</del> <u>133,955</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

**SECTION 39.6.(a1)** Effective July 1, 2022, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	<del>\$99,809</del> <u>\$102,305</u>
20-29	110,316 <u>113,074</u>
30-49	120,822 <u>123,842</u>
50-99	131,328 <u>134,611</u>
100 and above	133,955 <u>137,304</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

**ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

**SECTION 39.7.(a)** Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$34,780</del> <u>\$35,650</u>
Maximum	<del>64,258</del> <u>65,864</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,200</del> <u>\$31,980</u>
Maximum	<del>50,466</del> <u>51,728</u> ."

**SECTION 39.7.(a1)** Effective July 1, 2022, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$35,650</del> <u>\$36,541</u>
Maximum	<del>65,864</del> <u>67,511</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$31,980</del> <u>\$32,780</u>
Maximum	<del>51,728</del> <u>53,021</u> ."

**MAGISTRATES**

1           **SECTION 39.8.(a)** Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:  
 2           "(a) The Administrative Officer of the Courts, after consultation with the chief district  
 3 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

4           (1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 5 out in this subdivision. A full-time magistrate is a magistrate who is assigned  
 6 to work an average of not less than 40 hours a week during the term of office.  
 7 The Administrative Officer of the Courts shall designate whether a magistrate  
 8 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 9 shall increase to the next step every two years on the anniversary of the date  
 10 the magistrate was originally appointed for increases to Steps 1 through 3, and  
 11 every four years on the anniversary of the date the magistrate was originally  
 12 appointed for increases to Steps 4 through 6.

13  
 14           Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$40,576</del> <u>\$41,590</u>
Step 1	<del>\$43,571</del> <u>\$44,660</u>
Step 2	<del>\$46,802</del> <u>\$47,972</u>
Step 3	<del>\$50,222</del> <u>\$51,478</u>
Step 4	<del>\$54,322</del> <u>\$55,680</u>
Step 5	<del>\$59,259</del> <u>\$60,740</u>
Step 6	<del>\$64,792</del> <u>\$66,412.</u> "

23           **SECTION 39.8.(a1)** Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by  
 24 subsection (a) of this section, reads as rewritten:

25           "(a) The Administrative Officer of the Courts, after consultation with the chief district  
 26 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

27           (1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 28 out in this subdivision. A full-time magistrate is a magistrate who is assigned  
 29 to work an average of not less than 40 hours a week during the term of office.  
 30 The Administrative Officer of the Courts shall designate whether a magistrate  
 31 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 32 shall increase to the next step every two years on the anniversary of the date  
 33 the magistrate was originally appointed for increases to Steps 1 through 3, and  
 34 every four years on the anniversary of the date the magistrate was originally  
 35 appointed for increases to Steps 4 through 6.

36  
 37           Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$41,590</del> <u>\$42,630</u>
Step 1	<del>\$44,660</del> <u>\$45,777</u>
Step 2	<del>\$47,972</del> <u>\$49,171</u>
Step 3	<del>\$51,478</del> <u>\$52,764</u>
Step 4	<del>\$55,680</del> <u>\$57,072</u>
Step 5	<del>\$60,740</del> <u>\$62,259</u>
Step 6	<del>\$66,412.</del> <u>\$68,072.</u> "

46  
 47           **TRIAL COURT PERSONNEL/SALARY SCHEDULES**

48           **SECTION 39.8A.(a)** Article 29A of Chapter 7A of the General Statutes, as amended  
 49 by this act, is further amended by adding a new section to read:

50           "**§ 7A-358. Trial court administrator compensation.**

1 (a) A full-time trial court administrator shall be paid an annual salary based upon years  
 2 of State judicial branch service as set forth in the following table:

3 Table of Salaries of Full-Time Trial Court Administrators

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0-4</u>	<u>\$80,908</u>
<u>5-9</u>	<u>\$84,552</u>
<u>10-14</u>	<u>\$89,550</u>
<u>15-19</u>	<u>\$94,550</u>
<u>20-24</u>	<u>\$99,550</u>
<u>25-29</u>	<u>\$104,550</u>
<u>30 or more</u>	<u>\$109,550.</u>

12 (b) A part-time trial court administrator shall be paid an annual salary based on the  
 13 following formula: (i) the average number of hours a week that a part-time trial court  
 14 administrator is assigned work shall be multiplied by the annual salary payable to a full-time trial  
 15 court administrator who has the same number of years of State judicial branch service as does  
 16 the part-time trial court administrator and the product of that multiplication shall be divided by  
 17 the number 40 and (ii) the quotient shall be the annual salary payable to that part-time trial court  
 18 administrator.

19 (c) For the purposes of this section, a full-time trial court administrator is one that is  
 20 assigned to work an average of not less than 40 hours a week and a part-time trial court  
 21 administrator is one that is assigned to work an average of less than 40 hours a week. The  
 22 Administrative Office of the Courts shall designate whether a trial court administrator is full-time  
 23 or part-time.

24 (d) The Administrative Office of the Courts shall provide trial court administrators with  
 25 longevity pay at the same rates as are provided by the State to its employees subject to the North  
 26 Carolina Human Resources Act."

27 **SECTION 39.8A.(b)** Article 29B of Chapter 7A of the General Statutes, as created  
 28 in this act, is amended by adding a new section to read:

29 **"§ 7A-368. Trial court coordinator compensation.**

30 (a) A trial court coordinator shall be paid an annual salary based upon years of State  
 31 judicial branch service as set forth in the following table:

32 Table of Salaries of Full-Time Trial Court Coordinators

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$55,000</u>
<u>1</u>	<u>\$56,100</u>
<u>2</u>	<u>\$57,222</u>
<u>3</u>	<u>\$58,366</u>
<u>4</u>	<u>\$59,333</u>
<u>5-9</u>	<u>\$60,724</u>
<u>10-14</u>	<u>\$63,760</u>
<u>15-19</u>	<u>\$66,948</u>
<u>20-24</u>	<u>\$70,295</u>
<u>25 or more</u>	<u>\$73,810.</u>

44 (b) A part-time trial court coordinator shall be paid an annual salary based on the  
 45 following formula: (i) the average number of hours a week that a part-time trial court coordinator  
 46 is assigned work shall be multiplied by the annual salary payable to a full-time trial court  
 47 coordinator who has the same number of years of State judicial branch service as does the  
 48 part-time trial court coordinator and the product of that multiplication shall be divided by the  
 49 number 40 and (ii) the quotient shall be the annual salary payable to that part-time trial court  
 50 coordinator.

(c) For the purposes of this section, a full-time trial court coordinator is one that is assigned to work an average of not less than 40 hours a week and a part-time trial court coordinator is one that is assigned to work an average of less than 40 hours a week. The Administrative Office of the Courts shall designate whether a trial court coordinator is full-time or part-time.

(d) The Administrative Office of the Courts shall provide trial court coordinators with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act.

(e) A family court administrator shall be paid an annual salary and provided longevity pay in the same manner as set forth by this section for a trial court coordinator."

**SECTION 39.8A.(c)** Effective July 1, 2021, Article 29C of Chapter 7A of the General Statutes, as created in this act, is amended by adding a new section to read:

**"§ 7A-371. Judicial assistant compensation.**

(a) A Judicial Assistant I shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Judicial Assistant I

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$42,000</u>
<u>1</u>	<u>\$42,840</u>
<u>2</u>	<u>\$43,697</u>
<u>3</u>	<u>\$44,571</u>
<u>4</u>	<u>\$45,462</u>
<u>5-9</u>	<u>\$46,371</u>
<u>10-14</u>	<u>\$48,690</u>
<u>15-19</u>	<u>\$51,125</u>
<u>20-24</u>	<u>\$53,681</u>
<u>25 or more</u>	<u>\$56,365.</u>

(a1) A Judicial Assistant II shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Judicial Assistant II

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$48,000</u>
<u>1</u>	<u>\$48,960</u>
<u>2</u>	<u>\$49,939</u>
<u>3</u>	<u>\$50,938</u>
<u>4</u>	<u>\$51,957</u>
<u>5-9</u>	<u>\$52,996</u>
<u>10-14</u>	<u>\$55,646</u>
<u>15-19</u>	<u>\$58,428</u>
<u>20-24</u>	<u>\$61,349</u>
<u>25 or more</u>	<u>\$64,416.</u>

(b) A part-time trial judicial assistant shall be paid an annual salary based on the following formula: (i) the average number of hours a week that a part-time judicial assistant is assigned work shall be multiplied by the annual salary payable to a full-time judicial assistant who has the same number of years of State judicial branch service as does the part-time judicial assistant and the product of that multiplication shall be divided by the number 40 and (ii) the quotient shall be the annual salary payable to that part-time judicial assistant.

(c) For the purposes of this section, a full-time judicial assistant is one that is assigned to work an average of not less than 40 hours a week and a part-time judicial assistant is one that is assigned to work an average of less than 40 hours a week. The Administrative Office of the Courts shall designate whether a judicial assistant is full-time or part-time.

(d) The Administrative Office of the Courts shall provide judicial assistants with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act.

(e) A family court case coordinator shall be paid an annual salary and provided longevity pay in the same manner as set forth by this section for a judicial assistant."

**SECTION 39.8A.(d)** Effective July 1, 2022, G.S. 7A-371 reads as rewritten:  
**"§ 7A-371. Judicial assistant compensation.**

(a) A Judicial Assistant I shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Judicial Assistant I	
Years of Service	Annual Salary
0	<del>\$42,000</del> <u>\$43,050</u>
1	<del>42,840</del> <u>43,911</u>
2	<del>43,697</del> <u>44,789</u>
3	<del>44,571</del> <u>45,685</u>
4	<del>45,462</del> <u>46,599</u>
5-9	<del>46,371</del> <u>47,530</u>
10-14	<del>48,690</del> <u>49,907</u>
15-19	<del>51,125</del> <u>52,403</u>
20-24	<del>53,681</del> <u>55,023</u>
25 or more	<del>56,365</del> <u>57,774.</u>

(a1) A Judicial Assistant II shall be paid an annual salary based upon years of State judicial branch service as set forth in the following table:

Table of Salaries of Full-Time Judicial Assistant II	
Years of Service	Annual Salary
0	<del>\$48,000</del> <u>\$49,200</u>
1	<del>48,960</del> <u>50,184</u>
2	<del>49,939</del> <u>51,187</u>
3	<del>50,938</del> <u>52,211</u>
4	<del>51,957</del> <u>53,256</u>
5-9	<del>52,996</del> <u>54,321</u>
10-14	<del>55,646</del> <u>57,037</u>
15-19	<del>58,428</del> <u>59,889</u>
20-24	<del>61,349</del> <u>62,883</u>
25 or more	<del>64,416</del> <u>66,026.</u>

...."

**SECTION 39.8A.(e)** The salary schedules enacted by this section shall be administered subject to the following rules:

- (1) No employee may receive both an across-the-board legislative salary increase under this act and a salary increase pursuant to a schedule.
- (2) No employee may have a salary reduction as a result of applying one of the schedules.
- (3) If any employee would have an increase in salary were the employee to receive the across-the-board legislative salary increase authorized by this act, then the employee shall be paid the higher salary resulting from the across-the-board increase.

**LEGISLATIVE EMPLOYEES**

**SECTION 39.9.(a)** Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two and one-half percent (2.5%).

1           **SECTION 39.9.(a1)** Effective July 1, 2022, the annual salaries of the Legislative  
2 Services Officer and of nonelected employees of the General Assembly in effect on June 30,  
3 2022, shall be legislatively increased by two and one-half percent (2.5%).

4           **SECTION 39.9.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

#### 6 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

7           **SECTION 39.10.(a)** Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

8           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
9 to other benefits available to permanent legislative employees and shall be paid an annual salary  
10 of ~~one hundred sixteen thousand seven hundred thirty-two dollars (\$116,732)~~, one hundred  
11 nineteen thousand six hundred fifty dollars (\$119,650), payable monthly. Each principal clerk  
12 shall also receive such additional compensation as approved by the Speaker of the House of  
13 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
14 employment duties beyond those provided by the rules of their House. The Legislative Services  
15 Commission shall review the salary of the principal clerks prior to submission of the proposed  
16 operating budget of the General Assembly to the Governor and shall make appropriate  
17 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
18 shall be by amendment to this paragraph."

19           **SECTION 39.10.(b)** Effective July 1, 2022, G.S. 120-37(c) reads as rewritten:

20           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
21 to other benefits available to permanent legislative employees and shall be paid an annual salary  
22 of ~~one hundred nineteen thousand six hundred fifty dollars (\$119,650)~~, one hundred twenty-two  
23 thousand six hundred forty-two dollars (\$122,642), payable monthly. Each principal clerk shall  
24 also receive such additional compensation as approved by the Speaker of the House of  
25 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
26 employment duties beyond those provided by the rules of their House. The Legislative Services  
27 Commission shall review the salary of the principal clerks prior to submission of the proposed  
28 operating budget of the General Assembly to the Governor and shall make appropriate  
29 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
30 shall be by amendment to this paragraph."

#### 32 **SERGEANTS-AT-ARMS/READING CLERKS**

33           **SECTION 39.11.(a)** Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

34           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
35 ~~hundred sixty dollars (\$460.00)~~ four hundred seventy-two dollars (\$472.00) per week plus  
36 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
37 at the rate provided for members of the General Assembly for one round trip only from their  
38 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
39 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
40 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
41 shall serve during sessions only."

42           **SECTION 39.11.(b)** Effective July 1, 2022, G.S. 120-37(b), as amended by  
43 subsection (a) of this section, reads as rewritten:

44           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
45 ~~hundred seventy-two dollars (\$472.00)~~ four hundred eighty-three dollars (\$483.00) per week plus  
46 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
47 at the rate provided for members of the General Assembly for one round trip only from their  
48 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
49 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
50 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
51 shall serve during sessions only."

**COMMUNITY COLLEGES**

**SECTION 39.12.(a)** Community college personnel shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the State Board of Community Colleges shall provide:
  - a. Community college non-faculty personnel with an across-the-board salary increase in the amount of two percent (2%).
  - b. Community college faculty personnel with an across-the-board salary increase in the amount of three and one-half percent (3.5%).
- (2) Effective July 1, 2022, the State Board of Community Colleges shall provide:
  - a. Community college non-faculty personnel with an across-the-board salary increase in the amount of two percent (2%).
  - b. Community college faculty personnel with an across-the-board salary increase in the amount of three and one-half percent (3.5%).

**SECTION 39.12.(b)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2022 fiscal year are as follows:

<b>Education Level</b>	<b>Minimum Salary 2021-2022</b>
Vocational Diploma/Certificate or Less	\$38,896
Associate Degree or Equivalent	39,437
Bachelor's Degree	41,784
Master's Degree or Education Specialist	43,865
Doctoral Degree	46,867

**SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

<b>Education Level</b>	<b>Minimum Salary 2022-2023</b>
Vocational Diploma/Certificate or Less	\$40,257
Associate Degree or Equivalent	40,817
Bachelor's Degree	43,246
Master's Degree or Education Specialist	45,400
Doctoral Degree	48,507

**SECTION 39.12.(c)** No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**SECTION 39.12.(d)** Effective July 1, 2021, no State-funded community college employee shall earn less than thirteen dollars (\$13.00) per hour.

**SECTION 39.12.(e)** Effective July 1, 2022, no State-funded community college employee shall earn less than fifteen dollars (\$15.00) per hour.

**THE UNIVERSITY OF NORTH CAROLINA**

**SECTION 39.13.** 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 SHRA employees, EHRA faculty, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one-half percent (2.5%).
- (1a) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide EHRA nonfaculty employees earning annual salaries



- 1 less than ninety-five thousand dollars (\$95,000) with an across-the-board  
 2 salary increase in the amount of one and one-half percent (1.5%).  
 3 (2) Effective July 1, 2022, the Board of Governors of The University of North  
 4 Carolina shall provide SHRA employees, EHRA faculty, and teachers  
 5 employed by the North Carolina School of Science and Mathematics with an  
 6 across-the-board salary increase in the amount of two and one-half percent  
 7 (2.5%).  
 8 (2a) Effective July 1, 2022, the Board of Governors of The University of North  
 9 Carolina shall provide EHRA nonfaculty employees earning annual salaries  
 10 less than ninety-five thousand dollars (\$95,000) with an across-the-board  
 11 salary increase in the amount of one and one-half percent (1.5%).  
 12

13 **CORRECTIONAL OFFICER SALARY SCHEDULE**

14 **SECTION 39.14.(a)** State employees serving as correctional officers in the  
 15 Department of Public Safety, Division of Adult Correction, shall be compensated at a specific  
 16 pay rate on the basis of a salary schedule determined according to the duration of the employee's  
 17 correctional officer work experience.

18 **SECTION 39.14.(b)** The following annual salary schedule applies under subsection  
 19 (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and  
 20 July 1, 2022, respectively:  
 21

Experience	FY 2021-22			FY 2022-23		
	COI	COII	COIII	COI	COII	COIII
0	\$33,130	\$34,220	\$36,598	\$33,958	\$35,076	\$37,513
1	\$35,449	\$36,615	\$39,160	\$36,335	\$37,530	\$40,139
2	\$37,576	\$38,812	\$41,510	\$38,515	\$39,782	\$42,548
3	\$39,455	\$40,753	\$43,586	\$40,441	\$41,772	\$44,676
4	\$41,033	\$42,383	\$45,329	\$42,059	\$43,443	\$46,462
5	\$42,264	\$43,654	\$46,689	\$43,321	\$44,745	\$47,856
6+	\$43,109	\$44,527	\$47,623	\$44,187	\$45,640	\$48,814

31  
 32 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

33 **SECTION 39.15.(a)** Law enforcement officers of the State Highway Patrol, Alcohol  
 34 Law Enforcement, and the State Bureau of Investigation compensated pursuant to an  
 35 experience-based salary schedule shall be compensated based on the officer's respective work  
 36 experience pursuant to the salary schedule in subsection (b) of this section.

37 **SECTION 39.15.(b)** The following annual salary schedule applies under subsection  
 38 (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for  
 39 each respective fiscal year:  
 40

Years of Experience	FY 2021-22	FY 2022-23
0	47,384	48,569
1	50,464	51,726
2	53,744	55,088
3	57,237	58,669
4	60,957	62,482
5	64,919	66,543
6+	69,139	70,868

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 50 **MOST STATE EMPLOYEES**

1           **SECTION 39.16.** Unless otherwise expressly provided by this Part, the annual  
2 salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be  
3 legislatively increased as provided by Section 39.1 of this act:

- 4           (1) Permanent, full-time State officials and persons whose salaries are set in  
5 accordance with the State Human Resources Act.
- 6           (2) Permanent, full-time State officials and persons in positions exempt from the  
7 State Human Resources Act.
- 8           (3) Permanent, part-time State employees.
- 9           (4) Temporary and permanent hourly State employees.

10  
11 **ALL STATE-SUPPORTED PERSONNEL**

12           **SECTION 39.17.(a)** The legislative salary increases provided by this act in each  
13 year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to  
14 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to  
15 June 30, 2021, for the 2021-2022 fiscal year or June 30, 2022, for the 2022-2023 fiscal year.

16           **SECTION 39.17.(b)** For the 2021-2023 fiscal biennium, payroll checks issued to  
17 employees after July 1, 2021, and July 1, 2022, respectively, that represent payment of services  
18 provided prior to July 1 of each year shall not be eligible for salary increases provided for in this  
19 act.

20           **SECTION 39.17.(c)** This section applies to all employees paid from State funds,  
21 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
22 employees of public schools, community colleges, and The University of North Carolina.

23  
24 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

25           **SECTION 39.18.(a)** The Office of State Budget and Management shall ensure that  
26 the appropriations made by this act for legislatively mandated salary increases and employee  
27 benefits are used only for those purposes.

28           **SECTION 39.18.(b)** If the Director of the Budget determines that funds appropriated  
29 to a State agency for legislatively mandated salary increases and employee benefits exceed the  
30 amount required by that agency for those purposes, the Director may reallocate those funds to  
31 other State agencies that received insufficient funds for legislatively mandated salary increases  
32 and employee benefits.

33           **SECTION 39.18.(c)** Funds appropriated for legislatively mandated salary and  
34 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
35 to provide salary increases in excess of those required by the General Assembly, or to increase  
36 the budgeted salary of filled positions to the minimum of the position's respective salary range.

37           **SECTION 39.18.(d)** Any funds appropriated for legislatively mandated salary and  
38 employee benefit increases in excess of the amounts required to implement the increases shall be  
39 credited to the Pay Plan Reserve.

40           **SECTION 39.18.(e)** No later than May 1, 2022, for the 2021-2022 fiscal year, and  
41 subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and  
42 Management shall report to the Joint Legislative Commission on Governmental Operations and  
43 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary  
44 increases and employee benefits. This report shall include at least the following information for  
45 each State agency for each year of the 2021-2023 fiscal biennium:

- 46           (1) The total amount of funds that the agency received for legislatively mandated  
47 salary increases and employee benefits.
- 48           (2) The total amount of funds transferred from the agency to other State agencies  
49 pursuant to subsection (b) of this section. This section of the report shall  
50 identify the amounts transferred to each recipient State agency.

- 1 (3) The total amount of funds used by the agency for legislatively mandated salary  
2 increases and employee benefits.  
3 (4) The amount of funds credited to the Pay Plan Reserve.  
4

#### 5 **PAY PLAN RESERVE/CORRECTIONAL OFFICERS/COURT PERSONNEL**

6 **SECTION 39.19.** Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

7 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General  
8 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other  
9 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to  
10 fund statutory and scheduled pay expenses authorized by:

- 11 (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant  
12 to an experience-based salary schedule.  
13 (2) G.S. 7A-102.  
14 (3) G.S. 7A-171.1.  
15 (4) Teacher Salary Schedule, as enacted by the General Assembly.  
16 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General  
17 Assembly.  
18 (6) The Act, for law enforcement officers of the State Bureau of Investigation and  
19 Alcohol Law Enforcement.  
20 (7) The Act, for correctional officers compensated pursuant to the Correctional  
21 Officer Salary Schedule.  
22 (8) The Act, for Trial Court Administrators, Court Coordinators, Judicial  
23 Assistants I, and Judicial Assistants II employed by the Administrative Office  
24 of the Courts."  
25

#### 26 **STATE AGENCY TEACHERS**

27 **SECTION 39.20.** Employees of schools operated by the Department of Health and  
28 Human Services, the Department of Public Safety, and the State Board of Education who are  
29 paid on the Teacher Salary Schedule shall be paid as authorized under this act.  
30

#### 31 **ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE** 32 **WORKERS**

33 **SECTION 39.21.(a)** One-Time Bonus. – Of the funds appropriated in this act to the  
34 Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one  
35 hundred thirty-three million dollars (\$133,000,000) shall be used to distribute a one-time  
36 payment to eligible providers to be passed along as a one-time bonus payment to each of the  
37 eligible direct care workers employed by the eligible provider for continuing to provide critical  
38 services during the COVID-19 pandemic. Up to one million dollars (\$1,000,000) of these funds  
39 may be used by DHHS to administer this one-time bonus payment program.

40 **SECTION 39.21.(b)** Eligible Provider. – For the purposes of this section, the term  
41 "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice  
42 program in any of the following provider categories:

- 43 (1) Providers who provide services through the following Medicaid waiver  
44 programs:  
45 a. The Community Alternatives Program for Children (CAP/C).  
46 b. The Community Alternatives Program for Disabled Adults  
47 (CAP/DA).  
48 c. The North Carolina Innovations waiver.  
49 d. The Traumatic Brain Injury (TBI) waiver.  
50 (2) Personal care services (PCS) providers.

- 1 (3) Intermediate care facilities for individuals with intellectual disabilities
- 2 (ICF/IIDs), including ICF/IID-level group homes.
- 3 (4) Home health providers.
- 4 (5) Nursing homes.
- 5 (6) Behavioral health residential facilities, including Level III and Level IV
- 6 residential treatment facilities, psychiatric residential treatment facilities
- 7 (PRTFs), medical management and crisis stabilization facilities, and facilities
- 8 providing inpatient substance use disorder treatment.

9 **SECTION 39.21.(c)** Eligible Direct Care Workers. – An eligible provider shall  
10 designate its employees who are direct care workers eligible for the one-time bonus payment  
11 program authorized by this section. Only employees who meet all of the following criteria may  
12 be so designated by an eligible provider:

- 13 (1) The employee is a direct care worker as determined by DHHS. DHHS shall  
14 include workers who do at least one of the following in the definition of direct  
15 care worker:
  - 16 a. Interact directly with patients or clients.
  - 17 b. Provide direct care support services at a licensed health care facility.
- 18 (2) The employee has been employed by the same eligible provider since March  
19 10, 2020, through August 1, 2021.
- 20 (3) The employee has worked at least 1,000 hours providing direct care services  
21 between March 10, 2020, and August 1, 2021.
- 22 (4) The employee is not an employee of the State or otherwise eligible for any  
23 employment-related bonus under this act.

24 **SECTION 39.21.(d)** Procedure to Participate. – To participate in the one-time bonus  
25 payment program, each eligible provider shall submit the number of direct care workers the  
26 provider has designated as eligible, including a description of the position held by any direct care  
27 worker the provider has designated as eligible that supports designation that the position meets  
28 the criteria of direct care worker, to DHHS by no later than September 1, 2021. Prior to receiving  
29 any funds, the eligible provider shall submit an attestation that any funds received in accordance  
30 with this section shall be provided directly to designated eligible direct care workers by no later  
31 than November 1, 2021.

32 Upon receipt of the information and attestation required by this subsection from an  
33 eligible provider, and no later than October 1, 2021, DHHS shall review the submitted  
34 information provided against historical Medicaid and NC Health Choice claims data of that  
35 eligible provider to evaluate the reasonableness of the submitted number of direct care workers  
36 designated as eligible for the one-time bonus payment under this section. No payment shall be  
37 made to an eligible employer until all information submitted is reviewed and the total number of  
38 potential eligible direct care workers is ascertained. If, based upon the information submitted by  
39 a provider, DHHS determines that the number of direct care workers designated is not correct or  
40 that the provider is not an eligible provider, then, by no later than October 15, 2021, DHHS shall  
41 provide notice to the provider and include the reason for the determination and the number of  
42 eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes  
43 any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to  
44 make full payment as was applied for in case that determination is later modified.

45 No later than October 15, 2021, DHHS shall issue a one-time payment, including  
46 associated payroll costs, to each eligible provider in the amount required to provide bonuses to  
47 eligible direct workers, subject to the other requirements of this section.

48 **SECTION 39.21.(e)** Bonus Amount Calculation. – Subject to the requirements of  
49 subsection (d) of this section, the amount of the one-time bonus available for eligible direct care  
50 workers shall be calculated as the lesser of the following amounts:

(1) One hundred thirty-three million dollars (\$133,000,000) minus both the amount used by DHHS for administration of this one-time bonus payment program and the amount determined to be necessary to cover the associated payroll costs for each eligible provider divided by the total number of direct care workers designated by eligible providers as eligible employees.

(2) Two thousand dollars (\$2,000).

**SECTION 39.21.(f)** Any funds remaining after all payments are made to eligible providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

**SECTION 39.21.(g)** Nothing in this section shall be construed to create an entitlement to the distribution of funds by DHHS under this section.

**SALARY-RELATED CONTRIBUTIONS**

**SECTION 39.22.(a)** Effective for the 2021-2023 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

**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:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
Retirement	16.38%	16.38%	6.84%	40.02%	28.43%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.66%
Retiree Health	6.26%	6.26%	6.26%	6.26%	6.26%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>22.86%</b>	<b>27.86%</b>	<b>13.19%</b>	<b>46.28%</b>	<b>35.35%</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:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
--	-------------------------------------	-------------------	-------------	-------------	------------

	<b>Employees</b>				
1 Retirement	16.73%	16.73%	6.84%	40.63%	27.83%
2 Disability	0.09%	0.09%	0.09%	0.00%	0.00%
3 Death	0.13%	0.13%	0.00%	0.00%	0.66%
4 Retiree Health	6.53%	6.53%	6.53%	6.53%	6.53%
5 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
6					
7					
8 <b>Total Contribution</b>					
9 <b>Rate</b>	23.48%	28.48%	13.46%	47.16%	35.02%

10 The rate for teachers and State employees and State law enforcement officers includes  
 11 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

12 **SECTION 39.22.(d)** Effective July 1, 2021, the maximum annual employer  
 13 contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina  
 14 State Health Plan for Teachers and State Employees for each covered employee and the average  
 15 covered retiree are as follows:

- 16 (1) For employees, six thousand nine hundred ninety-six dollars (\$6,996).
- 17 (2) For retirees, four thousand eight hundred forty dollars (\$4,840). In applying  
 18 this subdivision, the annual employer contribution for the average retiree shall  
 19 be calculated assuming the retiree enrollment counts remain at the April 2021  
 20 level throughout the 2021-2022 fiscal year.

21 **SECTION 39.22.(e)** Effective July 1, 2022, the maximum annual employer  
 22 contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina  
 23 State Health Plan for Teachers and State Employees for each covered employee or retiree are as  
 24 follows:

- 25 (1) For employees, seven thousand two hundred ninety-seven dollars (\$7,297).
- 26 (2) For retirees, five thousand forty-nine dollars (\$5,049).

27  
 28 **ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE**  
 29 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
 30 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**  
 31 **RETIREMENT SYSTEM**

32 **SECTION 39.23.(a)** G.S. 135-5 is amended by adding new subsections to read:

33 "(xxx) On or before October 31, 2021, a one-time cost-of-living supplement payment shall  
 34 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose  
 35 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)  
 36 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not  
 37 be prorated for date of retirement commencement. If the beneficiary dies before the payment is  
 38 made, then the payment shall be payable to the member's legal representative. No beneficiary  
 39 shall be deemed to have acquired a vested right to any future supplemental payments.

40 (yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living  
 41 supplement payment shall be made to or on account of beneficiaries who are living as of  
 42 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The  
 43 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as  
 44 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the  
 45 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
 46 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
 47 supplemental payments."

48 **SECTION 39.23.(b)** G.S. 135-65 is amended by adding new subsections to read:

49 (ii) On or before October 31, 2021, a one-time cost-of-living supplement payment shall  
 50 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose  
 51 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)

1 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not  
2 be prorated for date of retirement commencement. If the beneficiary dies before the payment is  
3 made, then the payment shall be payable to the member's legal representative. No beneficiary  
4 shall be deemed to have acquired a vested right to any future supplemental payments.

5 (jj) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living  
6 supplement payment shall be made to or on account of beneficiaries who are living as of  
7 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The  
8 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as  
9 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the  
10 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
11 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
12 supplemental payments."

13 **SECTION 39.23.(c)** G.S. 120-4.22A is amended by adding new subsections to read:

14 "(cc) In accordance with subsection (a) of this section, on or before October 31, 2021, a  
15 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who  
16 are living as of September 1, 2021, and whose retirement commenced on or before September 1,  
17 2021. The payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance  
18 payable as of September 1, 2021, and shall not be prorated for date of retirement commencement.  
19 If the beneficiary dies before the payment is made, then the payment shall be payable to the  
20 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to  
21 any future supplemental payments.

22 (dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or  
23 before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on  
24 account of beneficiaries who are living as of September 1, 2022, and whose retirement  
25 commenced on or before September 1, 2022. The payment shall be two percent (2.0%) of the  
26 beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be  
27 prorated for date of retirement commencement. If the beneficiary dies before the payment is  
28 made, then the payment shall be payable to the member's legal representative. No beneficiary  
29 shall be deemed to have acquired a vested right to any future supplemental payments."

30 **SECTION 39.23.(d)** Notwithstanding any other provision of law to the contrary, in  
31 order to administer the one-time cost-of-living supplement for retirees provided for in  
32 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department  
33 of State Treasurer may increase receipts from the retirement assets of the corresponding  
34 retirement system or pay costs associated with the administration of the payment directly from  
35 the retirement assets.

## 36 37 **INCREASE IN IN-SERVICE DEATH BENEFITS FOR MEMBERS OF THE** 38 **LEGISLATIVE RETIREMENT SYSTEM**

39 The General Assembly of North Carolina enacts:

40 **SECTION 39.24.(a)** G.S. 120-4.27 reads as rewritten:

41 "**§ 120-4.27. Death benefit.**

42 ~~The designated beneficiary of a member who dies while in service after completing one year~~  
43 ~~of creditable service shall receive a lump sum payment of an amount equal to the deceased~~  
44 ~~member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For~~  
45 ~~purposes of this death benefit "in service" means currently serving as a member of the North~~  
46 ~~Carolina General Assembly. "In service" also means service in the Uniformed Services, as that~~  
47 ~~term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment~~  
48 ~~Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the~~  
49 ~~participant does not return immediately after that service to employment with a covered employer~~  
50 ~~in this System, then the participant shall be deemed "in service" until the date on which the~~

1 participant was first eligible to be separated or released from his or her involuntary military  
2 service.

3 (a) Death Benefit Generally. – The death benefit provided by this section shall be  
4 designated a group life insurance benefit payable under an employee welfare benefit plan that is  
5 separate and apart from the Retirement System but under which the members of the Retirement  
6 System shall participate and be eligible for group life insurance benefits. The Board of Trustees  
7 is authorized to provide the death benefit in the form of group life insurance either by purchasing  
8 a contract or contracts of group life insurance with any life insurance company or companies  
9 licensed and authorized to transact business in the State of North Carolina for the purpose of  
10 insuring the lives of qualified members in service, or by establishing or affiliating with a separate  
11 trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

12 (b) Death While in Service. – The designated beneficiary of a member who dies while in  
13 service after completing one year of creditable service shall receive a lump-sum payment of fifty  
14 thousand dollars (\$50,000). For purposes of this section, the phrase "in service" means a member  
15 who is either of the following:

16 (1) Currently serving as a member of the North Carolina General Assembly.

17 (2) Engaged in service in the Uniformed Services, as that term is defined in  
18 section 4303(16) of the Uniformed Services Employment and Reemployment  
19 Rights Act, Public Law 103-353, if that service begins during the member's  
20 term of office. If the member does not return immediately after that service in  
21 the Uniformed Services to employment with a covered employer in the  
22 Retirement System, then the member shall be deemed to have been "in  
23 service" until the date on which the member was first eligible to be separated  
24 or released from involuntary military service.

25 (c) Death of a Retired Member. – Upon receipt of ~~proof,~~ proof satisfactory to the Board  
26 of ~~Trustees,~~ Trustees of the death of a retired member of the Retirement System or Retirement  
27 ~~Fund-Fund,~~ Fund, a death benefit shall be paid as follows:

28 (1) If the death of the retired member occurs on or after July 1, 1988, but before  
29 January 1, 1999, ~~there shall be paid~~ a death benefit shall be paid to the  
30 surviving spouse of ~~a~~ the deceased retired member, or to the deceased retired  
31 member's legal representative if not survived by a spouse; provided the retired  
32 member has elected, when first eligible, to make, and has continuously made,  
33 in advance of ~~his~~ the member's death required contributions as determined by  
34 the Retirement System on a fully contributory basis, through retirement  
35 allowance deductions or other methods adopted by the Retirement System, to  
36 a group death benefit trust fund administered by the Board of Trustees  
37 separate and apart from the Retirement System's Annuity Savings Fund and  
38 Pension Accumulation Fund. This death benefit shall be a lump-sum payment  
39 in the amount of five thousand dollars (\$5,000) upon the completion of  
40 twenty-four months of ~~contributions required under this subsection.~~ required  
41 contributions. Should death occur before the completion of twenty-four  
42 months of ~~contributions required under this subsection,~~ required  
43 contributions, the deceased retired member's surviving spouse or legal  
44 representative if not survived by a spouse shall be paid the sum of the retired  
45 member's contributions required by this ~~subsection~~ subdivision plus interest  
46 to be determined by the Board of Trustees.

47 (2) Upon receipt of ~~proof,~~ proof, satisfactory to the Board of Trustees, of the death of a  
48 retired member of the Retirement System or Retirement Fund ~~If the death of~~  
49 the retired member occurs on or after January 1, 1999, but before July 1, 2004,  
50 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a  
51 the deceased retired member, or to the deceased retired member's legal



1 representative if not survived by a spouse; provided the retired member has  
2 elected, when first eligible, to make, and has continuously made, in advance  
3 of ~~his—the member's~~ death required contributions as determined by the  
4 Retirement System on a fully contributory basis, through retirement allowance  
5 deductions or other methods adopted by the Retirement System, to a group  
6 death benefit trust fund administered by the Board of Trustees separate and  
7 apart from the Retirement System's Annuity Savings Fund and Pension  
8 Accumulation Fund. This death benefit shall be a lump-sum payment in the  
9 amount of six thousand dollars (\$6,000) upon the completion of 24 months of  
10 ~~contributions required under this subsection.~~ required contributions. Should  
11 death occur before the completion of 24 months of ~~contributions required~~  
12 ~~under this subsection,~~ required contributions, the deceased retired member's  
13 surviving spouse or legal representative if not survived by a spouse shall be  
14 paid the sum of the retired member's contributions required by this ~~subsection~~  
15 subdivision plus interest to be determined by the Board of Trustees.

16 (3) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~  
17 ~~retired member of the Retirement System or Retirement Fund~~ If the death of  
18 the retired member occurs on or after July 1, 2004, but before July 1, 2007,  
19 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a  
20 the deceased retired member, or to the deceased retired member's legal  
21 representative if not survived by a spouse; provided the retired member has  
22 elected, when first eligible, to make, and has continuously made, in advance  
23 of ~~his—the member's~~ death required contributions as determined by the  
24 Retirement System on a fully contributory basis, through retirement allowance  
25 deductions or other methods adopted by the Retirement System, to a group  
26 death benefit trust fund administered by the Board of Trustees separate and  
27 apart from the Retirement System's Annuity Savings Fund and Pension  
28 Accumulation Fund. This death benefit shall be a lump-sum payment in the  
29 amount of nine thousand dollars (\$9,000) upon the completion of 24 months  
30 of ~~contributions required under this subsection.~~ required contributions. Should  
31 death occur before the completion of 24 months of ~~contributions required~~  
32 ~~under this subsection,~~ required contributions, the deceased retired member's  
33 surviving spouse or legal representative if not survived by a spouse shall be  
34 paid the sum of the retired member's contributions required by this ~~subsection~~  
35 subdivision plus interest to be determined by the Board of Trustees.

36 (4) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~  
37 ~~retired member of the Retirement System or Retirement Fund~~ If the death of  
38 the retired member occurs on or after July 1, 2007, but before January 1, 2015,  
39 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a  
40 the deceased retired member, or to the deceased retired member's legal  
41 representative if not survived by a spouse; provided the retired member has  
42 elected, when first eligible, to make, and has continuously made, in advance  
43 of ~~his—the member's~~ death required contributions as determined by the  
44 Retirement System on a fully contributory basis, through retirement allowance  
45 deductions or other methods adopted by the Retirement System, to a group  
46 death benefit trust fund administered by the Board of Trustees separate and  
47 apart from the Retirement System's Annuity Savings Fund and Pension  
48 Accumulation Fund. This death benefit shall be a lump-sum payment in the  
49 amount of ten thousand dollars (\$10,000) upon the completion of 24 months  
50 of ~~contributions required under this subsection.~~ required contributions. Should  
51 death occur before the completion of 24 months of ~~contributions required~~

1 ~~under this subsection, required contributions,~~ the deceased retired member's  
 2 surviving spouse or legal representative if not survived by a spouse shall be  
 3 paid the sum of the retired member's contributions required by this ~~subsection~~  
 4 subdivision plus interest to be determined by the Board of Trustees.

5 (5) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~  
 6 ~~retired member of the Retirement System or Retirement Fund. If the death of~~  
 7 ~~the retired member occurs on or after January 1, 2015, there shall be paid a~~  
 8 death benefit shall be paid to the person or persons designated by the member  
 9 or, if the member has not designated a beneficiary, to the surviving spouse of  
 10 the deceased retired member or, if not survived by a designated beneficiary or  
 11 spouse, to the deceased retired member's legal representative; provided the  
 12 retired member has elected, when first eligible, to make, and has continuously  
 13 made, in advance of the member's death required contributions as determined  
 14 by the Retirement System on a fully contributory basis, through retirement  
 15 allowance deductions or other methods adopted by the Retirement System, to  
 16 a group death benefit trust fund, the North Carolina Teachers' and State  
 17 Employees' Benefit Trust, administered by the Board of Trustees separate and  
 18 apart from the Retirement System's Annuity Savings Fund and Pension  
 19 Accumulation Fund. ~~Employer and non-employer contributions to the Benefit~~  
 20 ~~Trust and earnings on those contributions are irrevocable. The assets of the~~  
 21 ~~Benefit Trust are dedicated to providing benefits to members and beneficiaries~~  
 22 ~~in accordance with the Plan's benefit terms. The assets of the Benefit Trust are~~  
 23 ~~not subject to the claims of creditors of the employees and non-employees~~  
 24 ~~making contributions to the Benefit Trust, are not subject to the claims of any~~  
 25 ~~creditors of the Benefit Trust's trustees and administrators, and are not subject~~  
 26 ~~to the claims of creditors of members and beneficiaries. Benefit Trust assets~~  
 27 ~~may be used for reasonable expenses to administer benefits provided by the~~  
 28 ~~Fund as approved by the Board of Trustees. The death benefit payable under~~  
 29 ~~this subsection-subdivision shall be a lump-sum payment in the amount of ten~~  
 30 ~~thousand dollars (\$10,000) upon the completion of 24 months of ~~contributions~~~~  
 31 ~~required under this subsection. required contributions. Should death occur~~  
 32 ~~before the completion of 24 months of ~~contributions required under this~~~~  
 33 ~~subsection, required contributions,~~ the deceased retired member's designated  
 34 beneficiary or beneficiaries, or surviving spouse if not survived by a  
 35 designated beneficiary, or legal representative if not survived by a designated  
 36 beneficiary or spouse, shall be paid the sum of the retired member's  
 37 contributions required by this ~~subsection-subdivision~~ plus interest to be  
 38 determined by the Board of Trustees."

39 **SECTION 39.24.(b)** Subsection (a) of this section is retroactively effective to  
 40 January 1, 2020, and applies to eligible deaths occurring on or after that date.

41 **SECTION 39.24.(c)** Of the funds appropriated in this act to the General Assembly,  
 42 the sum of thirty-five thousand eight hundred thirty eight dollars (\$35,838) in nonrecurring funds  
 43 for the 2021-2022 fiscal year shall be used to make a contribution to the Teachers' and State  
 44 Employees' Benefit Trust by December 31, 2021, to fund the increase in the Legislative  
 45 Retirement System death benefit authorized under G.S. 120-4.27, as amended by subsection (a)  
 46 of this act.

47 **SECTION 39.24.(d)** Except as otherwise provided, this section is effective when it  
 48 becomes law.

49  
 50 **ESTABLISH NC RETIREMENT HEALTH REIMBURSEMENT ARRANGEMENT**

1 SECTION 39.25.(a) Chapter 135 of the General Statutes is amended by adding a  
2 new Article to read:

3 "Article 3C.

4 "NC Retirement Health Reimbursement Arrangement.

5 "Part 1. General.

6 **"§ 135-49.1. Definitions.**

- 7 (1) Eligible retiree. – A retired employee of an employing entity or a retired  
8 member of the General Assembly who meets all of the following:  
9 a. Is receiving monthly retirement benefits from the Teachers' and State  
10 Employees' Retirement System, the Consolidated Judicial Retirement  
11 System, the Legislative Retirement System, or the Optional  
12 Retirement Programs established under G.S. 135-5.1 and  
13 G.S. 135-5.4.  
14 b. Either (i) first earned contributory retirement service in one of the  
15 retirement systems listed in sub-subdivision a. of this subdivision after  
16 January 1, 2021, or (ii) earned contributory retirement service in one  
17 of those retirement systems prior to January 1, 2021, but withdrew that  
18 service and later became a member of one of the retirement systems  
19 again on or after January 1, 2021.  
20 c. Is not eligible for participation in the State Health Plan for Teachers  
21 and State Employees.  
22 (2) Employee. – Any permanent (i) full-time employee or (ii) part-time employee  
23 who is designated as half-time or more of an employing entity.  
24 (3) Employing entity. – An entity participating in the Teachers' and State  
25 Employees' Retirement System, the Consolidated Judicial Retirement System,  
26 or the Optional Retirement Programs established under G.S. 135-5.1 and  
27 G.S. 135-5.4.  
28 (4) Health reimbursement arrangement or HRA. – A retiree-only health  
29 reimbursement arrangement that, in accordance with 29 U.S.C. § 1191a, is not  
30 subject to the requirements of Part 7 of Subtitle B of Subchapter I of Chapter  
31 18 of Title 29 of the United States Code.  
32 (5) NC Retirement HRA Fund. – The trust fund established under G.S. 135-49.60.  
33 (6) Participant. – An eligible retiree who is currently participating in the NC  
34 Retirement HRA.  
35 (7) Potential participant. – An active employee or a member of the General  
36 Assembly who either (i) first earned service in the Teachers' and State  
37 Employees' Retirement System, the Consolidated Judicial Retirement System,  
38 the Legislative Retirement System, or the Optional Retirement Programs  
39 established under G.S. 135-5.1 and G.S. 135-5.4 on or after January 1, 2021,  
40 or (ii) earned service prior to January 1, 2021, but withdrew that service and  
41 later became a member of one of the retirement systems again on or after  
42 January 1, 2021. Any individual eligible for participation in the State Health  
43 Plan for Teachers and State Employees upon retirement is not a potential  
44 participant.

45 **"§ 135-49.5. Creation and administration.**

- 46 (a) There is established a retiree-only health reimbursement arrangement known as the  
47 NC Retirement HRA. Prior to enrolling in the NC Retirement HRA, an eligible retiree shall be  
48 required to meet all criteria for participation under this Article.  
49 (b) The NC Retirement HRA shall be administered by the State Treasurer in accordance  
50 with this Article.  
51 (c) The State Treasurer may adopt rules implementing this Article.

1        (d) In issuing the NC Retirement HRA plan documents, the State Treasurer shall ensure  
2 that it is clear that the NC Retirement HRA is a retiree-only HRA.

3        (e) Contracts for administration of the NC Retirement HRA, governmental filings  
4 associated with the NC Retirement HRA, and the administration of the NC Retirement HRA plan  
5 itself shall be clearly separate from any benefit administered to non-retirees by the Department  
6 of State Treasurer.

7 **"§ 135-49.10. No entitlement.**

8        (a) The General Assembly reserves the right to alter, amend, or repeal this Article. If the  
9 General Assembly exercises this right, then, notwithstanding any representation in any plan  
10 document issued pursuant to this Article or any other representations that may be made, no  
11 employee or retiree shall have an entitlement, contract right, or any other right to any benefit  
12 created under this Article.

13        (b) The State Treasurer may amend or repeal any rules adopted under this Article.

14        (c) This Article shall create no private cause of action to enforce its provisions in any  
15 court of law or any other forum against the State, its agencies, departments, or institutions, or  
16 any other officer, employee, or agent thereof.

17                    "Part 2. Participation in the NC Retirement HRA Provisions.

18 **"§ 135-49.15. Participation in the NC Retirement HRA.**

19        (a) In order to be eligible for participation in the NC Retirement HRA, an eligible retiree  
20 must meet all of the following criteria:

21            (1) The eligible retiree was an employee of an employing entity or a member of  
22 the General Assembly during a period in which the General Assembly  
23 assigned an NC Retirement HRA credit amount under G.S. 135-49.25(a).

24            (2) During any period of participation, the eligible retiree has not returned to work  
25 at any employing entity and is not currently being paid for any work by any  
26 employing entity, regardless of whether that work earns service in the  
27 Teachers' and State Employees' Retirement System, the Consolidated Judicial  
28 Retirement System, or the Optional Retirement Programs established under  
29 G.S. 135-5.1 and G.S. 135-5.4.

30            (3) During any period of participation, the eligible retiree is not a member of the  
31 General Assembly.

32        (b) Upon the first day of the month after the month in which an eligible retiree with a full  
33 or reduced retirement benefit under the Teachers' and State Employees' Retirement System, the  
34 Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional  
35 Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4, an eligible retiree shall  
36 be enrolled as a participant in the NC Retirement HRA provided that eligible retiree meets all of  
37 the criteria for participation under this Article.

38 **"§ 135-49.20. Forfeiture of participation.**

39        (a) If a participant in the NC Retirement HRA dies, then the participant's individual NC  
40 Retirement HRA account is immediately forfeited, except to the extent provided under subsection  
41 (b) of this section.

42        (b) In the event of the death of a participant in the NC Retirement HRA, the participant's  
43 estate or representatives may submit claims for eligible expenses. Claims shall be submitted no  
44 later than 180 days after the participant's death.

45        (c) If any individual withdraws service earned in the Teachers' and State Employees'  
46 Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement  
47 System, or the Optional Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4,  
48 then any credit amounts attributable to that individual under this Article will be forfeited and no  
49 longer considered a period of employment under G.S. 135-49.15(a)(1). The following shall also  
50 apply:



(a) The NC Retirement HRA Fund is established as a trust fund in which accumulated contributions made under G.S. 135-49.40, and any earnings on those contributions, shall be deposited.

(b) The assets of the NC Retirement HRA Fund are dedicated to providing benefits to participants in the NC Retirement HRA in accordance with the NC Retirement HRA benefit terms, which may be amended in accordance with this Article.

(c) The Board of Trustees shall be the trustee for the NC Retirement HRA Fund.

(d) The assets of the NC Retirement HRA Fund are not subject to the claims of any of the following:

(1) Creditors of the employers making contributions to the Retirement HRA Fund.

(2) Creditors of the Fund's trustees and administrators.

(3) Creditors of account holders.

**"§ 135-49.65. Use of the NC Retirement HRA Fund funds.**

(a) Funds in the NC Retirement HRA Fund shall be used only for the NC Retirement HRA, including payment of any accrued reasonable investment and administrative expenses.

(b) No funds shall be made available to any eligible retiree unless that eligible retiree is a participant in the NC Retirement HRA."

**SECTION 39.25.(b)** G.S. 135-7(a) reads as rewritten:

"(a) Vested in Board of Trustees. – The Board of Trustees shall be the trustee of the several funds created by this Chapter as provided in this section and in ~~G.S. 135-8~~G.S. 135-8 and G.S. 135-49.4."

**SECTION 39.25.(c)** G.S. 147-69.2(a) is amended by adding a new subdivision to read:

"(24) The NC Retirement HRA Fund."

**SECTION 39.25.(d)** The NC Retirement HRA credit amount for the 2022 calendar year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C of Chapter 135 of the General Statutes, as enacted by this section.

**SECTION 39.25.(e)** The NC Retirement HRA credit amount for the 2023 calendar year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C of Chapter 135 of the General Statutes, as enacted by this section.

**SECTION 39.25.(f)** This section becomes effective January 1, 2022.

**PART XL. CAPITAL**

**CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS APPROPRIATIONS**

**SECTION 40.1.(a)** The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
Administrative Office of the Courts–	
Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
Department of Agriculture and Consumer Services	
Eaddy Building–Addition & Renovation	DACs21-1
Tidewater Research Station–Swine Unit Replacements	DACs21-2
NCFS–County Offices	DACs21-3
NCFS–Region 1 Headquarters	DACs21-4
Mountain Island State Forest—Improvements	DACs21-5
Commissioner Troxler Building–New Chiller	DACs21-6

1		
2	Department of Labor	
3	Be Pro Be Proud–Skilled Trade Program Equipment	DOL21-1
4		
5	Department of Health and Human Services	
6	New Broughton Hospital–	
7	New Maintenance Facility	DHHS21-1
8		
9	Department of Environmental Quality	
10	Reedy Creek Laboratory	DEQ21-1
11	Water Resources Development Projects	DEQ-WRD21
12		
13	Department of Natural and Cultural Resources	
14	NC Museum of Art–Light Control	DNCR21-1
15	NC Museum of Art–Amphitheater Restoration	DNCR21-2
16	NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3
17	Fort Fisher Historic Site–New Visitor Center	DNCR21-4
18	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
19	NC Zoo–Asia/Australia Exhibits	DNCR21-6
20	NC Zoo–Parking/Trams	DNCR21-7
21	NC Transportation Museum–Powerhouse Renovation	DNCR21-8
22	Thomas Day House	DNCR21-9
23	Graveyard of the Atlantic	DNCR21-10
24	Historic Sites	DNCR21-11
25	Pisgah View State Park	DNCR21-12
26	NC Museum of History–Expansion	DNCR21-13
27	NC Transportation Museum–Train Shed Renovation	DNCR21-14
28	NC Museum of Art–Science Laboratory & Education Center	DNCR21-15
29	NC Museum of Art–The Porch venue	DNCR21-16
30	NC Museum of Art–Community Arts & Education Center	DNCR21-17
31	NC Museum of Art–Repairs & Renovations	DNCR21-18
32		
33	Department of Administration	
34	DHHS/Dix Campus Relocation	DOA21-1
35	Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2
36	State Gov't. Complex Chiller Plant	DOA21-3
37	DHHS/Utility Infrastructure Support	DOA21-4
38		
39	Department of Insurance	
40	Office of State Fire Marshal–	
41	Land Development & Training Center	DOI21-1
42		
43	Department of Public Instruction	
44	Center for the Advancement of Teaching	DPI21-1
45		
46	Department of Public Safety	
47	Richmond Regional JDC–Raise the Age Renovations	DPS21-1
48	Samarcand–Live Fire Training Building	DPS21-2
49	Samarcand–Driving Track	DPS21-3
50	Samarcand–Parking Lot	DPS21-4
51	East Montgomery–Safer Schools Training Academy	DPS21-5

1	State Highway Patrol–	
2	Viper Building	DPS21-6
3	Garner Road Armory	DPS21-7
4	State Bureau of Investigation–	
5	Headquarters & Building 12 Renovation	DPS21-9
6	National Guard–	
7	Federal Match Funding Pool	NG21-1
8	Nash County Readiness Center	NG21-2
9	Burke County Readiness Center	NG21-3
10	Guilford Regional Readiness Center	NG21-4
11		
12	General Assembly	
13	Renovations/Elevator Repair	NCGA21-1
14	Downtown Government Complex/Master Plan	NCGA21-2
15	Covered Walkway	NCGA21-3
16	Old State Capitol	NCGA21-4
17		
18	The University of North Carolina	
19	North Carolina State University–	
20	Apiculture Facility	UNC/NCS21-1
21	E-Sports Facility	UNC/NCS21-2
22	E-Sports Truck	UNC/NCS21-3
23	S.T.E.M. Building	UNC/NCS20-1
24	University of North Carolina at Chapel Hill–	
25	Business School	UNC/CH20-1
26	Nursing School Renovation	UNC/CH20-2
27	Ackland Art Museum	UNC/CH21-1
28	Elizabeth City State University–	
29	New Residence Hall	UNC/ECS21-1
30	Sky Bridge	UNC/ECS21-2
31	New Dining Facility	UNC/ECS21-3
32	Flight School	UNC/ECS21-4
33	Crime Lab	UNC/ECS21-5
34	Appalachian State University–	
35	Peacock Hall/Business	UNC/ASU21-1
36	North Carolina School of Science and Math-Morganton–	
37	Repair & Renovation and Wellness Center	UNC/SSM21-1
38	North Carolina Central University–	
39	Lab Equipment	UNC/NCC21-1
40	East Carolina University–	
41	Brody School of Medicine	UNC/ECU21-1
42	University of North Carolina at Pembroke–	
43	Health Sciences Center	UNC/PEM21-1
44	Fayetteville State University–	
45	Dormitories	UNC/FSU21-1
46	College of Education	UNC/FSU21-2
47	Parking Deck	UNC/FSU21-3
48	Western Carolina University–	
49	Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
50	Winston-Salem State University–	
51	K.R. Williams Auditorium	UNC/WSS21-1



1		
2	Repairs and Renovations-The University of North Carolina	UNC/R&R21
3	Repairs and Renovations-State Agencies (non-UNC)	R&R21
4	Community College Capital Allocations	CC21
5	UNC- Engineering North Carolina's Future	UNC/ENG21
6	Connect NC Bond Funds	CNC21
7	Historic Sites	HIST21
8	SCIF-Related Personnel	PERS21
9	OSBM Flexibility Funds	FLEX21

10           **SECTION 40.1.(b)** This subsection authorizes the following capital projects and  
 11 allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the  
 12 authorized projects. The authorizations provided in this subsection represent the maximum  
 13 amount of funding from the State Capital and Infrastructure Fund that may be expended on each  
 14 project. An additional action by the General Assembly is required to increase the maximum  
 15 authorization for any of the projects listed.

16           There is allocated from the State Capital and Infrastructure Fund to the Office of State  
 17 Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital  
 18 improvement project codes, as defined in subsection (a) of this section:

19 **Capital Improvements–**

20	State Capital and	Total	FY	FY
21	Infrastructure Fund	Project Authorization	2021-2022	2022-2023
22	AOC21-1	\$135,000	\$135,000	–
23	DACS21-1	1,632,000	1,632,000	–
24	DACS21-2	3,518,000	3,518,000	–
25	DACS21-3	4,000,000	4,000,000	–
26	DACS21-4	8,000,000	4,000,000	–
27	DACS21-5	1,500,000	1,500,000	–
28	DACS21-6	2,400,000	2,400,000	–
29	DOL21-1	5,000,000	5,000,000	–
30	DHHS21-1	1,600,000	1,600,000	–
31	DEQ21-1	55,000,000	5,500,000	13,750,000
32	DEQ-WRD21	N/A	44,469,664	35,231,560
33	DNCR21-1	1,000,000	1,000,000	–
34	DNCR21-2	4,448,102	4,448,102	–
35	DNCR21-3	2,500,000	2,500,000	–
36	DNCR21-4	8,000,000	4,000,000	–
37	DNCR21-5	10,000,000	5,000,000	5,000,000
38	DNCR21-6	75,000,000	41,233,563	33,766,437
39	DNCR21-7	5,000,000	5,000,000	–
40	DNCR21-8	4,000,000	4,000,000	–
41	DNCR21-9	800,000	800,000	–
42	DNCR21-10	4,200,000	4,200,000	–
43	DNCR21-11	15,000,000	15,000,000	–
44	DNCR21-12	12,200,000	9,000,000	3,200,000
45	DNCR21-13	60,000,000	8,000,000	15,000,000
46	DNCR21-14	6,000,000	6,000,000	–
47	DNCR21-15	6,500,000	6,500,000	–
48	DNCR21-16	5,000,000	5,000,000	–
49	DNCR21-17	3,000,000	3,000,000	–
50	DNCR21-18	5,000,000	5,000,000	–
51	DOA21-1	244,000,000	50,000,000	60,500,000

1	DOA21-2	13,700,000	13,700,000	—
2	DOA21-3	21,875,000	10,286,748	11,588,252
3	DOA21-4	5,000,000	5,000,000	—
4	DOI21-1	3,500,000	3,500,000	—
5	DPI21-1	23,416,952	19,482,815	3,934,137
6	DPS21-1	10,702,952	10,702,952	—
7	DPS21-2	1,831,000	1,831,000	—
8	DPS21-4	475,000	475,000	—
9	DPS21-5	4,170,000	4,170,000	—
10	DPS21-6	7,139,374	7,139,374	—
11	DPS21-7	17,845,933	8,922,967	8,922,967
12	DPS21-9	81,632,759	8,163,276	20,408,190
13	NG21-1	N/A	8,000,000	—
14	NG21-2	9,500,000	500,000	9,000,000
15	NG21-3	3,250,000	150,000	3,100,000
16	NG21-4	15,700,000	15,700,000	—
17	NCGA21-1	2,450,000	2,450,000	—
18	NCGA21-2	13,191,316	1,800,000	—
19	NCGA21-3	8,000,000	3,000,000	5,000,000
20	NCGA21-4	6,300,000	300,000	6,000,000
21	UNC/NCS21-1	4,000,000	4,000,000	—
22	UNC/NCS21-2	12,000,000	6,000,000	6,000,000
23	UNC/NCS21-3	4,000,000	4,000,000	—
24	UNC/NCS20-1	160,000,000	18,250,000	36,500,000
25	UNC/CH20-1	150,000,000	10,000,000	18,750,000
26	UNC/CH20-2	45,000,000	13,750,000	18,000,000
27	UNC/CH21-1	120,000,000	6,000,000	15,000,000
28	UNC/ECS21-1	40,000,000	10,000,000	30,000,000
29	UNC/ECS21-2	2,500,000	2,500,000	—
30	UNC/ECS21-3	7,500,000	7,500,000	—
31	UNC/ECS21-4	34,000,000	4,000,000	10,000,000
32	UNC/ECS21-5	2,500,000	2,500,000	—
33	UNC/ASU21-1	25,000,000	12,500,000	12,500,000
34	UNC/SSM21-1	12,000,000	12,000,000	—
35	UNC/NCC21-1	3,011,000	3,011,000	—
36	UNC/ECU21-1	215,000,000	21,500,000	53,750,000
37	UNC/PEM21-1	91,000,000	9,100,000	22,750,000
38	UNC/FSU21-1	40,000,000	4,000,000	10,000,000
39	UNC/FSU21-2	63,000,000	6,300,000	15,750,000
40	UNC/FSU21-3	10,000,000	10,000,000	—
41	UNC/WCU	9,200,000	9,200,000	—
42	UNC/WSS21-1	57,000,000	5,700,000	14,250,000
43	UNC/R&R21	N/A	250,000,000	250,000,000
44	R&R21	N/A	213,975,000	528,650,081
45	CC21	400,000,000	100,000,000	100,000,000
46	CNC21	258,000,000	182,333,333	17,491,667
47	PERS21	N/A	2,000,000	2,000,000
48	FLEX21	100,000,000	50,000,000	50,000,000
49	UNC/ENG21	90,000,000	45,000,000	45,000,000

50 **SECTION 40.1.(c)** Funds allocated for project codes R&R21 and UNC/R&R21 in  
51 subsection (b) of this section for the 2021-2023 fiscal biennium shall be utilized for repairs and

1 renovations pursuant to G.S. 143C-8-13. The cost for any single repair and renovation project  
2 for a State agency other than The University of North Carolina that is not otherwise specifically  
3 authorized in this Part shall not exceed fifteen million dollars (\$15,000,000). The Office of State  
4 Budget and Management shall consult with or report to the Joint Legislative Commission on  
5 Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of  
6 Governors shall report to the Joint Legislative Commission on Governmental Operations in  
7 accordance with G.S. 143C-8-13(b).

8 **SECTION 40.1.(c1)** Of the funds allocated for project code R&R21, the following  
9 sums shall be allocated for the following projects:

- 10 (1) One million six hundred seventy-three thousand five hundred dollars  
11 (\$1,673,500) for the 2021-2022 fiscal year to the Department of Justice for  
12 repairs and renovations at the Edneyville Justice Academy.
- 13 (2) Two million eight hundred thirty-six thousand nine hundred fifty-two dollars  
14 (\$2,836,952) for the 2021-2022 fiscal year to the Department of Justice for  
15 repairs and renovations at the Salemburg Justice Academy.
- 16 (3) Three million six hundred seventy-five thousand dollars (\$3,675,000) for the  
17 2021-2022 fiscal year to the Department of Health and Human Services for  
18 repair and renovation of the Avery Building on the Broughton Hospital  
19 campus.
- 20 (4) Five hundred thousand dollars (\$500,000) for each fiscal year of the  
21 2021-2023 fiscal biennium to the Department of Natural and Cultural  
22 Resources for repairs and renovations projects at Tryon Palace.
- 23 (5) Two million dollars (\$2,000,000) for the 2021-2022 fiscal year to the  
24 Department of Public Instruction for repairs and renovations of the historic  
25 Superintendent's House located on the campus of North Carolina School for  
26 the Deaf to preserve and enhance the existing structure and site for the  
27 preservation and display of artifacts and exhibits related to the history of  
28 Broughton Hospital and other historic structures in the area, and for use as a  
29 multipurpose venue.
- 30 (6) One million one hundred thousand dollars (\$1,100,000) for the 2021-2022  
31 fiscal year to the Department of Public Instruction for repairs and renovations  
32 to the chapel located on the campus of the North Carolina School for the Deaf.
- 33 (7) Four million five hundred thousand dollars (\$4,500,000) for the 2021-2022  
34 fiscal year to the Department of Public Safety for repairs and renovations  
35 related to the Safer Schools Training Academy.
- 36 (8) Three million six hundred forty thousand dollars (\$3,640,000) to the  
37 Department of Revenue for security improvements at various locations  
38 throughout the State.
- 39 (9) It is the intent of the General Assembly to provide repair and renovation  
40 funding to the Department of Administration for the Mail Service Center  
41 relocation project beginning with the 2023-2024 fiscal year.

42 **SECTION 40.1.(c2)** Of the funds allocated for project code UNC/R&R21, the  
43 following sums shall be allocated for the following projects:

- 44 (1) Thirty million dollars (\$30,000,000) for each fiscal year of the 2021-2023  
45 fiscal biennium to North Carolina State University for repairs and renovations  
46 to Dabney Hall.
- 47 (2) Ten million dollars (\$10,000,000) for the 2021-2022 fiscal year to North  
48 Carolina State University for repairs and renovations to Polk Hall.

49 **SECTION 40.1.(d)** The Board of Governors of The University of North Carolina  
50 shall utilize the funds allocated for project code UNC/R&R21 in subsection (b) of this section  
51 for the projects listed in this subsection. The Board of Governors may reallocate those funds in

accordance with G.S. 143C-8-13(b); provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution and the amount allocated for a specific project in this Part may not be reduced for any constituent institution. The Board of Governors is authorized to utilize funds allocated for project code UNC/R&R21 that are available after allocation for specific projects authorized in this Part and that exceed the amount needed to fund intended projects at the constituent institutions as listed in this subsection. The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to the projects listed in this subsection. The Board of Governors may prioritize funding for the following proposed projects that the General Assembly intends to fund through the 2023-2025 fiscal biennium:

<b>UNC Constituent Institution</b>	<b>Proposed Project Cost</b>
Appalachian State University–	
Wey Hall Envelope & Roof Repair	\$5,000,000
Wey Hall Partial Renovation–Building Systems	10,000,000
Walker Hall HVAC Repair & Upgrades	500,000
Walker Hall Envelope & Structural Repair	1,300,000
Campus-Wide Electronic Door Access Installation	1,500,000
Chapell Wilson Gutter/Soffit/Roof Replacement	600,000
Smith Wright Hall Roof Repair & Replacement	1,000,000
Holmes Convocation Center Chiller	200,000
BB Dougherty Chiller Repair	100,000
Facilities Operations/Motorpool Wall Repairs	300,000
John E. Thomas Chiller Compressor Upgrades	250,000
Anne Belk Hall Hot Water Piping Replacement	500,000
Edwin Duncan Hall HVAC & Lighting Improvements	800,000
John E. Thomas Envelope	300,000
Howard Street Hall Road Opening	200,000
Holmes Convocation Center VAV Replacement	150,000
Peacock Elevator Upgrade	200,000
University Hall Sprinkler System	250,000
Duncan Hall Renovation	20,000,000
<b>Total Proposed Project Authorizations- Appalachian State University</b>	<b>43,150,000</b>
East Carolina University–	
Brody High-Rise Code Compliance, Phase 2	6,000,000
Main Campus-College Hill Drive Steam, Phase 3	2,500,000
Whichard Building Comprehensive Renovation	10,000,000
Speight Building Roof, Window, & Envelope Replacement	4,000,000
Chilled Water Extension to Whichard & Graham	6,475,000
Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
Health Science Building Envelope Infiltration Repairs	5,000,000
Brody Building Freight Elevators-Emergency Power	250,000
Science & Technology–Replace Roof	400,000
Old Cafeteria Building–Install Steam Manhole & Replace Piping	300,000
Health Science Campus Catwalks/Central Utility Plant	225,000
Warren Life Sciences–Replace Roof–Section B	300,000
Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
Bate Upgrade Elevators (2)	350,000
Rivers–Replace Roof	300,000
Christenbury–Replace Roof	410,000
Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000

1	Brody Chilled Water Loop Valve Replacement	100,000
2	Jenkins Art North Building Envelope Repairs	1,750,000
3	McGinnis Scene Shop–Replace Roof	100,000
4	Brody–Inline Fan Replacement, Phase 1	200,000
5	Jenkins Art–Replace Distribution Sub Panels, Westside Jenkins Art	225,000
6	Messick–Upgrade/Replace Elevator	150,000
7	Building 127–Upgrade/Replace Elevator	150,000
8	Coastal Studies Annex–Repair & Coat Siding & Roofing	100,000
9	School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades	
10	(HVAC & Indoor Air Quality)	203,000
11	Main Campus Steam Plant–Install Steam Blanket for Boilers	100,000
12	McGinnis Auditorium–Upgrade/Replace Elevator	300,000
13	Brewster–HVAC Controls Optimization/D Wing	400,000
14	Greenville Centre–HVAC Controls Upgrade	
15	(Specific Remote Terminal Unit Variable Air Volumes)	300,000
16	Plate & Frame Heat Exchanger for Science & Technology/	
17	Central Chiller Plant w/Controls Upgrade	300,000
18	Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000
19	Carol Belk Building–HVAC System (Specific Variable Air Volume Integration)	300,000
20	Rivers Building–HVAC System (Specific Variable Air Volume)	300,000
21	Austin Building–Air Handlers Replacement	1,500,000
22	Warren Life Sciences–Extend Sprinkler System to Original Section	181,000
23	Building 43–Upgrade Freight Elevator/Replace Shaft and Jack	230,000
24	Main Campus–Replace Power Distribution System Steam Plant	250,000
25	Biotechnology Building–Upgrade Laboratory Exhaust System	452,000
26	Biotechnology Building–Replace Exhaust Fans	130,134
27	Repair & Repave Service Drive at West End Dining/	
28	Behind White Residence Hall	150,000
29	Wright Building/Wright Auditorium–Fire Alarm System Upgrade	300,000
30	Old Cafeteria & Ragsdale Annex–Replace Roof	240,000
31	Brody School of Medicine–Replace Computer Room Air Conditioning Units	200,000
32	Cotanche Data Center–Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
33	Howell Science Building South	30,000,000
34	<b>Total Proposed Project Authorizations- East Carolina University</b>	<b>93,335,134</b>
35	Elizabeth City State University–	
36	Repair Campus Main Switch	700,000
37	Repair Campus Pump Station	650,000
38	Infrastructure Upgrades–Water & Electrical, Phase 1	12,000,000
39	Emergency Generator Power–Operations	4,900,000
40	Emergency Generator Power–Residence Halls	2,100,000
41	Campus-Wide Lockdown System	2,000,000
42	Building Demolition (4 Buildings)	1,500,000
43	Butler Residence Hall Renovations	2,500,000
44	Underground Infrastructure–	
45	(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
46	Underground Infrastructure–	
47	(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
48	Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
49	Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
50	(Pool, flooring, ceilings & building envelope)	550,000
51	Fine Arts–Roof Replacement	200,000

1	Dixon Hall–Classroom & Laboratory Renovations	400,000
2	ITC–Air Handler Replacement	300,000
3	Lester Hall–Demolition	495,000
4	Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
5	<b>Total Proposed Project Authorizations- Elizabeth City State University</b>	<b>56,145,000</b>
6	Fayetteville State University–	
7	Lyons Science Renovation	1,500,000
8	Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
9	A.B. Rosenthal Building–Targeted Renovation	10,000,000
10	Campus-Wide Utility Infrastructure	9,950,000
11	Barber/Collins Admin Complex–Roof Replacement	200,000
12	Campus-Wide Exterior Lighting Retrofit	400,000
13	Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
14	Telecom–Roof Replacement	150,000
15	Butler–Roof Replacement	650,000
16	Chesnutt–MEP (Generator)	400,000
17	Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
18	University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000
19	FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
20	Harris CBE–Precast Concrete Structural Repair	100,000
21	Cook–Exterior Stairs & Patio Repairs	100,000
22	J. Knuckles Science Annex–Roof Replacement	150,000
23	H.T. Chick–Targeted Renovation	9,500,000
24	<b>Total Proposed Project Authorizations- Fayetteville State University</b>	<b>38,850,000</b>
25	North Carolina Agricultural & Technical State University–	
26	Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
27	Price Hall–Renovation, Phase 1	8,000,000
28	Marteena Hall Renovation	9,100,000
29	General Classroom, B Side–Roof Repairs	1,241,107
30	Boiler Replacement	1,459,200
31	Hines Hall–HVAC Modifications	300,000
32	Waterproofing Buildings	600,000
33	IRC Building–HVAC Repairs/Replacement	705,274
34	Dudley–HVAC Repairs/Controls	403,305
35	McNair Hall–HVAC Repairs	250,000
36	Elevator Repairs/Replacement	450,000
37	Campus-Wide Steam Leaks	500,000
38	Building Steam System Repairs	200,000
39	Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
40	Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
41	Window Replacement	200,000
42	1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
43	Asbestos Abatement	150,000
44	Campus-Wide–Back Flow Preventors	300,000
45	Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
46	Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
47	Price Hall Renovation, Phase 2	8,500,000
48	<b>Total Proposed Project Authorizations- North Carolina Agricultural &amp;</b>	
49	<b>Technical State University</b>	<b>53,558,886</b>
50	North Carolina Central University–	
51	Lee Biology Renovation	8,100,000

1	B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
2	Art Museum–Roof Replacement	250,000
3	Campus-Wide Steam System Repairs	
4	(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
5	Robinson Science Building–Repair & Restore Brick Façade	300,000
6	Hubbard Totton Building–Elevator Replacement	350,000
7	Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
8	William Jones Building–HVAC Upgrades	450,000
9	Walker PE Complex–Elevator Replacement	350,000
10	Sanitary Sewer System–	
11	(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
12	Roof Gutters & Vent Repairs	310,000
13	Taylor Building–Repair & Restore Brick Façade	161,000
14	Water System–Re-route South and East Sides/Increase Capacity	135,000
15	Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
16	Fire Alarm Systems Upgrades & Repairs	250,000
17	Steam Plant–Roof Repair	40,000
18	Asbestos/Mold Remediation & Contaminants Removal	300,000
19	Shepard Library–ITS/NOC/HVAC Upgrades	230,000
20	Fine Arts Building–Fire Alarm System Replacement	495,000
21	Miller Morgan Building–VFDs Replacement	80,000
22	B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
23	Edmonds Building–Brick Façade Repair & ADA Access	
24	(Ease of Entry & Code Compliant Steps and Handrails)	245,300
25	Taylor Education Building Renovation	13,750,000
26	<b>Total Proposed Project Authorizations- North Carolina Central University</b>	<b>53,300,000</b>
27	North Carolina School of Science and Mathematics–	
28	Campus-Wide HVAC Renovations	2,000,000
29	Chiller Replacement	3,000,000
30	Building Envelope Repairs	5,850,000
31	Cafeteria Renovation	2,500,000
32	Academic Commons & Dining Hall Renovation	12,400,000
33	<b>Total Proposed Project Authorizations- North Carolina School of Science &amp;</b>	
34	<b>Mathematics</b>	<b>25,750,000</b>
35	North Carolina State University–	
36	Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
37	Scott Hall–HVAC Renovation	5,000,000
38	Mann Hall–HVAC & Plumbing Renovation	10,000,000
39	Kilgore Hall–HVAC Renovation	10,000,000
40	North & Central Campus–Domestic Water Line Replacement	4,303,000
41	Poe Hall–Fire Protection Systems	3,500,000
42	Thomas Hall–HVAC Renovation	4,000,000
43	Research Building III–HVAC Upgrades	900,000
44	Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
45	Scott Hall Labs–Renovation	2,500,000
46	Brooks Hall–Renovation, Phase 1	1,500,000
47	Mann Hall–Electrical Upgrades	950,000
48	Thomas Hall Labs–Renovation	1,000,000
49	CVM Equine AHU Replacement	300,000
50	McKimmon–ADA Improvements/Restrooms	500,000
51	Morrill Drive Domestic Water Line Replacement	661,000

1	Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research–	
2	Fire Alarm Panel Replacement	250,000
3	Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
4	Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
5	Campus-Wide Asbestos Removal Steam System	650,000
6	Caldwell Hall–Pointing & Caulking	100,000
7	Research Building I–AHU Replacement	850,000
8	Research Building IV–HVAC Upgrades	1,100,000
9	Centennial Campus–Repair Steam Leaks	550,000
10	CVM Main–Fire Alarm Upgrade, Phase 3	400,000
11	Mann Hall–Fire Sprinkler System	500,000
12	Campus Steam Leak Repair–MH13	200,000
13	Gardner Labs–Renovation	480,000
14	Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
15	Campus Cooling Tower Refurbish at CBC	250,000
16	Biltmore–Code Deficiencies	2,000,000
17	Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
18	Campus Chilled Water System Improvements	575,000
19	Kilgore–Foundation Waterproofing	350,000
20	Cox–Pointing & Caulking	300,000
21	Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
22	Yarborough–Chiller Controls Upgrade	146,000
23	Campus Sewer Line Replacement/Court of NC	175,000
24	111 Lampe Drive Renovation	42,000,000
25	<b>Total Proposed Project Authorizations- North Carolina State University</b>	<b>102,404,000</b>
26	University of North Carolina at Asheville–	
27	Campus Safety Improvements, Access Control, Cameras	2,300,000
28	Campus Roadway Repairs	4,400,000
29	Campus-Wide–Arc Flash Compliance, Phase II	150,000
30	Replace & Upgrade Fueling Station/Compliant Storage Tanks & System	
31	(FCAP #31053)	150,000
32	Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
33	Replace Walkways in Tennent Park/ADA Accessible Path to	
34	Main Quadrangle/Carmichael Hall	250,000
35	Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
36	Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000
37	Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
38	Rework Intersection at Edgewood & University Heights	250,000
39	Utility Location Survey/Installation of Underground Utility Markers	200,000
40	Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
41	Underground Waterline Repairs–	
42	(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
43	Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
44	Campus-Wide–Install Sub-Metering in all Buildings:	
45	(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
46	Replace Sidewalks at Zageir Hall	150,000
47	Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
48	118 W.T. Weaver–HVAC Replacement	
49	(Replace Major HVAC Equip./Update Controls)	518,974
50	Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
51	Lipinsky Renovation	10,000,000



1	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
2	<b>Asheville</b>	<b>20,999,974</b>
3	University of North Carolina at Chapel Hill–	
4	Wilson Library–Means of Egress	9,300,000
5	Swain Hall–Targeted Renovation	5,800,000
6	Phillips Hall–1958 Central HVAC System	6,000,000
7	Hamilton Hall–Central HVAC System	8,800,000
8	Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
9	Wilson Library–1953 Central HVAC System AHU 3	4,000,000
10	462 Art Studio Bldg.–Steel Roof	219,772
11	12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
12	209 First Dental–Replace Roofing/Slate Roof	565,120
13	166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
14	625 ITS Building–Manning–Replace Roofing/Built-Up Roof	672,719
15	27 Memorial Hall–Replace Barrel Roof	330,000
16	226 Old Clinic–Replace Built-Up Roof	283,355
17	5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
18	228 Brinkhous-Bullitt Building–Electrical Service & Distribution	
19	(Replace Main/Sub-Distribution)	4,843,986
20	12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
21	12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
22	41 Coastal Process Environmental Health Lab Building–	
23	System Cumulative Deficiencies	675,000
24	13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
25	13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
26	3 Ackland Art Museum–Install Bldg. Automation System	236,625
27	13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
28	14 Dey Hall–Repair & Renovate Elevator #4576	407,206
29	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
30	AHU 01/Office, 1st Floor	255,456
31	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
32	AHU 02/Mail/Book Room, 1st Floor	272,402
33	462 Art Studio Building–Install Fire Sprinkler System	326,540
34	211 Brauer Hall–Fire Alarm Systems:	
35	Replace Fire Alarm Initiating Devices & Control Panel	565,868
36	13 Davie Hall–Fire Alarm Systems:	
37	Replace Fire Alarm Control Panel	135,985
38	498 Kenan Center–Fire Alarm Systems:	
39	Replace Initiating Devices & Control Panel	200,000
40	3 Ackland Art Museum–Air Handling Units:	
41	(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
42	24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
43	3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
44	328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
45	228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
46	229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
47	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
48	<b>Chapel Hill</b>	<b>61,348,094</b>
49	University of North Carolina at Charlotte–	
50	Atkins Library Tower–ADA & Elev.	10,000,000
51	Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000

1	Atkins Library Tower–Fire & Smoke Systems	3,840,000
2	Woodward–Controls & Lab HVAC Modernization	2,700,000
3	Friday–HVAC, Controls & Electrical Upgrade	9,700,000
4	Atkins–Roof	911,250
5	Reese–Roof	226,100
6	Reese–Fire Systems	773,500
7	Memorial Hall–Fire Systems	327,250
8	Duke–HVAC & Controls	654,500
9	Friday–Roof	1,011,000
10	RUP-2–HVAC & Controls	416,500
11	King–Fire Systems & Abatement	729,000
12	Fretwell–HVAC & Controls	1,574,009
13	Memorial Hall–Envelope	120,311
14	Memorial Hall–Roof	188,792
15	Reese–Envelope	995,269
16	King–Envelope	839,459
17	Grigg–HVAC & Controls	561,202
18	Friday–Fire Systems	631,072
19	Rowe–Elevators	156,334
20	Rowe–Electrical	154,042
21	Fretwell–Fire Systems	362,670
22	Cameron–Second Floor Renovation	19,100,000
23	Burson–Renovation	25,900,000
24	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
25	<b>Charlotte</b>	<b>87,822,260</b>
26	University of North Carolina at Greensboro–	
27	Coleman–Fire Alarm Replacement	2,440,000
28	Steam Distribution Replacement, Phase IV-B	1,550,000
29	Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
30	Petty Bldg.–Portico Waterproofing	712,031
31	MHRA Building–Fire Alarm System Replacement	985,327
32	Mossman Bldg.–Roof Replacement	773,128
33	Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
34	UNCG State Building–Exterior Envelope Repairs	762,000
35	Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
36	Replace Generator Diesel Fuel Tank	839,175
37	Campus-Wide–Replace Property-Line Fences/Replace Underground	
38	Piping for Roof Drainage	230,000
39	Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
40	Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
41	Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
42	Campus-Wide Walks and Hardscape Improvements	240,000
43	Campus-Wide Asbestos & Lead Abatement	240,000
44	Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
45	Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
46	Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
47	996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–	
48	Fire Alarm Upgrade	250,000
49	Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
50	Jackson Library–Renovation/Addition	81,000,000
51	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	

1	<b>Greensboro</b>	<b>104,264,845</b>
2	University of North Carolina at Pembroke–	
3	Jacobs Hall–Demolition/Site Restoration	1,250,000
4	Campus Roof Replacements	1,500,000
5	Campus Safety & Regional Emergency Response Center	4,480,000
6	Campus Gas Line Replacement	550,000
7	Jones Pool–HVAC Replacement	1,300,000
8	Livermore & Jones–Generator	424,500
9	Honors College–Renovation	250,000
10	Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
11	Education–Boiler Replacement	110,000
12	Chavis–Air Handlers	390,000
13	Moore Hall & Chavis–Boiler Replacement	190,000
14	Lumbee Hall & Old Main–Elevator Replacement	465,000
15	Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
16	Jones–Ceiling Repaint	110,000
17	Business Administration Renovation	12,500,000
18	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
19	<b>Pembroke</b>	<b>24,826,500</b>
20	University of North Carolina School of the Arts–	
21	Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
22	Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
23	Performance Place/Workplace/WPV–Roof Replacements	2,435,000
24	Gray Building–New Electrical Service Main	256,000
25	Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
26	Admin/Aquarius/Facilities/D&P Storage/Workplace West V/Demille–	
27	Install Exit/Egress Lighting	115,000
28	Workplace–Renovate Drama Studios	448,000
29	Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
30	Workplace–Renovate Drama Administrative Offices	323,000
31	Facilities Management–Install Shop Exhaust & Heating System	95,000
32	Gray Building–Remove Boilers	123,000
33	Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
34	Film Archives Building–A/C & Controls	485,000
35	Performance Place, Film 2–	
36	Provide Heating/Cooling to Control Booth and Foley Booth	87,000
37	Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
38	Film School–Paint Rooftop Components	81,000
39	Facilities Management–Resurface Drives/Vehicle Staging	75,000
40	Design & Production–Renovate Administrative/Faculty Offices	162,000
41	Design & Production–Mechanical System Retrocommissioning	134,000
42	Campus-Wide ADA/Misc. Improvements	39,000
43	Chapel St. Buildings–Roof Replacement	34,000
44	300 Waughtown–Exterior Waterproofing & Repairs	73,000
45	Film School, Building 3–Theater Dimmers	232,000
46	Hanes Student Commons–Motor Control Center	150,000
47	Commons Building–Upgrade Air Distribution & Controls	93,000
48	Commons–Partial Interior Renovation	75,000
49	Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
50	Stevens Center Renovation, Phase 1	25,000,000
51	<b>Total Proposed Project Authorizations- University of North Carolina School</b>	

1	<b>of the Arts</b>	<b>39,617,000</b>
2	University of North Carolina at Wilmington–	
3	Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
4	West Side Energy Plant Modernization	3,926,440
5	Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
6	Warehouse/Receiving–Replace Fire Alarm System	161,000
7	Telecommunications–Replace Fire Alarm System	62,000
8	Kenan Auditorium–Fire/Life Safety Improvements	75,000
9	Isaac Bear Bldg.–Fire Sprinkler	410,000
10	Alderman Hall–Replace Windows	280,000
11	Randall Library Renovation & Expansion	61,500,000
12	<b>Total Proposed Project Authorizations- University of North Carolina at</b>	
13	<b>Wilmington</b>	<b>78,844,440</b>
14	Western Carolina University–	
15	Killian Building–HVAC Upgrades/Window Replacement	3,570,000
16	Reid Building–Roof Replacement	2,520,000
17	Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
18	Moore Building–Infrastructure & Accessibility	4,200,000
19	HFR Building–Roof Replacement	660,000
20	Campus-Wide Fire Alarm System Upgrades	300,000
21	Reid Building–Gym Floor Replacement	275,000
22	Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
23	Facilities Management Building–Roof Replacement	193,000
24	Highlands Biological Station–Structural Repairs	250,000
25	Ramsey Activities Center–Elevator Replacement	250,000
26	HFR Building–Chiller Replacement	200,000
27	Old Student Union–Foundation & Exterior Repair	450,000
28	Hunter Library–Cooling Tower Replacement	175,000
29	Campus-Wide Egress Lighting/Exit Light Replacement	100,000
30	Moore Building Renovation	15,000,000
31	<b>Total Proposed Project Authorizations- Western Carolina University</b>	<b>38,243,000</b>
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	<b>Total Proposed Project Authorizations- Winston-Salem State University</b>	<b>21,445,000</b>
47	PBS North Carolina–	
48	Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
49	Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
50	Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
51	<b>Total Proposed Project Authorizations- PBS North Carolina</b>	<b>6,027,000</b>

1	North Carolina Arboretum–	
2	Infrastructure Restoration & Road Projects	1,000,000
3	<b>Total Proposed Project Authorizations- North Carolina Arboretum</b>	<b>1,000,000</b>
4	<b>SECTION 40.1.(e)</b> Of the funds in the State Capital and Infrastructure Fund	
5	allocated in subsection (b) of this section for project code CC21, the following amounts are	
6	allocated for capital improvement projects at community colleges in this State in the aggregate	
7	amount of four hundred million dollars (\$400,000,000). Funds allocated pursuant to this	
8	subsection shall be used for the purpose of issuing allotted proceeds to community colleges for	
9	new construction or rehabilitation of existing facilities and repairs and renovations in accordance	
10	with the following:	
11	<b>Community College</b>	<b>Proceeds Allotment</b>
12	Alamance CC	\$ 7,938,704
13	Asheville-Buncombe TCC	\$ 8,265,643
14	Beaufort County CC	\$ 4,149,414
15	Bladen CC	\$ 3,520,119
16	Blue Ridge CC	\$ 2,905,574
17	Brunswick CC	\$ 2,278,736
18	Caldwell CC and TI	\$ 6,909,954
19	Cape Fear CC	\$ 9,986,372
20	Carteret CC	\$ 3,375,700
21	Catawba Valley CC	\$ 8,655,880
22	Central Carolina CC	\$10,031,233
23	Central Piedmont CC	\$20,000,000
24	Cleveland CC	\$ 7,598,247
25	Coastal Carolina CC	\$ 8,460,455
26	College of the Albemarle	\$ 6,376,529
27	Craven CC	\$ 5,765,056
28	Davidson County CC	\$ 6,755,089
29	Durham TCC	\$ 6,188,478
30	Edgecombe CC	\$ 5,417,837
31	Fayetteville TCC	\$20,000,000
32	Forsyth TCC	\$14,572,113
33	Gaston College	\$ 9,009,858
34	Guilford TCC	\$19,525,968
35	Halifax CC	\$ 2,996,526
36	Haywood CC	\$ 2,105,434
37	Isothermal CC	\$ 5,007,321
38	James Sprunt CC	\$ 3,144,017
39	Johnston CC	\$ 5,111,793
40	Lenoir CC	\$11,826,322
41	Martin CC	\$ 2,190,242
42	Mayland CC	\$ 3,829,850
43	McDowell TCC	\$ 2,173,649
44	Mitchell CC	\$ 3,397,210
45	Montgomery CC	\$ 1,860,231
46	Nash CC	\$ 7,753,111
47	Pamlico CC	\$ 1,222,332
48	Piedmont CC	\$ 3,001,442
49	Pitt CC	\$14,535,241
50	Randolph CC	\$ 5,418,451
51	Richmond CC	\$ 7,526,958

1	Roanoke Chowan CC	\$ 2,217,281
2	Robeson CC	\$ 6,555,976
3	Rockingham CC	\$ 4,407,523
4	Rowan-Cabarrus CC	\$12,614,170
5	Sampson CC	\$ 5,203,976
6	Sandhills CC	\$ 4,970,448
7	Southeastern CC	\$ 6,701,009
8	South Piedmont CC	\$ 5,560,411
9	Southwestern CC	\$ 5,020,226
10	Stanly CC	\$ 5,610,190
11	Surry CC	\$ 7,888,312
12	Tri-County CC	\$ 2,055,656
13	Vance-Granville CC	\$ 7,394,217
14	Wake TCC	\$20,000,000
15	Wayne CC	\$ 9,149,360
16	Western Piedmont CC	\$ 3,947,229
17	Wilkes CC	\$ 5,514,320
18	Wilson CC	\$ 4,402,607

19       **SECTION 40.1.(f)** There is created within the Community Colleges System Office  
20 the Community Colleges Building Fund as an interest-bearing capital project fund. At the  
21 beginning of each fiscal year, the Office of State Budget and Management shall transfer an  
22 amount equal to the amount allocated for community college capital projects in the most recent  
23 Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds  
24 disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities,  
25 repairs and renovations, building of technology infrastructure, and the purchase of measures to  
26 ensure building security. Projects for facilities for centralized administration, trailers, relocatable  
27 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such  
28 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life  
29 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or  
30 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and  
31 capital needs to administer the proceeds from the Community Colleges Building Fund and shall  
32 prioritize allocation of funds among projects for new construction and repairs and renovations  
33 by ranking the projects for the various community colleges according to greatest need and the  
34 ability for disbursed funds to be expended and projects completed expeditiously.

35       A county that is a development tier three area, as provided in the annual ranking  
36 performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar  
37 year, shall provide local matching funds from county funds, other non-State funds, or a  
38 combination of these sources for such proceeds in the amount of one dollar (\$1.00) of local  
39 matching funds for every one dollar (\$1.00) of such proceeds. The provisions of G.S. 115D-31,  
40 or any other provision of law permitting prior expenditures to be used for match purposes, do not  
41 apply for purposes of meeting the matching funds requirements of this section. For rehabilitation  
42 of existing facilities and repairs and renovations, community colleges are not required to match  
43 proceeds allocated in this section. Each community college receiving the proceeds allocated  
44 pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to  
45 the Community Colleges System Office on the projects funded from those allocations, and the  
46 Community Colleges System Office shall combine the reports and submit them in accordance  
47 with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or  
48 authorized prior to July 1, 2021. The amount distributed to any single community college shall  
49 not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest  
50 credited to the Community Colleges Building Fund shall revert to the State Capital and  
51 Infrastructure Fund.

1           **SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office  
2 shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government  
3 Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with a focus on  
4 potential remodeling expenditures and the use of temporary workspace options to more  
5 effectively renovate and remodel State-owned property for the following:

- 6           (1)     The Department of Public Instruction/Education Building.
- 7           (2)     Dobbs Building.
- 8           (3)     Bath Building.
- 9           (4)     Albemarle Building.
- 10          (5)     The Department of Administration Building.

11           The expanded Government Facilities Master Plan outlined in this subsection shall  
12 also consider available options for consolidating the facilities of the Department of Commerce,  
13 The University of North Carolina System Office, the Community Colleges System Office, and  
14 the Department of Public Instruction into a single location located in the downtown government  
15 complex.

16           **SECTION 40.1.(h)** In connection with the expanded Government Facilities Master  
17 Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the  
18 Alternative Workplace Requirements methodology developed for the State of North Carolina  
19 during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct  
20 a study of the Albemarle Building to determine the necessary space to house the Office of the  
21 State Auditor, considering the necessary amount of square footage that employees, or groups of  
22 employees, need in order to perform the required tasks for their positions. The cost of the study  
23 described in this subsection shall not exceed one hundred thousand dollars (\$100,000) and shall  
24 be funded utilizing funds available to the Department of Insurance.

25           **SECTION 40.1.(j)** For project code NCGA21-4, the Legislative Services Office  
26 shall utilize the funds allocated to develop a long-term master maintenance plan for the State  
27 Capitol Building, including the Capitol Square, with a focus on the roof of the structure and  
28 potential capital repairs, rehabilitation, renovation, and restoration expenditures for the structure  
29 and its infrastructure system components. The Legislative Services Office shall seek input from  
30 the Department of Natural and Cultural Resources and The North Carolina State Capitol  
31 Foundation, Inc., to ensure the integrity and historic significance of the structure is properly  
32 considered and maintained.

33           **SECTION 40.1.(k)** For project code NCGA21-4, the General Assembly shall be  
34 considered the funded agency, pursuant to G.S. 143-135.26(1) and, notwithstanding  
35 G.S. 143-341 or any other provision of law to the contrary, shall have final authority over any  
36 rehabilitation, renovation, or restoration activity identified by the long-term master maintenance  
37 plan developed pursuant to subsection (j) of this section. The Department of Administration and  
38 the Department of Natural and Cultural Resources shall provide resources and guidance to the  
39 Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken  
40 pursuant to this subsection. Any rehabilitation, renovation, or restoration activity undertaken  
41 pursuant to this subsection shall be in compliance with G.S. 143-138.

42           **SECTION 40.1.(l)** Section 1(e) of S.L. 2020-81 reads as rewritten:

43           **"SECTION 1.(e)** For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the  
44 University of North Carolina at Chapel Hill is authorized to spend up to one hundred fifty million  
45 dollars (\$150,000,000) on the project, but shall commit to providing funding of at least  
46 seventy-five million dollars (\$75,000,000) from non-State sources on or before June 30, 2022,  
47 as a match for the intended State allocations totaling seventy-five million dollars (\$75,000,000)  
48 for the project."

49           **SECTION 40.1.(m)** Section 1(f) of S.L. 2020-81 reads as rewritten:

50           **"SECTION 1.(f)** For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North  
51 Carolina State University is authorized to spend up to one hundred sixty million dollars

1 (\$160,000,000) on the project, but shall commit to providing funding of at least eighty million  
2 dollars (\$80,000,000) from non-State sources on or before June 30, 2022, as a match for the  
3 intended State allocations totaling eighty million dollars (\$80,000,000) for the project."

4 **SECTION 40.1.(m1)** For project code UNC/CH21-1, the University of North  
5 Carolina at Chapel Hill is authorized to spend up to one hundred twenty million dollars  
6 (\$120,000,000) on the project, but shall commit to providing funding of at least sixty million  
7 dollars (\$60,000,000) from non-State sources on or before June 30, 2024, as a match for the  
8 intended State allocations totaling sixty million dollars (\$60,000,000) for the project.

9 **SECTION 40.1.(n)** For the Gaston Aquatics Center (Center) grant allocated in this  
10 Part, Gaston Aquatics, Inc., a nonprofit organization, shall match the sum of four million dollars  
11 (\$4,000,000) to the Center for pool construction on a one-to-one basis. The Center shall have  
12 four years in which to raise the matching funds. Upon raising the initial sum of two million  
13 dollars (\$2,000,000) in non-State funding, the Center shall receive the sum of two million dollars  
14 (\$2,000,000). Upon raising an additional sum of one million dollars (\$2,000,000), the Center  
15 shall receive the sum of two million dollars (\$2,000,000). Funds allocated in this Part to the  
16 Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and  
17 Infrastructure Fund.

18 **SECTION 40.1.(o)** For the Gaston Community Foundation grant allocated in this  
19 Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars  
20 (\$2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the  
21 matching funds. Upon raising the initial sum of one million dollars (\$1,000,000) in non-State  
22 funding, the Foundation shall receive the sum of one million dollars (\$1,000,000). Upon raising  
23 an additional sum of one million dollars (\$1,000,000), the Foundation shall receive the sum of  
24 one million dollars (\$1,000,000). Funds allocated in this Part to the Foundation that have not  
25 been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

26 **SECTION 40.1.(p)** From the funds allocated in this Part to the Gaston County  
27 Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred  
28 thousand dollars (\$500,000) upon raising matching funds in the sum of five hundred thousand  
29 dollars (\$500,000) in non-State funds. Funds allocated in this Part that have not been disbursed  
30 by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

31 **SECTION 40.1.(q)** For project code DACS21-4, the Department of Agriculture and  
32 Consumer Services shall select a site located in Duplin County for the construction of the new  
33 Region One headquarters for the North Carolina Forestry Service.

34 **SECTION 40.1.(q1)** Section 3.9 of S.L. 2020-97 reads as rewritten:

35 "**SECTION 3.9.** The funds allocated to the North Carolina Forest Service by subdivision  
36 (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those  
37 purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used  
38 by the Department of Agriculture and Consumer Services for the following purposes:

- 39 (1) The purchase and renovation of an existing facility for use as a regional  
40 headquarters and training facility construction authorization and partial  
41 support of construction of a Region One headquarters and training facility  
42 for the North Carolina Forest Service. The facility shall include, but is not limited  
43 to, an office building with classrooms, an equipment maintenance facility, and  
44 multibay equipment shelters.  
45 (2) Support of operations and other receipt-supported activities such as  
46 maintenance and repairs at the North Carolina State Fair and the Western  
47 North Carolina Agriculture Center."

48 **SECTION 40.1.(r)** For project code DNCR21-11, notwithstanding  
49 G.S. 143-341(4)e. and Article 6 of Chapter 146 of the General Statutes, the Department of  
50 Natural and Cultural Resources may enter into a memorandum of understanding or a lease



1 agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse  
2 Fork Battlefield and other activities related to the operation of those sites.

3 At each of the sites receiving funding under project code DNCR21-11, the  
4 Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations  
5 to provide funds and in-kind contributions for site development, preservation, or operational  
6 support in order to minimize the use of public funds. The Department of Natural and Cultural  
7 Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural  
8 and Economic Resources and the Fiscal Research Division no later than April 1, 2022, with an  
9 estimate of any additional recurring costs associated with acquisition, maintenance, and operation  
10 of the sites acquired pursuant to this subsection.

11 The Department of Natural and Cultural Resources shall utilize the remaining funds  
12 allocated for project code DNCR21-11 for repairs and renovations projects at Historic Sites  
13 located in this State.

14 **SECTION 40.1.(s)** For the Holy Angels grant allocated in this Part, Holy Angels  
15 Services, Inc., a nonprofit organization, shall utilize funds received to pay for costs associated  
16 with the construction of up to three new group homes with up to a combined total of 20  
17 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating  
18 these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E  
19 of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc.,  
20 shall be exempt from certificate of need review for the construction of each group home,  
21 including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which  
22 funding was received under this Part. These group homes and beds shall be subject to existing  
23 licensure laws and requirements.

24 **SECTION 40.1.(t)** The following entities receiving a grant allocated in this Part shall  
25 utilize funds received for the same purpose and subject to the same guidelines and limitations set  
26 forth in Section 9F.9(a) of this act:

- 27 (1) Harnett Health Systems, Incorporated.
- 28 (2) Good Hope Hospital, Incorporated.
- 29 (3) Johnston Health Enterprises, Incorporated.

30 **SECTION 40.1.(u)** Notwithstanding the State Medical Facilities Plan, Article 9 of  
31 Chapter 131E of the General Statutes, or any other provision of law to the contrary, the following  
32 entities shall be exempt from certificate of need review for the construction of any behavioral  
33 health-related facilities or beds for which grants are allocated in this Part, provided those facilities  
34 and beds shall be subject to existing licensure laws and requirements:

- 35 (1) Randolph Health, with regard to any construction or beds in a psychiatric unit  
36 at Randolph Hospital.
- 37 (2) Gateway of Hope Addiction Recovery Center.
- 38 (3) Jonas Hill, a division of Caldwell Memorial Hospital, Incorporated.
- 39 (4) Hope Alive, Inc., with regard to construction or beds related to the Robeson  
40 County Substance Abuse System of Care project.
- 41 (5) Cabarrus County, with regard to the construction of, or beds associated with,  
42 a new behavioral health center.

43 **SECTION 40.1.(v)** For project code DOA21-2, the Department of Administration  
44 may utilize a sum not exceeding eight million dollars (\$8,000,000) of the funds allocated for the  
45 project for the purpose of entering into lease agreements to facilitate the completion of the  
46 project.

47 **SECTION 40.1.(w)** For project code FLEX21, after making a reasonable attempt to  
48 adjust the project scope to meet the amount authorized by the General Assembly, the Office of  
49 State Budget and Management may utilize the funds allocated to supplement separate funds  
50 allocated for any State agency project listed in subsection (b) of this section in accordance with

G.S. 143C-8-7.1(d). Funds utilized pursuant to this subsection may not be used to increase the amount authorized for a project by more than ten percent (10%).

**SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

**SECTION 40.2.** It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2021-2023 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
UNC/R&R21	250,000	250,000	250,000	250,000	250,000	250,000
R&R21	261,979	560,331	200,000	200,000	200,000	200,000
PERS21	2,000	2,000	2,000	2,000	2,000	2,000
DEQ21-1	5,500	13,750	22,000	13,750	—	—
DOA21-1	50,000	60,500	54,000	64,500	—	—
DNCR21-13	8,000	15,000	22,000	15,000	—	—
DPS21-3	—	—	—	11,409	—	—
DPS21-9	8,163	20,408	32,653	20,408	—	—
UNC/ECU21-1	21,500	53,750	86,000	53,750	—	—
UNC/NCS20-1	18,250	36,500	18,250	—	—	—
UNC/CH20-1	10,000	18,750	20,000	19,250	—	—
UNC/CH20-2	13,750	18,000	10,750	—	—	—
UNC/CH21-1	6,000	15,000	24,000	15,000	—	—
UNC/PEM21-1	9,100	22,750	36,400	22,750	—	—
UNC/ECS21-4	4,000	10,000	10,000	10,000	—	—
UNC/FSU21-1	4,000	10,000	16,000	10,000	—	—
UNC/FSU21-2	6,300	15,750	25,200	15,750	—	—
UNC/WSS21-1	5,700	14,250	22,800	14,250	—	—
CC	100,000	100,000	100,000	100,000	—	—

**WATER RESOURCES DEVELOPMENT PROJECTS**

**SECTION 40.3.(a)** The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars (\$220,526,000) in federal funds.

Name of Project	2021-2022	2022-2023
(1) Princeville Flood Damage Reduction	\$5,197,500	\$5,197,500
(2) Carolina Beach CSDM	4,750,000	1,083,333
(3) Wilmington Harbor DA Maintenance	3,663,642	7,334,000
(4) Kure Beach CSDM	4,889,423	825,641
(5) Surf City/North Topsail Beach CSR	14,537,000	14,537,000
(6) Ocean Isle CSDM	494,599	1,534,615
(7) WRD Grant Program—State & Local Projects	2,750,000	1,500,000

1	(8)	WRD Grant Program–EQIP Projects	2,000,000	2,750,000
2	(9)	Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	–
3	(10)	Wrightsville Beach CSDM	3,487,500	469,471
4	<b>TOTALS</b>		<b>\$44,469,664</b>	<b>\$35,231,560</b>

SECTION 40.3.(b) Part 8A of Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-215.73B. Water resources development grants administration.**

(a) Fund Creation. – There is established the Water Resources Development Grants Special Fund, a special fund within the Department of Environmental Quality to be used in accordance with this section.

(b) Fund Uses; Flexibility. – Funds within the Water Resources Development Grants Special Fund shall be used for water resources development projects as directed by an act of the General Assembly. Where the actual project costs are different from the authorized estimated project costs, the Department may adjust the allocations among projects as needed. If any funded projects are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.
- (3) State-local water resources development projects.
- (4) NRCS-EQIP stream restoration projects.

(c) Reports. – The Department shall submit semiannual reports on the use of funds from the Water Resource Development Grant Special Fund to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

- (1) The project name.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule."

SECTION 40.3.(c) The following project funds shall be transferred to the Water Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
4T17	DWR – State & Local Projects	\$187,438.98
4U07	DWR – State & Local Water Res Develop Grant	317,000.00
4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
4U10	DWR – Environmental Qual Incent Prog	259,732.98
4V11	DWR – NRCS EQUIP	53,123.81
4V12	DWR – State & Local Projects	465,701.71
4Y13	DWR – NRCS EQUIP	881,757.48
4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
4Y16	DWR – State & Local Projects	1,857,851.47
4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08

1	4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
2	4Y26	DWR – Town of Rutherfordton Stream	500,000.00
3	4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
4	4O01	DWR – Princeville Flood Damage Reduction	
5		(Pre-Contr/Design)	3,465,000.00
6	4O02	DWR – Carolina Beach CSRM	1,754,946.65
7	4O03	DWR – Kure Beach CSRM	2,187,500.37
8	4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
9	4O05	DWR – Ocean Isle CSRM	1,040,016.76
10	4O06	DWR – Planning Assistance to Communities	244,613.13
11	4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
12	4O08	DWR – Morehead City Maintenance	1,980,627.09
13	4O09	DWR – Surf City/North Topsail CSRM	12,500,000.00
14	4O10	DWR – Dan River Regional Water Supply Project	34,000.00
15	4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
16	4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project	
17		Mods. (50/50)	333,500.00
18	4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem	
19		Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
20	4O14	DWR – Lumberton 205, CAP, Flood Damage	
21		Reduction (50/50)	125,000.00
22	4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
23	4O16	DWR – North Topsail Beach Shoreline Protection –	
24		Phases 1-4	1,500,000.00
25	4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
26	4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
27	4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
28	<b>TOTALS</b>		<b>\$50,151,639.23</b>

29  
30 **SECTION 40.3.(d)** Notwithstanding any other provision of law to the contrary,  
31 funds allocated in prior acts of the General Assembly for the water resources development project  
32 entitled "North Topsail Beach Shoreline Protection – Phase 2" may also be used for Phase 1, 3,  
33 or 4 of that project.

34 **SECTION 40.3.(e)** G.S. 143-215.72(d) is amended by adding a new subdivision to  
35 read:

36 "(4) A single project shall consist of all the landowners and other participants  
37 under a project design contract approved by the Natural Resources  
38 Conservation Service for a contiguous section of stream."  
39

#### 40 NATIONAL GUARD PROJECTS

41 **SECTION 40.4.(a)** From the funds allocated in this Part for project code NG21-1,  
42 the Office of State Budget and Management may disburse to the Department of Public Safety  
43 funds needed to provide a State match for federal funds for projects included in the latest Armory  
44 and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs  
45 of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the  
46 North Carolina National Guard in an amount not exceeding eight million dollars (\$8,000,000)  
47 during the 2021-2022 fiscal year. Funds allocated to project code NG21-1 shall not revert.

48 **SECTION 40.4.(b)** No later than June 1, 2023, and every two years thereafter until  
49 project completion, the Department shall report on the use of these funds to the Joint Legislative  
50 Commission on Governmental Operations, the Fiscal Research Division of the General

1 Assembly, and the Office of State Budget and Management. Each report shall include all of the  
 2 following:

- 3 (1) The status of all projects undertaken pursuant to this section.
- 4 (2) The estimated total cost of each project.
- 5 (3) The date that work on each project began or is expected to begin.
- 6 (4) The date that work on each project was completed or is expected to be  
 7 completed.
- 8 (5) The actual cost of each project, including federal matching funds.
- 9 (6) Facilities planned for closure or reversion.
- 10 (7) A list of projects advanced in schedule, those projects delayed in schedule,  
 11 and an estimate of the amount of funds expected to revert to the General Fund.  
 12

13 **NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

14 **SECTION 40.5.(a)** The General Assembly authorizes the following capital projects  
 15 to be funded with receipts or from other non-General Fund and non-State Capital and  
 16 Infrastructure Fund sources available to the appropriate department:

17	<b>Amount of Non-General Fund</b>	
18 <b>Name of Project</b>	<b>Funding Authorized</b>	
19	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
20		
21 Department of Natural and Cultural Resources		
22 Edenton State Historic Site–		
23 Frinks House Renovations	\$300,000	–
24 Transportation Museum–		
25 Southern Railway Car Exhibit Renovations	287,442	–
26 Bennett Place State Historic Site–		
27 Visitor Center Renovations	300,000	–
28 USS NC Battleship–		
29 Mast Repairs	1,000,000	–
30 Living With Water	2,335,431	–
31 Bentonville State Historic Site–		
32 Harper House Renovations	115,000	–
33 NC Museum of Art–		
34 Terrace & Green Project	2,500,000	–
35 Brunswick Town State Historic Site–		
36 Shoreline Stabilization	3,000,000	–
37 Charlotte Hawkins Brown Museum–		
38 Memorial Galen Stone Hall	1,100,000	–
39 Tea House Renovations	425,000	–
40 Department of Agriculture and Consumer Services		
41 State Fair–Repairs & Improvements	5,000,000	–
42 NC Forest Service–		
43 Design & Install New Bridges	25,000	\$100,000
44 Equipment Shelters	500,000	500,000
45 Parking Lot Expansions	500,000	250,000
46 Picnic Shelters	25,000	50,000
47 Restrooms	25,000	125,000
48 Storage Buildings	125,000	–
49 Viewing Platforms	25,000	125,000
50 State Research Stations–		
51 Equipment Storage Shelter	500,000	–

1	Dilapidated Building Demolition	100,000	–
2	Livestock & Mission Critical Facility Improvements	–	500,000
3	Irrigation Improvements at Research Stations	–	500,000
4	Department of Military and Veterans Affairs		
5	New State Veterans Home–Raleigh	85,700,000	–
6	Department of Public Safety		
7	Alcoholic Beverage Control–		
8	Office Roof Replacement	864,000	–
9	Warehouse Office Renovation	480,000	–
10	Warehouse Storage	313,000	–
11	Wildlife Resources Commission		
12	Land Acquisition	10,000,000	6,000,000
13	Setzer Hatchery Revision	18,500,000	–
14	Samarcand Training Facility	7,500,000	–
15	New Bern Depot Boat Storage Facility	275,000	–
16	Marion Aquaculture Building	360,000	–
17	Elizabethtown Depot Storage Shed	200,000	–
18	McKinney Lake Residence	300,000	–
19	Sandhills Depot Pole Shed	200,000	–
20	District 7 Storage Building–Wilkesboro	140,000	–
21	Burnsville Depot	500,000	–
22	Balsam Depot Renovation	400,000	–
23	Game Land Improvements	1,000,000	–
24	Morganton Pole Shed	–	130,000
25	Mills River Depot Pole Shed	–	150,000
26	Caswell Depot Storage Building	–	440,000
27	Rhems Depot Storage Building	–	230,000

**TOTAL AMOUNT OF NON-GENERAL  
FUND CAPITAL PROJECTS  
AUTHORIZED**

**\$144,919,873                      \$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.**

1 The Department of Administration has the following powers and duties:

2 ...

3 (3) Architecture and Engineering:

4 a. To examine and approve all plans and specifications for the  
5 construction or renovation of the following:

6 1. All State buildings or buildings located on State lands, except  
7 those buildings over which a local building code inspection  
8 department has and exercises jurisdiction. For the purposes of  
9 this sub-sub-subdivision, buildings, facilities, or projects  
10 located on State lands that are (i) privately owned or privately  
11 leased and (ii) located within the North Carolina Global  
12 TransPark are exempt.

13 2. All community college buildings requiring the estimated  
14 expenditure of public money for construction or repair work  
15 for which public bidding is required under G.S. 143-129 of two  
16 million dollars (\$2,000,000) or more prior to the awarding of a  
17 contract for such work; and to examine and approve all  
18 changes in those plans and specifications made after the  
19 contract for such work has been awarded.

20 ...

21 c. To supervise the letting of all contracts for the design, construction or  
22 renovation of all State buildings and all community college buildings  
23 whose plans and specifications must be examined and approved under  
24 a.2. of this subdivision.

25 d. To supervise and inspect all work done and materials used in the  
26 construction or renovation of all State buildings and all community  
27 college buildings whose plans and specifications must be examined  
28 and approved under a.2. of this subdivision; to act as the appropriate  
29 official inspector or inspection department for purposes of  
30 G.S. 143-143.2; and no such work may be accepted by the State or by  
31 any State agency until it has been approved by the Department.

32 ...."

### 34 GRANTS TO NON-STATE ENTITIES

35 **SECTION 40.8.** Requirements. – For purposes of this Part, nonrecurring funds  
36 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined  
37 by G.S. 143C-1-1(d), are subject to all of the following requirements:

38 (1) As soon as practicable after the effective date of this act, each State agency  
39 administering grants shall begin disbursement of funds to each grantee  
40 non-State entity when all applicable requirements are met. However,  
41 disbursement of grant funds allocated for the 2021-2022 fiscal year shall  
42 commence no later than 100 days after the date this act becomes law and  
43 disbursement in full to all grantees shall be completed no later than nine  
44 months after the date this act becomes law. Disbursement of grants allocated  
45 for the 2022-2023 fiscal year shall be completed no later than 100 days after  
46 the beginning of the 2022-2023 fiscal year.

47 (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.

48 (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless  
49 otherwise indicated, nonrecurring funds appropriated in this Part as grants  
50 shall not revert until expended or the particular project has been completed.

- 1 (4) Grants to each grantee non-State entity shall be used for nonsectarian,  
2 nonreligious purposes only.
- 3 (5) By October 1, 2021, and then quarterly thereafter, the Office of State Budget  
4 and Management shall report to the Fiscal Research Division on the schedule  
5 for and status of grant disbursement. At a minimum, the report shall include  
6 the following for each grant:
- 7 a. The date when the disbursing agency issued the initial contract.  
8 b. The date when the contract was sent to the grantee non-State entity.  
9 c. The date when the fully executed contract was returned to the  
10 disbursing agency.  
11 d. The date when the contract was executed.  
12 e. The date when a grant was disbursed in full.  
13

#### 14 **CONNECT NC BOND CHANGE/DEBT AVOIDANCE**

15 **SECTION 40.9.(a)** The General Assembly finds the following:

- 16 (1) The use of general obligation bonds can be an efficient method for financing  
17 needs of the State.
- 18 (2) Debt service, even on general obligation bonds, is a cost that can be avoided  
19 if the State has funds to directly pay for capital needs.
- 20 (3) Where the State provides a general obligation bond question to the voters, it  
21 is tantamount to representing both that capital improvements covered by the  
22 debt question are needed by the State and that the incurrence of debt for those  
23 purposes is the most responsible, cost-effective way of meeting those needs.
- 24 (4) If subsequent economic changes affect the validity of those representations,  
25 including where, as here, management of State resources has resulted in  
26 having sufficient funding for such capital improvements, thereby obviating  
27 the need to incur debt service costs, then such changes also affect the  
28 representations and assumptions on which the voters rely in voting for the  
29 issuance of the debt. Stated alternatively, voters make assumptions on the need  
30 for debt based on the amount and uses set forth in the ballot question, and, if  
31 circumstances change those assumptions, the State has an obligation to avoid  
32 associated costs if it would be inefficient to incur them.
- 33 (5) This section allocates funds to satisfy the needs and purposes for which  
34 indebtedness was originally authorized by the voters of this State pursuant to  
35 S.L. 2015-280. Accordingly, funding and debt service costs using the general  
36 obligation debt for such purposes would be redundant and would frustrate the  
37 assumptions made by (and the representations made to) the voters of this State  
38 at the time the debt obligation was approved by the voters as to the State's  
39 need.

40 **SECTION 40.9.(b)** For project code CNC21, the Office of State Budget and  
41 Management shall allocate the sum of two hundred fifty-eight million dollars (\$258,000,000) for  
42 the purposes described in Section 1(f) of S.L. 2015-280, as amended by Section 36.7(a) of S.L.  
43 2018-5. Funds allocated pursuant to this subsection will be used to fully fund all projects  
44 authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not  
45 be used to increase the total funding for any project authorized above the applicable project  
46 amount provided in S.L. 2015-280.

47 **SECTION 40.9.(c)** The State Treasurer shall not issue more than an aggregate  
48 principal amount of one billion six hundred million dollars (\$1,600,000,000) of general  
49 obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to  
50 issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount  
51 provided in this subsection is repealed, and the bond referendum authorized by and held pursuant



1 to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds,  
2 authorized by that act.

3 **SECTION 40.9.(d)** Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

4 **SECTION 40.9.(e)** Section 4(b) of S.L. 2015-280 reads as rewritten:

5 "SECTION 4.(b) Any funds retained by the Office of State Budget and Management  
6 pursuant to subsection (a) of this section at the time a project is completed shall be retained by  
7 the Office of State Budget and Management until reallocated for other purposes by the General  
8 Assembly. Management. The Office of State Budget and Management shall report to the Joint  
9 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to  
10 this subsection within 90 days of a project's completion."  
11

## 12 CAPITAL PROJECT REPORTING/OTHER CHANGES

13 **SECTION 40.10.(a)** It is the intent of the General Assembly to consolidate reporting  
14 for capital improvement projects. With the exception of the statutory requirements contained in  
15 G.S. 143C-8-14, any reporting requirements imposed on capital improvement projects for State  
16 agencies authorized by a previous act of the General Assembly are hereby repealed.

17 **SECTION 40.10.(b)** G.S. 143C-8-13 reads as rewritten:

18 "**§ 143C-8-13. Repairs and Renovations.**

19 ...

20 (b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are  
21 allocated to the Board of Governors of The University of North Carolina or to the Office of State  
22 Budget and Management may be allocated or reallocated by at the discretion of those agencies  
23 for repairs [constituent institution parameter] and renovations projects so long as all of the  
24 following conditions are satisfied:

25 (1) Any project that receives an allocation or reallocation satisfies the  
26 requirements of subsection (a) of this section.

27 (2) ~~If the allocation or reallocation of funds from one project to another under this~~  
28 ~~section is two million five hundred thousand dollars (\$2,500,000) or more for~~  
29 ~~a particular project, the~~ The Office of State Budget and Management or the  
30 Board of Governors, as appropriate, consults with shall report to the Joint  
31 Legislative Commission on Governmental Operations Fiscal Research  
32 Division on the initial allocation prior to the expenditure or reallocation of  
33 funds.

34 (3) ~~If the allocation or reallocation of funds from one project to another under this~~  
35 ~~section is less than two million five hundred thousand dollars (\$2,500,000) for~~  
36 ~~a particular project, On or before August 1 each year, the Office of State~~  
37 ~~Budget and Management or the Board of Governors, as appropriate, shall~~  
38 submit a final report showing the allocation or reallocation of funds is reported  
39 during the preceding fiscal year to the Joint Legislative Commission on  
40 Governmental Operations within 60 days of the expenditure or  
41 reallocation. the Joint Legislative Capital Improvements Oversight Committee  
42 and the Fiscal Research Division.

43 (4) If the funds were previously allocated for a repairs and renovations project  
44 that was not specifically allocated for by an act of the General Assembly;  
45 provided, however, if a project specifically allocated for by the General  
46 Assembly has been completed, then funds may be reallocated pursuant to this  
47 subsection.

48 ...."

49 **SECTION 40.10.(c)** G.S. 143C-8-12 reads as rewritten:

50 "**§ 143C-8-12. Capital improvement projects from sources other than the General Fund.**

1 (a) University Projects. – Notwithstanding any other provision of this Chapter, the Board  
2 of Governors of The University of North Carolina may approve any of the following:

- 3 (1) Expenditures to plan a capital improvement project of The University of North  
4 Carolina, the planning for which is to be funded entirely with non-General  
5 Fund ~~money~~ and non-State Capital and Infrastructure Fund monies.  
6 (2) Expenditures for a capital improvement project of The University of North  
7 Carolina that is to be funded and operated entirely with non-General Fund  
8 ~~money~~ and non-State Capital and Infrastructure Fund monies.  
9 (3) A change in the scope of any previously approved capital improvement project  
10 of The University of North Carolina provided that both the project and change  
11 in scope are funded entirely with non-General Fund ~~money~~ and non-State  
12 Capital and Infrastructure Fund monies.

13 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
14 project that has been authorized by an act of the General Assembly and funded with an allocation  
15 from the State Capital and Infrastructure Fund.

16 (b) Carryforward Funds. – For purposes of this section, the term "non-General Fund  
17 ~~money~~" and non-State Capital and Infrastructure Fund monies" includes funds carried forward  
18 from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall  
19 only be used for projects listed in G.S. 143C-8-13(a).

20 ...."

## 21 ENGINEERING NC'S FUTURE

22 **SECTION 40.11.(a)** The General Assembly finds that the STEM Program Needs  
23 Assessment published by The University of North Carolina in 2019 highlighted the importance  
24 of STEM programs as drivers of economic investment, expansion, and employment throughout  
25 the State. The General Assembly has made significant investments to bolster health science  
26 programming with funding for capital improvement projects at the University of North Carolina  
27 at Chapel Hill, the University of North Carolina at Pembroke, and East Carolina University. In  
28 addition to the investments in the health sciences, the General Assembly is initiating Engineering  
29 N.C.'s Future with significant investments in key engineering programs at North Carolina State  
30 University, North Carolina Agricultural and Technical University, and the University of North  
31 Carolina at Charlotte. The investments in Engineering N.C.'s Future will support the continued  
32 growth of related economic investments and job opportunities in the State by expanding  
33 enrollment opportunities at these constituent institutions to enable more students to pursue an  
34 education in engineering fields. Engineering N.C.'s Future provides thirty-five million dollars  
35 (\$35,000,000) among these constituent institutions for curriculum improvements, research  
36 equipment, and administration in this act. In addition, the General Assembly intends to provide  
37 ninety million dollars (\$90,000,000) in funding for capital improvements at these constituent  
38 institutions over the next two years.

39 **SECTION 40.11.(b)** The funds allocated for project code UNC/ENG21 shall be  
40 allocated by the Board of Governors of The University of North Carolina in equal amounts  
41 among North Carolina State University, the University of North Carolina at Charlotte, and North  
42 Carolina Agricultural and Technical University. Funds allocated by the Board of Governors may  
43 be used by each recipient institution for capital improvements to existing buildings on that  
44 institution's campus that will allow for expanded offerings and enrollments related to that campus'  
45 engineering program. The Board of Governors may determine the priority and timing of funds  
46 allocated to the constituent institutions listed in this subsection.  
47

## 48 SCIF AUTHORIZED USES

49 **SECTION 40.12.** G.S. 143C-4-3.1(e) reads as rewritten:  
50

1       "(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
2 obligations supported by the General Fund. In addition to meeting the debt service obligations  
3 supported by the General Fund, monies in the Fund may be used for the following purposes:

- 4           (1) New State and The University of North Carolina capital projects governed  
5 pursuant to Article 8 of Chapter 143C of the General Statutes.  
6           (2) Repair and renovation of existing capital assets, as provided in  
7 G.S. 143C-8-13.  
8           (3) Broadband infrastructure projects funded through appropriations to the  
9 Growing Rural Economies with Access to Technology Fund established in  
10 G.S. 143B-1373(b).  
11           (4) Projects and grants identified in the Current Operations Appropriations Act or  
12 that have been authorized and funded by an act of the General Assembly. With  
13 the exception of health facilities licensed under Chapter 131E or Chapter 122C  
14 of the General Statutes, grants intended for affordable housing or other  
15 residential purposes are not an allowable use of monies in the Fund."  
16

## 17 **RENDEZVOUS STATE FOREST**

18       **SECTION 40.13.(a)** For the Rendezvous Mountain Park grant allocated in this Part,  
19 the Department of Agriculture and Consumer Services (DACS) shall transfer to the Department  
20 of Natural and Cultural Resources (DNCR) that portion of the Rendezvous Mountain Educational  
21 State Forest allocated to the North Carolina Forest Service that is situated in Wilkes County,  
22 containing approximately 1,124 acres, and that is comprised of parcel identification numbers  
23 37193-3911-63-9178, 37193-3910-88-5480, 37193-3910-75-5457, and 37193-3910-94-3160.

24       **SECTION 40.13.(b)** The General Assembly authorizes the Department of Natural  
25 and Cultural Resources to add the portion of land described in subsection (a) of this section to  
26 the State Parks System, as provided in G.S. 143B-135.54(b), and which shall be designated as a  
27 satellite annex of Stone Mountain State Park.

28       **SECTION 40.13.(c)** The Department of Agriculture and Consumer Services and the  
29 Wildlife Resources Commission shall renegotiate any lease of land for game land purposes in  
30 the Rendezvous Mountain Educational State Forest to encompass all or a portion of the lands  
31 remaining after the transfer of land pursuant to subsection (a) of this section. The Department of  
32 Agriculture shall retain timber rights to any lands subject to the renegotiated lease agreements.  
33 The Department of Agriculture and Consumer Services shall renegotiate any existing leases for  
34 wireless or other similar communication towers that may be in effect on the land transferred  
35 pursuant to subsection (a) of this section.  
36

## 37 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL** 38 **OF DENTISTRY**

39       **SECTION 40.14.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)  
40 of S.L. 2009-209, reads as rewritten:

41       **"SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council  
42 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or  
43 incur special indebtedness in order to provide funds to the State to be used, together with other  
44 available funds, to pay the capital facility costs of the projects described in this subsection. In  
45 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special  
46 indebtedness:

- 47           (1) In the maximum aggregate principal amount of sixty-one million five hundred  
48 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to  
49 finance the capital facility costs of completing a School of Dentistry ~~building~~  
50 building, life safety improvements to the Brody School of Medicine, and  
51 renovation of space at the ECU Health Science Campus, Brody School of

1 Medicine, to accommodate the dental school at East Carolina University and  
2 no more than 10 satellite dental clinics across the State. No more than a  
3 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of  
4 special indebtedness may be issued or incurred under this subdivision prior to  
5 July 1, 2009. No more than a maximum aggregate amount of sixty million  
6 dollars (\$60,000,000) of special indebtedness may be issued or incurred under  
7 this subdivision prior to July 1, 2010.

8 ...."

9 **SECTION 40.14.(b)** Nothing in this section shall be construed to authorize any  
10 entity to issue or incur additional indebtedness.

## 11 **OSBM COORDINATED DEVELOPMENT GRANTS**

12 **SECTION 40.15.(a)** Of the funds appropriated by this act to the Office of State  
13 Budget and Management (OSBM) for coordinated development grants for the 2021-2023 fiscal  
14 biennium, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022  
15 fiscal year and ten million dollars (\$10,000,000) in nonrecurring funds for the 2022-2023 fiscal  
16 year is allocated and shall be held to make grants for activities to promote economic growth and  
17 job creation in counties challenged by low population density. The first grants awarded for these  
18 purposes shall be made for economic development in any tier two county having a population  
19 over 45,000 and a population density of less than 50 persons per square mile, according to the  
20 most recent federal decennial census.

21 **SECTION 40.15.(b)** The grants authorized by this section shall be awarded in full  
22 by no later than February 15, 2022. By May 15, 2022, the OSBM shall report to the Fiscal  
23 Research Division on the process used to make the initial grant award.

## 24 **PART XLI. TRANSPORTATION**

### 25 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

26 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are  
27 repealed.

28 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated  
29 revenues for the Highway Fund as follows:

30	For Fiscal Year 2023-2024	\$2,628.0 million
31	For Fiscal Year 2024-2025	\$2,724.2 million
32	For Fiscal Year 2025-2026	\$2,814.8 million
33	For Fiscal Year 2026-2027	\$2,833.6 million
34	For Fiscal Year 2027-2028	\$2,875.9 million

35 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated  
36 revenues for the Highway Trust Fund as follows:

37	For Fiscal Year 2023-2024	\$1,758.1 million
38	For Fiscal Year 2024-2025	\$1,797.5 million
39	For Fiscal Year 2025-2026	\$1,809.0 million
40	For Fiscal Year 2026-2027	\$1,843.8 million
41	For Fiscal Year 2027-2028	\$1,878.7 million

42 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the  
43 Office of State Budget and Management, shall develop a five-year revenue forecast. The  
44 five-year revenue forecast developed under this subsection shall be used (i) to develop the  
45 five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic  
46 Transportation Improvement Program, and (iii) by the Department of the State Treasurer to  
47 compute transportation debt capacity.

**DOT/BUDGET REORGANIZATION**

**SECTION 41.2.(a)** It is the intent of the General Assembly that the Department of Transportation have a transparent budget that is representative of the Department's mission and goals and aligns to the internal organization of the Department.

**SECTION 41.2.(b)** The Department shall create within the Financial Management Division of the Department of Transportation the Budget Section dedicated to the management of the budget for the Department. The Budget Section shall be separate from the other sections in the Financial Management Division and shall directly report to the Chief Financial Officer of the Department. The initial duty of the Budget Section, with the assistance of the Office of State Budget and Management, shall be to reorganize the entire budget of the Department of Transportation using the following criteria:

- (1) The Highway Fund Budget Code shall contain Fund Codes representative of divisional organizational units within the Department of Transportation. The Divisions include: Highway Division, Ferry Division, Rail Division, Public Transportation, Bicycle and Pedestrian, Secretary's Office, Board of Transportation, Facilities Management, and others determined by the Office of State Budget and Management in conjunction with the Department of Transportation and in consultation with the Fiscal Research Division.
- (2) The current Fund Codes shall be combined to create a budget message indicative of the divisions and units within the Department.
- (3) The Fund Codes shall be developed as prescribed in the State Budget Manual to include the six account groups. All relevant full-time equivalent (FTE) positions shall be correctly assigned to the Fund Code and Organizational Unit.
- (4) The Field Codes shall be eliminated, and the complete personal services budget, including full-time equivalent positions, shall be assigned to the organizational Fund Code unit.
- (5) The Fund Codes shall include any receipts collected and used for the units, including federal receipts.
- (6) The Highway Division's Fund Code shall include distinct responsible cost centers for specific programs and grants established by the General Assembly. The Accounts shall include relevant personal services, purchased services, grants-in-aid, leases, and the entire operating budgets for the Division.
- (7) The Department shall develop options for groupings of projects within the Highway Trust Fund – Strategic Transportation Investments and consider identifying funded projects by the project's first year of funding. The Department shall work with OSBM in developing the comprehensive budget structure for the Highway Trust Fund.

**SECTION 41.2.(c)** Notwithstanding any other provision of law to the contrary, the Department of Transportation shall reclassify additional vacant full-time equivalent positions, pursuant to the classification system established by the State Human Resources Commission, to the Financial Management Division, with one Budget Manager and up to three additional Budget Analysts, for the Budget Section.

**SECTION 41.2.(d)** No later than November 1, 2021, and March 31, 2022, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the status of the creation of the Budget Office. The report shall include the identification of the positions to be reclassified to the Budget Office and the schedule and status for advertising and filling positions.

**BUILD NC BONDS/MAX CASH BALANCE EXCEPTION**

**SECTION 41.3.(a)** G.S. 142-97(2)a. reads as rewritten:

1 "a. The Department of Transportation's average month-end cash balance  
2 for the first three months in the calendar year prior to the date of  
3 determination is equal to or less than ~~one billion dollars~~  
4 ~~(\$1,000,000,000)~~ two billion dollars (\$2,000,000,000)."

5 **SECTION 41.3.(b)** This section is effective when it becomes law and applies to the  
6 issuance and sale of Build NC Bonds during the fiscal year ending June 30, 2022, and each fiscal  
7 year thereafter.

#### 8 9 **SPEND PLAN TECHNICAL REVISION**

10 **SECTION 41.4.** G.S. 143C-6-11.1(a) reads as rewritten:

11 "(a) The Department of Transportation shall develop a comprehensive cash-spending  
12 plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly,  
13 to spend money from any source, including federal funds and bond proceeds, for programs,  
14 functions, activities or objects, by the Department."

#### 15 16 **INDEMNIFY WILMINGTON FOR MAP ACT**

17 **SECTION 41.5.(a)** The Department of Transportation shall defend, indemnify, and  
18 hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members  
19 against any claims, civil actions, and proceedings arising out of the filing or amendment of a  
20 transportation corridor official map in accordance with Article 2E of Chapter 136 of the General  
21 Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends  
22 from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

23 **SECTION 41.5.(b)** The Department of Transportation shall defend, indemnify, and  
24 hold harmless the City of Wilmington and its members and employees against any claims, civil  
25 actions, and proceedings arising out of the filing or amendment of all transportation corridor  
26 official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr  
27 Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter  
28 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

29 **SECTION 41.5.(c)** This section is effective when it becomes law and applies  
30 retroactively to June 13, 2019.

#### 31 32 **DMV PERFORMANCE DASHBOARD EXPANSION**

33 **SECTION 41.6.(a)** Expand Performance Dashboard. – No later than October 1,  
34 2021, the Department of Transportation shall expand the performance dashboard available on the  
35 Department's website to display the total number of transactions completed by the Division of  
36 Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the  
37 transactions by type and indicate whether the transactions were conducted in person, by mail, or  
38 by online application.

39 **SECTION 41.6.(b)** Establish Performance Dashboard Archive. – No later than  
40 October 1, 2021, the Department shall maintain and make available from the performance  
41 dashboard an archive of all prior performance dashboard reports.

42 **SECTION 41.6.(c)** Paperless Operations Report. – By March 15, 2022, the Division  
43 of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight  
44 Committee and the Fiscal Research Division. The report shall contain all of the following:

- 45 (1) A list of services provided by the Division that currently involve paper  
46 correspondence of any kind.
- 47 (2) A list of services provided by the Division involving paper correspondence  
48 that could be made paperless.
- 49 (3) A description of requirements to implement paperless transactions for the  
50 services identified in subdivision (2) of this subsection, including one-time  
51 and recurring costs.

- 1 (4) A description of the processes the Division is currently pursuing to implement  
2 paperless transactions for the services identified in subdivision (2) of this  
3 subsection.  
4 (5) An estimate of when the processes described in subdivision (4) of this  
5 subsection will be fully implemented.  
6

#### 7 **DMV MOBILE UNIT DEPLOYMENT AND REOPENING CLOSED DRIVERS** 8 **LICENSE OFFICES**

9 **SECTION 41.7.(a)** The Division of Motor Vehicles shall utilize mobile units on a  
10 rotating basis at drivers license offices closed due to the COVID-19 pandemic. The deployment  
11 of mobile units shall continue until Executive Order No. 116 (2020), Declaration of a State of  
12 Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19,  
13 is rescinded. The mobile units deployed pursuant to this subsection shall (i) operate five days per  
14 week between the hours of 9:00 A.M. and 5:00 P.M. and (ii) not require appointments for service.  
15 The Division shall make a reasonable effort to notify the public of the operation of mobile units.

16 **SECTION 41.7.(b)** The Division shall open drivers license offices closed due to the  
17 COVID-19 pandemic 14 days after the rescission of Executive Order No. 116 or August 15,  
18 2021, whichever is earlier.

19 **SECTION 41.7.(c)** This section is effective when it becomes law, except that  
20 subsection (a) becomes effective 14 days after that date.  
21

#### 22 **DMV SALARY ADJUSTMENT FUND**

23 **SECTION 41.10.(a)** For the 2021-2023 fiscal biennium, the funds appropriated in  
24 this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary  
25 adjustment of Division of Motor Vehicle personnel. To be eligible for a salary increase under  
26 this section, a DMV employee must not have any active disciplinary action and must not have  
27 received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.

28 **SECTION 41.10.(b)** No later than January 1 and June 30 of each year of the  
29 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative  
30 Transportation Oversight Committee and the Fiscal Research Division on the actions taken  
31 pursuant to this section. The report shall contain all of the following:

- 32 (1) The total amount of salary adjustments implemented pursuant to this section.  
33 (2) The average percentage increase in salary for each employee whose salary  
34 was increased pursuant to this section.  
35 (3) The total number of employees whose salaries were increased pursuant to this  
36 section.  
37 (4) The methodology used by the Department to calculate salary adjustments  
38 pursuant to this section.  
39 (5) A description of any proposed future salary adjustments.  
40

#### 41 **AVIATION/DIVISION ANNUAL REPORT**

42 **SECTION 41.11.** Article 7 of Chapter 63 of the General Statutes is amended by  
43 adding a new section to read:

##### 44 **"§ 63-74.5. Division of Aviation annual report.**

45 Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to  
46 the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a  
47 report containing the following information from the prior fiscal year:

- 48 (1) A list of all public use airports within the State, their municipality and county,  
49 status as commercial services or general aviation, airport code, and the  
50 following corresponding information:

- 1           a.     Total amount of funds allocated to each airport subtotaling federal,  
 2           Commercial Services, State Aid to Airports, Special Projects,  
 3           Economic Development, and State Transportation Improvement  
 4           Program dollars and total number of projects receiving allocations.  
 5           b.     Total amount of funds disbursed to each airport subtotaling federal,  
 6           Commercial Services, State Aid to Airports, Special Projects,  
 7           Economic Development, and State Transportation Improvement  
 8           Program dollars and total number of projects receiving disbursements.  
 9           c.     Total amount of unallocated State appropriations for Commercial  
 10          Services, State Aid to Airports, Special Projects, and Economic  
 11          Development.
- 12          (2)    Summary of activities related to unmanned aircraft systems, including total  
 13          number of drones owned subtotaled by units of the Department of  
 14          Transportation and by other State agencies, purposes and uses of drones in  
 15          each unit and agency, a list describing each private sector partnership to which  
 16          the Division of Aviation is a party, and any other activities of this unit.
- 17          (3)    Total number of trips and flight hours by each manned aircraft owned by the  
 18          Department of Transportation, subtotaled by agency, fees charged to each  
 19          agency, and total cost of providing services to each agency.
- 20          (4)    Summary of activities related to Safety and Education, including total  
 21          expenditures, number and description of programs, and number of  
 22          participants."

## 24 QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL

### 25 AIRPORTS

26           **SECTION 41.12.(a)** G.S. 136-176(b3) reads as rewritten:

27           "(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway  
 28 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on  
 29 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An  
 30 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement  
 31 by the State to pay the funds appropriated to the State Ports Authority within the meaning of  
 32 G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that  
 33 the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the  
 34 issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner  
 35 constitute a pledge of the faith and credit and taxing power of the State, and nothing contained  
 36 herein shall prohibit the General Assembly from amending an appropriation made to the State  
 37 Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State  
 38 Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in  
 39 this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of  
 40 Transportation shall disburse funds appropriated under this subsection to the State Ports  
 41 Authority on a quarterly basis beginning September 30 of each fiscal year."

42           **SECTION 41.12.(b)** G.S. 63-74(d) reads as rewritten:

43           "(d) Permissible Uses, Reporting, and Return of Funds. – The Department of  
 44 Transportation shall not allocate funds to an airport under this section until that airport has  
 45 provided a report outlining how the airport will use the funds in conformance with the purposes  
 46 of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year.  
 47 No later than 45 days from the date the Department receives the report required under this  
 48 subsection, the Department shall ~~make a determination~~ determine whether the intended use of  
 49 the funds matches the purposes of the program and, if so, allocate funds under this section to the  
 50 compliant airport. The Department of Transportation shall disburse funds appropriated under this  
 51 section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives



1 funds under this section shall return the funds to the Department if the funds are in the possession  
2 or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year  
3 following the fiscal year in which the Department makes the allocation. All funds returned to the  
4 Department under this section, or retained by the Department for failure of an eligible airport to  
5 submit a report under this subsection, shall be credited to the fund from which they were  
6 appropriated and shall remain unexpended and unencumbered until appropriated by the General  
7 Assembly."

8 **SECTION 41.12.(c)** Notwithstanding G.S. 63-74(d), as revised by subsection (b) of  
9 this section, for the 2021-2022 fiscal year, airports shall submit their report on the use of funds  
10 no later than November 15, 2021, and the Department shall disburse funds to compliant airports  
11 no later than December 31, 2021, March 31, 2022, and June 30, 2022.  
12

### 13 AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS

14 **SECTION 41.13.(a)** The following positions shall not be paid for by funds  
15 appropriated to the State Aid to Airports grant program:

16	60015627	Airport Preservation Engineer
17	60016342	Technical Trainer II
18	60020073	Business Officer II
19	60020271	Engineer III
20	60026296	Program Manager II
21	60015619	Aviation Safety Specialist
22	60027110	Engineer II
23	60015609	Engineering Supervisor III
24	60015610	Engineer III
25	60015612	Engineer III
26	60015613	Engineer II
27	60015621	Engineer II
28	60015622	Engineer III
29	60029095	Engineer III

30 **SECTION 41.13.(b)** Article 7 of Chapter 63 of the General Statutes is amended by  
31 adding a new section to read:

32 **"§ 63-74.2. Division of Aviation grant funded positions prohibited.**

33 The Department of Transportation shall not create or authorize any Division of Aviation  
34 positions that are paid for using State funds appropriated for State Aid to Airports or any other  
35 airport aid program."  
36

### 37 AVIATION/STATE PLANE COST OF USE RATE ANALYSIS

38 **SECTION 41.14.(a)** The Division of Aviation shall conduct a rates and charges  
39 analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall  
40 contain a comparison of the market rates of private aircraft providers in North Carolina and  
41 surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of  
42 Aviation shall submit the results of the study, including a recommended rate, to the Joint  
43 Legislative Transportation Oversight Committee and the Fiscal Research Division by December  
44 1, 2021.

45 **SECTION 41.14.(b)** During the 2021-2023 fiscal biennium, unless the General  
46 Assembly modifies the rate after the study required by subsection (a) of this section, the  
47 Department of Transportation shall charge one thousand two hundred dollars (\$1,200) per hour  
48 to State agencies, excluding the Department of Transportation, for use of the King Air until June  
49 30, 2023.  
50

### 51 FERRY CAPITAL SPECIAL FUND

1           **SECTION 41.15.(a)** G.S. 136-82 reads as rewritten:

2   "**§ 136-82. Department of Transportation to establish and maintain ferries.**

3       ...

4       (c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a  
5 special fund separate from the Highway Fund within the Department of Transportation.

6       (d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit~~ deposit the  
7 proceeds from tolls collected on North Carolina Ferry System routes and ~~certain route-generated~~  
8 receipts ~~generated-authorized~~ under subsection (f) of this section to ~~reserve accounts-fund codes~~  
9 within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which  
10 system terminals are located and fares are earned. For the purposes of this subsection, fares are  
11 earned based on the terminals from which a passenger trip originates and terminates. Commuter  
12 pass receipts shall be ~~credited~~ deposited proportionately to each ~~reserve account-fund code~~ based  
13 on the distribution of trips originating and terminating in each Highway Division. The proceeds  
14 ~~credited-deposited~~ to each ~~reserve account-fund code~~ shall be used exclusively for prioritized  
15 North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which  
16 the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement  
17 projects or supplement funds allocated for ferry passenger vessel replacement projects approved  
18 in the Transportation Improvement Program.

19       ...

20       (f) Authority to Generate Certain Receipts. – The Department of Transportation,  
21 notwithstanding any other provision of law, may operate or contract for the following  
22 receipt-generating activities and, ~~except as otherwise provided in subsection (f1) of this section,~~  
23 ~~use the proceeds for ferry passenger vessel replacement projects in the manner set forth in~~  
24 ~~subsection (d) of this section:~~ activities. The proceeds collected on North Carolina Ferry System  
25 routes from receipts generated under this subsection shall be deposited and used in accordance  
26 with subsection (d) of this section. The proceeds collected from receipts generated from the  
27 Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

- 28           (1) Operation of, concessions on the ferries and at ferry facilities to provide to  
29 passengers on the ferries food, drink, and other refreshments, personal comfort  
30 items, Internet access, and souvenirs publicizing the ferry system.
- 31           (2) Sponsorships, including, but not limited to, the sale of naming rights to any  
32 ferry vessel, ferry route, or ferry facility.
- 33           (3) Advertising on or within any ferry vessel or at any ferry facility, including,  
34 but not limited to, display advertising and advertising delivered to passengers  
35 through the use of video monitors, public address systems installed in  
36 passenger areas, and other electronic media.
- 37           (4) Any other receipt-generating activity not otherwise forbidden by applicable  
38 law pertaining to public health or safety.

39       The Department may issue rules to implement this subsection.

40       (f1) Use of Receipts Generated From Shipyard. – The Department of Transportation shall  
41 ~~credit-deposit~~ the proceeds from receipts generated under subsection (f) of this section from  
42 activities performed by the North Carolina State Shipyard to a ~~reserve account-fund code~~ within  
43 the ~~Highway Fund~~ Ferry Capital Special Fund to be used exclusively for improvements to the  
44 Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on~~  
45 ~~the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a~~  
46 ~~proportional amount of the proceeds credited to each reserve account described in subsection (d)~~  
47 ~~of this section to replace or repair equipment in accordance with this subsection if there is an~~  
48 ~~insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

49       (f2) ~~Reserve Account-Ferry Systemwide Fund Code~~ and Disposition of Marine Vessels. –  
50 There is created in the ~~Highway Fund~~ Ferry Capital Special Fund a Ferry Systemwide ~~reserve~~  
51 ~~account-fund code.~~ The funds in the account this fund code shall be used for the acquisition or

1 construction of marine vessels to maintain existing service capacity by replacing marine vessels  
2 that have reached the end of their useful life, as determined by the Department of Transportation.  
3 The Department of Transportation shall decommission and dispose of a marine vessel subject to  
4 replacement in a timely manner after the replacement marine vessel is operationalized.  
5 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition  
6 of a marine vessel shall be ~~credited-deposited~~ to the ~~reserve-account-fund code~~ established under  
7 this subsection. Nothing in this subsection shall be construed as prohibiting the Department of  
8 Transportation from using funds held in the ~~reserve-account-fund code~~ established under this  
9 subsection to supplement funds ~~credited-deposited~~ to a ~~reserve-account-fund code~~ under  
10 subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger  
11 vessel replacement projects in the Highway Division in which the funds ~~credited-deposited~~ to the  
12 ~~reserve-account-fund code~~ under subsection (d) of this section are earned. For purposes of this  
13 subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than  
14 passenger-only vessels.

15 ...

16 (h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any  
17 other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45  
18 days after the first day of the fiscal year, the Department of Transportation shall transfer from the  
19 Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all  
20 unexpended funds for the Ferry Division's budget from the prior fiscal year.

21 (i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry  
22 Division shall submit a report to the Joint Legislative Transportation Oversight Committee and  
23 the Fiscal Research Division that contains the total cost to operate each ferry route."

24 **SECTION 41.15.(b)** G.S. 136-16.10 reads as rewritten:

25 "**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**

26 The Chief Financial Officer of the Department of Transportation shall allocate at the  
27 beginning of each fiscal year from the various appropriations made to the Department of  
28 Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State~~  
29 ~~Maintenance, and Ferry Operations, and State Maintenance~~ sufficient funds to eliminate all  
30 overdrafts on State maintenance and construction projects, and these allocations shall not be  
31 diverted to other purposes."

32 **SECTION 41.15.(c)** G.S. 136-44.2(f1)(2) reads as rewritten:

33 "(2) The unallotted and unencumbered balances on the last day of the fiscal year  
34 for the following:

- 35 a. Funds appropriated from the Highway Fund for the multimodal  
36 programs of the Department, consisting of funds for bicycle and  
37 pedestrian, ~~ferry,~~ railroad, aviation, and public transportation  
38 programs, excluding funds deposited in the Freight Rail & Rail  
39 Crossing Safety Improvement Fund.
- 40 b. Funds appropriated from the Highway Fund for the construction  
41 programs of the Department, consisting of funds for secondary  
42 construction, access and public service roads, spot safety  
43 improvement, small urban construction, and economic development  
44 programs."

45 **SECTION 41.15.(d)** Subdivision (2) of subsection (b) of Section 35.1 of S.L.  
46 2016-94 is repealed.

#### 47 **DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS**

48 **SECTION 41.16.** Notwithstanding any other provision of law to the contrary, the  
49 Department of Transportation shall reclassify vacant positions, pursuant to the classification  
50 system established by the State Human Resources Commission, to the following positions:  
51

- 1 (1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.
- 2 (2) Up to seven FTE positions in the Purchasing Division to manage the
- 3 procurement and contractual needs of the Department.
- 4 (3) Up to four FTE positions in the Department's Finance Division to improve
- 5 financial operations and performance.
- 6

**DOT/FACILITIES PLAN**

8 **SECTION 41.17.(a)** The Department of Transportation shall develop a 10-year  
 9 Facilities Plan for the Department's current and future facility needs. The plan shall identify the  
 10 need for replacement and major renovations of all Department-owned buildings and include the  
 11 following components: complete facility inventory, condition analysis, building and site usage,  
 12 building capacity analysis with square footage, staff replacement, renovation cost estimates, and  
 13 proposed 10-year replacement and renovations schedule. The Department shall seek input from  
 14 all units of the Department to develop the comprehensive plan of the Department.

15 **SECTION 41.17.(b)** The Department shall submit a report to the Joint Legislative  
 16 Transportation Oversight Committee, the Joint Legislative Oversight Committee on Capital  
 17 Improvements, and the Fiscal Research Division. The report shall include all components of the  
 18 plan, including the proposed 10-year schedule, estimated costs, and the status of all building  
 19 replacements and renovations underway by the Department. The report is due no later than March  
 20 1, 2022.

**REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS**

22 **SECTION 41.18.(a)** The Facilities Division of the Department of Transportation  
 23 shall develop a preventive maintenance program for all buildings owned by the Department. The  
 24 plan shall include a schedule to examine the building systems, including lighting and electrical,  
 25 safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for  
 26 repair and maintenance.

28 **SECTION 41.18.(b)** No later than March 1, 2022, the Facilities Division shall  
 29 submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal  
 30 Research Division on the plan, schedule, and an estimate of recurring funds needed for  
 31 maintenance and repair.

**CAPITAL, REPAIRS, AND RENOVATIONS**

33 **SECTION 41.19.** For the 2021-2023 fiscal biennium, the funds appropriated in this  
 34 act from the Highway Fund to the Department of Transportation for capital, repairs, and  
 35 renovations shall be used as follows:  
 36

38 <b>Item</b>	39 <b>FY 2021-22</b>	40 <b>FY 2022-23</b>
41 Polk Maintenance Shop	\$745,285	
42 Currituck Equipment and Maintenance Storage Facility	\$447,544	
43 Cleveland County Div. 12 Office		\$5,022,534
44 Alleghany Equipment Shop		\$162,000
45 Ferry Facilities – Hatteras Dolphins and Exterior Door, 46 Silver Lake Dolphins and Gantries, Minnesott Gantry 47 and Ramp, and Cedar Island Ticket Booth	\$860,000	
48 Other Statewide – Repairs	\$1,637,500	\$1,681,250
49 Shipyard Water Tower	\$771,015	
50 <b>Total</b>	<b>\$4,461,344</b>	<b>\$6,865,784</b>

**DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS**

1           **SECTION 41.20.(a)** Notwithstanding G.S. 143-135.26(1), or any other provision of  
2 law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall  
3 have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and  
4 contracting for the construction of the capital replacement projects listed in Section 41.19 of this  
5 act and shall not be subject to the jurisdiction of the Department of Administration, if the  
6 estimated cost of the design and construction of the replacement building is less than two million  
7 dollars (\$2,000,000). The Department of Transportation shall advertise and award contracts in  
8 the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon  
9 request, the Department of Administration shall assist the Department of Transportation in  
10 advertising and awarding a contract under this section.

11           **SECTION 41.20.(b)** No later than 30 days after the end of each fiscal quarter, the  
12 Department of Transportation shall report to the Joint Legislative Transportation Oversight  
13 Committee and the Fiscal Research Division on the status of all contracts awarded by the  
14 Department of Transportation under subsection (a) of this section. The report shall include for  
15 each capital replacement project:

- 16           (1) The estimated cost of the design and construction of the replacement structure.
- 17           (2) The method for replacement, to include design phase through construction.
- 18           (3) Any assistance provided by the Department of Administration.
- 19           (4) The issued request for proposal, selection criteria, bid amounts, and selected  
20 contractor.
- 21           (5) The status of project, total contract cost, amount paid-to-date, and anticipated  
22 completion date.

## 23 24 **REVISE CASH WATCH REPORT**

25           **SECTION 41.21.** G.S. 143C-6-11(n) reads as rewritten:

26           "(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for  
27 public review a weekly report of the Department's cash position, which shall be entitled "NCDOT  
28 Cash Watch Numbers." The report shall be issued as a press release to all interested parties,  
29 posted on the Department's Web site, and submitted to the Joint Legislative Transportation  
30 Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the  
31 Department determines is beneficial to include, the report shall contain the following:

- 32           (1) Total Cash and Bond Proceeds
- 33           (2) Add Receipts
  - 34           a. Add subcategory of federal receipts
  - 35           b. Add subcategory of federal receipts (declared disaster  
36 reimbursements)
- 37           (3) Less Disbursements
  - 38           a. Payroll
  - 39           b. Debt Service
  - 40           c. STI Construction Costs
  - 41           d. General Operating Costs
  - 42           e. Map Act Claims/Settlements
  - 43           f. State Aid Payments
  - 44           g. Disaster-Related Costs
  - 45           h. Other
- 46           (4) Reserved Cash
  - 47           a. GARVEE/Federal Repayment Reserve
  - 48           b. Transportation Emergency Reserve
  - 49           c. Trustee Accounts – Build NC proceeds
  - 50           d. Trustee Accounts – GARVEE
  - 51           e. Trustee Accounts – Other Bonds

- 1 f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.  
2 g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.  
3 (5) Unreserved Cash Balance Total  
4 a. Highway Fund Total  
5 b. Highway Trust Fund Total  
6 c. Statutory Cash Requirement"  
7

## 8 HIGHWAY DIVISIONS ANNUAL REPORT

9 **SECTION 41.22.** G.S. 143C-6-11 is amended by adding a new subsection to read:

10 "(s) No later than September 1 of each year, the Department of Transportation shall submit  
11 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an  
12 annual report on the prior fiscal year allocations and expenditures for each highway division that  
13 contains the following information:

- 14 (1) A chart detailing all Highway Fund allocations allotted to each highway  
15 division by category and purpose, the actual amount spent by each division,  
16 and any funds remaining for each division for the fiscal year.  
17 (2) The amount of funds reallocated between divisions under G.S. 136-44.6 by  
18 division source and recipient.  
19 (3) The overdrafts and carryforward amounts in total and by division."  
20

## 21 REST AREAS

22 **SECTION 41.23.(a)** No later than August 15, 2021, the Department of  
23 Transportation shall open and fully operate all rest areas owned or maintained by the Department.

24 **SECTION 41.23.(b)** Article 7 of Chapter 136 of the General Statutes is amended by  
25 adding a new section to read:

### 26 "**§ 136-102.10. Rest areas report.**

27 No later than October 1 of each year, the Department shall submit an annual report to the  
28 Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that  
29 contains the following information:

- 30 (1) Total inventory of rest areas.  
31 (2) Location and description of each rest area to include condition of the rest area  
32 buildings, parking, landscape, ingress and egress roads, restrooms, lighting,  
33 vending, whether collocated with a welcome center, and availability of Wi-Fi  
34 and cell phone service strength.  
35 (3) Most recent reopening date and the reason and length of closure before  
36 reopening.  
37 (4) Actual expenditures by categories to include staff, contracts, building  
38 operations, and other maintenance.  
39 (5) Number of estimated visitors and how estimated visitors are calculated.  
40 (6) Planned renovations and closures for renovations."  
41

## 42 INCREASE NUMBER OF BOARD OF TRANSPORTATION APPOINTEES 43 PERMITTED FROM THE SAME HIGHWAY DIVISION

44 **SECTION 41.24.** G.S. 143B-350(b)(1) reads as rewritten:

45 "(b) Membership of the Board. –

- 46 (1) Number, appointment. – The Board of Transportation shall have 20 voting  
47 members. Voting members shall be appointed as provided in subdivisions (2)  
48 and (3) of this subsection for terms of office beginning July 31 of the year of  
49 initial appointment, and every four years thereafter. Fourteen of the members  
50 shall be division members appointed by the Governor. Six members shall be  
51 at-large members appointed by the General Assembly, three upon

1 recommendation of the President Pro Tempore of the Senate and three upon  
2 recommendation of the Speaker of the House of Representatives. The  
3 Secretary of Transportation shall serve as an ex officio nonvoting member of  
4 the Board. No more than ~~two~~three members of the Board may reside in the  
5 same highway division."  
6

## 7 LITTER CLEANUP

8 **SECTION 41.25.(a)** G.S. 136-28.12 reads as rewritten:

### 9 "§ 136-28.12. Litter removal coordinated with mowing of highway rights-of-way.

10 ~~The Department of Transportation shall, to the extent practicable, schedule the removal of~~  
11 ~~debris, trash, and litter from highways and highway rights of way prior to the mowing of~~  
12 ~~highway rights of way. The Department of Transportation shall include as a term of any contract~~  
13 ~~that it enters into for the mowing of a highway right of way that the contracting party shall, to~~  
14 ~~the extent practicable, coordinate with the scheduled removal of debris, trash, and litter from the~~  
15 ~~highway and highway right of way prior to the mowing of the highway right of way.~~

16 (a) For State-maintained roads, the Department of Transportation shall coordinate litter  
17 removal and mowing as follows:

18 (1) If the highway right-of-way to be mowed is part of the primary road system,  
19 the Department shall schedule the removal of litter before the right-of-way is  
20 mowed.

21 (2) If the highway right-of-way to be mowed is part of the secondary road system,  
22 the Department shall schedule, to the extent practicable, the removal of litter  
23 before the right-of-way is mowed.

24 (b) The Department shall require as a term of any contract to mow or remove litter that  
25 the contracting party agree to the provisions in subsection (a) of this section."

26 **SECTION 41.25.(b)** Report on Litter Management System. – On or before January  
27 15, 2022, the Department of Transportation shall report to the Joint Legislative Transportation  
28 Oversight Committee and the Fiscal Research Division on the effectiveness of the Department's  
29 Litter Management System website and interactive map, including impacts on participation in  
30 litter management programs.

31 **SECTION 41.25.(c)** This section is effective when it becomes law. Subsection (a)  
32 of this section applies to contracts entered into on or after January 1, 2022.  
33

## 34 AUTHORIZE REVISOR OF STATUTES TO MAKE CONFORMING CHANGES TO 35 STATUTE FOR THE DMV QUADRENNIAL FEE INCREASE

36 **SECTION 41.26.** G.S. 20-4.02 reads as rewritten:

### 37 "§ 20-4.02. Quadrennial adjustment of certain fees and rates.

38 (a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter,  
39 the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this  
40 subsection for inflation in accordance with the Consumer Price Index computed by the Bureau  
41 of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection  
42 shall be rounded to the nearest cent and all other adjustments under this subsection shall be  
43 rounded to the nearest twenty-five cents (25¢):  
44

44 ...

45 (c) Rules. – The provisions of Chapter 150B of the General Statutes ~~shall do~~ not apply to  
46 the inflation adjustment required by this section.

47 (d) Consultation and Publication. – At least 90 days prior to making an adjustment  
48 pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1  
49 to the contrary, the Division shall (i) consult with the Joint Legislative Commission on  
50 Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations  
51 Committee on ~~Department of Transportation~~ and the House of Representatives Appropriations

1 Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the  
2 offices of the Division and on the Division's ~~Web site~~. website. After making the adjustment, the  
3 Division shall notify the Revisor of Statutes who shall adjust the amounts in statute.

4 ...."

#### 6 **POWELL BILL REDUCTIONS PROHIBITED**

7 **SECTION 41.27.** For the 2021-2023 fiscal biennium, the Department of  
8 Transportation shall not reduce the funds appropriated under this act to the State Aid–Powell Bill  
9 Fund for allocation under the Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).

#### 10 **TRANSPORTATION EMERGENCY RESERVE/INCREASE RESERVE**

11 **SECTION 41.28.** G.S. 136-44.2E reads as rewritten:

12 "**§ 136-44.2E. Transportation Emergency Reserve.**

13 ...

14 ...  
15 (b) **Funding; Use of Funds.** – Subject to subsection (d) of this section, no later than July  
16 30 of each fiscal year, the Department of Transportation shall transfer from the Highway Fund  
17 to the Emergency Reserve the sum of ~~one hundred twenty five million dollars (\$125,000,000),~~  
18 one hundred fifty million dollars (\$150,000,000), and these funds are hereby appropriated for  
19 expenses related to an emergency. For purposes of this section, the term "emergency" has the  
20 same meaning as in G.S. 166A-19.3.

21 ...

22 (d) **Limitation on Funds.** – The total funds in the Emergency Reserve shall not exceed the  
23 sum of ~~one hundred twenty five million dollars (\$125,000,000).~~ one hundred fifty million dollars  
24 (\$150,000,000). If a transfer under subsection (b) of this section would cause the Emergency  
25 Reserve to exceed this limitation, the amount transferred shall equal the difference between ~~one~~  
26 ~~hundred twenty five million dollars (\$125,000,000)~~ one hundred fifty million dollars  
27 (\$150,000,000) and the amount of funds in the Emergency Reserve on the transfer date set forth  
28 in subsection (b) of this section.

29 ...."

#### 30 **AUTHORIZE ONLINE RENEWALS FOR DMV-ISSUED LICENSES, PERMITS, 31 CERTIFICATES, AND REGISTRATIONS**

32 **SECTION 41.29.** Article 1 of Chapter 20 of the General Statutes is amended by  
33 adding a new section to read:

34 "**§ 20-4.04. Division authority to create electronic systems for renewals.**

35 (a) **Authorization.** – The Division is authorized to establish and maintain electronic  
36 systems and means for renewals of all licenses, permits, certificates, and registrations issued by  
37 the Division pursuant to this Chapter for the purposes of administrative efficiency and to  
38 modernize Division systems and practices. This authorization does not supersede or modify  
39 specific renewal authorizations set out in this Chapter.

40 (b) **Reporting Requirement.** – By December 31, 2021, and annually thereafter, the  
41 Division must report to the Joint Legislative Transportation Oversight Committee, the Fiscal  
42 Research Division, and the Legislative Analysis Division any electronic system or means for  
43 renewal that has been implemented or is in the process of being implemented. This report shall  
44 also include any proposed legislative recommendations necessary as conforming changes to the  
45 General Statutes."

#### 46 **HANDICAPPED PLACARD ONLINE RENEWAL**

47 **SECTION 41.30.(a)** G.S. 20-37.6(c1) reads as rewritten:

48 "(c1) **Application and Renewal; Medical Certification.** – The initial application for a  
49 distinguishing license plate, removable windshield placard, or temporary removable windshield  
50  
51



1 placard shall be accompanied by a certification of a licensed physician, a licensed  
2 ophthalmologist, a licensed optometrist, a licensed physician assistant, a licensed nurse  
3 practitioner, or the Division of Services for the Blind that the applicant or person in the applicant's  
4 custody or care is handicapped or by a disability determination by the United States Department  
5 of Veterans Affairs that the applicant or person in the applicant's custody or care is handicapped.  
6 For an initial application for a temporary removable windshield placard only, the certification  
7 that the applicant is handicapped may be made by a licensed certified nurse midwife. The  
8 application for a temporary removable windshield placard shall contain additional certification  
9 to include the period of time the certifying authority determines the applicant will have the  
10 disability. Distinguishing license plates shall be renewed annually, but subsequent applications  
11 shall not require a medical certification that the applicant is handicapped, except that a registered  
12 owner that certified pursuant to subsection (b) of this section that the registered owner is the  
13 guardian or parent of a handicapped person must recertify every five years. Removable  
14 windshield placards shall be renewed every five years, and, except for a person certified as totally  
15 and permanently disabled at the time of the initial application or a prior renewal under this  
16 subsection, the renewal shall require a medical recertification that the person is handicapped;  
17 provided that a medical certification shall not be required to renew any placard that expires after  
18 the person to whom it is issued is 80 years of age. Temporary removable windshield placards  
19 shall expire no later than six months after issuance. The Division shall offer renewal of  
20 handicapped credentials in person and online on the Division's website."

21 **SECTION 41.30.(b)** This section becomes effective October 1, 2021.

22  
23 **DISQUALIFICATIONS FOR LIFE FROM DRIVING A COMMERCIAL MOTOR**  
24 **VEHICLE FOR CERTAIN CONVICTIONS OF SEVERE FORMS OF**  
25 **TRAFFICKING IN PERSONS**

26 **SECTION 41.31.(a)** G.S. 20-17.4 is amended by adding a new subsection to read:

27 "(c2) Life. – A person shall be disqualified from driving a commercial motor vehicle for  
28 life, without the possibility of reinstatement, if convicted of a major disqualifying offense as  
29 defined in 49 C.F.R. § 383.51(b)(10)."

30 **SECTION 41.31.(b)** This section becomes effective December 1, 2021, and applies  
31 to offenses committed on or after that date.

32  
33 **INSURANCE COMPANIES TO SUBMIT POLICY NOTIFICATIONS TO DIVISION**  
34 **ELECTRONICALLY**

35 **SECTION 41.32.(a)** G.S. 20-309.2(c) reads as rewritten:

36 "(c) Form of Notice. – ~~Any insurer with twenty-five million dollars (\$25,000,000) or more~~  
37 ~~in annual vehicle insurance premium volume shall submit the notices required under this section~~  
38 ~~by electronic means. All other insurers may shall~~ submit the notices required under this section  
39 by ~~either paper or electronic means."~~

40 **SECTION 41.32.(b)** This section becomes effective October 1, 2021.

41  
42 **REVISE VEHICLE DEALER LICENSING LAWS**

43 **SECTION 41.33.(a)** G.S. 20-287 reads as rewritten:

44 "**§ 20-287. Licenses required; penalties.**

45 (a) License Required. – It shall be unlawful for any new motor vehicle dealer, used motor  
46 vehicle dealer, motor vehicle sales representative, manufacturer, factory branch, factory  
47 representative, distributor, distributor branch, distributor representative, or wholesaler to engage  
48 in business in this State without first obtaining a license as provided in this Article. If any motor  
49 vehicle dealer acts as a motor vehicle sales representative, the dealer shall obtain a motor vehicle  
50 sales representative's license in addition to a motor vehicle dealer's license. ~~A sales representative~~  
51 ~~may have only one license. The sales representative license shall show the name of the each~~

1 dealer or wholesaler employing the sales representative. An individual who has submitted an  
 2 application to the Division for a sales representative license pursuant to G.S. 20-288(a) ~~shall be~~  
 3 ~~permitted to~~ may engage in activities as a sales representative while the application is pending  
 4 ~~provided that~~ under the following conditions: (i) the sales representative applicant is actively and  
 5 directly supervised by a licensed motor vehicle dealer or a licensed sales representative  
 6 designated by the dealer, ~~provided further that~~ (ii) the applicant certifies in the application that  
 7 the applicant has not been previously denied a sales representative license for any dealer by the  
 8 ~~Division and that~~ Division on nonprocedural grounds, and (iii) the applicant has not been  
 9 previously convicted of a felony. Any license issued by the Division to a motor vehicle dealer,  
 10 manufacturer, factory branch, factory representative, distributor, distributor branch, distributor  
 11 representative, or wholesaler under this Article may not be assigned, sold, or otherwise  
 12 transferred to any other person or entity.

13 (b) Civil Penalty for Violations by Licensee. – In addition to any other punishment or  
 14 remedy under the law for any violation of this section, the Division may levy and collect a civil  
 15 penalty, in an amount not to exceed one thousand dollars (\$1,000) for each violation, against any  
 16 person who has obtained a license pursuant to this ~~section,~~ section, or is an applicant for a license  
 17 under this section, if it finds that the ~~licensee~~ person has violated any of the provisions of  
 18 G.S. 20-285 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by  
 19 the Division relating to the sale of vehicles, vehicle titling, or vehicle registration. If the Division  
 20 finds that a sales representative applicant has violated any of these provisions, the penalty shall  
 21 be assessed against the applicant unless the Division finds that a dealership owner, manager, or  
 22 officer had knowledge of the violation before the application was submitted to the Division.

23 (c) Civil Penalty for Violations by Person Without a License. – In addition to any other  
 24 punishment or remedy under the law for any violation of this section, the Division may levy and  
 25 collect a civil penalty, in an amount not to exceed five thousand dollars (\$5,000) for each  
 26 violation, against any person who is required to obtain a license under this section and has not  
 27 obtained the license, if it finds that the person has violated any of the provisions of G.S. 20-285  
 28 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by the Division  
 29 relating to the sale of vehicles, vehicle titling, or vehicle registration."

30 **SECTION 41.33.(b)** G.S. 20-294 reads as rewritten:

31 "**§ 20-294. Grounds for denying, suspending, placing on probation, or revoking licenses.**

32 ~~The~~ In accordance with G.S. 20-295 and G.S. 20-296, the Division may deny, suspend, place  
 33 on probation, or revoke a license issued under this Article for any one or more of the following  
 34 grounds:

- 35 (1) Making a material misstatement in an application for a license.
- 36 (2) Willfully and intentionally failing to comply with this Article, Article 15 of  
 37 this Chapter, or G.S. 20-52.1, 20-75, 20-79.1, 20-79.2, 20-108, 20-109,  
 38 20-109.3, or a rule adopted by the Division under this Article. It shall be an  
 39 affirmative defense, exclusive to the dealer licensee, if the violation is a result  
 40 of fraud, theft, or embezzlement against the licensee. Responsible persons,  
 41 including officers, directors, and sales representative licensees, may be  
 42 charged individually if they actively and knowingly participated in the  
 43 unlawful activity. This affirmative defense is waived if any violation charged  
 44 creates an unrecoverable loss for a citizen or another licensed motor vehicle  
 45 dealer of this State.
- 46 ...
- 47 (4) Willfully defrauding any retail or wholesale buyer, to the buyer's damage, or  
 48 any other person in the conduct of the licensee's business.
- 49 ...
- 50 (6) Using unfair methods of competition or unfair or deceptive acts or  
 51 practices that cause actual damages to the buyer.

1 ...  
2 (9) Being convicted of an offense set forth under ~~G.S. 20-106~~, G.S. 14-71.2,  
3 20-106.1, 20-107, or 20-112 while holding such a license or within five years  
4 next preceding the date of filing the application; or being convicted of a felony  
5 involving moral turpitude under the laws of this State, another state, or the  
6 United States. It shall be an affirmative defense, and will operate as a stay of  
7 this violation, if the person charged is determined to qualify and obtains  
8 expunction, certificate of relief, or pardon or if the violative conviction is  
9 vacated. If relief is granted, this violation is dismissed. If relief is denied, the  
10 stay is lifted.

11 ...  
12 (11) Knowingly giving an incorrect certificate of title, or failing to give a certificate  
13 of title to a purchaser, a lienholder, or the Division, as appropriate, after a  
14 vehicle is sold. It shall be an affirmative defense, exclusive to the dealer  
15 licensee, if it is found that the violation is a result of fraud, theft, or  
16 embezzlement against the licensee. Officers, directors, members, and sales  
17 representative licensees may be charged individually if they actively and  
18 knowingly participated in the unlawful activity. This affirmative defense is  
19 waived if any violation charged creates an unrecoverable loss for a citizen or  
20 another licensed motor vehicle dealer of this State.

21 (12) ~~Making~~ Knowingly making a material misstatement in an application for a  
22 dealer license plate.

23 ...."

24 **SECTION 41.33.(c)** G.S. 14-86.1(a) reads as rewritten:

25 "(a) All conveyances, including vehicles, watercraft or aircraft, used to unlawfully  
26 conceal, convey or transport property in violation of G.S. 14-71, 14-71.1, or ~~20-106, 14-71.2,~~ or  
27 used by any person in the commission of armed or common-law robbery, or used in violation of  
28 G.S. 14-72.7, or used by any person in the commission of any larceny when the value of the  
29 property taken is more than two thousand dollars (\$2,000) shall be subject to forfeiture as  
30 provided herein, except that:

31 ...."

32 **SECTION 41.33.(d)** G.S. 20-299 reads as rewritten:

33 "**§ 20-299. Acts of officers, directors, partners, salesmen and other representatives.**

34 (a) ~~If a licensee is a copartnership or a corporation, it shall be sufficient cause for the~~  
35 ~~denial, suspension or revocation of a license that any officer, director or partner of the~~  
36 ~~copartnership or corporation has committed any act or omitted any duty which would be cause~~  
37 ~~for refusing, suspending or revoking a license to such party as an individual. Each licensee shall~~  
38 ~~be responsible for the acts of any or all of his salesmen while acting as his agent. The Division~~  
39 may deny, suspend, place on probation, or revoke a license issued to a corporation, limited  
40 liability company, limited liability partnership, or any other business entity that is a licensee  
41 under this Article if more than fifty percent (50%) of the business entity ownership engaged in  
42 conduct prohibited by G.S. 20-294. A license issued to a business entity under this Article may  
43 also be revoked if any damages suffered due to a violation of this Article are not satisfied,  
44 including damages caused by a sales representative while acting as an agent of the business entity.  
45 An owner of a business entity that did not engage personally in a violation of G.S. 20-294 and  
46 did not knowingly omit any duty may not be penalized for the acts of a business entity found to  
47 have violated this section.

48 ...."

49 **SECTION 41.33.(e)** This section becomes effective October 1, 2021.

50

1 **DMV/STUDY TRANSFERRING VEHICLE DEALER LICENSE AND SAFETY AND**  
2 **EMISSIONS INSPECTION HEARINGS FROM DMV TO OFFICE OF**  
3 **ADMINISTRATIVE HEARINGS**

4 **SECTION 41.34.(a)** The Division of Motor Vehicles, in consultation with the Office  
5 of Administrative Hearings and the Attorney General, shall study the feasibility of transferring  
6 (i) dealer license hearings pursuant to G.S. 20-296 and (ii) safety and emissions inspection  
7 hearings pursuant to Article 3A of Chapter 20 of the General Statutes from the Division of Motor  
8 Vehicles to the Office of Administrative Hearings. The study shall:

- 9 (1) Provide a five-year history of the number of dealer license and safety and  
10 emissions inspection hearings conducted by the Division, including annually  
11 collected receipts.
- 12 (2) Identify personnel requirements for these hearings, including the total number  
13 of Division staff assigned to the hearings and the educational and professional  
14 requirements associated with all assigned positions.
- 15 (3) Provide an itemized estimate of costs incurred by the Division when  
16 conducting these hearings.
- 17 (4) Describe the Division's current procedures for administrating these hearings,  
18 including the appeals process.
- 19 (5) Propose new procedures for administrating these hearings if they are  
20 transferred, including the new fee structure and appeals process. This proposal  
21 shall clearly highlight the differences between the current administrative  
22 procedures and the proposed new procedures.
- 23 (6) Evaluate the advantages and disadvantages of the current administrative  
24 procedures and the proposed new procedures.
- 25 (7) Examine applicable federal and State law, noting any due process  
26 implications.
- 27 (8) Provide a plan for implementing the transfer of hearings. The plan shall  
28 address (i) anticipated workload changes, (ii) anticipated changes to staffing  
29 needs for any entity affected by the transfer, (iii) estimated one-time and  
30 annual costs to the Division or any other State agency resulting from the  
31 transfer, (iv) estimated cost savings for the Division or any other State agency  
32 resulting from the transfer, (v) changes in revenue for the Division or any  
33 other State agency resulting from the transfer, (vi) legislative changes  
34 necessary to implement the plan, and (vii) an estimated time line for  
35 implementation, including steps required to facilitate the transfer.
- 36 (9) Provide separate statements from the Division, the Attorney General, and the  
37 Office of Administrative Hearings indicating whether they are in favor of or  
38 opposed to implementing the transfer.
- 39 (10) Explore any other issue deemed relevant.

40 **SECTION 41.34.(b)** By January 31, 2022, the Division of Motor Vehicles shall  
41 submit the findings of the study to the Joint Legislative Transportation Oversight Committee and  
42 the Fiscal Research Division.

43  
44 **LENDERS MAY OBTAIN COLOR IMAGE OF BORROWER'S DRIVERS LICENSE**

45 **SECTION 41.35.(a)** G.S. 20-30(6) reads as rewritten:

- 46 "(6) To make a color photocopy or otherwise make a color reproduction of a  
47 drivers license, learner's permit, or special identification ~~card which has been~~  
48 ~~color photocopied or otherwise reproduced in color, card,~~ unless such color  
49 photocopy or other color reproduction was authorized by the Commissioner  
50 or is made to comply with G.S. 163-230.2. It shall be lawful to make a black  
51 and white photocopy of a drivers license, learner's permit, or special

1 identification card or otherwise make a black and white reproduction of a  
2 drivers license, learner's permit, or special identification card. This  
3 subdivision does not apply to a lender that is licensed or otherwise authorized  
4 to engage in the lending business in this State, or to a licensed motor vehicle  
5 dealer, creating, storing, or receiving, in the ordinary course of business, a  
6 color image of a drivers license, learner's permit, or special identification card  
7 of a borrower or loan applicant."

8 **SECTION 41.35.(b)** This section becomes effective October 1, 2021.

#### 10 **MANDATORY REPLACEMENT OF DEALER PLATES**

11 **SECTION 41.36.(a)** G.S. 20-79 is amended by adding a new subsection to read:

12 "(c1) Dealer Plate Mandatory Replacement. – Notwithstanding G.S. 20-63.1, registration  
13 plates issued under this section shall be replaced every three years."

14 **SECTION 41.36.(b)** This section becomes effective October 1, 2021.

#### 16 **PRINT LICENSE RENEWAL GRACE PERIOD ON DEALER'S BLUE LICENSE**

17 **SECTION 41.37.(a)** G.S. 20-295(b) reads as rewritten:

18 "(b) Pending License Renewal Grace Period. – When an application for license renewal  
19 has been timely submitted prior to expiration of the license, the license shall remain valid for up  
20 to 30 days after the expiration date until the Division grants or denies the application. The  
21 Division shall (i) ensure that any database maintained by the Division that indicates the status of  
22 a license issued under this Article reflects that the license continues to be valid during this  
23 ~~period~~ period and (ii) send a temporary license to the applicant for display while the Division  
24 reviews the application."

25 **SECTION 41.37.(b)** This section becomes effective October 1, 2021.

#### 27 **MANUFACTURED HOMES**

28 **SECTION 41.38.(a)** G.S. 20-109.2 reads as rewritten:

29 **"§ 20-109.2. Surrender of title to manufactured home.**

30 ...

31 (d) Application for Title After Cancellation. – If the owner of a manufactured home  
32 whose certificate of title has been cancelled under this section subsequently seeks to separate the  
33 manufactured home from the real property, the owner may apply for a new certificate of title.  
34 The owner must submit to the Division an affidavit containing the same information set out in  
35 subsection (b) of this section, verification that the manufactured home has been removed from  
36 the real property, verification of the identity of the current owner of the real property upon which  
37 the manufactured home was located, and written consent of any affected owners of recorded  
38 mortgages, deeds of trust, or security interests in the real property where the manufactured home  
39 was placed. ~~The Commissioner may require evidence sufficient to demonstrate that all affected~~  
40 ~~owners of security interests have been notified and consent.~~ Upon receipt of this information,  
41 together with a title application and required fee, the Division shall issue a new title for the  
42 manufactured home in the name of the current owner of the real property upon which the  
43 manufactured home was located.

44 ...

45 (f) No Right of Action. – A person damaged by the cancellation of a certificate of title  
46 pursuant to subsection (a1) of this section does not have a right of action against the  
47 ~~Division.~~ Division or a commission contractor of the Division."

48 **SECTION 41.38.(b)** G.S. 20-58.3A(g) reads as rewritten:

49 "(g) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the  
50 General Statutes and a commission contractor of the Division shall not be subject to a claim or  
51 cause of action related to the renewal of the perfection of a security interest or the failure to

1 acknowledge or give effect to an expired perfection of a security interest on a certificate of title  
2 for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~  
3 Division, or a commission contractor of the Division, on any application for renewal submitted  
4 to the ~~Division~~Division, or a commission contractor of the Division, by a third party pursuant to  
5 this section or based on the automatic expiration of a perfection of a security interest pursuant to  
6 this section."

7 **SECTION 41.38.(c)** G.S. 20-58.4 reads as rewritten:

8 "**§ 20-58.4. Release of security interest.**

9 ...

10 (c) An owner, upon securing the release of any security interest in a vehicle shown upon  
11 the certificate of title issued therefor, may exhibit the documents evidencing such release, signed  
12 by the person or persons making such release, and the certificate of title to the ~~Division~~Division,  
13 or a commission contractor of the Division, which shall, when satisfied as to the genuineness ~~and~~  
14 ~~regularity~~ of the release, issue to the owner either a new certificate of title in proper form or an  
15 endorsement or rider attached thereto showing the release of the security interest.

16 (d) If an owner exhibits documents evidencing the release of a security interest as  
17 provided in subsection (c) of this section but is unable to furnish the certificate of title to the  
18 ~~Division~~Division, or a commission contractor of the Division, because it is in possession of a  
19 prior secured party, the Division, when satisfied as to the genuineness ~~and regularity~~ of the  
20 release, shall procure the certificate of title from the person in possession thereof for the sole  
21 purpose of noting thereon the release of the subsequent security interest, following which the  
22 Division shall return the certificate of title to the person from whom it was obtained and notify  
23 the owner that the release has been noted on the certificate of title.

24 ...

25 (e1) If the vehicle is a manufactured home, the owner may proceed in accordance with  
26 subsection (e) of this section or may, in the alternative, provide the Division with a sworn  
27 affidavit by the owner stating that the debt has been satisfied and that either:

- 28 (1) After diligent inquiry, the owner has been unable to determine the identity or  
29 the current location of the secured creditor or its successor in interest; or  
30 (2) The secured creditor has not responded within 30 days to a written request  
31 from the owner to release the secured creditor's security interest.

32 For purposes of this subsection, the term "owner" shall mean any of the following: (i) the  
33 owner of the manufactured home; (ii) the owner of real property on which the manufactured  
34 home is affixed; or (iii) a title insurance company as insurer of an insured owner of real property  
35 on which the manufactured home is affixed.

36 (e2) The Division ~~may~~shall treat either of the methods employed by the owner pursuant  
37 to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section  
38 when satisfied as to the genuineness, truth and sufficiency thereof. ~~Prior to cancellation of a~~  
39 ~~security interest under the provisions of this subsection, at least 15 days' notice of the pendency~~  
40 ~~thereof shall be given to the secured party at his last known address by the Division by registered~~  
41 ~~letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15~~  
42 ~~days after the Division gives notice, the secured party responds to the Division indicating that~~  
43 ~~the security interest remains in effect. Before cancelling a security interest under this section, the~~  
44 Division, or a commission contractor of the Division, shall send notice to the last known address  
45 of the secured party. If the secured party files an objection within 15 days after notice was sent,  
46 the security interest shall not be cancelled.

47 (f) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the  
48 General Statutes and a commission contractor of the Division shall not be subject to a claim of  
49 cause of action related to the release of the perfection of a security interest on a certificate of title  
50 for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~  
51 Division, or a commission contractor of the Division, on any release, affidavit, notation of the

1 certificate of title, or documents evidencing the release or satisfaction of a security interest  
2 submitted to the ~~Division~~ Division, or a commission contractor of the Division, by a third party  
3 pursuant to this section."

4 **SECTION 41.38.(d)** The Division of Motor Vehicles shall create a form for use by  
5 employees, agents, and commission contractors of the Division in the cancellation, release, or  
6 renewal of a security interest in a manufactured home and the surrender of title to a manufactured  
7 home. On or before December 1, 2021, the Division shall publish this form on its website and  
8 otherwise make it available to the public.

9 **SECTION 41.38.(e)** This section becomes effective October 1, 2021.

10  
11 **APPLICATION FOR NOTATION OF SECURITY INTEREST BY LENDER**  
12 **MODIFICATIONS**

13 **SECTION 41.39.(a)** G.S. 20-58(a)(2) reads as rewritten:

14 "(2) If the vehicle is registered in this State, the application for notation of a  
15 security interest shall be in the form prescribed by the Division, signed by the  
16 debtor, and contain the date of application of each security interest, and name  
17 and address of the secured party from whom information concerning the  
18 security interest may be obtained. The application may be signed by electronic  
19 signature by the debtor without notarization, provided the application is  
20 submitted by a licensed or regulated lender in this State having a lienholder  
21 identification number issued by the Division. The application must be  
22 accompanied by the existing certificate of title unless in the possession of a  
23 prior secured party or in the event the manufacturer's statement of origin or  
24 existing certificate of title (i) was not delivered to the dealer or (ii) was lost or  
25 misplaced on the date the dealer sells or transfers the motor vehicle. If there  
26 is an existing certificate of title issued by this or any other jurisdiction in the  
27 possession of a prior secured party, the application for notation of the security  
28 interest shall in addition contain the name and address of such prior secured  
29 party. An application for notation of a security interest may be signed by the  
30 secured party instead of the debtor when the application is accompanied by  
31 documentary evidence of the applicant's security interest in that motor vehicle  
32 signed by the debtor and by affidavit of the applicant stating the reason the  
33 debtor did not sign the application. An application for a notation of a security  
34 interest submitted to the Division signed by the secured party instead of the  
35 debtor does not require documentary evidence of the applicant's security  
36 interest in that motor vehicle signed by the debtor, provided the application is  
37 submitted by a licensed or regulated lender in this State having a lienholder  
38 identification number issued by the Division. In the event the certificate  
39 cannot be obtained for recordation of the security interest, when title remains  
40 in the name of the debtor, the Division shall cancel the certificate and issue a  
41 new certificate of title listing all the respective security interests. Neither the  
42 Division nor its commission contractors shall be liable for any cause of action  
43 arising from a notation of security interest placed on a certificate of title  
44 pursuant to applications submitted to the Division fraudulently or erroneously  
45 by a licensed or regulated lender in this State having a lienholder identification  
46 number issued by the Division. Any entity offering an electronic signature  
47 process for applications submitted pursuant to this subdivision assumes all  
48 responsibility and liability for the accuracy of the signature. The Division and  
49 its commission contractors shall be held harmless from any liability to a claim  
50 arising from applications submitted with an inaccurate electronic signature  
51 pursuant to this subdivision."

1           **SECTION 41.39.(b)** This section becomes effective October 1, 2021, and applies to  
2 applications for notation of security interests submitted to the Division of Motor Vehicles on or  
3 after that date.

4  
5 **ELECTRONIC LIEN SYSTEM CONTRACTORS MUST HAVE EXPERIENCE IN**  
6 **ELECTRONIC LIENS**

7           **SECTION 41.40.(a)** G.S. 20-58.4A(d) reads as rewritten:

8           "(d) Qualified vendors and service providers shall have experience in directly providing  
9 electronic lien and title solutions to State motor vehicle departments or agencies."

10           **SECTION 41.40.(b)** This section becomes effective October 1, 2021.

11  
12 **COMMERCIAL DRIVER TRAINING SCHOOL ROAD TEST AUTHORIZATION**

13           **SECTION 41.41.(a)** G.S. 20-11(d)(3), as amended by S.L. 2021-24, reads as  
14 rewritten:

15           "(3) Passes a road test administered by the ~~Division~~Division or by a commercial  
16 driver training school certified by the Division to administer road tests."

17           **SECTION 41.41.(b)** G.S. 20-320 reads as rewritten:

18 **"§ 20-320. Definitions.**

19 As used in this Article:

- 20           (1) "Commercial driver training school" or "school" means a business enterprise  
21 conducted by an individual, association, partnership or corporation which  
22 educates or trains persons to operate or drive motor ~~vehicles~~vehicles,  
23 administers road tests pursuant to G.S. 20-329, or which furnishes educational  
24 materials to prepare an applicant for an examination given by the State for a  
25 driver's license or learner's permit, and charges a consideration or tuition for  
26 such service or materials.
- 27           (2) "Commissioner" means the Commissioner of Motor Vehicles.
- 28           (3) "Instructor" means any person who operates a commercial driver training  
29 school or who teaches, conducts classes, gives demonstrations, administers  
30 road tests, or supervises practical training of persons learning to operate or  
31 drive motor vehicles in connection with operation of a commercial driver  
32 training school."

33           **SECTION 41.41.(c)** Article 14 of Chapter 20 of the General Statutes is amended by  
34 adding a new section to read:

35 **"§ 20-329. Commercial driver training school road test certification.**

36           (a) A licensed commercial driver training school is authorized to administer road tests  
37 required for licensure under G.S. 20-11(d)(3) only when certified under this section by the  
38 Division.

39           (b) A person that successfully passes a road test required for licensure administered by a  
40 commercial driver training school may submit proof to the Division that the person passed the  
41 road test, in a format specified by the Division, for the purpose of meeting the requirement of  
42 G.S. 20-11(d)(3).

43           (c) The Commissioner may adopt rules for school certification to administer road tests,  
44 including requirements concerning location, equipment, instructors, schedule of fees and  
45 charges, insurance, bond or other security in such sum and with such provisions as the  
46 Commissioner deems necessary to protect adequately the interests of the public, and such other  
47 matters as the Commissioner may prescribe."

48           **SECTION 41.41.(d)** This section becomes effective October 1, 2021.

49  
50 **MODIFY USE OF DOT/DMV INFORMATION TECHNOLOGY FUNDS**



**SECTION 41.42.** Funds appropriated in S.L. 2013-360 and S.L. 2014-100 from the Highway Fund to the Department of Transportation for replacement of the State Titling and Registration System (STARS), the State Automated Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System (LITES) may be used by the Department for IT innovation and technology modernization for the Division of Motor Vehicles and to advance the development and implementation of replacement systems for Division mainframe applications, including the State Titling and Registration System (STARS), the State Automated Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System (LITES), which includes the procurement of contractual services, hardware, and software for these modernization and replacement efforts.

**BRIDGE NAMING**

**SECTION 41.43.** Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate the bridges described in the subdivisions below as follows:

- (1) The bridge on State Road 1341 that crosses Reedy Meadow Swamp in Bladen County as the "Ronald Phillip Allen Jr. Bridge."
- (2) The bridge that connects Bruton Smith Boulevard and Concord Mills Boulevard and crosses part of Interstate 85 in the city of Concord in Cabarrus County as the "Officer Jason Shuping Bridge."
- (3) The bridge on O'Berry Road crossing U.S. Highway 117 in Wayne County as the "Trooper Nolan Sanders Bridge."

**SPECIAL PROJECTS/GRANTS-IN-AID**

**SECTION 41.44.(a)** Special Projects. – Of the funds appropriated in this act to the Department of Transportation for special projects, the Department of Transportation, Highways Division, shall use the following sums in nonrecurring funds for the following transportation special projects:

<b>Special Project Description</b>	<b>FY 2021-22</b>
Columbus County Garage	250,000
Ocean Blvd connecting Dow Rd in New Hanover County	485,000
Airport Rd Bridge connector in Gaston County	3,000,000
Intersection improvements US-17 and SR-1136	1,250,000
NC-18 Greenway crossing in Caldwell County	250,000
Duke St. paving project in Caldwell County	250,000
City of Jacksonville interchange project	5,000,000
Build road from Slade Park to Town of Badin	1,000,000
New road connecting Truist Sports Park to Yadkin Valley Drive	500,000
Fire Tower Rd repair in Alamance County	250,000
School crossing improvements in Alamance County	75,000
Morrow Mountain State Park road improvements	1,000,000
Restore bridge in Catawba County	1,000,000
Town of Youngsville roundabout	2,000,000
Big Branch Rd in Haywood County	900,000
Old Monroe Rd Improvements in Town of Indian Trail	10,000,000
Secondary roads in Ashe County and Watauga County	1,200,000
Relocation of US-17 bridge in Town of Hertford	800,000
Upgrade Weeping Mary Lane in Bertie County	1,200,000
C Street Improvements in City of Jacksonville	50,000

1	Whiteville Driver License Office/Troop B District V	1,200,000
2	NC-179/Ocean Isle Beach Rd (SR-1184)	7,000,000
3	Brawley School Rd construction in Iredell County	12,000,000
4	Pink Hill Elementary Driveway Safety in Lenoir County	250,000
5	I-95/I-74 Industrial Park access road and	
6	roundabout in City of Lumberton	350,000
7	Chapel and Main St. repairs in Town of St. Pauls	200,000
8	Traffic light at NC-9 and Sandy Plain Rd	75,000
9	Holberts Cove Rd and Green River Cove Rd signage	75,000
10	Green River Cove Rd and NC-176 corridor repairs	1,500,000
11	Dock Rd bridge repairs in Columbus County	9,500,000
12	NC-41 improvements in Robeson County	1,775,000
13	NC-710 improvements in Robeson County	1,775,000
14	NC-71 improvements in Robeson County	1,775,000
15	SR-2413 improvements in Robeson County	1,775,000
16	Mitchell Mountain Bridge replacement in Sparta	500,000
17	Shoals Rd improvements in Surry County	300,000
18	NC-268 widening and shoulder upgrade	
19	in Surry County and Wilkes County	500,000
20	NC-103 and McBride Rd improvements	500,000
21	NC-89 and I-77 lighting improvements in Surry County	500,000
22	NC-601 widening in Surry County	500,000
23	Town of Elkin and Town of Jonesville pedestrian footbridge	12,000,000
24	Howard Heights Rd improvements in Jones County	300,000
25	Neuse Dr improvements in Carteret County	70,000
26	Greensboro Randolph Mega Site transportation projects	250,000
27	NC-16 Business and SR-1439/SR-1387 Intersection	
28	Improvements in Lincoln County	2,300,000
29	<b>Total</b>	<b>\$87,430,000</b>

30           **SECTION 41.44.(b)** Special Projects Report. – No later than January 31, 2022, and  
31 quarterly thereafter, the Department of Transportation shall submit a report to the Joint  
32 Legislative Transportation Oversight Committee and the Fiscal Research Division containing the  
33 following information:

- 34           (1) The scope of the project.
- 35           (2) The project management method, indicating if the project is managed at the  
36 local highway division level or at the central office and all contracts associated  
37 with the project.
- 38           (3) The actual project begin date and the projected or actual end-date.
- 39           (4) The total cost of the project and remaining project funds.

40           **SECTION 41.44.(c)** Grants-in-Aid for the 2021-2022 Fiscal Year. – Of the funds  
41 appropriated in this act to the Department of Transportation for grants-in-aid, the following sums  
42 in nonrecurring funds shall be disbursed to the following entities to be used exclusively for  
43 transportation-related projects:

44		
45	<b>Recipient</b>	<b>FY 2021-22</b>
46	Albert J. Ellis Airport	29,000,000
47	Western Piedmont Council of Governments	5,000,000
48	City of Lumberton	2,355,000
49	City of Whiteville	2,000,000
50	Columbus County Municipal Airport	7,000,000
51	Emerging Technology Institute	2,000,000

1	Harnett Regional Jetport	2,000,000
2	Johnston Regional Airport	4,000,000
3	Town of Aberdeen	350,000
4	Town of Bakersville	500,000
5	Town of Carolina Beach	650,000
6	Town of Edenton	5,000,000
7	Town of Fuquay-Varina	10,000,000
8	Town of Holly Springs	2,500,000
9	Town of Lake Waccamaw	2,500,000
10	Town of Lenoir	250,000
11	Town of Mooresville	5,000,000
12	Town of Murphy	100,000
13	Town of Robbinsville	1,100,000
14	Town of Sparta	7,000,000
15	Town of Spruce Pine	1,000,000
16	Town of Stallings	1,600,000
17	Town of Statesville	3,000,000
18	Town of Tabor City	2,700,000
19	Town of Vanceboro	250,000
20	Town of Weddington	500,000
21	Town of Weldon	750,000
22	Town of Youngsville	1,000,000
23	<b>Total</b>	<b>\$99,105,000</b>

24           **SECTION 41.44.(d)** Grants-in-Aid Report. – No later than January 31, 2022, and  
 25 quarterly thereafter until all grant-in-aid funds are disbursed, the Department of Transportation  
 26 shall submit a report to the Joint Transportation Oversight Committee and the Fiscal Research  
 27 Division containing the following information:

- 28           (1) Recipient of the grant-in-aid.
- 29           (2) Effective date of each contract.
- 30           (3) Date funds were disbursed for each grant.
- 31           (4) Description of projects funded by each grant.

32  
 33 **STUDY/MULTISTATE TRANSPORTATION PROJECT STIP CRITERIA**

34           **SECTION 41.45.** The Department of Transportation shall study ways to change the  
 35 State Transportation Improvement Program (STIP) prioritization process in order to promote  
 36 multistate transportation projects. No later than March 1, 2022, the Department of Transportation  
 37 shall submit a report on the study and any recommended legislation to the Joint Legislative  
 38 Transportation Oversight Committee (JLTOC) and the Fiscal Research Division.

39  
 40 **STI FUNDING OF BICYCLE AND PEDESTRIAN IMPROVEMENTS**

41           **SECTION 41.46.(a)** G.S. 136-189.10 reads as rewritten:

42 **"§ 136-189.10. Definitions.**

43           The following definitions apply in this Article:

- 44           ...
- 45           (2) Division needs projects. – Includes only the following:
- 46           ...
- 47           g. ~~Federally~~ Federal or local government funded independent bicycle and
- 48           pedestrian improvements.
- 49           ...."

50           **SECTION 41.46.(b)** G.S. 136-189.11 reads as rewritten:

51 **"§ 136-189.11. Transportation Investment Strategy Formula.**

1 ...  
 2 (d) Transportation Investment Strategy Formula. – Funds subject to the Formula shall be  
 3 distributed as follows:

4 ...  
 5 (3) Division Need Projects. – Thirty percent (30%) of the funds subject to this  
 6 section shall be allocated in equal share to each of the Department divisions,  
 7 as defined in G.S. 136-14.1, and used for Division Need Projects.

8 ...  
 9 c. Bicycle and pedestrian limitation. – The Department ~~shall not~~ may  
 10 provide financial support for federal or local government funded  
 11 independent bicycle and pedestrian improvement projects, except for  
 12 federal funds administered by the Department for that purpose. This  
 13 sub-subdivision shall not apply to funds allocated to a municipality  
 14 pursuant to G.S. 136-41.1 that are committed by the municipality as  
 15 matching funds for federal funds administered by the Department and  
 16 used for bicycle and pedestrian improvement projects. This limitation  
 17 shall not apply to funds authorized for projects in the State  
 18 Transportation Improvement Program that are scheduled for  
 19 construction as of October 1, 2013, in State fiscal year 2012-2013,  
 20 2013-2014, or 2014-2015-projects.

21 ...."

22 SECTION 41.46.(c) This section is effective when it becomes law.

## 23 REVISIONS TO OUTDOOR ADVERTISING CONTROL ACT

24 SECTION 41.47.(a) G.S. 136-128 is amended by adding a new subdivision to read:

25 "(5e) "Sign not conforming to State standards" shall mean a sign which was legally  
 26 erected but does not conform to the zoning, size, lighting, and spacing criteria  
 27 established in State law, or State rules and regulations of the Department  
 28 authorized by this Article and promulgated at a later date, or a sign which was  
 29 legally erected but later fails to conform to the zoning, size, lighting, and  
 30 spacing criteria established in State law, or State rules and regulations of the  
 31 Department authorized by this Article."

32 SECTION 41.47.(b) Article 11 of Chapter 136 of the General Statutes is amended  
 33 by adding a new section to read:

### 34 "§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.

35 (a) Subject to subsection (c) of this section, in order to minimize the amount of just  
 36 compensation due, whenever property on which a lawfully erected outdoor advertising sign is  
 37 located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department  
 38 of Transportation, and the acquiring party requires removal of the sign, or whenever the  
 39 construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor  
 40 advertising sign, the eligible sign is permitted to be relocated and reconstructed, subject to all of  
 41 the following requirements:

42 (1) The new site for relocation is permitted to be any area within 660 feet of the  
 43 nearest edge of the right-of-way of a highway on the National System of  
 44 Interstate and Defense Highways or the federal aid primary highway system  
 45 within the same zoning jurisdiction as the relocated site or, if the relocated site  
 46 is within an unzoned city or county, then within the same territorial limits.

47 (2) The new site for relocation must be conforming to State standards as set forth  
 48 in this Article and pursuant to rules and regulations promulgated by the  
 49 Department as authorized by this Article.  
 50

- 1           (3)    The new site for relocation must be along a highway on the interstate system  
 2           or primary systems that has the same route number and letter or one of the  
 3           same route numbers and letters as the highway adjacent to the relocated site.  
 4           (4)    The reconstruction of the outdoor advertising sign at the new site shall comply  
 5           with G.S. 136-131.2.  
 6           (5)    The new site for relocation shall not be within an historic district lawfully  
 7           established by a local city or county government pursuant to Part 4 of Article  
 8           9 of Chapter 160D of the General Statutes, unless consented to by a resolution  
 9           adopted by the applicable local governing board.  
 10          (6)    The new site for relocation shall not be adjacent to any scenic highway as  
 11          provided in G.S. 136-129.2; provided, however, if a relocated sign is already  
 12          adjacent to a scenic highway, it may be relocated within the same parcel.  
 13          (7)    The construction work related to the relocation of the outdoor advertising sign  
 14          shall commence within one year after the date of removal.

15          The express allowances of relocation and reconstruction in this section shall apply to any  
 16          lawfully erected outdoor advertising sign anywhere within this State that is required to be  
 17          removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3,  
 18          or the Department of Transportation, including such signs that are not subject to the jurisdiction  
 19          of the Department of Transportation.

20          (b)    Subject to subsection (c) of this section, any outdoor advertising sign that does not  
 21          otherwise qualify for relocation as provided in subsection (a) of this section and for which there  
 22          is in effect a valid permit issued by the Department of Transportation pursuant to this Article is  
 23          permitted to be relocated and reconstructed subject to all of the requirements listed in  
 24          subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an  
 25          adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10  
 26          years from the date of the last relocation pursuant to this subsection, however, this temporal  
 27          limitation does not apply to relocations within the same parcel.

28          (c)    A sign not conforming to State standards shall not be relocated pursuant to this section  
 29          unless the nonconformity is removed as part of the relocation.

30          (d)    The Department shall not require additional permits, nor revoke any existing permits,  
 31          for any action taken pursuant to this section. The Department may require within 30 days of the  
 32          completion of any action taken pursuant to this section an addendum to an existing permit  
 33          showing or describing the changes to the conditions of the outdoor advertising sign. The rights  
 34          set forth in this section shall attach to a permit issued by the Department of Transportation and  
 35          shall expire with the voluntary cancellation of such permit or after the permit has been lawfully  
 36          revoked and any appeals pursuant to G.S. 136-134.1 have been exhausted. The rights set forth in  
 37          this section do not run with or attach to the land."

38          **SECTION 41.47.(c)** This section becomes effective January 1, 2022, and applies to  
 39          signs legally erected or that require removal on or after that date.

#### 40          **NOT-FOR-HIRE ANTIQUE HEAVY VEHICLE PLATES**

41          **SECTION 41.48.(a)** G.S. 20-79.4 reads as rewritten:

#### 42          "§ 20-79.4. Special registration plates.

43          ...

44          (b)    Types. – The Division shall issue the following types of special registration plates:

45          ...

46          (94)   Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 30 years  
 47          old measured from the date of ~~manufacture~~ manufacture, including vehicles  
 48          weighing more than 6,000 pounds. The plate for an historic vehicle shall bear  
 49          the word "Antique" unless the vehicle is a model year 1943 or older. The plate  
 50          for a vehicle that is a model year 1943 or older shall bear the word "Antique"  
 51

or the words "Horseless Carriage", at the option of the vehicle owner. The plate for an historic vehicle weighing more than 6,000 pounds shall bear the phrase "Not-for-hire."

...."

**SECTION 41.48.(b)** G.S. 20-88 reads as rewritten:

**"§ 20-88. Property-hauling vehicles.**

...

(b) The following fees are imposed on the annual registration of self-propelled property-hauling vehicles; the fees are based on the type of vehicle and its weight:

**SCHEDULE OF WEIGHTS AND RATES**

**Rates Per Hundred Pound Gross Weight**

	<b>Farmer Rate</b>
Not over 4,000 pounds	\$0.38
4,001 to 9,000 pounds inclusive	.52
9,001 to 13,000 pounds inclusive	.65
13,001 to 17,000 pounds inclusive	.88
Over 17,000 pounds	1.00

**Rates Per Hundred Pound Gross Weight**

	<b>General Rate</b>
Not over 4,000 pounds	\$0.77
4,001 to 9,000 pounds inclusive	1.05
9,001 to 13,000 pounds inclusive	1.30
13,001 to 17,000 pounds inclusive	1.77
Over 17,000 pounds	2.00

(7) The registration fee for historic vehicles licensed under G.S. 20-79.4 that weigh more than 6,000 pounds shall be calculated at the general rate. A motor vehicle displaying a historic vehicle registration plate may operate in conjunction with a trailer or semitrailer but shall not be operated in furtherance of any commercial enterprise. The driver of a vehicle who violates this subdivision is subject to the penalties set forth in G.S. 20-382.2.

...."

**SECTION 41.48.(c)** This section becomes effective October 1, 2021.

**ELIMINATE VACANT POSITIONS**

**SECTION 41.49.(a)** The Department of Transportation shall eliminate the following vacant positions within the Department of Transportation:

<b>Position Number</b>	<b>Position Description</b>
60015572	Engineer II
60015950	Transportation Supervisor I
60016160	Transportation Worker IV
60016405	Engineer II
60016416	Program Coordinator I
60016469	Transportation Supervisor I
60016484	Transportation Worker IV
60016506	Transportation Worker III
60016639	Engineer I
60016656	Transportation Worker IV
60016676	Transportation Worker III
60016681	Transportation Supervisor II

1	60016708	Transportation Worker IV
2	60016747	Transportation Worker IV
3	60016822	Transportation Worker II
4	60016863	Transportation Worker III
5	60016938	Engineering Technician I
6	60016980	Transportation Supervisor I
7	60017047	Engineering Technician I
8	60017138	Administrative Associate II
9	60017171	Administrative Associate II
10	60017182	Transportation Worker II
11	60017230	Engineering Specialist I
12	60017359	Engineering Technician II
13	60017364	Engineering Technician I
14	60017379	Engineer II
15	60017411	Engineering Specialist II
16	60017441	Engineering Technician II
17	60017642	Engineering Supervisor I
18	60017661	Transportation Supervisor I
19	60017797	Engineer II
20	60017878	Engineer I
21	60017904	Engineering Technician III
22	60017912	Engineering Technician III
23	60017920	Engineering Technician III
24	60018140	Applications Technician II
25	60018188	Engineering Technician I
26	60018237	Transportation Worker I
27	60018292	Transportation Worker I
28	60018405	Engineering Technician II
29	60018437	Real Property Agent I
30	60018454	Engineering Technician I
31	60018632	Ferry Mate
32	60019047	Transportation Worker I
33	60019063	Transportation Worker II
34	60019066	Transportation Worker I
35	60019076	Transportation Worker I
36	60019084	Transportation Worker I
37	60019094	Transportation Worker II
38	60019114	Engineering Technician I
39	60019176	Transportation Worker I
40	60019186	Transportation Worker I
41	60019196	Transportation Worker I
42	60019200	Transportation Worker I
43	60019215	Engineering Technician I
44	60019222	Transportation Worker I
45	60019237	Transportation Worker II
46	60019242	Transportation Worker I
47	60019285	Transportation Worker I
48	60019291	Transportation Worker I
49	60019307	Transportation Worker I
50	60019308	Transportation Worker I
51	60019326	Transportation Worker II

1	60019358	Transportation Worker I
2	60019374	Transportation Worker I
3	60019399	Engineering Technician I
4	60019435	Transportation Supervisor II
5	60019449	Transportation Supervisor I
6	60019456	Transportation Worker I
7	60019457	Engineering Technician I
8	60019512	Engineering Technician I
9	60019516	Engineering Technician III
10	60019517	Engineering Technician II
11	60019521	Engineering Technician III
12	60019556	Engineering Technician II
13	60019560	Engineering Technician II
14	60019562	Engineering Technician III
15	60019568	Engineering Specialist I
16	60019577	Engineering Technician I
17	60019584	Engineer II
18	60019585	Engineering Technician I
19	60019592	Engineering Technician II
20	60019594	Engineering Technician II
21	60019598	Engineering Technician II
22	60019607	Engineering Technician I
23	60019609	Engineering Technician I
24	60019613	Engineering Technician I
25	60019623	Engineering Technician I
26	60019709	Transportation Worker I
27	60019769	Transportation Worker I
28	60019793	Transportation Worker I
29	60019881	Transportation Supervisor I
30	60019897	Transportation Worker IV
31	60019901	Transportation Worker IV
32	60019983	Transportation Worker IV
33	60020032	Engineering Technician I
34	60021224	Engineering Technician II
35	60021295	Transportation Supervisor I
36	60021318	Transportation Worker IV
37	60021359	Engineer II
38	60021542	Engineering Technician III
39	60021602	Engineering Technician I
40	60021615	Engineering Technician I
41	60021655	Engineering Technician II
42	60021684	Transportation Supervisor I
43	60021690	Transportation Worker IV
44	60021704	Transportation Worker IV
45	60021712	Transportation Worker IV
46	60021814	Transportation Worker I
47	60021829	Transportation Worker II
48	60021847	Transportation Worker II
49	60021879	Transportation Worker II
50	60021908	Transportation Supervisor I
51	60021937	Transportation Worker IV



1	60021972	Transportation Worker III
2	60022021	Transportation Supervisor I
3	60022090	Transportation Worker II
4	60022108	Transportation Worker I
5	60022132	Transportation Supervisor I
6	60022226	Engineering Supervisor II
7	60022270	Engineering Supervisor II
8	60022402	Transportation Worker III
9	60022418	Transportation Worker III
10	60022431	Engineering Manager II
11	60022435	Transportation Supervisor I
12	60022604	Engineering Supervisor I
13	60022621	Engineering Technician I
14	60022629	Engineering Technician I
15	60022632	Engineering Supervisor II
16	60022685	Engineer II
17	60022697	Engineering Technician I
18	60022708	Engineer Specialist I
19	60022710	Engineering Technician I
20	60022720	Transportation Supervisor I
21	60023390	Engineering Technician I
22	60023418	Vehicle/Equipment Repair Technician II
23	60023452	Engineering Technician I
24	60023748	Engineering Technician I
25	60023764	Engineering Technician II
26	60023784	Engineering Technician I
27	60023789	Engineering Technician I
28	60023847	Transportation Supervisor I
29	60023972	Bridge Inspector II
30	60024157	Maintenance/Construction Technician I
31	60024187	Vehicle/Equipment Repair Technician II
32	60024202	Vehicle/Equipment Repair Technician II
33	60024310	Vehicle/Equipment Repair Technician II
34	60024344	Administrative Associate II
35	60024357	Vehicle/Equipment Repair Technician III
36	60024362	Vehicle/Equipment Repair Technician III
37	60024379	Vehicle/Equipment Repair Technician II
38	60024385	Vehicle/Equipment Repair Technician I
39	60024388	Vehicle/Equipment Repair Technician I
40	60024389	Vehicle/Equipment Repair Technician I
41	60024403	Vehicle/Equipment Repair Supervisor I
42	60024422	Vehicle/Equipment Repair Technician III
43	60024466	Vehicle/Equipment Repair Technician I
44	60024474	Administrative Associate II
45	60024740	Machinist
46	60024851	Applications Technician II
47	60025098	Engineering Supervisor I
48	60025203	Engineering Technician II
49	60025381	Engineer III
50	60025413	Program Analyst II
51	60025467	Engineer II

1	60025626	Transportation Worker I
2	60025640	Transportation Worker II
3	60025655	Engineering Technician II
4	60025992	Engineering Manager I
5	60026288	Transportation Worker III
6	60026332	Transportation Worker II
7	60026335	Transportation Worker I
8	60026702	Real Property Agent I
9	60026749	Real Property Agent I
10	60026751	Real Property Agent I
11	60026780	Real Property Agent I
12	60026799	Real Property Agent I
13	60026855	Real Property Appraiser I
14	60026862	Real Property Appraiser I
15	60026875	Real Property Appraiser I
16	60026878	Real Property Appraiser I
17	60026927	Real Property Agent I
18	60026935	Real Property Appraiser II
19	60027163	Engineer III
20	60027364	Engineer III
21	60027615	Engineer I
22	60028919	Administrative Specialist I
23	60029238	Management Engineer I
24	60029269	Engineer II
25	60029310	IT Business System Analyst II
26	60029316	Engineer III
27	60029490	Environmental Program Consultant
28	60029492	Engineer III
29	65010879	Program Coordinator IV
30	65013355	Engineer III
31	65022664	Ferry Crew Member II

32 **SECTION 41.49.(b)** This section is effective when it becomes law.

#### 34 **RAIL PROPERTY TRANSFER**

35 **SECTION 41.50.** Notwithstanding Section 4.15(b) of S.L. 2020-91, no later than  
 36 June 30, 2022, the Rail Division shall (i) relocate the three rolling stock marked RNCX 400025,  
 37 RNCX 400206, and RNCX 400208 to the North Carolina Transportation Museum and (ii)  
 38 transfer to the North Carolina Transportation Museum Foundation, Employer Identification  
 39 Number 58-1315178, any ownership interest in the three rolling stock identified in this section.

#### 41 **MODIFY CAP ON CERTAIN PUBLIC PRIVATE PARTNERSHIPS**

42 **SECTION 41.51.** G.S. 136-18(39a)a. reads as rewritten:

43 "(39a) a. The Department of Transportation ~~or~~ and Turnpike Authority, ~~as~~  
 44 ~~applicable,~~ Authority may enter into up to three agreements each with  
 45 a private entity as provided under subdivision (39) of this section for  
 46 which the provisions of this section apply."

#### 48 **MODIFY LIMIT ON FUNDS TO PAY MAP ACT SETTLEMENT COSTS**

49 **SECTION 41.52.(a)** Section 1.4(a) of S.L. 2019-251 reads as rewritten:

50 **"SECTION 1.4.(a)** Limitation on Funds to Pay Map Act Settlement Costs. – The  
 51 Department of Transportation may use no more than ~~one hundred fifty million dollars~~

1 ~~(\$150,000,000)~~ three hundred million dollars (\$300,000,000) each fiscal year to pay  
2 compensation for damages arising from the Department's recordation of a transportation corridor  
3 map under Article 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not  
4 apply to the payment of compensation for Map Act damages arising from a Turnpike project. For  
5 purposes of this section, the term "Turnpike project" has the same meaning as in  
6 G.S. 136-89.181."

7 **SECTION 41.52.(b)** Section 1.4(a) of S.L. 2019-251, as amended by subsection (a)  
8 of this section, reads as rewritten:

9 **"SECTION 1.4.(a)** Limitation on Funds to Pay Map Act Settlement Costs. – The  
10 Department of Transportation may use no more than ~~three hundred million dollars~~  
11 ~~(\$300,000,000)~~ five million dollars (\$5,000,000) each fiscal year to pay compensation for  
12 damages arising from the Department's recordation of a transportation corridor map under Article  
13 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not apply to the  
14 payment of compensation for Map Act damages arising from a Turnpike project. For purposes  
15 of this section, the term "Turnpike project" has the same meaning as in G.S. 136-89.181."

16 **SECTION 41.52.(c)** Subsection (a) of this section is effective when it becomes law.  
17 Subsection (b) of this section becomes effective July 1, 2022.

## 18 **APPROVAL OF PORTS AUTHORITY CONSULTANT SERVICE CONTRACTS**

19 **SECTION 41.53.** G.S. 143-64.24 is amended by adding a new subdivision to read:

20 "(9) The North Carolina State Ports Authority. The North Carolina State Ports  
21 Authority may contract for consultant services subject to the following  
22 conditions:

- 23
- 24 a. If the consultant services contract is one million dollars (\$1,000,000)  
25 or less, the contract is previously approved by the board members of  
26 the North Carolina State Ports Authority.
- 27 b. If the consultant services contract exceeds one million dollars  
28 (\$1,000,000), the contract is previously approved by the Board of  
29 Transportation.
- 30 c. For purposes of this subdivision, approval means a finding by the  
31 approving board that the contract is in accordance with the  
32 requirements of G.S. 143-64.21."

## 33 **PORTS AUTHORITY ANNUAL REPORT**

34 **SECTION 41.54.** Article 20 of Chapter 136 of the General Statutes is amended by  
35 adding a new section to read:

36 **"§ 136-280. Annual report.**

37 Beginning October 1, 2021, and annually thereafter, the North Carolina State Ports Authority  
38 (Authority) shall submit to the Joint Legislative Transportation Oversight Committee and the  
39 Fiscal Research Division a report on funds appropriated to the Authority from the Highway Fund  
40 and Highway Trust Fund. The report shall include the following:

- 41
- 42 (1) Total funds appropriated to the Authority since the 2015-2016 fiscal year  
43 through the end of the prior fiscal year, total appropriations spent by fiscal  
44 year, planned spending of any remaining unspent appropriations, and a  
45 breakdown of amount spent and planned to spend by project with a description  
46 of each project. Project description shall include how each project relates to  
47 the goals of the Authority outlined in the Authority's Strategic Plan.
- 48 (2) Allocations of total funds appropriated for the current fiscal year, including a  
49 breakdown of amount of planned spending by project with a description of  
50 each project. Project description shall include how each project relates to the  
51 goals of the Authority outlined in the Authority's Strategic Plan.

(3) Progress on metrics and goals outlined in the Authority's Strategic Plan."

## REVISIONS TO HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM

**SECTION 41.55.(a)** G.S. 143B-350(f)(4a) reads as rewritten:

"(4a) To approve a schedule of State highway maintenance projects and their anticipated cost. This schedule is designated the Highway Maintenance Improvement Program and is established in G.S. 136-44.3A. The Board shall publish the schedule on the Department's ~~Web site by April 1~~ website by June 1 of each year. The document that contains the Highway Maintenance Improvement Program shall include the anticipated funding sources for the improvement projects included in the Highway Maintenance Improvement Program, ~~a list of any changes made from the previous year's Highway Maintenance Improvement Program, and the reasons for the changes.~~ Program."

**SECTION 41.55.(b)** G.S. 136-44.3A reads as rewritten:

### "§ 136-44.3A. Highway Maintenance Improvement Program.

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

- (1) ~~Cape seal treatment. – A chip seal treatment followed by a slurry seal treatment.~~
- (2) ~~Chip seal treatment. – A type of pavement preservation treatment applied to existing asphalt pavement. The treatment involves spraying an asphalt emulsion onto the roadway, applying a layer of aggregate chips, and rolling the chips into the emulsion. This term includes single, double, and triple chip seal treatments.~~
- (3) Highway Maintenance Improvement Program. – The schedule of State highway maintenance projects required under G.S. 143B-350(f)(4a).
- (4) Highway Maintenance Improvement Program Needs Assessment. – A report of the amount of funds ~~needed, the number of affected lane miles, and the percentage of the primary and secondary system roads that are rated to need a resurfacing or pavement preservation treatment within the Highway Maintenance Improvement Program's five-year time period but are not programmed due to funding constraints.~~ needed and the quantity of work to be accomplished to meet and sustain the performance standards for the State highway system in each of the maintenance program categories.
- (5) ~~Microsurfacing treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, water, and a polymer additive, and applying the mixture to the roadway.~~
- (6) Pavement preservation treatment. – ~~Includes full width surface treatments used to extend or renew.~~ A pavement preservation treatment is a roadway improvement practice that improves roadway quality and extends or renews the pavement life. Types of pavement preservation treatment include hot-mixed asphalt overlays, cape seal treatment, chip seal treatment, microsurfacing, crack sealing, slurry seal, and fog seal.
- (7) Rehabilitation. – A contract resurfacing maintenance program that involves applying multiple layers of pavement that exceed two inches.
- (8) Resurfacing. – A contract resurfacing program that involves applying one layer that does not exceed two inches of pavement.
- (9) ~~Slurry seal treatment. – A type of pavement preservation treatment that involves mixing fine aggregate, asphalt emulsion, minerals, and water, and applying the mixture to the roadway.~~

...

1 (c) Highway Maintenance Improvement Program. – After the annual inspection of roads  
 2 within the State highway system, ~~each highway division shall determine and report to the Chief~~  
 3 ~~Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation treatments, (ii)~~  
 4 ~~the need for bridge and general maintenance, and (iii) projected changes to the condition of~~  
 5 ~~pavement on primary and secondary roads for each year over a five year period. The Chief~~  
 6 ~~Engineer shall establish a five year priority list for each highway division based on the Chief~~  
 7 ~~Engineer's estimate of need. In addition, the Chief Engineer shall establish a five year~~  
 8 ~~improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement~~  
 9 ~~preservation treatment activities. The schedule shall be based on the amount of funds~~  
 10 ~~appropriated to the contract resurfacing program and the pavement preservation program in the~~  
 11 ~~fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all~~  
 12 ~~five years of the Highway Maintenance Improvement Program. State funding for the Highway~~  
 13 ~~Maintenance Improvement Program shall be limited to funds appropriated from the State~~  
 14 ~~Highway Fund system, all of the following shall occur:~~

15 (1) The Chief Engineer shall establish the annual cost to meet and sustain the  
 16 performance standards for pavement, bridge, and general maintenance  
 17 activities for the State highway system.

18 (2) The Division Engineer for each highway division shall determine and report  
 19 to the Chief Engineer a five-year improvement schedule, sorted by county, for  
 20 pavement, bridge, and general maintenance activities within each highway  
 21 division. The schedule shall be based on the amount of funds appropriated to  
 22 the pavement, bridge, and general maintenance programs in the fiscal year  
 23 preceding the issuance of the Highway Maintenance Improvement Program  
 24 for all five years of the Highway Maintenance Improvement Program. State  
 25 funding for the Highway Maintenance Improvement Program shall be limited  
 26 to funds appropriated from the State Highway Fund.

27 ...

28 (g) Report. – The Department shall submit the Highway Maintenance Improvement  
 29 Program and Highway Maintenance Improvement Program Needs Assessment to the General  
 30 Assembly by ~~April 1~~ June 1 of each year. If the General Assembly is in session, the Department  
 31 shall report to the House of Representatives Appropriations Subcommittee on Transportation,  
 32 the Senate Appropriations Committee on Transportation, and the Fiscal Research Division. If the  
 33 General Assembly is not in session, the Department shall report to the Joint Legislative  
 34 Transportation Oversight Committee and the Fiscal Research Division."  
 35

## 36 INCREASE FUNDING FOR HISTORICAL MARKER PROGRAM

37 SECTION 41.56. G.S. 136-42.3 reads as rewritten:

### 38 "§ 136-42.3. Historical marker program.

39 The Department of Transportation ~~may spend up to sixty thousand dollars (\$60,000) a year~~  
 40 ~~to purchase historical markers prepared and delivered to it by the Department of Natural and~~  
 41 ~~Cultural Resources. shall transfer one hundred thousand dollars (\$100,000) each fiscal year to~~  
 42 ~~the Department of Natural and Cultural Resources for the purchase of historical markers. The~~  
 43 Department of Transportation shall erect the markers on sites selected by the Department of  
 44 Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of  
 45 State highway maintenance funds. No provision in this section shall be construed to prevent the  
 46 expenditure of any federal highway funds that may be available for this purpose."  
 47

## 48 AUTHORIZE STATE BUREAU OF INVESTIGATION TO PLACE AUTOMATIC 49 LICENSE PLATE READER SYSTEMS ON DEPARTMENT OF 50 TRANSPORTATION RIGHT-OF-WAY

51 SECTION 41.57.(a) G.S. 136-18 is amended by adding a new subdivision to read:

"(47) To enter into agreements with the North Carolina State Bureau of Investigation for the placement and use of automatic license plate reader systems, as defined in G.S. 20-183.30(1), within land or right-of-way owned by the Department of Transportation; provided that (i) the use of the land or right-of-way is temporary in nature, (ii) the automatic license plate reader system is completely above ground, moveable, and contains no combustible fuel, and (iii) the placement and use does not unreasonably interfere with the operation and maintenance of public utility facilities or cause the facilities to fail to comply with all applicable laws, codes, and regulatory requirements. Placement and use of an automatic license plate reader system and related equipment under this subdivision must be terminated and removed by the Department upon request by any affected public utility. The Department or a public utility may relocate an automatic license plate reader system and related equipment in the event that the Department or public utility needs immediate access to its utilities or facilities and shall only be liable for damages to the automatic license plate reader system and related equipment caused solely by its gross negligence or willful misconduct. If an automatic license plate reader system or related equipment is moved for immediate access, the Department or applicable public utility must provide notice to the State Bureau of Investigation. For purposes of this subdivision, the term "public utility" means any of the following: a public utility, as defined in G.S. 62-3(23), an electric membership corporation, telephone membership corporation, a joint municipal power agency, or a city or county engaged in producing, generating, transmitting, delivering, or furnishing electricity for private or public use."

**SECTION 41.57.(b)** Article 3D of Chapter 20 of the General Statutes is amended by adding a new section to read:

**"§ 20-183.33. State Bureau of Investigation automatic license plate reader systems within Department of Transportation land or right-of-way; compliance and use restriction; report.**

(a) Compliance. – An automatic license plate reader system placed by the North Carolina State Bureau of Investigation within land or right-of-way pursuant to G.S. 136-18(47) must comply with provisions of this Article.

(b) Captured Plate Data Use Restriction. – Captured plate data obtained with automatic license plate reader systems placed and used by the North Carolina State Bureau of Investigation within land or right-of-way pursuant to G.S. 136-18(47) may not be used for the enforcement of traffic violations that are infractions or violations of G.S. 20-141, 20-141.1, 20-141.5, and 20-158.

(c) No later than March 1 of each year, the North Carolina State Bureau of Investigation must report to the Joint Legislative Oversight Committee on Justice and Public Safety on the number of requests, pursuant to G.S. 20-183.32, made by law enforcement agencies for captured plate data obtained by automatic license plate reader systems placed pursuant to G.S. 136-18(47)."

**SECTION 41.57.(c)** This section is effective when it becomes law.

## **PART XLII. FINANCE**

### **PERSONAL INCOME TAX REDUCTION**

**SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and~~

1 ~~one quarter percent (5.25%)~~ four and ninety-nine hundredths percent (4.99%) of the taxpayer's  
 2 North Carolina taxable income."

3 **SECTION 42.1.(b)** G.S. 105-153.5(a)(1) reads as rewritten:

4 "(1) Standard deduction amount. – The standard deduction amount is zero for a  
 5 person who is not eligible for a standard deduction under section 63 of the  
 6 Code. For all other taxpayers, the standard deduction amount is equal to the  
 7 amount listed in the table below based on the taxpayer's filing status:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly/surviving spouse	<del>\$21,500</del> <u>\$25,500</u>
Head of Household	<del>16,125</del> <u>19,125</u>
Single	<del>10,750</del> <u>12,750</u>
Married, filing separately	<del>10,750</del> <u>12,750</u> ."

12 **SECTION 42.1.(c)** This section is effective for taxable years beginning on or after  
 13 January 1, 2022.

15  
 16 **ELIMINATE TAX ON MILITARY PENSION INCOME**

17 **SECTION 42.1A.(a)** G.S. 105-153.5(b) reads as rewritten:

18 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
 19 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
 20 the taxpayer's adjusted gross income:

21 ...  
 22 (5a) The amount received during the taxable year from the United States  
 23 government for the payments listed in this subdivision. Amounts deducted  
 24 under this subdivision may not also be deducted under subdivision (5) of this  
 25 subsection. The payments are:

- 26 a. Retirement pay for service in the Armed Forces of the United States  
 27 to a retired member that meets either of the following:
  - 28 1. Served at least 20 years.
  - 29 2. Medically retired under 10 U.S.C. Chapter 61. This deduction  
 30 does not apply to severance pay received by a member due to  
 31 separation from the member's armed forces.
- 32 b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a  
 33 retired member eligible to deduct retirement pay under  
 34 sub-subdivision a. of this subdivision.

35 ...."

36 **SECTION 42.1A.(b)** This section is effective for taxable years beginning on or after  
 37 January 1, 2021.

38  
 39 **LIVING ORGAN DONOR PROTECTIONS**

40 **SECTION 42.1B.(a)** G.S. 58-3-25 is amended by adding a new subsection to read:

41 "(d) No insurer shall refuse to insure or to continue to insure an individual; limit the  
 42 amount, extent, or kind of coverage available to an individual; charge an individual a different  
 43 amount for the same coverage; or otherwise discriminate against an individual in the offering,  
 44 issuance, cancellation, price, or conditions of a policy, or in the amount of coverage provided  
 45 under a policy, based solely and without any additional actuarial risks on the status of an  
 46 individual as a living organ donor. This subsection shall apply to health benefit plans and life,  
 47 accident and health, disability, disability income, and long-term care insurance policies. For the  
 48 purposes of this subsection, the phrase "a living organ donor" shall mean a living individual who  
 49 donates one or more of that individual's human organs, including bone marrow, to be medically  
 50 transplanted into the body of another individual."

51 **SECTION 42.1B.(b)** G.S. 131E-294(4) reads as rewritten:

"(4) Antidiscrimination (~~G.S. 58-3-25(b) and (c)~~, ~~(G.S. 58-3-25, 58-3-120, 58-63-15(7), and 58-67-75)~~;"

**SECTION 42.1B.(c)** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-153.11. Credit for live organ donation.**

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

(1) Human organ. – Human bone marrow or any organ of a human, including the intestine, kidney, liver, lung, or pancreas.

(2) Live organ donation. – A donation by a living individual of one or more of the individual's human organs to another human to be transplanted using a medical procedure to the body of another individual.

(3) Live organ donation expenses. – The total amount of the expenses listed in this subdivision that are incurred by the taxpayer, that are directly related to a live organ donation, and that are not reimbursed to the taxpayer by any person. An expense is "directly related" if it is incurred due to a live organ donation procedure or due to evaluation, recovery, follow-up visits, or rehospitalization associated with a live organ donation procedure. The expenses are:

a. Lost wages.

b. Transportation, lodging, and meals.

(b) Credit. – A taxpayer who makes a live organ donation or who is allowed to claim as a dependent a person who makes a live organ donation is allowed a credit against the tax imposed by this Part equal to the lesser of the live organ donation expenses or five thousand dollars (\$5,000). For the purposes of this section, "dependent" means a qualifying child or qualifying relative as defined in section 152 of the Code.

(c) Limitation. – The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all other credits allowable, except tax payment made by or on behalf of the taxpayer.

(d) Carryforward. – Any unused portion of a credit allowed in this section may be carried forward for the succeeding five years."

**SECTION 42.1B.(d)** G.S. 105-153.5(a) reads as rewritten:

"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection. The deduction amounts are as follows:

...

(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

...

c. Medical and Dental Expense. – The amount allowed as a deduction for medical and dental expenses under section 213 of the Code for that taxable year. No deduction is allowed for live organ donation expenses for which a credit was taken under G.S. 105-153.11.

...."

**SECTION 42.1B.(e)** Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

**"§ 126-8.6. Paid leave for State employees and State-supported personnel for organ donation.**

(a) Full-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, full-time State employee may take, in addition to any



1 other leave available to the employee, up to (i) 30 days of paid leave for the purposes of serving  
2 as a living organ donor and (ii) seven days for serving as a bone marrow donor. The employee  
3 must have been continuously employed by the State for at least 12 months immediately preceding  
4 the first request for paid organ or bone marrow donation leave.

5 (b) Part-Time Employees. – The State Human Resources Commission shall adopt rules  
6 and policies to provide that a permanent, part-time State employee may take, in addition to any  
7 other leave available to the employee, a prorated amount of up to (i) 30 days of paid leave for the  
8 purposes of serving as a living organ donor and (ii) seven days for serving as a bone marrow  
9 donor. The employee must have been continuously employed by the State for at least 12 months  
10 immediately preceding the first request for paid organ or bone marrow donation leave.

11 (c) Program Requirements. – The paid leave for organ or bone marrow donation  
12 authorized by this section:

13 (1) Is available without exhaustion of the employee's sick and vacation leave.

14 (2) Is in addition to, and not in lieu of, shared leave under G.S. 126-8.3, or other  
15 leave authorized by federal or State law.

16 (3) May not be used for retirement purposes.

17 (4) Has no cash value upon termination from employment.

18 (d) Applicability. – This section applies to all (i) State employees and (ii) State-supported  
19 personnel, with the appropriate governing board adopting rules and policies to provide paid leave  
20 for organ donation to its employees as provided by this section.

21 (e) Reporting. – By April 1, 2022, and then annually thereafter, the State Human  
22 Resources Commission, the State Board of Education, the State Board of Community Colleges,  
23 and all State agencies, departments, and institutions shall annually report to the Office of State  
24 Human Resources on the paid organ donation leave program."

25 **SECTION 42.1B.(f)** G.S. 126-5 is amended by adding a new subsection to read:

26 "(c17) The provisions of G.S. 126-8.6 shall apply to all State employees, public school  
27 employees, and community college employees."

28 **SECTION 42.1B.(g)** Subsections (a) and (b) of this section are effective 30 days  
29 after this act becomes law and apply to insurance contracts issued, renewed, or amended on or  
30 after that date. Subsections (c) and (d) of this section are effective for taxable years beginning on  
31 or after January 1, 2022. Except as otherwise provided, this section is effective when it becomes  
32 law.

## 33 **CORPORATE INCOME TAX REDUCTION**

34 **SECTION 42.2.(a)** Effective for taxable years beginning on or after January 1, 2024,  
35 G.S. 105-130.3 reads as rewritten:

### 36 **"§ 105-130.3. Corporations.**

37 A tax is imposed on the State net income of every C Corporation doing business in this State  
38 at the rate of ~~two and one-half percent (2.5%).~~ two and one-quarter percent (2.25%). An S  
39 Corporation is not subject to the tax levied in this section."

40 **SECTION 42.2.(b)** Effective for taxable years beginning on or after January 1, 2025,  
41 G.S. 105-130.3, as amended by subsection (a) of this section, reads as rewritten:

### 42 **"§ 105-130.3. Corporations.**

43 A tax is imposed on the State net income of every C Corporation doing business in this State  
44 at the rate of ~~two and one-quarter percent (2.25%).~~ one and ninety-nine hundredths percent  
45 (1.99%). An S Corporation is not subject to the tax levied in this section."  
46  
47

## 48 **FRANCHISE TAX REDUCTION AND SIMPLIFICATION**

49 **SECTION 42.3.(a)** G.S. 105-122(d) reads as rewritten:

50 "(d) Tax Base. – A corporation's tax base is the ~~greatest of the following:~~

51 (4) ~~The~~ proportion of its net worth as set out in subsection (c1) of this section.

(2) ~~Fifty five percent (55%) of the corporation's appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State. For purposes of this subdivision, the appraised value of tangible property, including real estate, is the ad valorem valuation for the calendar year next preceding the due date of the franchise tax return.~~

(3) ~~(Effective for taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax reported on the 2019 and later corporate income tax returns) The corporation's total actual investment in tangible property in this State. For purposes of this subdivision, the total actual investment in tangible property in this State is the total original purchase price or consideration to the reporting taxpayer of its tangible properties, including real estate, in this State plus additions and improvements thereto less (i) reserve for depreciation as permitted for income tax purposes and (ii) any indebtedness specifically incurred and existing solely for and as the result of the purchase of any real estate and any permanent improvements made on the real estate."~~

**SECTION 42.3.(b)** G.S. 105-114.1(b) reads as rewritten:

"(b) **Controlled Companies.** – If a corporation or an affiliated group of corporations owns more than fifty percent (50%) of the capital interests in a noncorporate limited liability company, the corporation or group of corporations must include in its ~~three tax bases~~ base pursuant to G.S. 105-122 the same percentage of ~~(i) the noncorporate limited liability company's net worth;~~ ~~(ii) fifty five percent (55%) of the noncorporate limited liability company's appraised ad valorem tax value of property;~~ and ~~(iii) the noncorporate limited liability company's actual investment in tangible property in this State, as appropriate.~~ worth."

**SECTION 42.3.(c)** G.S. 105-120.2(b) reads as rewritten:

"(b) **Tax Rate.** – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, ~~the greater of the following:~~

(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).

(2) ~~If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the following:~~

a. ~~Fifty five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of intangible property returned for taxation of intangible personal property as computed under G.S. 105-122(d).~~

b. ~~The total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d)."~~

**SECTION 42.3.(d)** This section is effective for taxable years beginning on or after January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later corporate income tax return.

**CONFORM TO FEDERAL TAX TREATMENT FOR PANDEMIC-RELATED ASSISTANCE/IRC UPDATE**

**SECTION 42.4.(a)** G.S. 105-228.90(b)(7) reads as rewritten:

1           "(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020, April 1,~~  
2           2021, including any provisions enacted as of that date that become effective  
3           either before or after that date."

4           **SECTION 42.4.(b)** Effective for tax years beginning on or after January 1, 2020,  
5           G.S. 105-153.5(c2)(20) and G.S. 105-130.5(a)(32) are repealed.

6           **SECTION 42.4.(c)** G.S. 105-153.5(a)(2) reads as rewritten:

7           "(2) Itemized deduction amount. – An amount equal to the sum of the items listed  
8           in this subdivision. The amounts allowed under this subdivision are not  
9           subject to the overall limitation on itemized deductions under section 68 of  
10          the Code:

11          a. Charitable Contribution. – The amount allowed as a deduction for  
12          charitable contributions under section 170 of the Code for that taxable  
13          ~~year-year~~, subject to the following provisions:

14                  1. Distributions from IRAs. – For taxable years 2014 through  
15                  2018, a taxpayer who elected to take the income exclusion  
16                  under section 408(d)(8) of the Code for a qualified charitable  
17                  distribution from an individual retirement plan by a person  
18                  who has attained the age of 70 1/2 may deduct the amount that  
19                  would have been allowed as a charitable deduction under  
20                  section 170 of the Code had the taxpayer not elected to take the  
21                  income exclusion.

22                  2. Charitable Giving During COVID-19. – For taxable ~~year 2020,~~  
23                  ~~years 2020 and 2021~~, notwithstanding ~~G.S. 105-228.90(b)(7),~~  
24                  G.S. 105-228.90(b)(7) and for purposes of this ~~sub-subdivision~~  
25                  sub-sub-subdivision, the term "Code" means the Internal  
26                  Revenue Code as enacted as of January 1, 2020. For taxable  
27                  years beginning on or after January 1, 2021, a taxpayer may  
28                  only carry forward the charitable contributions from taxable  
29                  ~~year 2020-years 2020 and 2021~~ that exceed the applicable  
30                  percentage limitation for the ~~2020 and 2021 taxable year-years~~  
31                  allowed under this sub-subdivision-sub-sub-subdivision. The  
32                  purpose for defining the Internal Revenue Code differently for  
33                  the ~~2020 and 2021 taxable year-years~~ is to decouple from the  
34                  modification of limitations on charitable contributions ~~during~~  
35                  ~~2020~~-allowed under section 2205 of the CARES ~~Act.Act and~~  
36                  section 213 of the Consolidated Appropriations Act, 2021.

37          b. Mortgage Expense and Property Tax. – The amount allowed as a  
38          deduction for interest paid or accrued during the taxable year under  
39          section 163(h) of the Code with respect to any qualified residence plus  
40          the amount allowed as a deduction for property taxes paid or accrued  
41          on real estate under section 164 of the Code for that taxable year. For  
42          taxable years 2014 through ~~2020, 2021~~, the amount allowed as a  
43          deduction for interest paid or accrued during the taxable year under  
44          section 163(h) of the Code with respect to any qualified residence shall  
45          not include the amount for mortgage insurance premiums treated as  
46          qualified residence interest. The amount allowed under this  
47          sub-subdivision may not exceed twenty thousand dollars (\$20,000).  
48          For spouses filing as married filing separately or married filing jointly,  
49          the total mortgage interest and real estate taxes claimed by both  
50          spouses combined may not exceed twenty thousand dollars (\$20,000).  
51          For spouses filing as married filing separately with a joint obligation

1 for mortgage interest and real estate taxes, the deduction for these  
2 items is allowable to the spouse who actually paid them. If the amount  
3 of the mortgage interest and real estate taxes paid by both spouses  
4 exceeds twenty thousand dollars (\$20,000), these deductions must be  
5 prorated based on the percentage paid by each spouse. For joint  
6 obligations paid from joint accounts, the proration is based on the  
7 income reported by each spouse for that taxable year.

8 ...."

9 **SECTION 42.4.(d)** G.S. 105-153.5(c2) reads as rewritten:

10 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
11 must make the following adjustments to the taxpayer's adjusted gross income:

12 (1) For taxable years 2014 through ~~2020, 2025~~, the taxpayer must add the amount  
13 excluded from the taxpayer's gross income for the discharge of qualified  
14 principal residence indebtedness under section 108 of the Code. The purpose  
15 of this subdivision is to decouple from the income exclusion available under  
16 federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3)  
17 of the Code, then the addition required under this subdivision is limited to the  
18 amount of discharge of qualified principal residence indebtedness excluded  
19 from adjusted gross income under section 108(a)(1)(E) of the Code that  
20 exceeds the amount of discharge of indebtedness that would have been  
21 excluded under section 108(a)(1)(B) of the Code.

22 ...

23 (18) For taxable ~~year 2020, years 2020 through 2025~~, a taxpayer must add the  
24 amount excluded from the taxpayer's gross income for payment by an  
25 employer, whether paid to the taxpayer or to a lender, of principal or interest  
26 on any qualified education loan, as defined in section 221(d)(1) of the Code,  
27 incurred by the taxpayer for education of the taxpayer. The purpose of this  
28 subdivision is to decouple from the exclusion for certain employer payments  
29 of student loans under section 2206 of the CARES ~~Act~~ Act or under the  
30 Consolidated Appropriations Act, 2021.

31 (19) For taxable ~~year 2020, years beginning on or after January 1, 2020~~, a taxpayer  
32 must add the amount excluded from the taxpayer's gross income under section  
33 62(a)(22) of the Code. The purpose of this subdivision is to decouple from the  
34 allowance of a partial above-the-line deduction of qualified charitable  
35 contributions under section 2204 of the CARES ~~Act~~ Act and under sections  
36 212 and 213 of the Consolidated Appropriations Act, 2021.

37 ...

38 (21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the  
39 amount by which the taxpayer's deduction under section 274(n) of the Code  
40 exceeds the deduction that would have been allowed under the Internal  
41 Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision  
42 is to decouple from the increased deduction under the Consolidated  
43 Appropriations Act, 2021, for business-related expenses for food and  
44 beverages provided by a restaurant.

45 (22) For taxable years 2021 through 2025, a taxpayer must add the amount  
46 excluded from the taxpayer's gross income for the discharge of a student loan  
47 under section 108(f)(5) of the Code. The purpose of this subdivision is to  
48 decouple from the exclusion from income for the discharge of a student loan  
49 under section 9675 of the American Rescue Plan Act of 2021."

50 **SECTION 42.4.(e)** Except as otherwise provided, this section is effective when it  
51 becomes law.

1  
2 **REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN**  
3 **PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL**

4 **SECTION 42.5.(a)** G.S. 105-131(b) reads as rewritten:

5 "(b) For the purpose of this Part, unless otherwise required by the context:

6 ...

7 (11) "Taxed S Corporation" means an S Corporation for which a valid election  
8 under G.S. 105-131.1A(a) is in effect."

9 **SECTION 42.5.(b)** G.S. 105-131.1 reads as rewritten:

10 **"§ 105-131.1. Taxation of an S Corporation and its shareholders.**

11 (a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed  
12 S Corporation shall be subject to tax under G.S. 105-131.1A.

13 (b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share  
14 of an S Corporation's income attributable to the State and each resident shareholder's pro rata  
15 share of income not attributable to the State, shall be taken into account by the shareholder in the  
16 manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366  
17 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

18 **SECTION 42.5.(c)** Part 1A of Article 4 of Chapter 105 of the General Statutes is  
19 amended by adding a new section to read:

20 **"§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

21 (a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed  
22 annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S  
23 Corporation for any taxable period covered by the return. An S Corporation may not revoke the  
24 election after the due date of the return including extensions.

25 (b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on  
26 the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected,  
27 and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in  
28 G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as  
29 follows:

30 (1) The North Carolina taxable income of a taxed S Corporation with respect to  
31 such taxable period shall be equal to the sum of the following:

32 a. Each shareholder's pro rata share of the taxed S Corporation's income  
33 or loss, subject to the adjustments provided in G.S. 105-153.5 and  
34 G.S. 105-153.6, attributable to the State.

35 b. Each resident shareholder's pro rata share of the taxed S Corporation's  
36 income or loss, subject to the adjustments provided in G.S. 105-153.5  
37 and G.S. 105-153.6, not attributable to the State with respect to such  
38 taxable period.

39 (2) Separately stated items of deduction are not included when calculating each  
40 shareholder's pro rata share of the taxed S Corporation's taxable income. For  
41 purposes of this subdivision, separately stated items are those items described  
42 in section 1366 of the Code and the regulations under it.

43 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the  
44 calculation of the taxed S Corporation's taxable income.

45 (c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each  
46 shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata  
47 share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S  
48 Corporation must pass through to its shareholders any credit required to be taken in installments  
49 by this Chapter if the first installment was taken in a taxable period that the election under  
50 subsection (a) of this section was not in effect. An S Corporation shall not pass through to its  
51 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, 2022.

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, 2022,  
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, 2022. The federal net operating loss carryforward is only allowed as a State  
39       net operating loss in tax years beginning after January 1, 2022, 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 April 1, 2021.

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, 2022.

48  
49       **REENACT AND MAKE PERMANENT MILL REHABILITATION CREDIT**

50       **SECTION 42.7.(a)** Effective for taxable years beginning on or after January 1, 2021,  
51       Article 3H of Chapter 105 of the General Statutes is reenacted as it existed immediately before

1 its repeal for rehabilitation projects for which an application for an eligibility certification was  
2 submitted on or after January 1, 2015, and reads as rewritten:

3 "Article 3H.

4 "Mill Rehabilitation Tax Credit.

5 ...

6 **"§ 105-129.71. Credit for income-producing rehabilitated mill property.**

7 ...

8 (a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under  
9 section 47 of the Code for making qualified rehabilitation expenditures of at least ten million  
10 dollars (\$10,000,000) with respect to a certified rehabilitation of an eligible railroad station is  
11 allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In  
12 order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary  
13 a copy of the eligibility certification and the cost certification. The amount of the credit is equal  
14 to forty percent (40%) of the qualified rehabilitation expenditures. The qualified rehabilitation  
15 expenditures must be incurred on or after January 1, 2019, and the credit cannot be claimed for  
16 a taxable year beginning prior to January 1, 2021. The tax credit must be taken in two equal  
17 installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is  
18 equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable  
19 years 2019, 2020, and 2021. When the eligible site is placed into service in two or more phases  
20 in different years, the amount of credit that may be claimed in a year is the amount based on the  
21 qualified rehabilitation expenditures associated with the phase placed into service during that  
22 year.

23 For purposes of this subsection, the term "eligible railroad station" is a site located in this  
24 State that satisfies all of the following conditions:

25 ...

26 (4) It is a designated local landmark as certified by a ~~city on or before June 30,~~  
27 2019.city.

28 ...

29 (7) It is issued a certificate of ~~occupancy on or before December 31,~~  
30 2021.occupancy.

31 ...

32 **~~"§ 105-129.75. Sunset and applicable expenditures.~~**

33 (a) ~~Sunset.~~—~~Except for credits allowed under G.S. 105-129.71(a1), this Article expires~~  
34 ~~January 1, 2015, for rehabilitation projects for which an application for an eligibility certification~~  
35 ~~is submitted on or after that date. Eligibility certifications under this Article expire January 1,~~  
36 ~~2023.~~

37 (b) ~~Delayed Sunset and Applicable Expenditures.~~—~~For credits allowed under~~  
38 ~~G.S. 105-129.71(a1), the following applies:~~

39 (1) ~~The qualified rehabilitation expenditures must be incurred on or after January~~  
40 ~~1, 2019, and before January 1, 2022.~~

41 (2) ~~This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may~~  
42 ~~not be claimed, for rehabilitation projects not completed and placed in service~~  
43 ~~prior to January 1, 2022.~~

44 ...."

45 **SECTION 42.7.(b)** Eligibility certifications, whether issued prior to January 1, 2015,  
46 or on or after January 1, 2021, do not expire. Neither the reenactment of Article 3H of Chapter  
47 105 of the General Statutes nor the repeal of G.S. 105-129.75 under this section requires a  
48 taxpayer who obtained an eligibility certification prior to January 1, 2015, for a rehabilitation  
49 project under this Article to reapply for an eligibility certification for the same project.

50 **SECTION 42.7.(c)** Except as otherwise provided, this section is effective when it  
51 becomes law.

**EXPAND AND MAKE PERMANENT HISTORIC REHABILITATION CREDIT**

**SECTION 42.7A.(a)** G.S. 105-129.105 reads as rewritten:

**"§ 105-129.105. Credit for rehabilitating income-producing historic structure.**

(a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of the Code for making qualified rehabilitation expenditures for a certified historic structure located in this State is allowed a credit equal to the sum of the following:

(1) Base amount. – The percentage of qualified rehabilitation expenditures at the levels provided in the table below:

Expenses Over	Up To	Rate
0	\$10 million	15.00%
\$10 million	\$20 million	10.00%

(2) Development tier bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located in a development tier one or two area.

(3) Targeted investment bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure is located on an eligible targeted investment site.

(4) Education bonus. – An amount equal to five percent (5%) of qualified rehabilitation expenditures not exceeding twenty million dollars (\$20,000,000) if the certified historic structure was originally used for an educational purpose, is used for an educational purpose following the rehabilitation, and remains used for an educational purpose for each year in which the credit, or a carryforward of the credit, is claimed. For a certified historic structure used for multiple purposes, the bonus provided in this subdivision shall be proportionate to the area of the certified historic structure used for an educational purpose.

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

...  
(2a) Educational purpose. – A purpose that has as its objective the education or instruction of human beings; it comprehends the transmission of information and the training or development of the knowledge or skills of individual persons.

...."  
**SECTION 42.7A.(b)** G.S. 105-129.110 is repealed.

**SECTION 42.7A.(c)** Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2021. The remainder of this section is effective when it becomes law.

**LIMIT GROSS PREMIUMS TAX ON SURETY BONDS**

**SECTION 42.8.(a)** G.S. 105-228.5(b1) reads as rewritten:

"(b1) Calculation of Tax Base. – In determining the amount of gross premiums from business in this State, all gross premiums received in this State, credited to policies written or procured in this State, or derived from business written in this State shall be deemed to be for contracts covering persons, property, or risks resident or located in this State unless one of the following applies:

- 1 (1) The premiums are properly reported and properly allocated as being received  
 2 from business done in some other nation, territory, state, or states.  
 3 (2) The premiums are from policies written in federal areas for persons in military  
 4 service who pay premiums by assignment of service pay.

5 Gross premiums from business done in this State in the case of life insurance contracts,  
 6 including supplemental contracts providing for disability benefits, accidental death benefits, or  
 7 other special benefits that are not annuities, means all premiums collected in the calendar year,  
 8 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited  
 9 to persons, firms, or corporations resident in this State, or in the case of group policies, for  
 10 contracts of insurance covering persons resident within this State. The only deductions allowed  
 11 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and  
 12 premiums that were paid in advance on life insurance contracts and subsequently refunded to the  
 13 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been  
 14 collected for the amounts as provided in the policy contracts for the time in force during the year,  
 15 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or  
 16 by any other means except waiver of premiums by companies under a contract for waiver of  
 17 premium in case of disability.

18 Gross premiums from business done in this State in the case of an insurer of bail bonds means  
 19 the amounts received by an insurer from a surety bondsman during the calendar year for bail  
 20 bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums  
 21 under this section for gross premiums from transacting any other line of insurance business. For  
 22 purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the  
 23 same meaning as defined in G.S. 58-71-1.

24 Gross premiums from business done in this State for all other health care plans and contracts  
 25 of insurance, including contracts of insurance required to be carried by the Workers'  
 26 Compensation Act, means all premiums written during the calendar year, or the equivalent  
 27 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering  
 28 property or risks in this State, other than for contracts of reinsurance, whether the premiums are  
 29 designated as premiums, deposits, premium deposits, policy fees, membership fees, or  
 30 assessments. Gross premiums shall be deemed to have been written for the amounts as provided  
 31 in the policy contracts, new and renewal, becoming effective during the year irrespective of the  
 32 time or method of making payment or settlement for the premiums, and with no deduction for  
 33 dividends whether returned in cash or allowed in payment or reduction of premiums or for  
 34 additional insurance, and without any other deduction except for return of premiums, deposits,  
 35 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

36 **SECTION 42.8.(b)** This section is effective for taxable years beginning on or after  
 37 January 1, 2022.

38  
 39 **EXTEND EXCISE TAX TO REMOTE SALES OF CIGARS AND MAKE CLARIFYING**  
 40 **CHANGES REGARDING DELIVERY SALES AND REMOTE SALES OF**  
 41 **TOBACCO PRODUCTS**

42 **SECTION 42.9.(a)** G.S. 105-113.4 reads as rewritten:

43 **"§ 105-113.4. Definitions.**

44 The following definitions apply in this Article:

- 45 ...  
 46 (2) Cost price. – The actual price a person liable for the tax on tobacco products  
 47 paid for an item subject to the tax imposed by Part 3 of this Article paid for  
 48 the products, before any discount, rebate, or allowance or the tax imposed by  
 49 that Part, by the person liable for the tax. The actual price paid for an item may  
 50 be either of the following:

- 1                   a.       The actual price paid for an item identified as a stock keeping unit by
- 2                                   a unique code or identifier representing the item.
- 3                   b.       If the actual price paid for an item is not available, the average of the
- 4                                   actual price paid for the item over the 12 calendar months before
- 5                                   January 1 of the year in which the sale occurs.
- 6           (2d)   Delivery sale. – A sale of ~~tobacco products~~ cigarettes, smokeless tobacco, or
- 7                                   vapor products to a consumer in this State in which either of the following
- 8                                   apply:
- 9                   a.       The consumer submits the order for the sale by telephone, mail, the
- 10                                   Internet or other online service or application, or when the seller is
- 11                                   otherwise not in the physical presence of the consumer when the
- 12                                   consumer submits the order.
- 13                   b.       The ~~tobacco products~~ cigarettes, smokeless tobacco, or vapor products
- 14                                   are delivered via mail or a delivery service.
- 15           (2e)   Delivery seller. – A person ~~that~~ located within or outside this State who makes
- 16                                   a delivery sale.
- 17           ...
- 18           (3)   Distributor. – ~~Either~~ Any of the following:
- 19                   a.       A person, wherever resident or located, who purchases non-tax-paid
- 20                                   cigarettes directly from the manufacturer of the cigarettes and stores,
- 21                                   sells, or otherwise disposes of the cigarettes.
- 22                   b.       A manufacturer of cigarettes.
- 23                   c.       A delivery seller of cigarettes.
- 24           ...
- 25           (8a)   Remote sale. – A sale of tobacco products other than cigarettes, smokeless
- 26                                   tobacco, or vapor products to a consumer in this State in which either of the
- 27                                   following applies:
- 28                   a.       The consumer submits the order for the sale by telephone, mail, the
- 29                                   internet, or other online service or application, or when the seller is
- 30                                   otherwise not in the physical presence of the consumer when the
- 31                                   consumer submits the order.
- 32                   b.       The tobacco products other than cigarettes, smokeless tobacco, or
- 33                                   vapor products are delivered via mail or a delivery service.
- 34           (8b)   Remote seller. – A person located within or outside this State who makes a
- 35                                   remote sale.
- 36           (9)   Retail dealer. – A person who sells a tobacco product to the ultimate consumer
- 37                                   of the ~~product~~ product, including a remote seller or a delivery seller.
- 38           ...
- 39           (10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or
- 40                                   other product containing tobacco, that is intended to be placed in the oral or
- 41                                   nasal cavity or otherwise consumed without being combusted.
- 42           ...."

**SECTION 42.9.(b)** G.S. 105-113.4F reads as rewritten:

**"§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

- 45           (a)   Scope. – This section applies to delivery ~~sales of tobacco products, other than cigars,~~
- 46                                   ~~to consumers in this State regardless of whether the delivery seller is located inside or outside~~
- 47                                   ~~this State.~~ sales. For purposes of this section, the term "tobacco product" ~~is as defined in~~
- 48                                   G.S. 105-113.4, except that it does not include cigars. ~~means~~ cigarettes, smokeless tobacco, or
- 49                                   vapor products.
- 50           (b)   Delivery Seller Requirements. – A delivery seller ~~shall~~ must do all of the following
- 51                                   with respect to a delivery sale:

- 1 (1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required  
 2 by this Article before accepting an order.  
 3 (2) Comply with the age verification requirements in G.S. 14-313(b2).  
 4 (3) Report, collect, and remit to the Secretary all applicable taxes levied on  
 5 tobacco products as set out in this Article and Article 5 of this Chapter.

6 (c) Filing Requirement. – A delivery seller who has made a delivery sale, or shipped or  
 7 delivered tobacco products in connection with a delivery sale, during the previous month ~~shall,~~  
 8 must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy  
 9 of the invoice for every delivery sale made during the previous month. A delivery seller who  
 10 complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is  
 11 considered to have complied with this subsection. The memorandum or invoice ~~shall~~ must  
 12 contain the following information:

- 13 (1) The name, address, telephone number, and e-mail address of the consumer.  
 14 (2) The type and the brand, or brands, of tobacco products that were sold.  
 15 (3) The quantity of tobacco products that were sold.  
 16 (d) Penalties. – A person who violates this section is subject to the following penalties:  
 17 (1) For the first violation, a penalty of one thousand dollars (\$1,000).  
 18 (2) For a subsequent violation, a penalty not to exceed five thousand dollars  
 19 (\$5,000), as determined by the Secretary.

20 (e) ~~Exception. — This section does not apply to sales of tobacco products by a retail dealer~~  
 21 ~~who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

22 (f) ~~State Laws Apply. — All State laws that apply to tobacco product retailers in this State~~  
 23 ~~shall apply to delivery sellers that sell tobacco products into this State.~~ Delivery Sellers as  
 24 Retailers. — A delivery seller that meets the definition of a "retailer" as defined in Article 5 of  
 25 this Chapter is subject to all State laws that apply to a retailer in this State."

26 **SECTION 42.9.(c)** G.S. 105-113.5 reads as rewritten:

27 **"§ 105-113.5. Tax on cigarettes.**

28 (a) Rate. – A tax is levied on the sale or possession for sale in this State, by a licensed  
 29 distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

30 (b) Primary Liability. – ~~The licensed distributor who first acquires or otherwise handles~~  
 31 ~~cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section.~~  
 32 A licensed distributor who brings meets any of the following conditions is liable for the tax  
 33 imposed by this section:

- 34 (1) Is the first person to possess or acquire cigarettes in this State.  
 35 (2) Is the first person to bring into this State cigarettes made outside the State ~~is~~  
 36 ~~the first person to handle the cigarettes in this State. A licensed distributor~~  
 37 ~~who is~~  
 38 (3) Is the original consignee of cigarettes made outside the State and is that are  
 39 shipped into the State ~~is the first person to handle the cigarettes in this State.~~  
 40 (4) Makes a delivery sale of cigarettes for which the delivery seller is required to  
 41 collect sales and use tax under Article 5 of this Chapter."

42 **SECTION 42.9.(d)** G.S. 105-113.12 reads as rewritten:

43 **"§ 105-113.12. Distributor must obtain license. License required.**

44 (a) A distributor ~~shall~~ must obtain a license for each place of business a distributor's  
 45 ~~license and shall~~ of the locations listed in this subsection, as applicable, and must pay a tax of  
 46 twenty-five dollars (\$25.00) for the each license. A license is in effect until June 30 of the year  
 47 following the second calendar year after the date of issuance or renewal. A license ~~for each place~~  
 48 ~~of business~~ is renewable upon signed application with no renewal license tax, unless applied for  
 49 after the June 30 expiration date. The locations are:

- 50 (1) Each location where a distributor receives or stores non-tax-paid cigarettes in  
 51 this State.



(2) For a distributor that is a delivery seller, each location from which the distributor ships delivery sales of cigarettes if the location is a location other than the location described in subdivision (1) of this subsection.

(b) ~~For the purposes of this section, a "place of business" is a place where a distributor receives or stores non-tax-paid cigarettes.~~

(c) An out-of-state distributor that is not a delivery seller may obtain a distributor's license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and payment of a tax of twenty-five dollars (\$25.00)."

**SECTION 42.9.(e)** G.S. 105-113.18 reads as rewritten:

**"§ 105-113.18. Payment of tax; reports.**

The taxes levied in this Part are payable when a report is required to be filed. The following reports are required to be filed with the Secretary:

(1) Distributor's Report. – A licensed distributor ~~shall~~must file a monthly report in the form prescribed by the Secretary. The report covers cigarettes sold, shipped, delivered, or otherwise disposed of in this State in a calendar month and is due within 20 days after the end of the month covered by the report. The report ~~shall~~must show the quantity of all cigarettes transported or caused to be transported into the State by the licensed distributor or licensed manufacturer in the State for sales in this State and state the amount of tax due and ~~shall~~must identify any transactions to which the tax does not apply. A licensed distributor that is a delivery seller must also comply with the filing requirement under G.S. 105-113.4F.

(1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.

(2) Use Tax Report. – ~~Every other~~A person who is not a licensed distributor and has acquired non-tax-paid cigarettes for sale, use, or consumption subject to the tax imposed by this Part ~~shall~~must, within 96 hours after receipt of the cigarettes, file a report in the form prescribed by the Secretary showing the amount of cigarettes so received and any other information required by the Secretary. The report ~~shall~~must be accompanied by payment of the full amount of the tax.

(3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~transports, or causes to transport, cigarettes upon the public highways, roads, or streets of this State, upon notice from the Secretary, ~~shall~~must file a report in the form prescribed by the Secretary and containing the information required by the Secretary.

...."

**SECTION 42.9.(f)** The following statutes are repealed:

G.S. 105-113.35

G.S. 105-113.35A

G.S. 105-113.36

G.S. 105-113.37

G.S. 105-113.38

G.S. 105-113.39

G.S. 105-113.40A.

**SECTION 42.9.(g)** Part 3 of Article 2A of Chapter 105 of the General Statutes, as amended by subsection (f) of this section, reads as rewritten:

"Part 3. Tax on ~~Other Tobacco Products~~Products Other Than Cigarettes.

"Subpart 1. General Provisions.

**"§ 105-113.35B. Applicability.**

As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

"Subpart 2. Tax Rates and Liability.

1 **"§ 105-113.36A. Tax rates; liability for tax.**

2 (a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or  
3 distribution of tobacco products at the following rates:

4 (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable  
5 product. All invoices for vapor products issued by manufacturers must state  
6 the amount of consumable product in milliliters.

7 (2) On all other tobacco products, the rate of twelve and eight-tenths percent  
8 (12.8%) of the cost price.

9 (b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying  
10 tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this  
11 section if the dealer meets any of the following conditions:

12 (1) Is the first person to possess or acquire the tobacco product in this State.

13 (2) Is the first person to bring a tobacco product made outside the State into this  
14 State.

15 (3) Is the original consignee of a tobacco product made outside the State that is  
16 shipped into the State.

17 (4) Makes a remote sale or a delivery sale for which the dealer is required to  
18 collect sales and use tax under Article 5 of this Chapter.

19 (c) Secondary Liability. – A retail dealer located in this State who acquires from a  
20 wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable  
21 for any tax due on the tobacco products.

22 (d) Exemptions. – The taxes imposed under this section do not apply to the following:

23 (1) A tobacco product sold outside the State.

24 (2) A tobacco product sold to the federal government.

25 (3) A sample tobacco product distributed without charge. A sample tobacco  
26 product may only be distributed in a "qualified adult-only facility" as that term  
27 is defined in 21 C.F.R. § 1140.16(d)(2).

28 (e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than  
29 a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or  
30 possession for use or consumption of tobacco products within this State at the rate set in this  
31 section. This tax does not apply to tobacco products for which the tax levied in this section has  
32 been paid.

33 (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce  
34 to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the  
35 Secretary may determine a value based on the cost price of comparable items.

36 "Subpart 3. Wholesale and Retail Dealers.

37 **"§ 105-113.37A. Manufacturer's option.**

38 (a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and  
39 who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part  
40 may, upon application to the Secretary and upon compliance with requirements prescribed by the  
41 Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not  
42 relieved from filing a report as required by this Part.

43 (b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax  
44 under this section, the permission granted to be relieved of paying the tax also applies to an  
45 integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must  
46 notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the  
47 manufacturer applies to the Secretary for permission to be relieved of paying the tax and when  
48 an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has  
49 given the manufacturer permission to be relieved of paying the tax.

50 (c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale  
51 dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be

1 relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part  
2 on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving  
3 permission to be relieved of the cigarette excise tax must notify the Secretary of the permission  
4 received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

5 **"§ 105-113.37B. Non-tax-paid products.**

6 Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow,  
7 loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale  
8 dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid  
9 tobacco products to, from, or with another integrated wholesale dealer.

10 **"§ 105-113.37C. Discount; refund.**

11 (a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise  
12 taxes imposed by this Part, who files a timely report under this Part, and who sends a timely  
13 payment may deduct from the amount due with the report a discount of two percent (2%). This  
14 discount covers expenses incurred in preparing the records and reports required by this Part and  
15 the expense of furnishing a bond. This subsection does not apply with respect to the excise tax  
16 levied on vapor products.

17 (b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise  
18 taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products  
19 upon which the tax has been paid may return the tobacco products to the manufacturer and apply  
20 to the Secretary for refund of the tax. The application must be in the form prescribed by the  
21 Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit  
22 from the manufacturer listing the tobacco products returned to the manufacturer by the applicant.  
23 The Secretary must refund the tax paid, less the discount allowed, on the listed products.

24 "Subpart 4. Remote Sellers.

25 **"§ 105-113.38A. Remote seller requirements.**

26 A remote seller must do all of the following with respect to a remote sale:

- 27 (1) Obtain a license from the Secretary as required by this Part before accepting  
28 an order.
- 29 (2) Report, collect, and remit to the Secretary all applicable taxes as set out in this  
30 Part and Article 5 of this Chapter. A remote seller that meets the definition of  
31 a "retailer" as defined in Article 5 of this Chapter is subject to all State laws  
32 that apply to a retailer in this State.

33 **"§ 105-113.38B. Records.**

34 In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must  
35 maintain the following:

- 36 (1) A list, updated annually, showing the cost price paid by the remote seller for  
37 each stock keeping unit of tobacco products.
- 38 (2) Invoices documenting remote or delivery sales to consumers in this State.
- 39 (3) Records necessary to document the cost price of purchases of all tobacco  
40 products sold to consumers in this State.

41 **"§ 105-113.38C. Penalties.**

42 A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

- 43 (1) For the first violation, a penalty of one thousand dollars (\$1,000).
- 44 (2) For a subsequent violation, a penalty not to exceed five thousand dollars  
45 (\$5,000), as determined by the Secretary.

46 "Subpart 5. Administrative Provisions.

47 **"§ 105-113.39A. License required.**

48 (a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary  
49 a license for each of the locations listed in this subsection, as applicable, and must pay the  
50 required license tax for each license. A license is in effect until June 30 of the year following the  
51 second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to

1 expiration. A license is renewable upon signed application with no renewal license tax, unless  
2 applied for after the June 30 expiration date. The locations are:

- 3 (1) Each location where a wholesale dealer makes tobacco products.
- 4 (2) Each location where a wholesale dealer or a retail dealer receives or stores  
5 non-tax-paid tobacco products.
- 6 (3) Each location from where a retail dealer that is a delivery seller or remote  
7 seller ships delivery sales or remote sales if the location is a location other  
8 than the location described in subdivision (2) of this subsection.

9 (b) License Tax Amount. – The license tax amounts are as follows:

- |                                |                 |
|--------------------------------|-----------------|
| 10 (1) <u>Wholesale dealer</u> | <u>\$25.00</u>  |
| 11 (2) <u>Retail dealer</u>    | <u>\$10.00.</u> |

12 (c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco  
13 products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license  
14 upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five  
15 dollars (\$25.00).

16 **"§ 105-113.39B. Payment of tax.**

17 (a) Monthly Report. – Taxes levied by this Part are payable by the entity that is primarily  
18 liable for the tax when a report is required to be filed. A report is due on a monthly basis. A  
19 monthly report covers tobacco products sold, shipped, delivered, or otherwise disposed of in this  
20 State occurring in a calendar month and is due within 20 days after the end of the month covered  
21 by the report. A report must be filed on a form provided by the Secretary and must contain the  
22 information required by the Secretary.

23 (b) Use Tax Report. – A person who is not a licensee under this Part and has acquired  
24 non-tax-paid tobacco products for sale, use, or consumption subject to the tax imposed by this  
25 Part must, within 96 hours after receipt of the tobacco products, file a report in the form  
26 prescribed by the Secretary showing the amount of tobacco products received and any other  
27 information required by the Secretary. The report must be accompanied by payment of the full  
28 amount of the tax.

29 (c) Shipping Report. – A person who transports, or causes to transport, tobacco products  
30 upon the public highways, roads, or streets of this State must, upon notice from the Secretary,  
31 file a report in a form prescribed by and containing the information required by the Secretary.

32 **"§ 105-113.39C. Bond or irrevocable letter of credit.**

33 The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount  
34 that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes  
35 due under this Part. A bond must be conditioned on compliance with this Part, payable to the  
36 State, and in the form required by the Secretary. The amount of the bond is two times the  
37 wholesale or retail dealer's average expected monthly tax liability under this Part, as determined  
38 by the Secretary, provided the amount of the bond may not be less than two thousand dollars  
39 (\$2,000) and may not be more than two million dollars (\$2,000,000). The Secretary should  
40 periodically review the sufficiency of bonds required of dealers, increase the amount of a required  
41 bond when the amount of the bond furnished no longer covers the anticipated tax liability of the  
42 wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a  
43 smaller bond amount will adequately protect the State from loss.

44 For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable  
45 letter of credit for the secured bond required by this section. The letter of credit must be issued  
46 by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The  
47 letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with  
48 this Part, and in the amounts stipulated in this section.

49 **"§ 105-113.39D. Use of tax proceeds.**

50 The Secretary must credit the net proceeds of the tax collected under this Part as follows:

1           (1) Six and four-tenths percent (6.4%) to the University Cancer Research Fund  
2           established under G.S. 116-29.1.

3           (2) The remainder to the General Fund."

4           **SECTION 42.9.(h)** G.S. 116-29.1(b) reads as rewritten:

5           "(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer  
6           Research Fund by the Secretary of Revenue from the tax on tobacco products other than  
7           cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

8           **SECTION 42.9.(i)** This section becomes effective July 1, 2022, and applies to sales  
9           or purchases occurring on or after that date. This section does not affect the rights or liabilities  
10          of a taxpayer or another person arising under the law as it existed before the effective date of this  
11          section, nor does it affect the right to any refund or credit of a tax that accrued under the law as  
12          it existed before the effective date of this section.

## 13           **SALES TAX EXEMPTION FOR ALCOHOL BEVERAGE MANUFACTURING**

14           **SECTION 42.10A.(a)** G.S. 105-164.13 reads as rewritten:

15           "**§ 105-164.13. Retail sales and use tax.**

16           The sale at retail and the use, storage, or consumption in this State of the following items are  
17           specifically exempted from the tax imposed by this Article:

18           ...

19           (5q) Sales of machinery, equipment, parts, and accessories to the following  
20           permittees for use in the manufacture of the following items and supplies and  
21           ingredients used or consumed by the permittee in the manufacturing process:

22           a. The holder of an unfortified winery permit for the manufacture of  
23           unfortified wine, as authorized in G.S. 18B-1101.

24           b. The holder of a fortified winery permit for the manufacture of fortified  
25           wine, as authorized in G.S. 18B-1102.

26           c. The holder of a brewer permit for the manufacture of malt beverages,  
27           as authorized in G.S. 18B-1104.

28           d. The holder of a distillery permit for the manufacture of spirituous  
29           liquor, as authorized in G.S. 18B-1105.

30           ...."

31           **SECTION 42.10A.(b)** This section is effective August 1, 2021, and applies to sales  
32           made on or after that date.

## 33           **CCRC SALES TAX EXEMPTION AND FORGIVENESS**

34           **SECTION 42.10B.(a)** G.S. 105-164.13 reads as rewritten:

35           "**§ 105-164.13. Retail sales and use tax.**

36           The sale at retail and the use, storage, or consumption in this State of the following items are  
37           specifically exempted from the tax imposed by this Article:

38           ...

39           (74) Items, other than alcoholic beverages, sold by a provider of continuing care to  
40           its residents. The purchase of items exempt from tax under this subdivision by  
41           a provider of continuing care is taxable and not subject to the exemption  
42           provided in G.S. 105-164.13(61b). The terms "continuing care," "provider,"  
43           and "resident" have the same meanings as defined in G.S. 58-64-1, and the  
44           term "alcoholic beverage" has the same meaning as defined in  
45           G.S. 105-113.68."

46           **SECTION 42.10B.(b)** Forgiveness of Certain Sales Tax Assessments. – The  
47           Department of Revenue shall take no action to assess or collect from any person any sales and  
48           use tax for sales occurring on or after February 1, 2015, with respect to the retail sale of taxable  
49           items, other than alcoholic beverages, sold by a provider of continuing care to its residents.  
50  
51

1 The Secretary of Revenue shall reduce an assessment issued on or after February 1,  
2 2015, against a provider of continuing care who requests relief for State and local sales and use  
3 taxes imposed on taxable items sold to its residents, provided such assessment remains  
4 appealable or is under appeal at the time the request for relief is made. The Secretary shall reduce  
5 the sales and use taxes assessed to zero and waive all penalties that were imposed as part of the  
6 assessment.

7 This subsection shall not provide any forgiveness of tax collected from a resident  
8 which has not been refunded or credited to the resident.

9 **SECTION 42.10B.(c) Refund of Certain Sales Tax Collections.** – A retailer who is  
10 a provider of continuing care that collected and remitted sales tax on the retail sale of taxable  
11 items sold to its residents for sales occurring on or after February 1, 2015, may apply to the  
12 Department of Revenue for a refund of the sales tax paid on the retail sale of taxable items, other  
13 than alcoholic beverages, sold to its residents for sales occurring on or after February 1, 2015.  
14 The amount of use tax due on the exempt items must be deducted from the refund amount. The  
15 retailer must comply with the provisions of G.S. 105-164.11 to obtain a refund. A request for a  
16 refund must be made on or before January 1, 2022. A request for refund received after that date  
17 is barred.

18 **SECTION 42.10B.(d) Definitions.** – For purposes of this section, the terms  
19 "alcoholic beverage," "continuing care," "provider," and "resident" have the same meanings as  
20 defined in G.S. 105-164.13(74).

21 **SECTION 42.10B.(e)** Subsection (a) of this section becomes effective October 1,  
22 2021, and applies to sales occurring on or after that date. The remainder of this section is effective  
23 when it becomes law.

## 24 **GRADUATE LATE PAYMENT PENALTIES**

25 **SECTION 42.11.(a)** G.S. 105-236(a)(4) reads as rewritten:

26 "(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when  
27 due, without intent to evade the tax, the Secretary shall assess a penalty equal  
28 to ten-two percent (10%)-(2%) of the tax-amount of the tax if the failure is for  
29 not more than one month, with an additional two percent (2%) for each  
30 additional month, or fraction thereof, during which the failure continues, not  
31 exceeding ten percent (10%) in aggregate. This penalty does not apply in any  
32 of the following circumstances:

- 33
- 34 a. When the amount of tax shown as due on an amended return is paid  
35 when the return is filed.
  - 36 b. When the Secretary proposes an assessment for tax due but not shown  
37 on a return and the tax due is paid within 45 days after the later of the  
38 following:
    - 39 1. The date of the notice of proposed assessment of the tax, if the  
40 taxpayer does not file a timely request for a Departmental  
41 review of the proposed assessment.
    - 42 2. The date the proposed assessment becomes collectible under  
43 one of the circumstances listed in G.S. 105-241.22(3) through  
44 (6), if the taxpayer files a timely request for a Departmental  
45 review of the proposed assessment.

46 ...."

47 **SECTION 42.11.(b)** This section becomes effective July 1, 2022, and applies to tax  
48 assessed on or after that date.

## 49 **PROPERTY TAX EXEMPTION FOR VACCINES**

50 **SECTION 42.12.(a)** G.S. 105-275 reads as rewritten:  
51

1 **"§ 105-275. Property classified and excluded from the tax base.**

2 The following classes of property are designated special classes under Article V, Sec. 2(2),  
3 of the North Carolina Constitution and are excluded from tax:

4 ...

5 (44a) Vaccines.

6 ...."

7 **SECTION 42.12.(b)** This section is effective for taxes imposed for taxable years  
8 beginning on or after July 1, 2022.

9  
10 **REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES**

11 **SECTION 42.13A.(a)** G.S. 105-153.5(b) reads as rewritten:

12 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
13 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
14 the taxpayer's adjusted gross income:

15 ...

16 ~~(14)~~(15) The amount granted to the taxpayer during the taxable year under the Extra  
17 Credit grant program. This subdivision expires for taxable years beginning on  
18 or after January 1, ~~2021~~2022."

19 **SECTION 42.13A.(b)** G.S. 105-153.5(c2) reads as rewritten:

20 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer  
21 must make the following adjustments to the taxpayer's adjusted gross income:

22 ...

23 (17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
24 amount by which the taxpayer's interest expense deduction under section  
25 163(j) of the Code exceeds the interest expense deduction that would have  
26 been allowed under the Internal Revenue Code as enacted as of January 1,  
27 2020. An add-back under this subdivision is not required to the extent the  
28 amount was required to be added back under another provision of this  
29 subsection. The purpose of this subdivision is to decouple from the  
30 modification of limitation on business interest allowed under section 2306 of  
31 the CARES Act.

32 (17a) A taxpayer who made an addition under subdivision (17) of this subsection  
33 may deduct twenty percent (20%) of the addition in each of the first five  
34 taxable years beginning with tax year 2021.

35 ...."

36 **SECTION 42.13A.(c)** G.S. 105-153.9(a)(2) reads as rewritten:

37 "(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A,~~  
38 ~~G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income  
39 tax in another state or country shall be ascertained, and the North Carolina net  
40 income tax before credit under this section shall be multiplied by that fraction.  
41 The credit allowed is either the product thus calculated or the income tax  
42 actually paid the other state or country, whichever is smaller."

43 **SECTION 42.13A.(d)** G.S. 105-163.7(b) reads as rewritten:

44 "(b) Informational Return to Secretary. – Every employer shall annually file an  
45 informational return with the Secretary that contains the information given on each of the  
46 employer's written statements to an employee. The Secretary may require additional information  
47 to be included on the informational return, provided the Secretary has given a minimum of 90  
48 days' notice of the additional information required. The informational return ~~is due on or before~~  
49 ~~January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the  
50 ~~Secretary. If Secretary~~ and is due on or before January 31 of the succeeding year or, if the  
51 employer terminates its business or permanently ceases paying wages during ~~before the close of~~

1 the calendar year, ~~the informational return must be filed within 30 days of the last payment of~~  
2 ~~remuneration, on or before the last day of the month following the end of the calendar quarter in~~  
3 ~~which the employer terminates its business, but no later than January 31 of the succeeding year.~~  
4 The informational return required by this subsection is in lieu of the report required by  
5 G.S. 105-154.

6 ...."

7 **SECTION 42.13A.(e)** G.S. 105-163.8 is amended by adding a new subsection to  
8 read:

9 "(c) If a withholding agent fails to file a return and pay the tax due under this Article or  
10 files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and  
11 assess the withholding agent based on the estimate."

12 **SECTION 42.13A.(f)** G.S. 105-241.6(b)(5) reads as rewritten:

13 "(5) Contingent Event. – The period to request a refund of an overpayment may be  
14 extended once as provided in this subdivision:

15 ...

- 16 b. Other Event. – If a taxpayer contends that an event has occurred that  
17 prevents the taxpayer from filing an accurate and definite request for  
18 a refund of an overpayment within the period under this section, the  
19 taxpayer may submit a written request to the Secretary seeking an  
20 extension of the statute of limitations. The taxpayer must file a written  
21 request to the Secretary prior to expiration of the statute of limitations  
22 under this section. The request must establish by clear, convincing  
23 proof that the event is beyond the taxpayer's control and prevents the  
24 taxpayer from timely filing an accurate and definite request for a  
25 refund of an overpayment. The Secretary's decision on the request is  
26 final and is not subject to administrative or judicial review. If the  
27 Secretary agrees to the request, the period to file a request for a refund  
28 of an overpayment is six months after the event concludes."

29 **SECTION 42.13A.(g)** G.S. 105-252.1 reads as rewritten:

30 "§ 105-252.1. Use of a TTIN.

31 A TTIN may not be used on any return, statement, or other document required to be filed  
32 with or furnished to the Department unless specifically authorized ~~in this Chapter by the~~  
33 Secretary."

34 **SECTION 42.13A.(h)** Section 1.2(a) of S.L. 2021-16 reads as rewritten:

35 "**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the  
36 federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue  
37 has automatically extended the State tax filing due date for individuals for the 2020 tax year from  
38 April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an  
39 individual income tax return, including a partnership and estate and trust tax return, or pay  
40 individual income tax due if the return is filed and the tax due is paid by May 17, 2021.  
41 Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May  
42 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~return, including  
43 a partnership and estate and trust tax return, due April 15, 2021."

44 **SECTION 42.13A.(i)** This section is effective when it becomes law.

45 **SECTION 42.13B.(a)** G.S. 105-83(d) reads as rewritten:

46 "(d) This section does not apply to ~~corporations liable for the tax levied under G.S.~~  
47 ~~105-102.3 or to savings~~ the following:

48 (1) Banks. For purposes of this subdivision, the term "bank" has the same  
49 meaning as defined in G.S. 105-130.7B(b).

50 (2) Savings and loan associations."

51 **SECTION 42.13B.(b)** G.S. 105-130.5(a) reads as rewritten:



1       "(a) The following additions to federal taxable income shall be made in determining State  
2 net income:

3       ...

4       (31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the  
5 amount by which the taxpayer's interest expense deduction under section  
6 163(j) of the Code exceeds the interest expense deduction that would have  
7 been allowed under the Internal Revenue Code as enacted as of January 1,  
8 2020, as calculated on a separate entity basis. An add-back under this  
9 subdivision is not required to the extent the amount was required to be added  
10 back under another provision of this subsection. The purpose of this  
11 subdivision is to decouple from the modification of limitation on business  
12 interest allowed under section 2306 of the CARES Act.

13       ...."

14       **SECTION 42.13B.(c)** G.S. 105-130.5(b) reads as rewritten:

15       "(b) The following deductions from federal taxable income shall be made in determining  
16 State net income:

17       ...

18       (32) A taxpayer who made an addition under subdivision (a)(31) of this section  
19 may deduct twenty percent (20%) of the addition that was not otherwise  
20 disallowed by G.S. 105-130.7B in each of the first five taxable years  
21 beginning tax year 2021."

22       **SECTION 42.13B.(d)** G.S. 105-130.7B(b)(4) reads as rewritten:

23       "(4) Qualified interest expense. – The amount of net interest expense paid or  
24 accrued to a related member in a taxable year with the amount limited to the  
25 taxpayer's proportionate share of interest paid or accrued to a person who is  
26 not a related member during the same taxable year. This limitation does not  
27 apply to interest paid or accrued to a related member if one or more of the  
28 following applies:

29       ...

30       e. The proportionate amount of interest paid or accrued to a related  
31 member that has already been disallowed by the application of section  
32 163(j) of the Code."

33       **SECTION 42.13B.(e)** G.S. 105-130.8A(c) reads as rewritten:

34       "(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in  
35 regulations adopted under sections 381 and 382 of the Code in determining the extent to which  
36 a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January  
37 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning  
38 before January 1, 2015, and the standards of this section for taxable years beginning on or after  
39 January 1, 2015."

40       **SECTION 42.13B.(f)** G.S. 105-251(a) reads as rewritten:

41       "(a) Scope of Information. – A taxpayer must give information to the Secretary when the  
42 Secretary requests the information. The Secretary may request a taxpayer to provide only the  
43 following kinds of information on a return, a report, or otherwise:

44       (1) Information that identifies the taxpayer.

45       (2) Information needed to determine the liability of the taxpayer for a tax.

46       (3) Information needed to determine whether an item is subject to a tax.

47       (4) Information that enables the Secretary to collect a tax.

48       (5) Financial or tax documentation required to determine the appropriate  
49 adjustment under G.S. 105-130.5A. If such information is not timely provided  
50 as required under G.S. 105-130.5A(a), the Secretary may propose any  
51 adjustment allowable under Part 1 of Article 4 of this Chapter.

1           ~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary  
2           needs to perform a duty a law requires the Secretary to perform."

3           **SECTION 42.13B.(g)** Subsection (a) of this section is effective when it becomes  
4 law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d)  
5 of this section is effective when it becomes law and applies retroactively for taxable years  
6 beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section  
7 is effective when it becomes law.

8           **SECTION 42.13C.(a)** G.S. 105-164.13E(a)(7) reads as rewritten:

9           "(7) Any of the following animals:

- 10           a.     ~~Baby chicks and poults.~~Fowl.  
11           b.     Livestock."

12           **SECTION 42.13C.(b)** G.S. 105-259(b) reads as rewritten:

13           "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has  
14 access to tax information in the course of service to or employment by the State may not disclose  
15 the information to any other person except as provided in this subsection. Standards used or to  
16 be used for the selection of returns for examination and data used or to be used for determining  
17 the standards may not be disclosed for any purpose. All other tax information may be disclosed  
18 only if the disclosure is made for one of the following purposes:

19           ...

20           ~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross~~  
21           ~~receipts and piped natural gas tax revenues attributable to the city under~~  
22           ~~G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and~~  
23           ~~G.S. 105-120.~~

24           ...."

25           **SECTION 42.13C.(c)** Subsection (a) of this section is effective retroactively to July  
26 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the  
27 remainder of this section is effective when it becomes law.

28           **SECTION 42.13D.(a)** G.S. 105-113.4B reads as rewritten:

29           "**§ 105-113.4B. Cancellation or revocation of license.**

30           ...

31           (a1) ~~Revocation.~~Summary Revocation and Procedure. – The Secretary may summarily  
32 revoke a license issued under this Article when the Secretary ~~finds~~determines that the licensee  
33 is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
34 under this Article. ~~In addition, the~~The Secretary must send a revoked licensee a notice of the  
35 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
36 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
37 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
38 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
39 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
40 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
41 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in  
42 writing within 10 days of the hearing. The final decision must state the basis for the decision.  
43 The statement of the basis of a revocation does not limit the Department from changing the basis.

44           (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
45 commits one or more of the following acts after ~~holding a hearing on whether the license should~~  
46 ~~be revoked:~~affording the licensee an opportunity to have a hearing as provided in subsections  
47 (a3) through (b2) of this section:

- 48           (1) Fails to obtain a license in a timely manner or for all places of business as  
49           required by this Article.  
50           (2) Willfully fails to file a return required by this Article.  
51           (3) Willfully fails to pay a tax when due under this Article.

- 1 (4) Makes a false statement in an application or return required under this Article.
- 2 (5) Fails to keep records as required by this Article.
- 3 (6) Refuses to allow the Secretary or a representative of the Secretary to examine
- 4 the person's books, accounts, and records concerning tobacco product.
- 5 (7) Fails to disclose the correct amount of tobacco product taxable in this State.
- 6 (8) Fails to file a replacement bond or an additional bond if required by the
- 7 Secretary under this Article.
- 8 (9) Violates G.S. 14-401.18.
- 9 (10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

10 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
11 of proposed revocation that includes all of the following information:

- 12 (1) The basis for the proposed revocation. The statement of the basis for the  
13 proposed revocation does not limit the Department from changing the basis.
- 14 (2) The effective date of the revocation, which must be one of the following:
  - 15 a. Forty-five days from the date of the notice of proposed revocation if  
16 the licensee does not file a timely request for hearing.
  - 17 b. The tenth day after the date an adverse final decision is issued if the  
18 adverse final decision is mailed.
  - 19 c. The date an adverse final decision is delivered if the adverse final  
20 decision is delivered in person.
- 21 (3) The circumstances, if any, under which the Secretary will not revoke the  
22 license.
- 23 (4) An explanation of how the licensee may contest the proposed revocation.

24 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
25 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
26 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
27 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
28 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
29 notice of proposed revocation and the revocation is final and not subject to further administrative  
30 or judicial review.

31 ~~(b) Hearing Procedure. – The Secretary must send a person whose license is summarily~~  
32 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~  
33 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~  
34 ~~license may be revoked after a hearing at least 10 days' written notice licensee who filed a timely~~  
35 ~~hearing request in accordance with subsection (a4) of this section at least 20 days' written notice~~  
36 ~~of the date, time, and place of the hearing. A notice of a summary license revocation and a notice~~  
37 ~~of hearing must be sent by certified mail to the last known address of the licensee. If the person~~  
38 ~~whose license may be revoked fails to attend the noticed hearing, the license revocation is~~  
39 ~~effective 15 days after the noticed hearing, unless the Department and the licensee agree~~  
40 ~~to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary~~  
41 ~~must issue a final decision and notify the licensee in writing within 60 days of the hearing. The~~  
42 ~~Department and the licensee may extend this time by mutual agreement. Failure to issue a final~~  
43 ~~decision within the required time does not affect the validity of the decision. The final decision~~  
44 ~~must state the basis for the decision and, if the final decision includes revocation of the license,~~  
45 ~~the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this~~  
46 ~~section. The statement of the basis of a revocation does not limit the Department from changing~~  
47 ~~the basis.~~

48 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
49 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
50 notice by email or other electronic means if the licensee has consented to receiving notices via  
51 electronic means.

1       **(b2) Return of Credentials.** – If a license is revoked, the revoked licensee must return to  
2 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
3 If a license is unable to be returned, the revoked licensee must include a written statement of the  
4 reasons, satisfactory to the Secretary, why the license cannot be returned.

5       **(c) Release of Bond.** – When the Secretary cancels or revokes a license and the licensee  
6 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
7 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

8           (1) Return an irrevocable letter of credit to the licensee.

9           (2) Return a bond to the licensee or notify the person liable on the bond and the  
10 licensee that the person is released from liability on the bond."

11       **SECTION 42.13D.(b)** Article 36B of Chapter 105 of the General Statutes is  
12 amended by adding the following new section:

13 **"§ 105-449.47B. Revocation of license.**

14       **(a) Revocation.** – The Secretary may revoke a license or a decal when a motor carrier  
15 fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the  
16 motor carrier an opportunity to have a hearing as provided in this section.

17       **(b) Notice of Proposed Revocation.** – The Secretary must provide a licensee with a notice  
18 of proposed revocation that includes all of the following information:

19           (1) The basis for the proposed revocation. The statement of the basis for the  
20 proposed revocation does not limit the Department from changing the basis.

21           (2) The effective date of the revocation, which must be one of the following:

22               a. Forty-five days from the date of the notice of proposed revocation if  
23 the licensee does not file a timely request for hearing.

24               b. The tenth day after the date an adverse final decision is issued if the  
25 adverse final decision is mailed.

26               c. The date an adverse final decision is delivered if the adverse final  
27 decision is delivered in person.

28           (3) The circumstances, if any, under which the Secretary will not revoke the  
29 license.

30           (4) An explanation of how the licensee may contest the proposed revocation.

31       **(c) Request for Hearing and Decision.** – A licensee may contest a proposed revocation  
32 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
33 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
34 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
35 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
36 notice of proposed revocation and the revocation is final and not subject to further administrative  
37 or judicial review.

38       **(d) Hearing Procedure.** – The Secretary must give a licensee who filed a timely hearing  
39 request in accordance with subsection (c) of this section at least 20 days' written notice of the  
40 date, time, and place of the hearing, unless the Department and the licensee agree to a shorter  
41 period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a  
42 final decision and notify the licensee in writing within 60 days of the hearing. The Department  
43 and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision  
44 within the required time does not affect the validity of the decision. The final decision must state  
45 the basis for the decision and, if the final decision includes revocation of a license or a decal, the  
46 effective date of the revocation in accordance with subdivision (b)(2) of this section. The  
47 statement of the basis of the revocation does not limit the Department from changing the basis.

48       **(e) Delivery of Notice.** – The Secretary must deliver a notice in accordance with  
49 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
50 notice by email or other electronic means if the licensee has consented to receiving notices via  
51 electronic means.

1       (f) Return of Credentials. – If the license is revoked, the former licensee shall return to  
2 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
3 previously issued. If the licenses or decals are not returned, the credentials are subject to seizure  
4 or removal from the motor vehicle or defacement. If a license or decal is unable to be returned,  
5 the licensee must include a written statement of the reasons, satisfactory to the Secretary, why  
6 the license or decal cannot be returned."

7               **SECTION 42.13D.(c)** G.S. 105-449.76 reads as rewritten:

8 "**§ 105-449.76. Cancellation or revocation of license.**

9       (a) Cancellation. – The Secretary may cancel a license issued under this Article upon the  
10 written request of the licensee. The licensee's request must include a proposed effective date of  
11 cancellation and must return the license to the Secretary on or before the proposed effective date.  
12 If the licensee's request does not include a proposed effective date of cancellation, the license is  
13 cancelled 15 days after the Department receives the written request. If the license is unable to be  
14 returned, the licensee must include a written statement of the reasons, satisfactory to the  
15 Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the  
16 license is cancelled.

17       (a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily  
18 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee  
19 is incurring liability for the tax imposed under this Article after failing to pay a tax when due  
20 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the  
21 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the  
22 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the  
23 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the  
24 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not  
25 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing  
26 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed  
27 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in  
28 writing within 10 days of the hearing. The final decision must state the basis for the decision.  
29 The statement of the basis of a revocation does not limit the Department from changing the basis.

30       (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that  
31 commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether~~  
32 ~~the license should be revoked,~~ affording the licensee an opportunity to have a hearing as provided  
33 in subsections (a3) through (b2) of this section.

34       (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
35 of proposed revocation that includes all of the following information:

- 36       (1) The basis for the proposed revocation. The statement of the basis for the  
37 proposed revocation does not limit the Department from changing the basis.  
38       (2) The effective date of the revocation, which must be one of the following:  
39       a. Forty-five days from the date of the notice of proposed revocation if  
40 the licensee does not file a timely request for hearing.  
41       b. The tenth day after the date an adverse final decision is issued if the  
42 adverse final decision is mailed.  
43       c. The date an adverse final decision is delivered if the adverse final  
44 decision is delivered in person.  
45       (3) The circumstances, if any, under which the Secretary will not revoke the  
46 license.  
47       (4) An explanation of how the licensee may contest the proposed revocation.

48       (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
49 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
50 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
51 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).

1 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
2 notice of proposed revocation and the revocation is final and not subject to further administrative  
3 or judicial review.

4 (b) **Hearing Procedure.** – The Secretary must send a person whose license is summarily  
5 revoked a notice of the revocation and must give the person an opportunity to have a hearing on  
6 the revocation within 10 days after the revocation. The Secretary must give a person whose  
7 license may be revoked after a hearing at least 10 give a licensee who filed a timely hearing  
8 request in accordance with subsection (a4) of this section at least 20 days' written notice of the  
9 date, time, and place of the hearing. A notice of a summary license revocation and a notice of  
10 hearing must be sent by certified mail to the last known address of the licensee. If the person  
11 whose license may be revoked fails to attend the noticed hearing, the license revocation is  
12 effective 15 days after the noticed hearing, unless the Department and the licensee agree  
13 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary  
14 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The  
15 Department and the licensee may extend this time by mutual agreement. Failure to issue a final  
16 decision within the required time does not affect the validity of the decision. The final decision  
17 must state the basis for the decision and, if the final decision includes revocation of the license,  
18 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this  
19 section. The statement of the basis of a revocation does not limit the Department from changing  
20 the basis.

21 (b1) **Delivery of Notice.** – The Secretary must deliver a notice in accordance with  
22 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give  
23 notice by email or other electronic means if the licensee has consented to receiving notices via  
24 electronic means.

25 (b2) **Return of Credentials.** – If the license is revoked, the former licensee shall return to  
26 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals  
27 previously issued. If a license or decal is unable to be returned, the licensee must include a written  
28 statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be  
29 returned.

30 (c) **Release of Bond.** – When the Secretary cancels or revokes a license and the licensee  
31 has paid all taxes and penalties due under this Article, the Secretary must take one of the  
32 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

33 (1) Return an irrevocable letter of credit to the licensee.

34 (2) Return a bond to the licensee or notify the person liable on the bond and the  
35 licensee that the person is released from liability on the bond."

36 **SECTION 42.13D.(d)** G.S. 119-19 reads as rewritten:

37 **"§ 119-19. Authority of Secretary to cancel or revoke a license.**

38 (a) **Reasons Cancellation.** – The Secretary of Revenue may cancel a license issued under  
39 this Article upon the written request of the licensee. The licensee's request must include a  
40 proposed effective date of the cancellation and must return the license to the Secretary on or  
41 before the proposed effective date. If the licensee's request does not include a proposed effective  
42 date of cancellation, the license is cancelled 15 days after the Department receives the written  
43 request. If the license is unable to be returned, the licensee must include a written statement of  
44 the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must  
45 notify the licensee when the license is cancelled.

46 (a1) **Summary Revocation and Procedure.** – The Secretary may summarily revoke a  
47 license issued under this Article or under Article 36C or 36D of Chapter 105 of the General  
48 Statutes this Chapter when the Secretary finds determines that the licensee is incurring liability  
49 for the tax imposed by this Article after failing to pay a tax when due under this Article. The  
50 Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The  
51 hearing must be held within 10 days after the date of the notice of revocation unless the revoked

1 licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of  
2 a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice  
3 of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice  
4 of hearing under this subsection must be in writing and indicate the date, time, and place of the  
5 hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue  
6 a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final  
7 decision must state the basis for the decision. The statement of the basis of a revocation does not  
8 limit the Department from changing the basis.

9 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who  
10 files a false report under this Article or fails to file a report required under this Article after  
11 holding a hearing on whether the license should be revoked, affording the licensee an opportunity  
12 to have a hearing as provided in subsections (a3) through (b2) of this section.

13 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice  
14 of proposed revocation that includes all of the following information:

15 (1) The basis for the proposed revocation. The statement of the basis for the  
16 proposed revocation does not limit the Department from changing the basis.

17 (2) The effective date of the revocation, which must be one of the following:

18 a. Forty-five days from the date of the notice of proposed revocation if  
19 the licensee does not file a timely request for hearing.

20 b. The tenth day after the date an adverse final decision is issued if the  
21 adverse final decision is mailed.

22 c. The date an adverse final decision is delivered if the adverse final  
23 decision is delivered in person.

24 (3) The circumstances, if any, under which the Secretary will not revoke the  
25 license.

26 (4) An explanation of how the licensee may contest the proposed revocation.

27 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation  
28 by filing a written hearing request within 45 days of the date the notice of proposed revocation  
29 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was  
30 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).  
31 If the licensee does not file a timely hearing request, the license is revoked as provided in the  
32 notice of proposed revocation and the revocation is final and not subject to further administrative  
33 or judicial review.

34 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily  
35 revoked a notice of the revocation and must give the person an opportunity to have a hearing on  
36 the revocation within 10 days after the revocation. The Secretary must give a person whose  
37 license may be revoked after a hearing give a licensee who filed a timely hearing request in  
38 accordance with subsection (a4) of this section at least 10-20 days' written notice of the date,  
39 time, and place of the hearing. A notice of a summary license revocation and a notice of hearing  
40 must be sent by certified mail to the last known address of the licensee, hearing, unless the  
41 Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed  
42 by the Secretary. The Secretary must issue a final decision and notify the licensee in writing  
43 within 60 days of the hearing. The Department and the licensee may extend this time by mutual  
44 agreement. Failure to issue a final decision within the required time does not affect the validity  
45 of the decision. The final decision must state the basis for the decision and, if the final decision  
46 includes revocation of the license, the effective date of the revocation in accordance with  
47 subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does  
48 not limit the Department from changing the basis.

49 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with  
50 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give

1 notice by email or other electronic means if the licensee has consented to receiving notices via  
2 electronic means.

3 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to  
4 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.  
5 If a license is unable to be returned, the licensee must include a written statement of the reasons,  
6 satisfactory to the Secretary, why the license cannot be returned.

7 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee  
8 has paid all taxes and penalties due under this Article, the Secretary must either return to the  
9 licensee the bond filed by the licensee or notify the person liable on the bond and the licensee  
10 that the person is released from liability on the bond."

11 **SECTION 42.13D.(e)** This section becomes effective January 1, 2022, and applies  
12 to summary revocations and non-summary revocations initiated by the Department on or after  
13 that date.

14 **SECTION 42.13E.(a)** G.S. 105-113.8 is recodified as G.S. 105-113.4H.

15 **SECTION 42.13E.(b)** G.S. 105-113.11 is recodified as G.S. 105-113.4I.

16 **SECTION 42.13E.(c)** G.S. 105-113.4I, as recodified by subsection (b) of this  
17 section, reads as rewritten:

18 "**§ 105-113.4I. Licenses required.**

19 ~~After the effective date of this Article, no~~ A person shall ~~may not~~ engage in business as a  
20 ~~distributor or distributor, wholesale dealer, or retail dealer in this State, without having first obtained~~  
21 ~~from the Secretary the appropriate license for that purpose as prescribed herein. Any in this~~  
22 ~~Article. A license required by this Article shall be~~ is in addition to any and all other licenses  
23 ~~which that~~ may be required by law."

24 **SECTION 42.13E.(d)** G.S. 105-113.29 is recodified as G.S. 105-113.4J.

25 **SECTION 42.13E.(e)** G.S. 105-113.4J, as recodified by subsection (d) of this  
26 section, reads as rewritten:

27 "**§ 105-113.4J. Unlicensed place of business.**

28 It is unlawful for a person to maintain a place of business within this State required by this  
29 Article to be licensed to engage in the business of selling, offering for sale, or possessing with  
30 the intent to sell ~~cigarettes or other tobacco products~~ without first obtaining ~~the licenses.~~ all  
31 licenses required by this Article."

32 **SECTION 42.13E.(f)** G.S. 105-113.33 is recodified as G.S. 105-113.4K.

33 **SECTION 42.13E.(g)** G.S. 105-113.83 reads as rewritten:

34 "**§ 105-113.83. Payment of excise taxes.**

35 ...

36 (b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under  
37 G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler  
38 or importer who first handles the beverages in this State. ~~The excise taxes levied under~~  
39 ~~G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to~~  
40 ~~G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and  
41 wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on  
42 or before the 15th day of the month following the month in which the beverage is first sold or  
43 otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on  
44 wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports  
45 on forms provided by the Secretary detailing sales records for the month for which the taxes are  
46 paid. The report must indicate the amount of excise tax due, contain the information required by  
47 the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A~~  
48 ~~wine shipper permittee shall submit verified reports once a year on forms provided by the~~  
49 ~~Secretary detailing sales records for the year the taxes are paid. The verified report is due on or~~  
50 ~~before the fifteenth day of the first month of the following calendar year.~~



1 (b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the  
2 tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

3 (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102,  
4 or 18B-1104.

5 (2) The brewery or winery transfers malt beverages or wine to a wholesaler  
6 permitted under G.S. 18B-1107 or G.S. 18B-1109.

7 (3) The wholesaler agrees in writing to be responsible for the tax due on the  
8 transferred malt beverages or wine.

9 (4) The brewery or winery files a report when the tax would otherwise be due  
10 reporting the transfer of malt beverages or wine to the wholesaler.

11 (b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as  
12 provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or  
13 wine is liable for any tax due under this section.

14 (b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied  
15 under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to  
16 G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms  
17 provided by the Secretary detailing sales records for the year taxes are paid. The verified report  
18 is due on or before the fifteenth day of the first month of the following calendar year.

19 ...."

20 **SECTION 42.13E.(h)** G.S. 105-113.86 reads as rewritten:

21 "**§ 105-113.86. Bond or irrevocable letter of credit.**

22 (a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer  
23 ~~must file with the Secretary to furnish~~ a bond in an amount ~~of that adequately protects the State~~  
24 ~~from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the~~  
25 ~~bond shall not be less than five thousand dollars (\$5,000). The amount of the bond must be~~  
26 ~~proportionate to the anticipated tax liability of the wholesaler or importer.~~

27 (a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount  
28 that adequately protects the State from a distillery's failure to pay taxes under this Article. The  
29 amount of the bond shall not be less than two thousand dollars (\$2,000).

30 (a2) Periodic Review. – The Secretary should periodically review the sufficiency of the  
31 bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required,  
32 not to exceed fifty thousand dollars (\$50,000), if the bond ~~furnished~~ no longer covers the  
33 taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount  
34 required when the Secretary determines that a smaller bond amount will adequately protect the  
35 State from loss. The bond must be conditioned on compliance with this Article, payable to the  
36 State, in a form acceptable to the Secretary, and secured by a corporate surety.

37 (b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor  
38 ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The  
39 bond must be conditioned on compliance with this Article, payable to the State in a form  
40 acceptable to the Secretary, and secured by a corporate surety.

41 (c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or importer,~~  
42 a nonresident ~~vendor~~ vendor, or a distillery may substitute an irrevocable letter of credit for the  
43 secured bond required by this section. The letter of credit must be issued by a commercial bank  
44 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must  
45 be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in  
46 the amounts stipulated in this section."

47 **SECTION 42.13E.(i)** G.S. 105-236(a)(2) reads as rewritten:

48 "(2) Failure to Obtain a License. – For failure to obtain a license before engaging  
49 in a business, trade or profession for which a license is required, the Secretary  
50 shall assess a penalty equal to five percent (5%) of the amount prescribed for  
51 the license per month or fraction thereof until paid, not to exceed twenty-five

percent (25%) of the amount so prescribed, but in any event shall not be less than five dollars (\$5.00). In cases in which the taxpayer, after written notification by the Department, fails to obtain a license as required under ~~G.S. 105-449.65~~ G.S. 105-113.4I, 105-449.65, or G.S. 105-449.131, 105-449.131, the Secretary may assess a penalty of one thousand dollars (\$1,000)."

**SECTION 42.13E.(j)** G.S. 105-449.45 reads as rewritten:

**"§ 105-449.45. Returns of carriers.**

...

(d) ~~Penalties.~~ Failure to File Return. – A motor carrier that fails to file a return under this section by the required date is subject to a penalty of fifty dollars (\$50.00).

(d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is subject to a penalty of fifty dollars (\$50.00), or ten percent (10%) of the tax due, whichever is greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance with G.S. 105-236(a)(4)a. or b.

(d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under G.S. 105-449.119.

...."

**SECTION 42.13E.(k)** G.S. 105-449.60 reads as rewritten:

**"§ 105-449.60. Definitions.**

The following definitions apply in this Article:

...

(20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society Testing Materials Specification D 4806, "Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced, denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

(21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade ethanol~~ alcohol or gasoline and ethanol.

...."

**SECTION 42.13E.(l)** G.S. 105-449.115 reads as rewritten:

**"§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car or transport truck.**

...

(d) Duties of Transporter. – A person to whom a shipping document was issued must do all of the following:

(1) Carry the shipping document in the conveyance for which it was issued when transporting the motor fuel described in it.

(2) Show the shipping document to a law enforcement officer upon request when transporting the motor fuel described in it.

(2a) Maintain a copy of the shipping document at a centralized place of business for at least three years from the date of delivery.

(3) Deliver motor fuel described in the shipping document to the destination state ~~printed designated~~ on it unless the person-person, in a manner prescribed by the Secretary, does all of the following:

a. ~~Notifies the Secretary, in a manner designated by the Secretary,~~ Secretary before transporting the motor fuel into a state other than the ~~printed destination state that the person has received instructions since the shipping document was issued to deliver the motor fuel to a different destination state.~~ designated on the shipping document.

- 1                   b.     ~~Receives from the Secretary, in a manner designated by the Secretary,~~  
 2                   ~~Secretary~~ a confirmation number authorizing the diversion shipment  
 3                   ~~of motor fuel to a state other than the state designated on the shipping~~  
 4                   ~~document.~~  
 5                   c.     ~~Writes~~ Contemporaneously notes on the shipping document the  
 6                   change in destination state and the confirmation number ~~for the~~  
 7                   ~~diversion received from the Secretary.~~  
 8               (4)   ~~Give~~ Upon delivery, provide a copy of the shipping document to the  
 9               ~~distributor or other person to whom the motor fuel is delivered.~~  
 10           (e)   Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
 11           railroad tank car or transport truck may ~~not only~~ accept delivery of the motor fuel if the  
 12           destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North  
 13           ~~Carolina. To determine if the shipping document shows North Carolina as the destination state,~~  
 14           ~~the person to whom the fuel is delivered must examine the shipping document and must keep a~~  
 15           ~~copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance  
 16           with subdivision (3) of subsection (d) of this section. The person must ~~keep~~ maintain a copy of  
 17           the shipping document for at least three years from the date of delivery and must maintain a copy  
 18           of the shipping document at the place of business where the motor fuel was delivered for 90 days  
 19           from the date of delivery and must keep it at that place or another place for at least three years  
 20           ~~from the date of delivery.~~ A person who accepts delivery of motor fuel in violation of this  
 21           subsection is jointly and severally liable for any tax due on the fuel.

22       ...."

23               **SECTION 42.13E.(m)** G.S. 105-449.115A reads as rewritten:

24       "**§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

25       ...

- 26       (b)   Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping  
 27       document was issued must do all of the following:  
 28           (1)   Carry the invoice, bill of sale, or shipping document in the conveyance for  
 29           which it is issued when transporting the motor fuel described in it.  
 30           (2)   Show the invoice, bill of sale, or shipping document upon request when  
 31           transporting the motor fuel described in it.  
 32           (3)   ~~Keep~~ Maintain a copy of the invoice, bill of sale, or shipping document at a  
 33           centralized place of business for at least three years from the date of delivery.  
 34           (4)   Deliver motor fuel described in the shipping document to the state designated  
 35           on it unless the person, in a manner prescribed by the Secretary, does all of  
 36           the following:  
 37               a.     Notifies the Secretary before transporting the motor fuel into a state  
 38               other than the state designated on the shipping document.  
 39               b.     Receives from the Secretary a confirmation number authorizing the  
 40               shipment of motor fuel to a state other than the state designated on the  
 41               shipping document.  
 42               c.     Contemporaneously notes on the shipping document the change in  
 43               destination state and the confirmation number received from the  
 44               Secretary.  
 45           (5)   Upon delivery, provide a copy of the shipping document to the person to  
 46           whom the motor fuel is delivered.  
 47       (b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by  
 48       tank wagon may only accept delivery of the motor fuel if the destination state shown on the  
 49       shipping document for the motor fuel is North Carolina or has been changed to North Carolina  
 50       in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a  
 51       copy of the shipping document for at least three years from the date of delivery and must maintain

1 a copy of the shipping document at the place of business where the motor fuel was delivered for  
2 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of  
3 this subsection is jointly and severally liable for any tax due on the fuel.

4 ...."

5 **SECTION 42.13E.(n)** G.S. 105-449.123 reads as rewritten:

6 "**§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

7 (a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both  
8 dyed and undyed motor fuel for use by that person or another person must mark the storage  
9 facility for the dyed motor fuel as ~~follows provided in this subsection and~~ in a manner that clearly  
10 indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be  
11 marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene,  
12 Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel  
13 is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the~~  
14 ~~storage facility as required by this section is subject to a civil penalty equal to the excise tax at~~  
15 ~~the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the~~  
16 ~~inventory cannot be determined, then the penalty is calculated on the capacity of the storage~~  
17 ~~tank.~~ The marking requirements are:

- 18 (1) The storage tank of the storage facility must be marked if the storage tank is  
19 visible.
- 20 (2) The fillcap or spill containment box of the storage facility must be marked.
- 21 (3) The dispensing device that serves the storage facility must be marked.
- 22 (4) The retail pump or dispensing device at any level of the distribution system  
23 must comply with the marking requirements.

24 (a1) Penalty. – A person who fails to mark the storage facility as required by subsection  
25 (a) of this section is subject to a civil penalty of two hundred fifty dollars (\$250.00). Each  
26 inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

27 (b) Exception. – The marking requirements of this section do not apply to a storage  
28 facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1)  
29 and is installed in a manner that makes use of the fuel for any other purpose improbable."

30 **SECTION 42.13E.(o)** Subsections (i) and (n) of this section become effective  
31 January 1, 2022, and apply to penalties assessed on or after that date. Subsections (k), (l), and  
32 (m) of this section become effective January 1, 2022. Except as otherwise provided, the  
33 remainder of this section is effective when it becomes law.

34 **SECTION 42.13F.(a)** G.S. 105-278(a) reads as rewritten:

35 "(a) Real property designated as a historic property by a local ordinance adopted pursuant  
36 to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted  
37 pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property  
38 under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified  
39 shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%) of  
40 the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

41 **SECTION 42.13F.(b)** This section is effective retroactively to June 19, 2020.

## 42 43 **PART XLIII. MISCELLANEOUS**

### 44 45 **STATE BUDGET ACT APPLIES**

46 **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the  
47 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
48 this act by reference.

### 49 50 **COMMITTEE REPORT**

1           **SECTION 43.2.(a)** The North Carolina House of Representatives Appropriations  
2 Committee Report on the Current Operations Appropriations Act for Senate Bill 105, House  
3 Committee Substitute, dated August 10, 2021, which was distributed in the House and used to  
4 explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be  
5 used to construe this act, as provided in the State Budget Act, Chapter 143C of the General  
6 Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such,  
7 shall be printed as a part of the Session Laws.

8           **SECTION 43.2.(b)** The budget enacted by the General Assembly is for the  
9 maintenance of the various departments, institutions, and other spending agencies of the State  
10 for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
11 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

12           The Director of the Budget submitted a recommended base budget to the General  
13 Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated  
14 March 2021, and in the Budget Support Document for the various departments, institutions, and  
15 other spending agencies of the State. The adjustments to the recommended base budget made by  
16 the General Assembly are set out in the Committee Report.

17           **SECTION 43.2.(c)** The budget enacted by the General Assembly shall also be  
18 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
19 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
20 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
21 enacted by the General Assembly shall prevail.

22           **SECTION 43.2.(d)** Notwithstanding subsection (a) of this section, the following  
23 portions of the Committee Report are for reference and do not expand, limit, or define the text of  
24 the Committee Report:

- 25           (1) Summary pages setting forth the enacted budget, the legislative changes, the  
26 revised budget, and the related FTE information for a particular budget code  
27 and containing no other substantive information.
- 28           (2) Summary pages setting forth the enacted budget, the legislative changes, the  
29 revised budget, and the related FTE information for multiple fund codes  
30 within a single budget code and containing no other substantive information.

## 31 32 **REPORT BY FISCAL RESEARCH DIVISION**

33           **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions  
34 taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a  
35 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.  
36 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
37 this section to the Director of the Budget. The report shall be published on the General  
38 Assembly's internet website for public access.

## 39 40 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

41           **SECTION 43.4.** Except where expressly repealed or amended by this act, the  
42 provisions of any legislation enacted during the 2021 Regular Session of the General Assembly  
43 affecting the State budget shall remain in effect.

## 44 45 **MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM**

46           **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate  
47 an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this  
48 act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal  
49 biennium.

## 50 51 **EFFECT OF HEADINGS**

1           **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a  
2 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
3 the text of this act, except for effective dates referring to a Part or Subpart.  
4

5 **SEVERABILITY CLAUSE**

6           **SECTION 43.7.** If any section or provision of this act is declared unconstitutional  
7 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
8 the part so declared to be unconstitutional or invalid.  
9

10 **EFFECTIVE DATE**

11           **SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1,  
12 2021.