

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 105
Appropriations/Base Budget Committee Substitute Adopted 6/22/21
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House Committee Substitute Favorable 8/9/21
House Committee Substitute #2 Favorable 8/10/21
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Short Title: 2021 Appropriations Act.

(Public)

Sponsors:

Referred to:

February 18, 2021

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

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

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

INTRODUCTION

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

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

Current Operations - General Fund	FY 2021-2022	FY 2022-2023
EDUCATION		
Community College System		
Requirements	1,788,982,598	1,697,260,856



1	Less: Receipts	497,829,004	341,917,117
2	Net Appropriation	1,291,153,594	1,355,343,739
3			
4	Public Instruction		
5	Requirements	13,482,392,735	12,952,108,747
6	Less: Receipts	2,884,413,426	2,202,323,403
7	Net Appropriation	10,597,979,309	10,749,785,344
8			
9	University of North Carolina		
10	NC A&T University		
11	Requirements	192,014,245	196,029,849
12	Less: Receipts	87,664,443	87,664,443
13	Net Appropriation	104,349,802	108,365,406
14			
15	UNC at Asheville		
16	Requirements	62,523,226	62,523,226
17	Less: Receipts	21,876,242	21,876,242
18	Net Appropriation	40,646,984	40,646,984
19			
20	UNC at Chapel Hill - Academic Affairs		
21	Requirements	668,084,858	650,334,858
22	Less: Receipts	383,711,754	365,711,754
23	Net Appropriation	284,373,104	284,623,104
24			
25	UNC at Chapel Hill - Area Health Ed.		
26	Requirements	54,748,874	54,748,874
27	Less: Receipts	0	0
28	Net Appropriation	54,748,874	54,748,874
29			
30	UNC at Chapel Hill - Health Affairs		
31	Requirements	338,957,192	338,957,192
32	Less: Receipts	131,819,411	131,819,411
33	Net Appropriation	207,137,781	207,137,781
34			
35	UNC at Charlotte		
36	Requirements	430,327,003	430,327,003
37	Less: Receipts	165,165,330	165,165,330
38	Net Appropriation	265,161,673	265,161,673
39			
40	UNC at Greensboro		
41	Requirements	291,392,935	291,642,935
42	Less: Receipts	108,204,808	108,204,808
43	Net Appropriation	183,188,127	183,438,127
44			
45	UNC at Pembroke		
46	Requirements	94,610,944	94,109,865
47	Less: Receipts	16,289,132	15,789,132
48	Net Appropriation	78,321,812	78,320,733
49			
50	UNC at Wilmington		
51	Requirements	249,933,584	249,933,584

1	Less: Receipts	102,044,807	102,044,807
2	Net Appropriation	147,888,777	147,888,777
3			
4	UNC Board of Governors		
5	Requirements	46,140,592	45,980,092
6	Less: Receipts	207,399	46,899
7	Net Appropriation	45,933,193	45,933,193
8			
9	UNC BOG - Aid to Private Institutions		
10	Requirements	351,242,922	235,199,756
11	Less: Receipts	110,000,000	0
12	Net Appropriation	241,242,922	235,199,756
13			
14	UNC BOG - Institutional Programs		
15	Requirements	344,821,432	350,420,551
16	Less: Receipts	86,529,163	0
17	Net Appropriation	258,292,269	350,420,551
18			
19	UNC BOG - Related Educational Programs		
20	Requirements	194,570,928	236,720,928
21	Less: Receipts	65,102,939	111,337,939
22	Net Appropriation	129,467,989	125,382,989
23			
24	UNC School of the Arts		
25	Requirements	50,730,632	50,366,379
26	Less: Receipts	16,836,377	16,472,124
27	Net Appropriation	33,894,255	33,894,255
28			
29	Western Carolina University		
30	Requirements	161,859,440	161,897,131
31	Less: Receipts	28,112,897	28,112,897
32	Net Appropriation	133,746,543	133,784,234
33			
34	Winston-Salem State University		
35	Requirements	87,439,197	87,439,197
36	Less: Receipts	22,435,103	22,435,103
37	Net Appropriation	65,004,094	65,004,094
38			
39	Appalachian State University		
40	Requirements	268,283,708	267,783,708
41	Less: Receipts	117,742,367	117,742,367
42	Net Appropriation	150,541,341	150,041,341
43			
44	East Carolina Univ. - Academic Affairs		
45	Requirements	407,120,602	407,123,708
46	Less: Receipts	170,099,826	170,099,826
47	Net Appropriation	237,020,776	237,023,882
48			
49	East Carolina Univ. - Health Affairs		
50	Requirements	92,019,394	92,019,394
51	Less: Receipts	13,133,406	13,133,406

1	Net Appropriation	78,885,988	78,885,988
2			
3	Elizabeth City State University		
4	Requirements	39,493,791	39,493,791
5	Less: Receipts	3,660,169	3,660,169
6	Net Appropriation	35,833,622	35,833,622
7			
8	Fayetteville State University		
9	Requirements	79,732,941	79,732,941
10	Less: Receipts	24,568,975	24,568,975
11	Net Appropriation	55,163,966	55,163,966
12			
13	NC School of Science and Mathematics		
14	Requirements	34,010,685	35,486,077
15	Less: Receipts	3,643,589	2,283,359
16	Net Appropriation	30,367,096	33,202,718
17			
18	NC State University - Academic Affairs		
19	Requirements	876,704,584	874,765,734
20	Less: Receipts	436,172,095	436,172,095
21	Net Appropriation	440,532,489	438,593,639
22			
23	NC State University - Ag. Research		
24	Requirements	73,433,973	73,433,973
25	Less: Receipts	17,662,615	17,662,615
26	Net Appropriation	55,771,358	55,771,358
27			
28	NC State University - Coop. Extension		
29	Requirements	61,382,049	59,619,549
30	Less: Receipts	19,844,142	18,144,142
31	Net Appropriation	41,537,907	41,475,407
32			
33	North Carolina Central University		
34	Requirements	142,038,491	139,027,491
35	Less: Receipts	51,836,529	51,836,529
36	Net Appropriation	90,201,962	87,190,962
37			
38	HEALTH AND HUMAN SERVICES		
39	Aging and Adult Services		
40	Requirements	183,854,321	161,672,035
41	Less: Receipts	133,625,237	79,262,497
42	Net Appropriation	50,229,084	82,409,538
43			
44	Central Management and Support		
45	Requirements	355,119,619	301,290,529
46	Less: Receipts	178,738,357	134,398,061
47	Net Appropriation	176,381,262	166,892,468
48			
49	Child Development and Early Education		
50	Requirements	1,333,576,123	820,526,672
51	Less: Receipts	1,101,311,510	588,197,542

1	Net Appropriation	232,264,613	232,329,130
2			
3	Health Benefits		
4	Requirements	20,267,476,350	18,681,441,786
5	Less: Receipts	16,258,568,382	14,158,570,874
6	Net Appropriation	4,008,907,968	4,522,870,912
7			
8	Health Service Regulation		
9	Requirements	81,609,879	78,038,113
10	Less: Receipts	56,469,562	55,551,537
11	Net Appropriation	25,140,317	22,486,576
12			
13	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
14	Requirements	1,848,424,226	1,677,373,851
15	Less: Receipts	1,024,577,950	847,429,502
16	Net Appropriation	823,846,276	829,944,349
17			
18	Public Health		
19	Requirements	1,364,581,710	982,170,883
20	Less: Receipts	1,195,529,522	814,143,907
21	Net Appropriation	169,052,188	168,026,976
22			
23	Services for the Blind/Deaf/Hard of Hearing		
24	Requirements	43,514,018	43,098,357
25	Less: Receipts	34,564,647	34,028,630
26	Net Appropriation	8,949,371	9,069,727
27			
28	Social Services - General		
29	Requirements	2,160,624,554	1,989,037,292
30	Less: Receipts	1,942,535,809	1,773,959,854
31	Net Appropriation	218,088,745	215,077,438
32			
33	Vocational Rehabilitation Services		
34	Requirements	159,368,810	157,220,962
35	Less: Receipts	117,262,086	115,681,595
36	Net Appropriation	42,106,724	41,539,367
37			
38	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
39	Agriculture and Consumer Services		
40	Requirements	318,027,557	241,483,298
41	Less: Receipts	168,984,110	62,702,696
42	Net Appropriation	149,043,447	178,780,602
43			
44	Department of Commerce		
45	Requirements	565,259,428	249,343,759
46	Less: Receipts	358,906,446	60,667,040
47	Net Appropriation	206,352,982	188,676,719
48			
49	Department of Environmental Quality		
50	Requirements	1,856,610,327	258,942,982
51	Less: Receipts	1,762,662,299	167,980,268

1	Net Appropriation	93,948,028	90,962,714
2			
3	Department of Labor		
4	Requirements	46,842,469	41,819,588
5	Less: Receipts	25,007,111	19,403,020
6	Net Appropriation	21,835,358	22,416,568
7			
8	Department of Natural and Cultural Resources		
9	Requirements	379,666,957	274,622,908
10	Less: Receipts	172,151,694	66,969,903
11	Net Appropriation	207,515,263	207,653,005
12			
13	Wildlife Resources Commission		
14	Requirements	98,921,514	94,211,961
15	Less: Receipts	86,122,631	81,574,562
16	Net Appropriation	12,798,883	12,637,399
17			
18	JUSTICE AND PUBLIC SAFETY		
19	Department of Public Safety		
20	Requirements	2,794,761,151	2,717,820,443
21	Less: Receipts	350,796,864	264,694,836
22	Net Appropriation	2,443,964,287	2,453,125,607
23			
24	Administrative Office of the Courts		
25	Requirements	699,088,059	705,873,067
26	Less: Receipts	28,073,897	1,221,050
27	Net Appropriation	671,014,162	704,652,017
28			
29	Department of Justice		
30	Requirements	92,270,205	89,105,636
31	Less: Receipts	41,125,296	39,820,802
32	Net Appropriation	51,144,909	49,284,834
33			
34	Indigent Defense Services		
35	Requirements	150,540,832	151,955,864
36	Less: Receipts	14,034,477	14,111,025
37	Net Appropriation	136,506,355	137,844,839
38			
39	GENERAL GOVERNMENT		
40	Department of Administration		
41	Requirements	108,299,901	70,406,578
42	Less: Receipts	47,583,852	10,996,974
43	Net Appropriation	60,716,049	59,409,604
44			
45	Office of Administrative Hearings		
46	Requirements	8,189,681	8,277,272
47	Less: Receipts	1,352,536	1,260,671
48	Net Appropriation	6,837,145	7,016,601
49			
50	Office of the State Auditor		
51	Requirements	24,168,294	22,989,812

1	Less: Receipts	7,971,927	6,514,703
2	Net Appropriation	16,196,367	16,475,109
3			
4	Office of State Budget and Management		
5	Requirements	197,508,193	10,399,473
6	Less: Receipts	187,854,993	541,780
7	Net Appropriation	9,653,200	9,857,693
8			
9	OSBM - Special Appropriations		
10	Requirements	7,360,413	4,500,000
11	Less: Receipts	0	0
12	Net Appropriation	7,360,413	4,500,000
13			
14	Office of State Controller		
15	Requirements	28,128,746	28,363,066
16	Less: Receipts	1,113,362	816,202
17	Net Appropriation	27,015,384	27,546,864
18			
19	State Board of Elections		
20	Requirements	8,072,193	8,156,659
21	Less: Receipts	207,447	102,000
22	Net Appropriation	7,864,746	8,054,659
23			
24	NC General Assembly		
25	Requirements	103,404,437	81,121,616
26	Less: Receipts	23,879,342	561,000
27	Net Appropriation	79,525,095	80,560,616
28			
29	Office of the Governor		
30	Requirements	6,670,428	6,734,908
31	Less: Receipts	981,838	898,760
32	Net Appropriation	5,688,590	5,836,148
33			
34	NC Housing Finance Agency		
35	Requirements	210,660,000	10,660,000
36	Less: Receipts	200,000,000	0
37	Net Appropriation	10,660,000	10,660,000
38			
39	Office of State Human Resources		
40	Requirements	9,563,101	9,640,120
41	Less: Receipts	236,290	100,888
42	Net Appropriation	9,326,811	9,539,232
43			
44	Department of Insurance		
45	Requirements	77,845,937	55,081,048
46	Less: Receipts	32,310,429	8,358,700
47	Net Appropriation	45,535,508	46,722,348
48			
49	NC Industrial Commission		
50	Requirements	22,634,077	22,554,930
51	Less: Receipts	18,662,193	18,427,336

1	Net Appropriation	3,971,884	4,127,594
2			
3	Office of the Lieutenant Governor		
4	Requirements	1,180,153	1,195,022
5	Less: Receipts	11,184	0
6	Net Appropriation	1,168,969	1,195,022
7			
8	Department of Military and Veterans Affairs		
9	Requirements	9,814,080	9,719,883
10	Less: Receipts	328,279	157,328
11	Net Appropriation	9,485,801	9,562,555
12			
13	Department of Revenue		
14	Requirements	678,748,657	175,284,584
15	Less: Receipts	569,040,172	63,311,155
16	Net Appropriation	109,708,485	111,973,429
17			
18	Department of the Secretary of State		
19	Requirements	16,852,855	16,406,360
20	Less: Receipts	204,277	-103,673
21	Net Appropriation	16,648,578	16,510,033
22			
23	DST - Other Retirement Plans/Benefits		
24	Requirements	32,905,423	33,255,423
25	Less: Receipts	0	0
26	Net Appropriation	32,905,423	33,255,423
27			
28	Department of State Treasurer		
29	Requirements	50,696,357	50,047,663
30	Less: Receipts	45,690,782	45,006,600
31	Net Appropriation	5,005,575	5,041,063
32			
33	INFORMATION TECHNOLOGY		
34	Department of Information Technology		
35	Requirements	1,061,665,091	87,466,490
36	Less: Receipts	967,554,638	12,911,223
37	Net Appropriation	94,110,453	74,555,267
38			
39	RESERVES, DEBT, AND OTHER BUDGETS		
40	State Capital & Infrastructure Gen. Fund Approp.		
41	Requirements	0	0
42	Less: Receipts	0	0
43	Net Appropriation	0	0
44			
45	State Treasurer - Debt Service - Federal		
46	Requirements	0	0
47	Less: Receipts	0	0
48	Net Appropriation	0	0
49			
50	State Treasurer - General Debt Service		
51	Requirements	673,624,208	649,265,711

1	Less: Receipts	673,624,208	649,265,711
2	Net Appropriation	0	0
3			
4	Statewide Enterprise Resource Planning		
5	Requirements	25,000,000	25,000,000
6	Less: Receipts	25,000,000	25,000,000
7	Net Appropriation	0	0
8			
9	Statewide Reserves		
10	Requirements	131,231,354	99,203,655
11	Less: Receipts	103,925,000	0
12	Net Appropriation	27,306,354	99,203,655
13			
14	CAPITAL		
15	State Fiscal Recovery Fund - Capital		
16	Requirements	50,000,000	0
17	Less: Receipts	50,000,000	0
18	Net Appropriation	0	0
19			
20	Total Requirements	59,309,355,243	51,457,267,648
21	Less: Total Receipts	33,595,186,584	24,800,721,451
22	Total Net Appropriation	25,714,168,659	26,656,546,197

23
24 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in
25 Section 43.2 of this act, the requirements set forth in this section represent the total amount of
26 funds, including agency receipts, appropriated to an agency, department, or institution.
27

28 GENERAL FUND AVAILABILITY

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

	FY 2021-2022	FY 2022-2023
33		
34	Unappropriated Balance Remaining FY 2020-21	457,272,694
35	Actual/Anticipated Reversions	523,224,136
36	Actual Over Collections	6,230,486,722
37	S.L. 2021-19: UNC Building Reserves/Certain Projects	(2,359,159)
38	Actual Transfer to Savings Reserve	(877,717,564)
39	Total, Prior Year-End Fund Balance	6,330,906,829
40		
41	Tax Revenue	
42	Personal Income	15,388,100,000
43	Sales and Use	9,681,100,000
44	Corporate Income	1,300,500,000
45	Franchise	840,000,000
46	Insurance	808,900,000
47	Alcoholic Beverages	453,300,000
48	Tobacco Products	258,300,000
49	Other Tax Revenues	155,800,000
50	Subtotal, Tax Revenue	28,886,000,000
51		

1	Non-Tax Revenue		
2	Judicial Fees	216,600,000	224,200,000
3	Investment Income	29,600,000	36,100,000
4	Disproportionate Share	115,400,000	122,500,000
5	Master Settlement Agreement	139,400,000	134,100,000
6	Insurance	100,500,000	103,400,000
7	Other Non-Tax Revenues	217,900,000	220,000,000
8	Subtotal, Non-Tax Revenue	819,400,000	840,300,000
9			
10	Total, Net Revenue	29,705,400,000	30,707,200,000
11			
12	Adjustments to Tax Revenue		
13	Personal Income Tax Changes		
14	Unemployment Income Exclusion	(250,000,000)	-
15	Deduction for PPP Loans, EIDL, & similar programs	(427,000,000)	(35,000,000)
16	Changes to Mill Rehabilitation Tax Credits	1,400,000	(3,700,000)
17	Changes to Historic Rehabilitation Tax Credits	(200,000)	(200,000)
18	Living Donor Tax Credit	(800,000)	(800,000)
19	Reduce Rate, Change Certain Deductions	(638,000,000)	(1,349,100,000)
20	Sales and Use Tax Changes		
21	CCRC Exemption and Forgiveness	(7,900,000)	(6,500,000)
22	Corporate Income Tax Changes		
23	Deductions for PPP Loans, EIDL, & similar programs	(183,000,000)	(15,000,000)
24	Changes to Mill Rehabilitation Tax Credits	2,900,000	(7,500,000)
25	Changes to Historic Rehabilitation Tax Credit	(500,000)	(500,000)
26	Franchise Tax Changes		
27	Eliminate Alternate Property Bases	-	(173,300,000)
28	Insurance Tax Changes		
29	Changes to Mill Rehabilitation Tax Credits	1,500,000	(3,800,000)
30	Changes to Historic Rehabilitation Tax Credits	(300,000)	(300,000)
31	Limit Gross Premiums Tax on Surety Bonds	(700,000)	(1,000,000)
32	Tobacco Products Tax Changes		
33	Expand Cigar Excise Tax	-	33,700,000
34	Subtotal, Adjustments to Tax Revenue	(1,502,600,000)	(1,563,000,000)
35			
36	Statutorily Required Reservations of Revenue		
37	Savings Reserve	-	(138,075,000)
38	NC GREAT Program (S.L. 2019-230)	(15,000,000)	(15,000,000)
39	State Capital and Infrastructure Fund (SCIF)	(1,300,000,000)	(1,345,500,000)
40	Subtotal, Statutorily Required Reservations Of Revenue	(1,315,000,000)	(1,498,575,000)
41			
42	Reserves		
43	Medicaid Contingency Reserve	(136,000,000)	-
44	Medicaid Transformation Reserve	(185,000,000)	(185,000,000)
45	Information Technology Reserve	(109,661,155)	(169,500,000)
46	Additional Transfer to Savings Reserve	(360,000,000)	(323,183,535)
47	Additional Transfer to SCIF	(2,000,000,000)	(1,154,500,000)
48	State Emergency and Disaster Response Reserve	(800,000,000)	-
49	Transfer to Highway Fund	(250,000,000)	(250,000,000)
50	Wilmington Harbor Enhancements Reserve	(283,800,000)	-
51	Subtotal, Reserves	(4,124,461,155)	(2,082,183,535)

1			
2	Other Adjustments to Availability		
3	Adjustment to Transfer from State Treasurer	60,919	96,407
4	Adjustment from Insurance Reg. Fund	1,828,090	3,014,930
5	UNC/Medicaid Receiveables Transfer	31,305,584	31,305,584
6	Subtotal, Other Adjustments	33,194,593	34,416,921
7			
8	Revised Total General Fund Availability	29,127,440,267	29,211,129,994
9			
10	Less General Fund Net Appropriations	25,714,168,659	26,656,546,197
11			
12	Unappropriated Balance Remaining	3,413,271,608	2,554,583,797
13			

14 **SECTION 2.2.(b)** In addition to the amount required under G.S. 143C-4-3.1, as
15 amended by Section 5.7 of this act, the State Controller shall transfer to the State Capital and
16 Infrastructure Fund established under G.S. 143C-4-3.1 the sum of two billion dollars
17 (\$2,000,000,000) in nonrecurring funds in the 2021-2022 fiscal year and the sum of one billion
18 one hundred fifty-four million five hundred thousand dollars (\$1,154,500,000) in nonrecurring
19 funds in the 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for
20 the fiscal year in which they were transferred and shall be used in accordance with Part 40 of this
21 act.

22 **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-2, as
23 amended by Section 5.6 of this act, the State Controller shall transfer to the Savings Reserve the
24 sum of three hundred sixty million dollars (\$360,000,000) in nonrecurring funds in the
25 2021-2022 fiscal year and the sum of three hundred twenty-three million one hundred fifty-three
26 thousand five hundred thirty-five dollars (\$323,153,535) in nonrecurring funds in the 2022-2023
27 fiscal year. This transfer is not an "appropriation made by law," as that phrase is used in Section
28 7(1) of Article V of the North Carolina Constitution.

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

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

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

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

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

1 shall reserve to the Information Technology Reserve from funds available in the General Fund
 2 the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five
 3 dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one
 4 hundred sixty-nine million five hundred thousand dollars (\$169,500,000) in nonrecurring funds
 5 for the 2022-2023 fiscal year. The State Controller shall transfer funds available in the
 6 Information Technology Reserve to State agencies and departments for information technology
 7 projects in accordance with the following schedule, and the funds transferred are appropriated
 8 for the fiscal year in which they are transferred:

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

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

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

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

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

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

50 **CURRENT OPERATIONS/HIGHWAY FUND**

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

	FY 2021-2022	FY 2022-2023
5 Highway Fund		
6 Administration	100,148,404	100,148,990
7		
8 Division of Highways		
9 Administration	45,738,718	45,600,056
10 Construction	189,973,078	92,543,078
11 Maintenance	1,645,796,053	1,781,108,515
12 Governor's Highway Safety Program	305,546	305,546
13 OSHA	358,030	358,030
14		
15 Aid to Municipalities		
16 Powell Bill	154,875,000	204,875,000
17 Other Grants-in-Aid	103,424,350	0
18		
19 Intermodal Divisions		
20 Ferry	49,900,556	49,475,639
21 Public Transportation, Bicycle and Pedestrian	97,421,832	69,394,735
22 Aviation	134,903,287	131,503,287
23 Rail	44,613,338	69,613,338
24		
25 Division of Motor Vehicles	152,450,570	152,428,637
26		
27 Other State Agencies, Reserves, Transfers	85,831,238	81,445,149
28		
29 Capital Improvements	860,000	0
30		
31 Total	\$2,806,600,000	\$2,778,800,000

32 **HIGHWAY FUND AVAILABILITY**

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

	FY 2021-2022	FY 2022-2023
37 Highway Fund Availability		
38 Actual Over Collections	249,824,965	
39 Partial Accounting of HTF Cash Advance Repayments	(180,853,086)	
40 Transfer of Funds to Emergency Reserve		
41 (G.S. 136-44.2E(b) and (d))	(61,000,000)	
42 Eliminate Ferry Overdrafts	(7,971,879)	
43		
44 Beginning Balance	0	0
45 Motor Fuels Tax	1,672,500,000	1,641,700,000
46 Licenses and Fees	872,600,000	875,600,000
47 Highway Short-Term Lease	10,000,000	10,000,000
48 Investment Income	1,500,000	1,500,000
49 Transfer from General Fund	250,000,000	250,000,000
50 Total Highway Fund Availability	\$2,806,600,000	\$2,778,800,000

51

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:

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

HIGHWAY TRUST FUND AVAILABILITY

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

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

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.

1 **SECTION 4.1.(c)** Funds may be expended only for the specified programs,
 2 purposes, objects, and line items or as otherwise authorized by the General Assembly.
 3

4 **OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

13 State agencies may spend up to the greater of one percent (1%) or ten million dollars
 14 (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to
 15 an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget.
 16 State agencies shall report to the Joint Legislative Commission on Governmental Operations, the
 17 chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House
 18 Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such
 19 funds, including specifying the total amount of grants awarded to respond to the emergency.

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

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

29 **SECTION 4.2.(c)** Notwithstanding the provisions of this section, no State agency
 30 may accept a grant not anticipated in this act if acceptance of the grant would obligate the State
 31 to make future expenditures relating to the program receiving the grant or would otherwise result
 32 in a financial obligation as a consequence of accepting the grant funds.
 33

34 **EDUCATION LOTTERY FUNDS**

35 **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the
 36 2021-2023 fiscal biennium are as follows:

	FY 2021-2022	FY 2022-2023
39 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
40 Prekindergarten Program	78,252,110	78,252,110
41 Smart Start	15,000,000	15,000,000
42 Public School Building Capital Fund	100,000,000	100,000,000
43 Needs-Based Public School Capital Fund	110,252,612	138,252,612
44 Public School Repair & Renovation	50,000,000	50,000,000
45 Scholarships for Needy Students	30,450,000	—
46 UNC Need-Based Financial Aid	10,744,733	—
47 Scholarship Reserve Fund for Public Colleges 48 and Universities	0	41,194,733
49 LEA Transportation	21,386,090	21,386,090
50 TOTAL ALLOCATION	\$802,000,000	\$830,000,000

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

1 **"§ 18C-162. Allocation of revenues.**

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

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

17"

18 **NEEDS-BASED CHANGES**

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

21 "Article 38B.

22 "Needs-Based Public School Capital Fund.

23 **"§ 115C-546.10. Fund created; purpose.**

24 There is created the Needs-Based Public School Capital Fund as an interest-bearing,
25 nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be
26 the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in
27 accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public
28 Instruction shall disburse funds and award grants from the Fund to counties to assist with their
29 critical public school building capital needs.

30 **"§ 115C-546.11. Prioritization; matching requirement; use of funds; maximum awards.**

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

- 35 (1) Counties with greater need and less ability to generate sales tax and property
36 tax revenue.
- 37 (2) Counties with a high debt-to-tax revenue ratio.
- 38 (3) The extent to which a project will address critical deficiencies in adequately
39 servicing the current and future student population.
- 40 (4) Projects that will consolidate two or more schools into one new facility.
- 41 (5) Counties that have not received a grant under this Article in the previous three
42 years.

43 (b) Grant funds shall be used for the construction of new school buildings, additions,
44 repairs, and renovations. Grant funds may be used for real property acquisition. Grant funds shall
45 be disbursed in a series of payments based on the progress of the project. To obtain a payment,
46 the grantee shall submit a request for payment along with documentation of the expenditures for
47 which the payment is requested and evidence that the matching requirement contained in
48 subsection (c) of this section has been met. No portion of grant funds may be used to acquire a
49 Leadership in Energy and Environmental Design (LEED) certification. No portion of funds
50 received under this Article may be used for a lease agreement or for the retirement of
51

1 indebtedness. Grant funds shall be forfeited and shall revert to the Needs-Based Public School
2 Capital Fund for projects awarded a grant under this Article that have not commenced within 24
3 months of the grant award.

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

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

11 (1) Up to thirty million dollars (\$30,000,000) for an elementary school.

12 (2) Up to forty million dollars (\$40,000,000) for a middle school or a combination
13 of an elementary and middle school.

14 (3) Up to fifty million dollars (\$50,000,000) for a high school.

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

17 **"§ 115C-546.12. Grant agreement; requirements.**

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

21 (1) A requirement that the grantee seek planning assistance and plan review from
22 the School Planning Section of the Department of Public Instruction.

23 (2) A progress payment provision governing disbursements to the county for the
24 duration of the school construction project based upon the construction
25 progress and documentation satisfactory to the Department that the matching
26 requirement in G.S. 115C-546.11 has been met.

27 (3) A provision requiring periodic reports to the Department of Public Instruction
28 on the use of disbursed grant funds and the progress of the school construction
29 project.

30 (4) A requirement that matching funds paid by the county pursuant to
31 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

32 (5) A requirement that construction activity commence within 24 months of
33 awarding of grant funds.

34 **"§ 115C-546.13. Reporting.**

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

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

43 (1) Number and description of projects awarded.

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

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

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

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

"Article 38C.

"Public School Building Repair and Renovation Fund.

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

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

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

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

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

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

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

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

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

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

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

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

CIVIL PENALTY AND FORFEITURE FUND

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

	FY 2021-2022	FY 2022-2023
School Technology Fund	\$18,000,000	\$18,000,000

1	Drivers Education	27,393,768	27,393,768
2	State Public School Fund	147,041,640	151,841,640
3	Total Appropriation	\$192,435,408	\$197,235,408

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 FAA Airport Rescue Grants 2,471,000

2 **Total Estimated Funding** ~~\$6,400,545,070~~\$7,791,249,941

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
28 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

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

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

- 34 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of
35 2021, as defined in S.L. 2021-25.
36 (2) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
37 (3) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.
38 2021-25.

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

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

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 The~~
 44 ~~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.

30 **2021 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

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

- 33 (1) \$20,000,000 to the North Carolina Office of Recovery and Resiliency
34 (NCORR) to be used to develop a statewide Flood Resiliency Blueprint in
35 accordance with subsection (c) of this section.
- 36 (2) \$10,100,000 to NCORR to be used for the following purposes:
37 a. Provide support for local communities and regional organizations to
38 plan for natural hazards.
39 b. Provide grant funding to support implementation of priority projects
40 that enhance resilience to natural hazards in local communities.
41 c. Develop a data portal to make flood and other natural hazards data and
42 modeling available to local users.
43 d. Support local capacity building and provide technical assistance to
44 local governments and communities consistent with the NC Resilient
45 Communities Program.
- 46 (3) \$1,000,000 to NCORR to be used to enhance North Carolina's Hazard
47 Mitigation Plan to improve the State's competitiveness for federal grants that
48 enhance resilience against natural disasters and other risks, and to enable local
49 government entities, State agencies, and other entities to use the analyses in
50 long-term resilience planning and preparations.

- 1 (4) \$80,000,000 to the State Match Fund, as created in subsection (d) of this
2 section, administered by the Department of Public Safety, Division of
3 Emergency Management, to be used for State match requirements for disaster
4 declarations by the President of the United States under the Stafford Act, P.L.
5 93-288, in this State prior to July 1, 2021. These funds shall not apply to
6 disaster declarations occasioned by the COVID-19 pandemic.
- 7 (5) \$30,000,000 to the State Match Fund, as created in subsection (d) of this
8 section, administered by the Department of Public Safety, Division of
9 Emergency Management, to be used for State match requirements for disaster
10 declarations by the President of the United States under the Stafford Act, P.L.
11 93-288, in this State that may arise from future disaster declarations. These
12 funds shall not apply to disaster declarations occasioned by the COVID-19
13 pandemic.
- 14 (6) \$20,000,000 to the Disaster Relief and Mitigation Fund, as created in
15 subsection (f) of this section, administered by the Division of Emergency
16 Management.
- 17 (7) \$20,000,000 to the Transportation Infrastructure Resiliency Fund, as created
18 in subsection (g) of this section, administered by the Division of Emergency
19 Management.
- 20 (8) \$40,000,000 to the Coastal Storm Damage Mitigation Fund within the
21 Department of Environmental Quality for grants to local governments for
22 coastal storm damage mitigation projects in accordance with
23 G.S. 143-215.73M. Of the funds allocated by this subdivision, two million
24 dollars (\$2,000,000) shall be allocated to the North Carolina Coastal
25 Federation, Inc., a non-profit corporation, to provide grants for living
26 shorelines, oyster reefs, and marsh restoration in order to protect other coastal
27 communities that are vulnerable to storm surge and tidal flooding.
- 28 (9) \$25,000,000 to the Department of Environmental Quality, Division of
29 Mitigation Services, to be used in accordance with G.S. 143-214.11A for
30 flood reduction projects in no less than three and up to six additional priority
31 watersheds. The Division may use up to five percent (5%) of these funds for
32 the administration of the projects in accordance with this subdivision.
- 33 (10) \$5,000,000 to the Department of Environmental Quality, Division of
34 Mitigation Services, to be used in accordance with G.S. 143-214.11A to create
35 one or more pilot projects addressing chronic flooding in the Stoney Creek
36 watershed impacting businesses, roadways, and access to emergency services
37 in Wayne County and Goldsboro. The pilot projects shall also serve as the
38 basis for expanding natural infrastructure flood mitigation projects to
39 additional watersheds and scaling solutions to enhance community resiliency
40 across North Carolina. The Division may use up to five percent (5%) of these
41 funds for administration of the pilot projects.
- 42 (11) \$4,000,000 to the Dam Safety Emergency Fund, as established in Section
43 12.10 of this act, administered by the Department of Environmental Quality,
44 for costs associated with the emergency repair or removal of dams.
- 45 (12) \$1,400,000 to the Department of Environmental Quality, Division of Water
46 Infrastructure, to match additional federal funds allocated from the Additional
47 Supplemental Appropriations for Disaster Relief Act, P.L. 116-20, for the
48 Drinking Water State Revolving Fund.
- 49 (13) \$1,150,000 to the Department of Environmental Quality, Division of Coastal
50 Management, to be used to provide community resilience planning, design,

- 1 and project implementation grants for the Resilient Coastal Communities
2 Program.
- 3 (14) \$300,000 to the Department of Environmental Quality, Division of Coastal
4 Management, to create two time-limited, full-time positions for two years to
5 staff the Resilient Coastal Communities Program.
- 6 (15) \$10,000,000 to the Department of Agriculture and Consumer Services
7 (Department) for the Agricultural Development and Farmland Preservation
8 Trust Fund. These funds shall be used to support federal partnerships to
9 facilitate the acquisition of agricultural conservation easements on working
10 agricultural lands in river basins located in the Piedmont and Sandhills regions
11 of the State that are at risk of conversion to impervious surfaces that will
12 increase downstream flood risk. The Department shall prioritize the purchase
13 of agricultural conservation easements on working agricultural lands that meet
14 the following characteristics:
- 15 a. The property or portion of the property subject to the easement is
16 outside the 100-year floodplain, but contains or is adjacent to a river,
17 pond, or other surface water that receives runoff from the property.
- 18 b. The property lies within five miles of the corporate limits of a
19 municipality.
- 20 Funds allocated by this section shall be administered by the Department as set
21 forth in G.S. 106-744, provided that a grant recipient shall match one hundred
22 percent (100%) of the Trust Fund monies it receives with funds from sources
23 other than the Trust Fund. Where a landowner accepts a sale price for an
24 agricultural easement that is lower than the applicable market value, the
25 Department may credit the difference toward the match requirement.
- 26 (16) \$5,000,000 to the Department of Agriculture and Consumer Services to
27 replace outdated forest service emergency response equipment, including
28 bulldozers, truck tractors, lowboy trailers, and fire dozers used in wildfire
29 suppression.
- 30 (17) \$20,000,000 to the North Carolina Land and Water Fund in the Department
31 of Natural and Cultural Resources. The Division of Land and Water
32 Stewardship shall use the funds to provide grants to counties, municipalities,
33 nonprofit corporations, and other State agencies for projects addressing the
34 purposes specified in G.S. 143B-135.234(c)(12). The Division shall develop
35 criteria to score projects based on the ability of a project to reduce flood risks.
- 36 (18) \$1,500,000 to the Wildlife Resources Commission for the removal of the
37 remaining abandoned and derelict vessels identified following natural
38 disasters since 2018 in accordance with Section 15.1 of this act.
- 39 (19) \$5,000,000 to the Office of State Budget and Management (OSBM) to Habitat
40 for Humanity of North Carolina, Inc., a nonprofit corporation, as a grant to
41 support efforts for affordable homeownership, including new home
42 construction, rehabilitation of existing homes, critical home repairs,
43 infrastructure, and other costs.
- 44 (20) \$15,000,000 to OSBM to provide grants to the North Carolina League of
45 Municipalities, the North Carolina Association of County Commissioners,
46 and the North Carolina Association of Regional Councils of Governments, in
47 equal amounts of five million dollars (\$5,000,000) to each organization, to
48 provide technical assistance with local recovery funds.
- 49 (21) \$10,000,000 to OSBM to provide a grant to the North Carolina Insurance
50 Underwriting Association, Inc., in accordance with subsection (i) of this

- 1 section to provide grants to policyholders in coastal areas for resilient roof
2 replacement.
- 3 (22) \$500,000 to OSBM to provide a grant to Wayne American Legion Auxiliary
4 Unit #011, Inc., a nonprofit corporation, to repair damage from Hurricanes
5 Florence and Matthew.
- 6 (23) \$68,700,000 to NCORR to be used for the following purposes:
- 7 a. \$18,000,000 for channel modification and dredging along the Lumber
8 River.
- 9 b. \$12,000,000 for 301/Railroad elevation as referenced in the May 1,
10 2018, Neuse River Basin Flood Analysis and Mitigation Strategy
11 report.
- 12 c. \$10,000,000 for Neuse River Basin home acquisition and buyouts to
13 move families out of floodplains.
- 14 d. \$10,000,000 for Lumber River Basin home acquisition and buyouts to
15 move families out of floodplains.
- 16 e. \$5,200,000 for the Seven Springs Levee as referenced in the May 1,
17 2018, Neuse River Basin Flood Analysis and Mitigation Strategy
18 report.
- 19 f. \$5,000,000 for Lumberton CSX/Floodgates as referenced in the May
20 1, 2018, Lumber River Basin Flood Analysis and Mitigation Strategy
21 report.
- 22 g. \$5,000,000 for Stoney Creek acquisitions to provide benefit
23 throughout the watershed to the most vulnerable structures and
24 communities.
- 25 h. \$3,500,000 for the Fair Bluff Levee as referenced in the May 1, 2018,
26 Lumber River Basin Flood Analysis and Mitigation Strategy report.
- 27 NCORR shall oversee and administer the projects listed in this subdivision.
28 NCORR shall consult and coordinate with the appropriate local government
29 units, Federal Emergency Management Agency, United States Army Corps of
30 Engineers, nonprofit corporations, and other entities, as necessary, to
31 complete the respective projects. NCORR shall submit interim reports
32 regarding implementation of the projects listed in this subdivision to the Joint
33 Legislative Commission on Governmental Operations and the Fiscal Research
34 Division on April 1, 2022, and May 1, 2023. NCORR shall submit a final
35 report to the Joint Legislative Commission on Governmental Operations and
36 the Fiscal Research Division upon completion of all the projects listed in this
37 subdivision.
- 38 (24) \$2,000,000 to the North Carolina Wildlife Resources Commission to be used
39 for the Lake Rim State Hatchery sediment and stream bank hardening project.
- 40 (25) \$4,000,000 to the Avery County Soil & Water Conservation District to
41 address storm damage.
- 42 (26) \$50,961,909 to the Department of Public Safety to provide directed grants to
43 the following entities in the following amounts:
- 44 a. \$20,000,000 to the Town of Oak Island for beach renourishment.
- 45 b. \$5,000,000 to the City of Southport for waterfront stabilization from
46 storm damage.
- 47 c. \$3,000,000 to the Town of Red Springs for debris removal, stream
48 restoration, flood mitigation, and stormwater management.
- 49 d. \$2,500,000 to the Town of Hope Mills for East Patterson Street stream
50 hardening and erosion issues.

- 1 e. \$2,000,000 to Cumberland County for stream restoration on the
- 2 Methodist University campus in Fayetteville.
- 3 f. \$2,000,000 to the Town of Carolina Beach to complete the dredging
- 4 of Lake Park.
- 5 g. \$1,200,000 to the City of Asheville for the West Sulphur Springs
- 6 drainage system project.
- 7 h. \$1,000,000 to Halifax County for a flooding abatement project on
- 8 Chockoyotte Creek in the City of Roanoke Rapids.
- 9 i. \$1,000,000 to Henderson County for a flood resilience project on the
- 10 French Broad River at Pleasant Grove.
- 11 j. \$1,000,000 to Hyde County for the Mattamuskeet Restoration
- 12 Drainage project.
- 13 k. \$1,000,000 to the Town of Smithfield for CSX culvert improvements
- 14 at the Highway 301 location.
- 15 l. \$1,000,000 to the North Carolina Association of Resource
- 16 Conservation and Development Councils for flood mitigation projects.
- 17 m. \$950,000 to Henderson County for the Bat Fork stream restoration and
- 18 flood resilience project.
- 19 n. \$750,000 to the Town of Princeton for drainage pipe replacement at
- 20 Princeton High School.
- 21 o. \$650,000 to Caldwell County for Abingdon Creek Restoration in
- 22 Gamewell Town Park.
- 23 p. \$650,000 to the Town of Hope Mills for street placement in the
- 24 Woodland Hills neighborhood.
- 25 q. \$650,000 to the City of Fayetteville for debris removal.
- 26 r. \$625,000 to the City of Mount Airy for Granite City Greenway and
- 27 Ararat River Restoration.
- 28 s. \$500,000 to the Town of Hope Mills for wooded creek bed clearing in
- 29 the town limits to prevent future flooding.
- 30 t. \$500,000 to Johnston County for Moccasin Swamp.
- 31 u. \$450,000 to the Town of Fair Bluff for the abatement of destroyed
- 32 buildings from Hurricanes Matthew and Florence.
- 33 v. \$316,909 to the Town of Laurel Park for a stream restoration project
- 34 for the Laurel Green Creek.
- 35 w. \$300,000 to the City of Havelock for the Fairview Street Project to
- 36 repair the culvert crossing of Joe's Branch.
- 37 x. \$300,000 to Northampton County to address culvert capacity issues in
- 38 the Town of Rich Square for flood mitigation on downtown roads.
- 39 y. \$250,000 to Carteret County for Marshallberg flood mitigation, ditch
- 40 restoration, and harbor discharge project.
- 41 z. \$250,000 to Halifax County to mitigate flooding in the Town of
- 42 Scotland Neck that is endangering a local health care facility.
- 43 aa. \$250,000 to Halifax County for flood mitigation in low areas in the
- 44 Town of Enfield.
- 45 bb. \$250,000 to Halifax County to address drainage issues in the Town of
- 46 Weldon impacted by Chockoyotte Creek.
- 47 cc. \$250,000 to Halifax County to address downtown flooding in the
- 48 Town of Littleton.
- 49 dd. \$250,000 to Martin County for flood mitigation projects.
- 50 ee. \$250,000 to Northampton County for flood mitigation in the Town of
- 51 Seaboard.

- 1 ff. \$250,000 to Northampton County for flood mitigation on Gaston
2 Creek.
3 gg. \$250,000 to Northampton County for flood mitigation in the Town of
4 Severn.
5 hh. \$250,000 to Northampton County to address drainage issues in the
6 Town of Woodland.
7 ii. \$250,000 to Northampton County to address drainage issues in the
8 Town of Garysburg.
9 jj. \$200,000 to the Craven County Sheriff's Office for the EOC Floodwall
10 Infrastructure Project. The sheriff's office may also use this funding
11 for the purchase of emergency response equipment.
12 kk. \$200,000 to the Town of Tabor City for clearing debris removal from
13 canals and drainage ditches.
14 ll. \$200,000 to the Town of Trent Woods for the restoration of key
15 drainage routes.
16 mm. \$140,000 to the Town of River Bend for Storm Damage Restoration:
17 Roadside Swale Areas, Channel Run Area.
18 nn. \$100,000 to the City of Havelock for the Hollywood Boulevard
19 drainage repair project.
20 oo. \$30,000 to the Town of Linden for disaster recovery.
21 (27) \$15,000,000 to the Department of Insurance to establish and administer a pilot
22 program in the 2021-2022 fiscal year to provide health benefits to firefighters
23 diagnosed with cancer on or after January 1, 2022.

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

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

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

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

- 4 (1) Section 4.1 of S.L. 2016-124.
- 5 (2) Section 1 of S.L. 2017-119.
- 6 (3) Section 5.6(b) of S.L. 2018-5.
- 7 (4) Section 1.1 of S.L. 2019-250.
- 8 (5) Section 2.6 of S.L. 2020-97.

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

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

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

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

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

42 **SECTION 5.9.(i)** North Carolina Insurance Underwriting Association (NCIUA)
43 Resilient Roof Grant Program. – NCIUA shall establish uniform rules and award amounts for
44 resilient roof grant applicants under this program. Grant applicants must provide a match of one
45 dollar (\$1.00) in non-State funds for one dollar (\$1.00) provided in State grant funds. No eligible
46 structure may receive more than six thousand dollars (\$6,000) in State funds under this grant
47 program. Funds allocated for this grant program that are not encumbered or spent by June 30,
48 2023, shall revert to the General Fund. The NCIUA will include a report on the grant program
49 funded by this subsection in the annual report required by G.S. 58-45-65. The report shall include
50 information on the number of grants provided, geographical distribution of grants by county, and
51 the average insured value of the structures receiving grant funding for resiliency improvements

1 under this program. The NCIUA will provide this portion of its annual report to the Chairs of the
2 Joint Legislative Emergency Management Oversight Committee and the Fiscal Research
3 Division. The following definitions apply in this subsection:

- 4 (1) Coastal area. – Defined in G.S. 58-45-5.
5 (2) Eligible expense. – Costs for the replacement or upgrade of the roof of an
6 eligible structure when the replacement or upgrade results in the roof meeting
7 applicable resiliency standards issued by the Institute for Business and Home
8 Safety or another construction storm resiliency standard that the NCIUA finds
9 to be equivalent for purposes of reduction of risk of loss to the Coastal
10 Property Insurance Pool (Pool) established by Article 45 of Chapter 58 of the
11 General Statutes.
12 (3) Eligible structure. – A residential structure insured under a policy issued by
13 the NCIUA through the Pool.

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

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

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

19 ...

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

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

25 **"§ 143B-1041. Interagency coordination.**

26 (a) The Office shall establish an intergovernmental working group composed of
27 representatives from the Department of Environmental Quality and other relevant State agencies,
28 local governments, and other stakeholders to identify legislative, economic, jurisdictional, and
29 other challenges related to stream management and flooding reduction. Beginning January 1,
30 2022, and biannually thereafter, the Office shall report to the Joint Legislative Commission on
31 Governmental Operations and the Fiscal Research Division regarding the findings and
32 recommendations of the working group.

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

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

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

48 (25) The Division may contract for services from vendors specializing in housing
49 elevation, acquisition, demolition, and mitigation reconstruction on private
50 residential structures to implement the federal Hazard Mitigation Grant
51 Program on behalf of the State or political subdivisions. Nothing in this

1 subdivision is intended to exempt the Division from other requirements of
2 Article 8 of Chapter 143 of the General Statutes."

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

4 **"§ 143B-135.244. Clean Water Management Trust Fund: reporting requirement.**

5 The Chair of the Board of Trustees shall report no later than December 1 each year to the
6 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the
7 Environmental Review Commission, the Subcommittees of the House of Representatives and
8 Senate Appropriations Committees with jurisdiction over natural and economic resources, and
9 the Fiscal Research Division of the General Assembly regarding the implementation of this Part.
10 The report shall include a list of the projects awarded grants from the Fund for the previous
11 12-month period. The list shall include for each project a description of the project, the amount
12 of the grant awarded for the project, and the total cost of the project. Beginning in 2024 and
13 annually thereafter, the report shall also include a review of all projects funded over time for the
14 purpose set forth in G.S. 143B-135.234(c)(12) and the extent to which each project reduced
15 flooding during flooding events."

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

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

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

32 **TEMPORARY CERTIFICATE OF NEED EXEMPTION**

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

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

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

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

48 **MODIFIED USE OF CORONAVIRUS RELIEF FUNDS ALLOCATED TO THE** 49 **NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH** 50 **NORTH CAROLINA SENIOR LIVING ASSOCIATION AND THE NORTH** 51

1 **CAROLINA HEALTH CARE FACILITIES ASSOCIATION FOR COVID-19**
2 **TESTING**

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

5 "(35a) \$34,002,617 in nonrecurring funds to OSBM to be allocated for COVID-19
6 testing, as provided in sub-subdivisions a. and b. of this subdivision.

7 a. \$29,002,617 to be distributed in equal amounts to the nonprofit
8 organizations known as NC Senior Living Association (NCSLA), NC
9 Health Care Facilities Association (NHCFA), and NC Assisted
10 Living Association (NCALA) to ~~purchase~~ purchase COVID-19 tests
11 for distribution to their members, or to reimburse their members for
12 the purchase of COVID-19 tests that, at a minimum, have been
13 approved for emergency use by the United States Food and Drug
14 Administration. ~~NCSLA, NHCFA, and NCALA shall use at least~~
15 ~~fifty percent (50%) of their allocated funds to purchase rapid~~
16 ~~COVID-19 tests for distribution to their member facilities. NCSLA,~~
17 ~~NHCFA, and NCALA shall distribute all tests funded by this~~
18 ~~allocation equally among their member facilities, free of charge, for~~
19 ~~testing facility staff, residents, and visitors. Each of the member~~
20 ~~facilities shall reserve the COVID-19 rapid tests received under this~~
21 ~~subdivision for testing visitors who are family members or legal~~
22 ~~guardians of residents.~~

23 b. \$5,000,000 to the Board of Governors of The University of North
24 Carolina (UNC), to be used to effectively mitigate the spread of
25 COVID-19 on UNC campuses through testing, tracing, enforcing
26 required on-campus isolation and quarantine, and providing
27 COVID-19 related health care services."

28
29 **STATE CASH MANAGEMENT CLARIFICATION**

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

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

33 (1) Moneys deposited with the State Treasurer remain on deposit with the State
34 Treasurer until final disbursement to the ultimate payee. If an ultimate payee
35 is required by law to submit information for certification or verification by the
36 State Auditor, then no disbursement may be made to that ultimate payee if the
37 certification or verification has not been issued by the State Auditor to the
38 State Controller.

39 "

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

41
42 **NC PROMISE/ADD FAYETTEVILLE STATE**

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

44 "**§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations;**
45 **annual report.**

46 (a) The NC Promise Tuition Plan shall be established and implemented as provided by
47 this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The
48 University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State
49 University, the University of North Carolina at Pembroke, Fayetteville State University, and
50 Western Carolina University as follows: ~~beginning with the 2018 fall academic semester~~, the rate
51 of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five

1 hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students
2 shall be two thousand five hundred dollars (\$2,500) per academic semester.

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

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

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

- 19 (1) The amount required to offset the forgone tuition receipts at each of the ~~three~~
20 four constituent institutions as a result of the tuition rate established by this
21 section and how those funds were allocated to each constituent institution.
22 (2) The number of enrolled resident students at each constituent institution.
23 (3) The number of enrolled nonresident students at each constituent institution."

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

26 **SECTION 5.13.(c)** This section applies beginning with the 2022-2023 academic
27 year.

28 **PROPERTY OWNERS' RIGHTS/TREE ORDINANCES**

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

31 **"§ 160A-205.4. Limitations on regulating trees.**

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

- 36 (1) The general police powers.
37 (2) Any powers authorized in this Chapter, Chapter 153A, or Chapter 160D of the
38 General Statutes.
39 (3) Any other general or local law, except a general or local law expressly
40 authorizing a governing body to adopt ordinances regulating the removal of
41 trees from private property."
42

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

45 **"§ 153A-145.9. Limitations on regulating trees.**

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

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

49 **"§ 160D-920.1. Limitations on regulating trees.**

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

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

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

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

3 "**§ 160D-921. Forestry activities.**

4 ...

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

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

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

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

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

17 a. Three years after the completion of a timber harvest if the harvest
18 results in the removal of all or substantially all of the trees that were
19 protected under local government regulations governing development
20 ~~from~~of the tract of land for which the permit or approval is sought. No
21 local government regulations regulating the removal of trees from
22 private property are enforceable unless expressly authorized by local
23 act of the General Assembly.

24 b. Five years after the completion of a timber harvest if the harvest results
25 in the removal of all or substantially all of the trees that were protected
26 under local government regulations governing development ~~from~~of
27 the tract of land for which the permit or approval is sought and the
28 harvest was a willful violation of the local government regulations. 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 (2) Regulate trees pursuant to any local act of the General Assembly.

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

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

36 (5) Regulate and protect streets."

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

40 **SECTION 5.14.(h)** Any ordinances regulating the removal of trees from private
41 property that were adopted before the date this section becomes law without the express
42 authorization of the General Assembly shall not be enforced after the date this section becomes
43 law.

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

45 **PERIODIC INSPECTIONS FOR HAZARDOUS CONDITIONS**

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

47 "(c) In no event may a local government do any of the following: (i) adopt or enforce any
48 ordinance that would require any owner or manager of rental property to obtain any permit or
49 permission ~~under Article 11 or Article 12 of this Chapter~~ from the local government to lease or
50 rent residential real property or to register rental property with the local government, except for
51

1 those individual properties that have more than four verified violations in a rolling 12-month
2 period or two or more verified violations in a rolling 30-day period, or upon the property being
3 identified within the top ten percent (10%) of properties with crime or disorder problems as set
4 forth in a local ordinance, (ii) require that an owner or manager of residential rental property
5 enroll or participate in any governmental program as a condition of obtaining a certificate of
6 occupancy, (iii) levy a special fee or tax on residential rental property that is not also levied
7 against other commercial and residential properties, unless expressly authorized by general law
8 or applicable only to an individual rental unit or property described in clause (i) of this subsection
9 and the fee does not exceed five hundred dollars (\$500.00) in any 12-month period in which the
10 unit or property is found to have verified violations, (iv) provide that any violation of a rental
11 registration ordinance is punishable as a criminal offense, or (v) require any owner or manager
12 of rental property to submit to an inspection before receiving any utility service provided by the
13 local government. For purposes of this section, the term "verified violation" means all of the
14 following:

- 15 (1) The aggregate of all violations of housing ordinances or codes found in an
16 individual rental unit of residential real property during a 72-hour period.
- 17 (2) Any violations that have not been corrected by the owner or manager within
18 21 days of receipt of written notice from the local government of the
19 violations. Should the same violation occur more than two times in a 12-month
20 period, the owner or manager may not have the option of correcting the
21 violation. If the housing code provides that any form of prohibited tenant
22 behavior constitutes a violation by the owner or manager of the rental
23 property, it shall be deemed a correction of the tenant-related violation if the
24 owner or manager, within 30 days of receipt of written notice of the
25 tenant-related violation, brings a summary ejection action to have the tenant
26 evicted."

27 **SECTION 5.15.(b)** This section becomes effective October 1, 2021, and any
28 inconsistent ordinance or policy shall be void and unenforceable on or after that date.
29

30 **SMALL BUSINESS RETIREMENT SAVINGS PROGRAM ESTABLISHED**

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

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

34 "§ 143B-437.105. Title.

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

37 "§ 143B-437.106. Definitions.

38 The following definitions apply in this Part:

- 39 (1) Administrative Fund. – The North Carolina Small Business Retirement
40 Savings Administrative Fund established in G.S. 143B-427.115.
- 41 (2) Board. – The North Carolina Small Business Retirement Savings Program
42 Board.
- 43 (3) Covered employee. – An individual who is employed by a covered employer,
44 who has wages or other compensation that is allocable to the State, and who
45 is at least 18 years of age. A covered employee does not include any of the
46 following:
 - 47 a. Any employee covered under the federal Railway Labor Act (45
48 U.S.C. § 151).
 - 49 b. Any employee on whose behalf an employer makes contributions to a
50 Taft-Hartley multiemployer pension trust fund.

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

1 **"§ 143B-437.107. Establishment of Board.**

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

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

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

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

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

12 1. One member who has a favorable reputation for skill,
13 knowledge, and experience in retirement investment products
14 or retirement plan designs.

15 2. One member who has a favorable reputation for skill,
16 knowledge, and experience relating to small business or
17 covered employers.

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

20 4. One member who is an employee of the Department of
21 Commerce.

22 5. One member of the public.

23 c. Two members appointed by the General Assembly upon the
24 recommendation of the Speaker of the House of Representatives as
25 follows:

26 1. One member who is a retired individual or an individual who
27 represents persons retired to be a representative of the interests
28 of retirees.

29 2. One member who has a favorable reputation for skill,
30 knowledge, and experience in the interests of employers in
31 retirement saving.

32 d. Two members appointed by the General Assembly upon the
33 recommendation of the President Pro Tempore of the Senate as
34 follows:

35 1. One member who is a representative of an association
36 representing employees or who has a favorable reputation for
37 skill, knowledge, and experience in the interests of employees
38 in retirement saving.

39 2. One member who has a favorable reputation for skill,
40 knowledge, and experience in retirement investment products
41 or retirement plan designs.

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

45 (c) All initial appointments shall be made no later than October 1, 2021. Of the initial
46 five appointments made by the Governor, two shall be appointed for four-year terms, two shall
47 be appointed for two-year terms, and one shall be appointed for a one-year term, with all terms
48 to begin on October 1, 2021. Of the initial two appointments made by the General Assembly
49 upon the recommendation of the President Pro Tempore of the Senate, one shall be appointed for
50 a four-year term and one shall be appointed for a two-year term, with both terms to begin on
51 October 1, 2021. Of the initial two appointments made by the General Assembly upon the

1 recommendation of the Speaker of the House of Representatives, one shall be appointed for a
2 four-year term and one shall be appointed for a two-year term, with both terms to begin on
3 October 1, 2021. The initial appointment by the State Treasurer shall be for a term of three years
4 to begin on October 1, 2021. All successors shall be appointed for four-year terms. All members
5 of the Board shall serve at the pleasure of the appointing authority.

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

8 (e) The Governor shall convene the first meeting of the Board no later than October 15,
9 2021. A majority of the voting members of the Board constitutes a quorum. The first order of
10 business before the Board shall be to elect a chair from among the Board's membership. A
11 vacancy in the membership of the Board shall not impair the right of a quorum to exercise the
12 powers and duties of the Board.

13 **§ 143B-437.108. Powers and duties of the Board.**

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

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

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

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

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

24 (5) Retain trustees, record keepers, investment managers, investment advisors,
25 and other administrative, professional, expert advisors and service providers,
26 none of whom shall be members of the Board and all of whom shall serve at
27 the pleasure of the Board, and determine their duties and compensation. The
28 Board may authorize the executive director and other officials to oversee
29 requests for proposals or other public competitions and enter into contracts on
30 behalf of the Board and conduct any business necessary for the efficient
31 operation of the Board.

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

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

35 b. To encourage participation, saving, sound investment practices, and
36 appropriate selection of investment options, including any default
37 investments.

38 c. To maximize simplicity and ease of administration for covered
39 employers.

40 d. To arrange for collective, common, and pooled investment of assets of
41 the Program and Trust, including investments in conjunction with
42 other funds with which these assets are permitted by law to be
43 collectively invested, with a view to achieving economies of scale and
44 other efficiencies designed to minimize costs for the Program and its
45 participants, to promote portability of benefits.

46 e. To avoid preemption of the Program by federal law (Employee
47 Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.).

48 (7) Develop and implement an investment policy that defines the Program's
49 investment objectives, consistent with the objectives of the Program, and that
50 provides for policies and procedures consistent with those investment
51 objectives. The Board shall designate appropriate default investments that

1 include a mix of asset classes, such as target date and balanced funds. The
2 Board shall seek to minimize participant fees and expenses of investment and
3 administration. The Board shall strive to design and implement investment
4 options available to holders of accounts established as part of the Program and
5 other Program features that are intended to achieve maximum possible income
6 replacement balanced with an appropriate level of risk in an IRA-based
7 environment consistent with the investment objectives under the policy. The
8 investment options may encompass a range of risk and return opportunities
9 and allow for a rate of return commensurate with an appropriate level of risk
10 in view of the investment objectives under the policy. The menu of investment
11 options shall be determined taking into account the nature and objectives of
12 the Program, the desirability based on behavioral research findings of limiting
13 investment choices under the Program to a reasonable number, and the
14 extensive investment choices available to participants in the event that they
15 roll over to an IRA outside the Program.

16 (8) Set and collect necessary fees from covered employees for application,
17 account, or administrative processing and accept any grants, gifts, legislative
18 appropriations, loans, and other moneys from the State, any unit of federal,
19 State, or local government, or any other person, firm, or entity to defray the
20 costs of administering and operating the Program.

21 (9) If necessary, determine the eligibility of an employer, employee, or other
22 individual to participate in the Program.

23 (10) Adopt rules it deems necessary or advisable for the implementation of this
24 Article and the administration and operation of the Program.

25 (11) Cause expenses incurred to initiate, implement, maintain, and administer the
26 Program to be paid from contributions to, or investment returns or assets of,
27 the Program or other money collected by or for the Program or pursuant to
28 arrangements established under the Program to the extent permitted under
29 federal and State law.

30 (12) Invest and reinvest its funds in the Administrative Fund in accordance with
31 applicable State and federal laws.

32 (13) Make and enter into competitively procured contracts, agreements,
33 memoranda of understanding, partnerships, or other arrangements, to
34 collaborate and cooperate with, and to retain, employ, and contract with or for
35 any of the following to the extent necessary or desirable, for the effective and
36 efficient design, implementation, and administration of the Program
37 consistent with the purposes set forth in this Article and to maximize outreach
38 to covered employers and covered employees:

39 a. Services of private and public financial institutions, depositories,
40 consultants, actuaries, counsel, auditors, investment advisers,
41 investment administrators, investment management firms, other
42 investment firms, third-party administrators, other professionals and
43 service providers, and State public retirement systems.

44 b. Research, technical, financial, administrative, and other services.

45 c. Services of other State agencies to assist the Board in the exercise of
46 its powers and duties.

47 (14) The Board may enter into an intergovernmental agreement or memorandum
48 of understanding with the State and any agency of the State to receive
49 outreach, technical assistance, enforcement and compliance services,
50 collection or dissemination of information pertinent to the Program subject to
51 such obligations of confidentiality as may be agreed or required by law, or

1 other services or assistance. The State and any agencies of the State that enter
2 into such agreements or memoranda of understanding shall collaborate to
3 provide the outreach, assistance, information, and compliance or other
4 services or assistance to the Board. The memoranda of understanding may
5 cover the sharing of costs incurred in gathering and disseminating information
6 and the reimbursement of costs for any enforcement activities or assistance.

7 (15) Make and enter into contracts, agreements, memoranda of understanding,
8 arrangements, partnerships, or other arrangements to collaborate, cooperate,
9 coordinate, contract, or combine resources, investments, or administrative
10 functions with other governmental entities, including other states or their
11 agencies or instrumentalities that maintain or are establishing retirement
12 savings programs compatible with the Program, including collective,
13 common, or pooled investments with other funds of other states' programs
14 with which the assets of the Program and Trust are permitted by law to be
15 collectively invested, to the extent necessary or desirable for the effective and
16 efficient design, administration, and implementation of the Program
17 consistent with the purposes set forth in this Article, including the purpose of
18 achieving economies of scale and other efficiencies designed to minimize
19 costs for the Program.

20 (16) Develop and implement an education and outreach plan to gain input and
21 disseminate information regarding the North Carolina Work and Save
22 Program and retirement savings and financial literacy in general.

23 (17) Establish procedures for the timely and fair resolution of participant and other
24 disputes related to accounts or program operation.

25 (18) Evaluate the need for, and procure if and as deemed necessary, pooled private
26 insurance against any and all loss in connection with the property, assets, or
27 activities of the Program.

28 (19) Borrow from the State, any unit of federal, State, or local government, or any
29 other person, firm, partnership, corporation, or other entity working capital
30 funds and other funds as may be necessary for this purpose, provided that such
31 funds are borrowed in the name of the Program and Board only and that any
32 such borrowings shall be payable solely from the revenues of the Program.

33 (20) Enter into long-term procurement contracts with one or more financial
34 providers that provide a fee structure that would assist the Program in avoiding
35 or minimizing the need to borrow or to rely upon general assets of the State.

36 (b) In addition to the applicable prohibitions contained in Article 4 of Chapter 138A of
37 the General Statutes, a Board member, executive director, and other staff of the Board shall not
38 do any of the following:

39 (1) Directly or indirectly have any interest in the making of any investment under
40 the Program or in gains or profits accruing from any such investment.

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

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

46 **"§ 143B-437.109. Standard of conduct; fiduciary duty.**

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

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

1 (2) Govern Program investors with the care, skill, prudence, and diligence as a
2 prudent person acting in a like capacity would.
3 (3) Comply with all State ethics laws and regulations.
4 "**§ 143B-437.110. Requirements for the North Carolina Small Business Retirement Savings**
5 **Program.**

6 The Program developed and established by the Board shall:

- 7 (1) Provide a process to facilitate voluntary enrollment into the Program for
8 covered employers, covered employees, and self-employed persons.
9 (2) Provide that the IRA to which contributions are made will be a Roth IRA,
10 except that the Board shall have the authority at any time to add an option for
11 all participants to affirmatively elect to contribute to a traditional IRA as an
12 alternative to the Roth IRA.
13 (3) Provide that the standard package shall be a Roth IRA with a target date fund
14 investment, and a contribution rate that begins at five percent (5%) of salary
15 or wages; provided, however, that the covered employee can choose to stop
16 participation altogether, to use a traditional IRA and a different investment
17 from among the options available, and to contribute at a higher or lower
18 contribution rate, subject to the IRA contribution dollar limits applicable
19 under the Internal Revenue Code.
20 (4) Provide on a uniform basis, if and when the Board so determines, in its
21 discretion, for annual increases of each participant's contribution rate, by not
22 more than one percent (1%) of salary or wages per year up to a maximum of
23 eight percent (8%). Any such increases shall apply to participants, as
24 determined by the Board, by default or only if initiated by affirmative
25 participant election included as part of the standard package, in either case
26 subject to the IRA contribution limits applicable under the Internal Revenue
27 Code.
28 (5) Allow a covered employer to withhold payroll deductions from a covered
29 employee's paycheck for the express purpose of making a covered employee
30 contribution to the Program funds.
31 (6) Include a process for direct deposit of contributions into covered employee
32 investments in the Program.
33 (7) Covered employers are not allowed to make employer contributions to the
34 covered employee's accounts.
35 (8) Allow for covered employees to make non-payroll contributions into an
36 account in addition to the covered employer payroll deducted amounts.
37 (9) Include an account reporting system that requires separate records and
38 accounting for each covered employer and covered employee enrolled.
39 (10) Include an account status notification process for covered employees to be
40 notified about and track their investments pursuant to this Article.
41 (11) Allow portability of benefits, including the ability to make tax-free rollovers
42 or transfers from accounts under the Program to other non-program retirement
43 accounts or to tax-qualified plans that accept such rollovers or transfers
44 provided any rollover is initiated by the employee.
45 (12) Establish rules and procedures governing the distribution of funds from the
46 Program, including such distributions as may be permitted or required by the
47 Program and any applicable provisions of tax laws, with the objectives of
48 maximizing financial security in retirement, helping to protect spousal rights,
49 and assisting participants with the challenges of decumulation of savings. The
50 Board shall have the authority, in its discretion, to provide for one or more
51 reasonably priced distribution options to provide a source of fixed retirement

- 1 income, including income for life or for the participant's life expectancy (or
2 for joint lives and life expectancies, as applicable).
3 (13) Pool accounts as necessary under the Program for optimum investment
4 opportunity and return on investment outcomes.
5 (14) Be professionally managed.
6 (15) Provide a report on the status of each Program participant's account to each
7 Program participant at least annually.
8 (16) Provide that each program participant owns the contributions to and earnings
9 on amounts contributed to the participant's account under this Article and that
10 the State, the Board, and covered employers have no proprietary interest,
11 whether legal or equitable, in those contributions or earnings.
12 (17) Keep total fees and expenses as low as practicable and in any event each year
13 not in excess of 100 basis points of the total assets of the Program, except that
14 this limit shall not apply during a start-up period of three years beginning with
15 the initial implementation of the Program.
16 (18) Be designed and implemented in a manner consistent with federal law,
17 including favorable federal tax treatment, to the extent that it applies and
18 consistent with the Program not being preempted by ERISA.
19 (19) Ensure that the North Carolina Small Business Retirement Savings Program
20 is designed to be financially self-sustaining over time.
21 (20) Provide that, if a covered employer fails to transmit a payroll deduction
22 contribution to the Program on the earliest date the amount withheld from the
23 covered employee's compensation can reasonably be segregated from the
24 covered employer's assets, but not later than the fifteenth day of the month
25 following the month in which the covered employee's contribution amounts
26 are withheld from his or her paycheck, the failure to remit such contributions
27 on a timely basis shall be subject to the same sanctions as employer
28 misappropriation of employee wage withholdings and to penalties.

29 **§ 143B-437.111. Rules for the North Carolina Work and Save Program.**

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

- 31 (1) Establish the processes for enrollment and contributions to Payroll Deduction
32 IRAs under the Program, including elections by covered employees,
33 withholding by covered employers of employee payroll deduction
34 contributions from wages and remittance for deposit to IRAs, and voluntary
35 enrollment and contributions by others, including self-employed individuals
36 and independent contractors, through payroll deduction or otherwise.
37 (2) Establish the processes for withdrawals, rollovers, and direct transfers from
38 IRAs under the Program in the interest of facilitating portability and
39 maximization of benefits.
40 (3) Establish processes for phasing in enrollment of eligible individuals.
41 (4) Conduct outreach to individuals, employers, other stakeholders, and the public
42 regarding the Program. Specify the contents, frequency, timing, and means of
43 required disclosures from the Program to covered employees, participants,
44 other individuals eligible to participate in the Program, covered employers,
45 and other interested parties. These disclosures shall include, but need not be
46 limited to:
47 a. The benefits associated with tax-favored retirement saving.
48 b. The potential advantages and disadvantages associated with
49 contributing to Roth IRAs and, if applicable, traditional IRAs under
50 the Program.
51 c. The eligibility rules for Roth IRAs and, if applicable, traditional IRAs.

- 1 d. That the individual and not the employer, the State, the Board, any
2 Board member or other State official, or the Program will be solely
3 responsible for determining whether and, if so, how much the
4 individual is eligible to contribute on a tax-favored basis to an IRA.
5 e. The penalty for excess contributions to IRAs and the method of
6 correcting excess contributions.
7 f. Instructions for enrolling, making elections to contribute or to decline
8 to contribute, and making elections regarding contribution rates, type
9 of IRA, and investments.
10 g. Instructions for implementing and for changing the elections.
11 h. The potential availability of a saver's tax credit, including the
12 eligibility conditions for the credit and instructions on how to claim it.
13 i. That employees seeking tax, investment, or other financial advice
14 should contact appropriate professional advisors, and that Covered
15 Employers are not in a position to provide such advice and are not
16 liable for decisions individuals make in relation to the Program.
17 j. That the Payroll Deduction IRAs are intended not to be
18 employer-sponsored retirement plans and that the Program is not an
19 employer-sponsored retirement plan.
20 k. The potential implications of account balances under the Program for
21 the application of asset limits under certain public assistance
22 programs.
23 l. That the account owner is solely responsible for investment
24 performance, including market gains and losses, and that IRA
25 accounts and rates of return are not guaranteed by any employer, the
26 State, the Board, any Board member or State official, or the Program.
27 m. Additional information about retirement and saving and other
28 information designed to promote financial literacy and capability
29 which may take the form of links to, or explanations of how to obtain,
30 such information.
31 n. How to obtain additional information about the Program.

32 **"§ 143B-427.112. Protection from liability for covered employers.**

33 (a) A covered employer or other employer is not and shall not be liable for or bear
34 responsibility for any of the following:

- 35 (1) An employee's decision to participate in or not to participate in the Program
36 or a participant's specific elections under the Program.
37 (2) Participants' or the Board's investment decisions.
38 (3) The administration, investment, investment returns, or investment
39 performance of the Program, including, without limitation, any interest rate or
40 other rate of return on any contribution or account balance, provided they play
41 no role.
42 (4) The Program design or the benefits paid to participants.
43 (5) Individuals' awareness of or compliance with the conditions and other
44 provisions of the tax laws that determine which individuals are eligible to
45 make tax-favored contributions to IRAs, in what amount, and in what time
46 frame and manner.
47 (6) Any loss, failure to realize any gain, or any other adverse consequences,
48 including, without limitation, any adverse tax consequences or loss of
49 favorable tax treatment, public assistance, or other benefits, incurred by any
50 person as a result of participating in the Program.

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

3 **"§ 143B-427.113. Protection from liability for the State.**

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

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

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

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

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

19 **"§ 143B-427.114. Confidentiality of participant and account information.**

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

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

27 (2) To the extent that the individual who provides the information or is the subject
28 of the information expressly agrees in writing to the disclosure of the
29 information.

30 **"§ 143B-427.115. Funding of Program.**

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

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

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

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

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

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

43 **"§ 143B-427.116. Annual report.**

44 (a) The Board shall cause an accurate account of all of the Program's, Trust's, and Board's
45 activities, operations, receipts, and expenditures to be maintained. By October 1 of each year, the
46 Board shall submit to the Governor and the Joint Legislative Commission of Governmental
47 Operations a report, detailing the activities, operations, receipts, and expenditures of the Program
48 and Board during the preceding calendar year. The report shall also include projected activities
49 of the Program for the current calendar year and any necessary statutory recommendations and
50 appropriations.

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

9 **"§ 143B-427.117. Implementation.**

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

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

15 (1) That a portion or aspect of the Program is preempted by ERISA, in which
16 event the Board shall not implement that portion or aspect of the Program but
17 shall proceed to implement the remainder of the Program to the extent
18 practicable; or

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

24
25 **FUNDS FOR THE NORTH CAROLINA ASSOCIATION OF PHARMACISTS**

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

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

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

38 (3) As a condition of receiving a grant under this program, a pharmacy shall
39 provide documented proof of cost for acquiring the cold storage unit that is
40 satisfactory to the NCAP, including the price paid for the cold storage unit and
41 any associated fees for delivery and installation.

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

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

47 **SECTION 5.17.(b)** The NCAP shall award all grants under this program by March
48 31, 2022. By June 1, 2022, the NCAP shall submit a report to the General Assembly announcing
49 the identity of the grantees and the amount awarded to each grantee.

50
51 **DISTRIBUTION OF SALARY RESERVE FUNDS**

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

4
5 **PART VI. COMMUNITY COLLEGE SYSTEM**

6
7 **CC JOINT PROGRAM ENROLLMENT OF PUBLIC SCHOOL STUDENTS**

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

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

- 20 (1) Total enrollment funding, the number of budgeted full-time equivalent
21 students, and the number of students enrolled in courses through cooperative
22 innovative high schools, the College Transfer pathway, and the Career and
23 Technical Education pathway.
24 (2) The cost and number of waivers of tuition and registration fees provided for
25 students enrolled in courses through cooperative innovative high schools, the
26 College Transfer pathway, and the Career and Technical Education pathway.
27 (3) Any additional costs of a student attending courses on campus if a student is
28 not attending public school in a local school administrative unit for the
29 majority of the student's instructional time.

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

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

37 **"§ 115C-238.55. Evaluation of cooperative innovative high schools.**

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

50 **SECTION 6.3.(c)** This section applies beginning with the 2021-2022 academic year.
51

CC CHILDCARE GRANT PROGRAM/REPORT

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

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

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

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

CC PROGRAM OUTCOME REPORTING

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

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

MARKETING AND OUTREACH FOR CTE AND WORK-BASED LEARNING PROGRAMS

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

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

EXPANSION OF APPRENTICESHIP PROGRAMS FOR SMALL BUSINESSES/HIGH DEMAND TRADES

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

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

- 25 (1) Forty percent (40%) of the funds shall be allocated for apprenticeship
26 programs for apprentices that are enrolled in curriculum degree programs.
- 27 (2) Fifteen percent (15%) of the funds shall be allocated for apprenticeship
28 programs for apprentices that are high school students.
- 29 (3) The remaining funds shall be allocated for apprenticeship programs for
30 apprentices pursuing short-term workforce credentials.

31 Recipients of grants may be reimbursed for up to two thousand dollars (\$2,000) each
32 fiscal year in program expenses, including costs for purchasing program equipment and for costs
33 associated with payroll, mentor stipends, insurance, training, uniforms, and safety equipment.
34 For apprentices enrolled in curriculum degree programs and short-term workforce courses, up to
35 two thousand five hundred dollars (\$2,500) in grant funds may be used each fiscal year to cover
36 the cost of tuition, fees, and books for apprentices enrolled at community colleges. Grant funds
37 may also be used to cover the costs of the salary of apprentices upon matching funds being made
38 available by a grant recipient in accordance with subsection (c) of this section. Apprentices
39 participating in the grant program paid with matching State funds shall be limited to an hourly
40 rate of pay of fifteen dollars (\$15.00) for non-high school students and fourteen dollars (\$14.00)
41 for high school students.

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

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

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

8 9 **PART VII. PUBLIC INSTRUCTION**

10 11 **FUNDS FOR CHILDREN WITH DISABILITIES**

12 **SECTION 7.1.(a)** The State Board of Education shall allocate additional funds for
13 children with disabilities on the basis of four thousand five hundred forty-nine dollars and
14 eighty-eight cents (\$4,549.88) per child for the 2021-2022 fiscal year. Each local school
15 administrative unit shall receive funds for the lesser of (i) all children who are identified as
16 children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its
17 2021-2022 allocated average daily membership in the local school administrative unit. The dollar
18 amounts allocated under this subsection for children with disabilities shall also be adjusted in
19 accordance with legislative salary increments, retirement rate adjustments, and health benefit
20 adjustments for personnel who serve children with disabilities.

21 **SECTION 7.1.(b)** 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 2022-2023 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) thirteen percent (13%) of its 2022-2023 allocated average daily
26 membership in the local school administrative unit. The dollar amounts allocated under this
27 subsection for children with disabilities shall also be adjusted in accordance with legislative
28 salary increments, retirement rate adjustments, and health benefit adjustments for personnel who
29 serve children with disabilities.

30 31 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

32 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
33 academically or intellectually gifted children on the basis of one thousand three hundred
34 sixty-four dollars and seventy-eight cents (\$1,364.78) per child for fiscal years 2021-2022 and
35 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent
36 (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children
37 identified as academically or intellectually gifted in the unit. The dollar amounts allocated under
38 this section for academically or intellectually gifted children shall also be adjusted in accordance
39 with legislative salary increments, retirement rate adjustments, and health benefit adjustments
40 for personnel who serve academically or intellectually gifted children.

41 42 **SUPPLEMENTAL FUNDING IN LOW WEALTH COUNTIES**

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

- 1 **SECTION 7.3.(b)** Definitions. – As used in this section, the following definitions
2 apply:
- 3 (1) Anticipated county property tax revenue availability. – The county-adjusted
4 property tax base multiplied by the effective State average tax rate.
- 5 (2) Anticipated State average revenue availability per student. – The sum of all
6 anticipated total county revenue availability divided by the average daily
7 membership for the State.
- 8 (3) Anticipated total county revenue availability. – The sum of the following:
9 a. Anticipated county property tax revenue availability.
10 b. Local sales and use taxes received by the county that are levied under
11 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
12 Chapter 105 of the General Statutes.
13 c. Fines and forfeitures deposited in the county school fund for the most
14 recent year for which data are available.
- 15 (4) Anticipated total county revenue availability per student. – The anticipated
16 total county revenue availability for the county divided by the average daily
17 membership of the county.
- 18 (5) Average daily membership. – Average daily membership as defined in the
19 North Carolina Public Schools Allotment Policy Manual adopted by the State
20 Board of Education. If a county contains only part of a local school
21 administrative unit, the average daily membership of that county includes all
22 students who reside within the county and attend that local school
23 administrative unit.
- 24 (6) County-adjusted property tax base. – Computed as follows:
25 a. Subtract the present-use value of agricultural land, horticultural land,
26 and forestland in the county, as defined in G.S. 105-277.2, from the
27 total assessed real property valuation of the county.
28 b. Adjust the resulting amount by multiplying by a weighted average of
29 the three most recent annual sales assessment ratio studies.
30 c. Add to the resulting amount the following:
31 1. Present-use value of agricultural land, horticultural land, and
32 forestland, as defined in G.S. 105-277.2.
33 2. Value of property of public service companies, determined in
34 accordance with Article 23 of Chapter 105 of the General
35 Statutes.
36 3. Personal property value for the county.
- 37 (7) County-adjusted property tax base per square mile. – The county-adjusted
38 property tax base divided by the number of square miles of land area in the
39 county.
- 40 (8) County wealth as a percentage of State average wealth. – Computed as
41 follows:
42 a. Compute the percentage that the county per capita income is of the
43 State per capita income and weight the resulting percentage by a factor
44 of five-tenths.
45 b. Compute the percentage that the anticipated total county revenue
46 availability per student is of the anticipated State average revenue
47 availability per student and weight the resulting percentage by a factor
48 of four-tenths.
49 c. Compute the percentage that the county-adjusted property tax base per
50 square mile is of the State-adjusted property tax base per square mile
51 and weight the resulting percentage by a factor of one-tenth.

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

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

40 **SECTION 7.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this
41 section, the amount received per average daily membership for a county shall be the difference
42 between the State average current expense appropriations per student and the current expense
43 appropriations per student that the county could provide given the county's wealth and an average
44 effort to fund public schools. To derive the current expense appropriations per student that the
45 county could be able to provide given the county's wealth and an average effort to fund public
46 schools, multiply the county's wealth as a percentage of State average wealth by the State average
47 current expense appropriations per student. The funds for the local school administrative units
48 located in whole or in part in the county shall be allocated to each local school administrative
49 unit located in whole or in part in the county based on the average daily membership of the
50 county's students in the school units. If the funds appropriated for supplemental funding are not

1 adequate to fund the formula fully, each local school administrative unit shall receive a pro rata
2 share of the funds appropriated for supplemental funding.

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

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

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

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

37 The State Board of Education shall adopt rules to implement the requirements of this
38 subsection.

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

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

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

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

12
 13 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

14 **SECTION 7.4.(a)** Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except
 15 as otherwise provided in subsection (d) of this section, each eligible county school administrative
 16 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

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

31 Allotments for eligible local school administrative units under this subsection shall
 32 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
 33 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for
 34 funding if either the highest of the first two months' total projected average daily membership for
 35 the current year or the higher of the first two months' total prior year average daily membership
 36 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
 37 section.

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

44 Allotments for eligible local school administrative units under this subsection shall
 45 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
 46 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for
 47 funding if either the highest of the first two months' total projected average daily membership for
 48 the current year or the higher of the first two months' total prior year average daily membership
 49 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
 50 section.

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

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

15 The State Board of Education shall adopt rules to implement the requirements of this
16 subsection.

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

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

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

27 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

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

- 31 (1) Provide instructional positions or instructional support positions.
- 32 (2) Provide professional development.
- 33 (3) Provide intensive in-school or after-school remediation, or both.
- 34 (4) Purchase diagnostic software and progress-monitoring tools.
- 35 (5) Provide funds for teacher bonuses and supplements. The State Board of
36 Education shall set a maximum percentage of the funds that may be used for
37 this purpose.

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

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

- 48 (1) For counties with wealth greater than ninety percent (90%) of the statewide
49 average, a ratio of 1:19.9.

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

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

10 **SECTION 7.5.(c)** If a local school administrative unit's wealth increases to a level
11 that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment
12 ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional
13 fiscal year.
14

15 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

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

- 23 (1) Accommodate changes in allowable expenditures of indirect costs associated
24 with the administration of federal grants.
25 (2) Implement other changes necessary to improve the efficiency of the
26 Department.

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

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

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

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

- 38 (1) Reduce funding for any of the following:
39 a. The State Public School Fund, including for the following residential
40 schools:
41 1. The Eastern North Carolina School for the Deaf.
42 2. The North Carolina School for the Deaf.
43 3. The Governor Morehead School.
44 b. Any budget expansion item funded by an appropriation to the
45 Department of Public Instruction by this act for the 2021-2023 fiscal
46 biennium.
47 (2) Transfer from or reduce funding or positions for any of the following:
48 a. Communities in Schools of North Carolina, Inc.
49 b. Teach for America, Inc.
50 c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing,
51 Inc.

- d. The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
- e. The North Carolina School Connectivity Program.
- f. The North Carolina Center for the Advancement of Teaching.
- g. The North Carolina Innovative School District.
- h. The Schools That Lead Program.
- i. The Center for Safer Schools.

REPORT ON K-12 COMPUTER SCIENCE DATA

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

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

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

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

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

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

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

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

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

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

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

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

1 "(19) Computer science reporting. – A laboratory school shall annually report the
2 information required by G.S. 115C-12(47) to the State Board of Education no
3 later than September 15."
4

5 **SCHOOLS THAT LEAD PROGRAM**

6 **SECTION 7.11.(a)** Program; Purpose. – Of the funds appropriated to the Department
7 of Public Instruction by this act for the Schools That Lead Program (Program), the Department
8 shall contract with Schools That Lead, Inc., to provide professional development to teachers and
9 principals in up to 75 schools, beginning with the 2021-2022 school year and ending in the
10 2025-2026 school year. The selected schools shall be charter schools or schools under the
11 authority of a local school administrative unit. Professional development services shall be offered
12 to teachers and principals in kindergarten through grade 12. The Superintendent of Public
13 Instruction, in consultation with Schools That Lead, Inc., shall determine which schools are
14 eligible to participate in the Program. At a minimum, the Program shall offer services to three
15 cohorts of schools, as follows:

- 16 (1) High schools working to increase on-time graduation.
- 17 (2) Middle schools working to prepare students to succeed in high school by
18 reducing the likelihood of retention in the ninth grade for multiple school
19 years.
- 20 (3) Elementary schools working to reduce the number of students with early
21 warning indicators of course failures, absences, and discipline.

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

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

40 **PERMIT USE OF SPECIAL STATE RESERVE FUND FOR** 41 **TRANSPORTATION/ESTABLISH TRANSPORTATION RESERVE FUND FOR** 42 **HOMELESS AND FOSTER CHILDREN**

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

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

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

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

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

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

- 34 (1) A list of local school administrative units receiving funds from this section.
- 35 (2) The amount of funds applied for by each local school administrative unit.
- 36 (3) The amount of funds received by each local school administrative unit.
- 37 (4) How the funds were spent by each local school administrative unit, including
38 the number of students transported and the locations between which the
39 students were transported.
- 40 (5) Any other information the Department of Public Instruction deems relevant to
41 this section.

42 **ELIMINATE INNOVATION ZONE GRANTS**

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

45 "Article 7A.

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

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

48 **SECTION 7.13.(c)** Section 6 of S.L. 2016-110, as amended by Section 7.26E(e) of
49 S.L. 2017-57 and Section 2.13 of S.L. 2018-97, is repealed.
50
51

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.
- (3) High schools to use content approved by the State Board of Community Colleges, in consultation with the State Board of Education.
- (4) To ensure students shall not require remediation upon placement at a North Carolina community college, the State Board of Community Colleges shall establish the following for the program:
 - a. Appropriate measures of successful completion of the remedial content to ensure students are prepared for coursework at a North Carolina community college without need for further remediation in mathematics or reading and English.

1 b. The length of time following high school graduation in which a student
2 who successfully completed high school remedial content will not be
3 required to enroll in developmental courses at a North Carolina
4 community college.

5 (5) Delivery of remedial content by high school faculty consistent with policies
6 adopted by the State Board of Community Colleges and the State Board of
7 Education. The policies shall include, at a minimum, the following
8 requirements:

9 a. High school faculty teaching the approved remedial content shall
10 successfully complete training requirements as determined by the
11 State Board of Community Colleges, in consultation with the State
12 Board of Education.

13 b. The North Carolina Community College System shall periodically
14 review the remedial content and professional development
15 requirements to ensure appropriate instructional delivery.

16 (b) Report. – Beginning December 15, 2021, and annually thereafter, the State Board of
17 Community Colleges and the State Board of Education shall jointly report to the Senate
18 Appropriations Committee on Education/Higher Education, the House Appropriations
19 Committee on Education, the Fiscal Research Division, and the Joint Legislative Education
20 Oversight Committee on program outcomes, including impact on remediation rates by public
21 school units in both mathematics and reading and English for recent high school graduates
22 entering a North Carolina community college."

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

24 "a. The Board may develop exit standards that shall be required for high
25 school graduation. The Board shall require the following for high
26 school graduation:

27 1. Successful completion of instruction in cardiopulmonary
28 resuscitation as provided in G.S. 115C-81.25(c)(10).

29 2. A passing grade in the semester course on the Founding
30 Principles of the United States of America and the State of
31 North Carolina described in G.S. 115C-81.45(d)(1).

32 3. Participation in the Career and College Ready Program for
33 students who do not meet readiness indicators by the beginning
34 of their senior year unless qualifying for an exemption prior to
35 high school graduation pursuant to G.S. 115C-81.90.

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

37 "(aa) The State Board of Community Colleges shall establish the Career and College Ready
38 Program with the State Board of Education for the purpose of introducing college developmental
39 mathematics and developmental reading and English content during high school and providing
40 opportunities in all high schools statewide for college remediation for students prior to high
41 school graduation through cooperation with community college partners in accordance with
42 G.S. 115C-81.90. Beginning December 15, 2021, and annually thereafter, the State Board of
43 Community Colleges and the State Board of Education shall jointly report to the Joint Legislative
44 Education Oversight Committee on program outcomes, including impact on remediation rates by
45 public school units in both mathematics and reading and English for recent high school graduates
46 entering a North Carolina community college."

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

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

50
51 **SCHOOL SAFETY GRANTS PROGRAM**

1 **SECTION 7.19.(a)** Article 8C of Chapter 115C of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 115C-105.61. School safety grants.**

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

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

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

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

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

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

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

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

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

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

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

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

42 a. Cognitive or behavioral problems.

43 b. Developmental delays.

44 c. Aggressive behavior.

45 (3) Evidence-based therapy services aligned with targeted training for students
46 and their parents or guardians, including any of the following:

47 a. Parent-child interaction therapy.

48 b. Trauma-focused cognitive behavioral therapy.

49 c. Dialectical behavior therapy.

50 d. Child-parent psychotherapy.

1 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
2 increase school safety. Of the funds appropriated to the Department of Public
3 Instruction for the grants provided in this section, the Superintendent shall use
4 no more than three and one-half percent (3.5%) in each fiscal year for the
5 services identified in this subdivision.

6 (f) Grants for Training to Increase School Safety. – From funds made available for school
7 safety grants, the Superintendent of Public Instruction, in consultation with the Department of
8 Health and Human Services, shall award grants to public school units to contract with community
9 partners to address school safety by providing training to help students develop healthy responses
10 to trauma and stress. The training shall be targeted and evidence-based and shall include any of
11 the following services:

12 (1) Counseling on Access to Lethal Means (CALM) training for school health
13 support personnel, local first responders, and teachers on the topics of suicide
14 prevention and reducing access by students to lethal means.

15 (2) Training for school health support personnel on comprehensive and
16 evidence-based clinical treatments for students and their parents or guardians,
17 including any of the following:

18 a. Parent-child interaction therapy.

19 b. Trauma-focused cognitive behavioral therapy.

20 c. Behavioral therapy.

21 d. Dialectical behavior therapy.

22 e. Child-parent psychotherapy.

23 (3) Training for students and school employees on community resilience models
24 to improve understanding and responses to trauma and significant stress.

25 (4) Training for school health support personnel on Modular Approach to
26 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
27 problems (MATCH-ADTC), including any of the following components:

28 a. Trauma-focused cognitive behavioral therapy.

29 b. Parent and student coping skills.

30 c. Problem solving.

31 d. Safety planning.

32 (5) Any other training, including the training on the facilitation of peer-to-peer
33 mentoring, that is likely to increase school safety. Of the funds appropriated
34 to the Department of Public Instruction for the grants provided in this section,
35 the Superintendent shall use no more than three and one-half percent (3.5%)
36 in each fiscal year for the services identified in this subdivision.

37 (g) Grants for Safety Equipment. – From funds made available for school safety grants,
38 the Superintendent of Public Instruction shall award grants to public school units for (i) the
39 purchase of safety equipment for school buildings and (ii) training associated with the use of
40 safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),
41 charter schools may receive grants for school safety equipment pursuant to this subsection.

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

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

49 (j) Report. – No later than April 1 of each year in which funds are made available for the
50 Program, the Superintendent of Public Instruction shall report on the Program to the Joint
51 Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on

1 Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public
2 Safety, the Joint Legislative Commission on Governmental Operations, the Senate
3 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
4 Research Division. The report shall include at least the following information:

- 5 (1) The identity of each public school unit and community partner that received
6 grant funds through the Program.
- 7 (2) The amount of funding received by each entity identified pursuant to
8 subdivision (1) of this subsection.
- 9 (3) The services, training, and equipment purchased with grant funds.
- 10 (4) Recommendations for the implementation of additional effective school
11 safety measures."

12 **SECTION 7.19.(b)** Notwithstanding the Committee Report described in Section
13 43.2 of this act or any other provision of law to the contrary, the funds appropriated by this act
14 for the 2021-2023 fiscal biennium to the Department of Public Instruction for the School Safety
15 Grants Program shall be reduced by three hundred five thousand dollars (\$305,000) in recurring
16 funds for each year of the fiscal biennium.

18 **TEACHNC RECRUITMENT INITIATIVE**

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

23 **SECTION 7.20.(b)** The Department shall report to the Senate Appropriations
24 Committee on Education/Higher Education, the House Appropriations Committee on Education,
25 the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March
26 15, 2022, and annually thereafter, on implementation of the platform, including integration of the
27 technology with outside entities, such as educator preparation programs (EPPs) and businesses,
28 and data on user outcomes, including at least the following:

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

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

41 **EXTEND STUDENT MEAL DEBT REPORT**

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

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

- 46 (1) The percentage of students of all grade levels in each local school
47 administrative unit who (i) qualify for and participate in reduced-price meals
48 and (ii) do not carry an unpaid meal charge.
- 49 (2) The total amount of debt carried by each local school administrative unit
50 related to unpaid meal charges.

- 1 (3) Summaries of approaches adopted by each local school administrative unit
2 regarding unpaid meal charges.
- 3 (4) Options for a statewide policy on the uniform administration of unpaid meal
4 charges in local school administrative units. Every option shall ensure that
5 students are not prevented from receiving nutritious meals because of an
6 unpaid meal charge."
7

8 COVID-19 ADM AND CHILDREN WITH DISABILITIES RESERVE

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

22 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF 23 RESERVE FUNDS

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

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

- 32 (1) \$20,000,000 shall be used by the Department to allocate funds to each public
33 school unit in the State, except for schools operated by the State Board of
34 Education, to ensure that each public school unit receives a total amount from
35 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund
36 of at least four hundred dollars (\$400.00) per pupil in federal grant funds
37 according to the following:
- 38 a. If a public school unit did not receive funds pursuant to subsection (d)
39 of section 2001, the public school unit shall receive an amount equal
40 to four hundred dollars (\$400.00) per pupil.
- 41 b. If a public school unit received funds pursuant to subsection (d) of
42 section 2001, the per pupil amount allocated under this subdivision
43 shall be reduced so that (i) the total amount in federal grant funds from
44 the ESSER III Fund is equal to four hundred dollars (\$400.00) per
45 pupil or (ii) the public school unit receives no additional funding
46 because the total amount from the ESSER III Fund would exceed four
47 hundred dollars (\$400.00) per pupil.
- 48 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School
49 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina
50 School for the Deaf for school facility repairs and improvements to enable
51 operation of the schools to reduce risk of virus transmission and exposure to

1 environmental health hazards and to support student health needs. The funds
2 may be used for inspection, testing, maintenance, repair, replacement, and
3 upgrade projects to improve the indoor air quality in school facilities,
4 including mechanical and nonmechanical heating, ventilation, and air
5 conditioning systems, filtering, purification and other air cleaning, fans,
6 control systems, and window and door repair and replacement.

7 (3) \$36,000,000 to be held in a reserve by the Department to be allocated to public
8 school units as grants to support COVID-19 related needs, including for
9 in-person instruction supplemental programs to address learning loss and
10 provide enrichment activities, such as for after-school and before-school
11 programs, during the instructional year. The allocation of grants shall be
12 prioritized to public school units based on the percentage of disadvantaged
13 and low-income students impacted by COVID-19. The Department may
14 allocate up to fifty percent (50%) of the funds as grants to public school units
15 prior to July 1, 2022.

16 (4) \$36,000,000 to be held in a reserve by the Department to be allocated to public
17 school units as grants to support COVID-19 related needs, including for
18 in-person instruction summer programs to address learning loss and provide
19 enrichment activities. The allocation of grants shall be prioritized to public
20 school units based on the percentage of disadvantaged and low-income
21 students impacted by COVID-19. The Department may allocate up to fifty
22 percent (50%) of the funds as grants to public school units prior to July 1,
23 2022.

24 (5) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,
25 2022, for the deployment of a competency-based education platform that
26 enables the development of credit by demonstrated mastery for students for
27 grades two through 12 for credit recovery or acceleration to address various
28 education delivery methods during the COVID-19 pandemic. The platform
29 shall also be used for teacher competency and professional development and
30 principal professional development. The Department shall submit an interim
31 report by April 15, 2022, and a final report by April 15, 2023, to the Joint
32 Legislative Education Oversight Committee on the deployment of the
33 competency-based education platform, including the use of funds for
34 professional development.

35 (6) \$10,000,000, of which up to fifty percent (50%) may be used prior to July 1,
36 2022, to support a common learning management system to be utilized for
37 in-person and remote instruction for kindergarten through fifth grade for a
38 period of up to three years. Funds may also be used for the kindergarten
39 readiness programs based on the Science of Reading.

40 (7) \$37,500,000, of which up to fifty percent (50%) may be used prior to July 1,
41 2022, for teacher and principal professional development for implementing
42 the Science of Reading and the requirements of the Excellent Public Schools
43 Act of 2021.

44 (8) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1,
45 2022, to contract with external research partners pursuant to subdivision (4)
46 of Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L. 2021-3, to
47 assess the impact of COVID-19 on public school units and the responses of
48 the State to the challenges presented by COVID-19.

49 (9) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,
50 2022, for five new time-limited and full-time equivalent positions in the

- 1 Office of Learning Recovery and Acceleration of the Department and
2 associated operating costs in response to the COVID-19 pandemic.
- 3 (10) \$500,000, of which up to fifty percent (50%) may be used prior to July 1,
4 2022, to support expansion of the North Carolina Preschool Pyramid Model
5 (NCPDM) across and within local school administrative unit preschool
6 programs and to support the implementation of NCPDM in kindergarten in a
7 developmentally appropriate and vertically aligned manner. Funds shall be
8 used to provide training, consultation, and ongoing support for local school
9 administrative units to implement the NCPDM framework to prekindergarten
10 and kindergarten classrooms, with priority given to low-performing schools
11 and local school administrative units affected by COVID-19 that receive
12 low-wealth supplemental funding.
- 13 (11) \$6,650,000, of which up to fifty percent (50%) may be used prior to July 1,
14 2022, to establish a grant program, in response to the COVID-19 pandemic,
15 to allocate funds to public school units to identify and locate missing students
16 by contracting with any of the following:
- 17 a. One or more third-party entities to provide technology to assist with
18 this purpose.
- 19 b. Outside personnel.
- 20 (12) \$350,000 to contract with the State Auditor, in response to the COVID-19
21 pandemic, to perform detailed analyses of the attendance and truancy policies
22 and procedures for the 2021-2022 school year of at least two small, two
23 medium-sized, and two large local school administrative units, selected
24 randomly by the State Auditor. The State Auditor may contract with
25 third-party entities, as needed, for services related to the analyses. No later
26 than June 30, 2022, the State Auditor shall report to the Joint Legislative
27 Education Oversight Committee, the Senate Appropriations Committee on
28 Education/Higher Education, the House Appropriations Committee on
29 Education, and the Fiscal Research Division on the results of the analyses and
30 any recommendations to remediate student absenteeism.
- 31 (13) \$2,000,000, of which up to fifty percent (50%) shall be used prior to July 1,
32 2022, to contract with a third-party entity for a period of up to two years to
33 develop and implement a system of tracking expenditures of State and federal
34 funds provided for subscription services and technology in response to the
35 COVID-19 pandemic.
- 36 (14) \$100,000 to be used prior to July 1, 2022, to establish one new time-limited
37 and full-time equivalent position at the Department to manage new software
38 platforms for public school students funded pursuant to this section in
39 response to the COVID-19 pandemic.
- 40 (15) \$1,000,000, of which up to fifty percent (50%) shall be used prior to July 1,
41 2022, for the School Planning Section of the Department to contract with a
42 third-party entity in response to the COVID-19 pandemic to make available
43 to all local school administrative units and counties technology for the
44 following purposes related to elementary and secondary education:
- 45 a. A consolidated information database regarding all of the following
46 education-related expenses:
- 47 1. Status and details of expected, proposed, and issued local
48 bonds.
- 49 2. Interactive listing of vendors providing products and services,
50 including ratings and reviews of vendors.

- 1 3. Document-sharing functionality related to purchased products
2 and services, including capital improvement projects.
- 3 b. A software platform to advertise nationwide requests for proposals
4 from local school administrative units and county governments for
5 education-related products and services, including capital
6 improvement projects.
- 7 (16) \$18,500,000, of which up to fifty percent (50%) shall be used prior to July 1,
8 2022, to be allocated to public school units on the basis of average daily
9 membership in response to the COVID-19 pandemic to contract with a
10 third-party entity for technology to mitigate cyberbullying, monitor student
11 internet activity, monitor classroom educational devices, and assist with
12 suicide prevention services.
- 13 (17) \$2,500,000, of which up to fifty percent (50%) shall be used prior to July 1,
14 2022, to be allocated to public school units on the basis of average daily
15 membership in response to the COVID-19 pandemic to contract with
16 Gaggle.Net, Inc., for technology to mitigate cyberbullying, monitor student
17 internet activity, monitor classroom educational devices, and assist with
18 suicide prevention services.
- 19 (18) \$2,600,000 to be allocated prior to July 1, 2022, to local school administrative
20 units and charter schools, including virtual charter schools authorized
21 pursuant to Section 8.35(b) of S.L. 2014-100, as amended by Section 7.13 of
22 S.L. 2018-5, to account for additional students enrolled in local school
23 administrative units and charter schools during the 2020-2021 school year as
24 a result of the COVID-19 pandemic. The Department shall allocate six
25 hundred dollars (\$600.00) per month for each student enrolled in a local
26 school administrative unit or charter school above the number of students
27 accounted for by the Department in the funded average daily membership for
28 the unit or school from the 2020-2021 school year. For charter schools, funds
29 shall be provided only for additional students legally enrolled at the school in
30 accordance with the school's charter, G.S. 115C-218.7(b), and Section 3.2 of
31 S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3.
- 32 (19) \$100,000,000, of which up to fifty percent (50%) may be used prior to July 1,
33 2022, to be allocated to public school units to provide teachers with up to an
34 eleventh month of salary pursuant to this subdivision. Notwithstanding
35 G.S. 115C-302.1, for the 2021-2024 school years, a veteran teacher or growth
36 teacher may apply to his or her principal to be employed for a term of 11
37 months. In the discretion of the principal, a teacher who receives a term of 11
38 months pursuant to this subdivision may either work for an additional month
39 following the school year or work additional hours during the school year
40 amounting to up to one additional month of employment. Work performed
41 during this time shall address learning loss resulting from the COVID-19
42 pandemic, including the supplementary instruction for students, professional
43 development, and mentoring of other teachers. For purposes of this
44 subdivision, the following definitions shall apply:
- 45 a. Growth teacher. – A teacher who received a bonus in January of 2020,
46 based on data from the 2018-2019 school year, pursuant to any of the
47 following programs:
- 48 1. The Third Grade Read to Achieve Teacher Bonus Program
49 provided in Section 8.8C of S.L. 2017-57, as amended by
50 Section 2.10 of S.L. 2017-97 and Section 8.10 of S.L. 2018-5.

- 1 2. The Fourth and Fifth Grade Reading Teacher Bonus Program
2 provided in Section 8.8D of S.L. 2017-57, as amended by
3 Section 8.11 of S.L. 2018-5.
4 3. The Fourth to Eighth Grade Math Teacher Bonus Program
5 provided in Section 8.8E of S.L. 2017-57, as amended by
6 Section 8.12 of S.L. 2018-5.
7 b. Veteran teacher. – A teacher with at least 25 years of experience as a
8 licensed teacher.
9 (20) \$1,000,000, of which up to fifty percent (50%) may be used prior to July 1,
10 2022, in additional funding for services provided by Beginnings for Parents
11 of Children Who Are Deaf or Hard of Hearing, Inc., for outreach to and
12 support of North Carolina families affected by COVID-19.
13 (21) \$970,000 for the Department to contract with Schools That Lead, Inc., to
14 develop or purchase a statewide, online platform that allows teachers to share
15 student performance improvement methods across the State and to also
16 support the Schools That Lead Program set forth in Section 7.11 of this act.
17 The Department shall allocate up to three hundred thousand dollars
18 (\$300,000) to Schools That Lead, Inc., for the contract prior to July 1, 2022.
19 The Department shall allocate any remaining funds for the contract on or after
20 July 1, 2022.
21 (22) \$18,000,000, of which up to fifty percent (50%) may be used prior to July 1,
22 2022, to provide coaching support and professional development for
23 principals and school improvement leadership teams in local school
24 administrative units. Funds shall be used (i) to design and implement a
25 leadership institute for principals employed in qualifying public schools and
26 (ii) to provide grants to local school administrative units in which a majority
27 of the public schools are qualifying public schools for flexible improvement
28 and intervention options approved by the Department to address negative
29 impacts of COVID-19. Up to two million dollars (\$2,000,000) of these funds
30 may be used for 20 time-limited or full-time equivalent positions for the
31 Department to support the activities set forth in this subdivision. For the
32 purposes of this subdivision, a qualifying public school is a school meeting
33 the following criteria:
34 a. For the most recent year for which data are available, has a school
35 performance score in the lowest-performing five percent (5%) of all
36 schools.
37 b. Receives funds under Part A of Title I of the Elementary and
38 Secondary Education Act of 1965, as amended.
39 c. Is governed by a local board of education.
40 d. Is not one of the following types of schools:
41 1. An alternative school.
42 2. A cooperative innovative high school.
43 3. A school that was in its first or second year of operation in the
44 previous school year.
45 4. A newcomers school. For the purposes of this subdivision, a
46 newcomers school is a school in which at least ninety percent
47 (90%) of its students are enrolled for no more than one year on
48 the basis of their status as recently arrived English language
49 learners.
50 (23) \$5,000,000 to be transferred to the Board of Governors of The University of
51 North Carolina to be allocated to the National College Advising Corps, Inc.

(CAC), a nonprofit organization, to support a temporary expansion of the placement of college advisers in North Carolina public schools through their program over a two-year period for the purpose of increasing the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering its mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. CAC uses near-peer college advisers to perform various services for students, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents. The Board of Governors may allocate up to two million five hundred thousand dollars (\$2,500,000) to CAC prior to July 1, 2022. The Board of Governors may allocate the remaining funds to CAC through the deadline established by applicable federal law and guidance for the expenditure of the funds. Funds made available to CAC pursuant to this subdivision shall be matched by CAC on the basis of two dollars (\$2.00) in private funds for every one dollar (\$1.00) in federal funds. CAC shall use the funds provided to it under this subdivision to place college advisers in counties designated as tier one and tier two under G.S. 143B-437.08. CAC shall submit an interim report by October 1, 2022, and a final report by October 1, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of the funds. CAC shall also include in its final report recommendations on (i) training of school counselors in the public schools based on the experiences of college advisers in the program and (ii) best practices from the program for school counselors on continued increased access for students to postsecondary attainment goals.

(24) \$2,400,000 to be allocated to Communities in Schools of North Carolina, Inc., to provide for the extension of nine-month contracts for its employees for the purpose of providing assistance and enrichment activities over the summers for students in kindergarten through twelfth grade experiencing learning loss and negative impacts from COVID-19. The Department shall allocate up to fifty percent (50%) of these funds to Communities in Schools of North Carolina, Inc., prior to July 1, 2022.

(25) \$10,500,000 to be used for career and technical education (CTE) programs to provide options for students outside traditional classroom instruction during the COVID-19 pandemic as follows:

a. \$9,600,000 to provide grants for local school administrative units to create pilot programs for the expansion of credentials and certifications. The Department may allocate up to fifty percent (50%) of these funds as grants to local school administrative units prior to July 1, 2022.

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

1 pathways. The plan shall also include provisions for professional development
2 and training for teachers, administrators, and other school personnel to
3 facilitate the implementation and success of the pilot. Funds shall be used for
4 licensing fees for the educational software, Plasma Games' operating costs,
5 and for implementation of the pilot by the local school administrative units.
6 Reporting on the pilot shall be provided as follows:

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

20 b. The Department shall provide an annual report beginning June 1,
21 2022, for each school year to the Joint Legislative Education Oversight
22 Committee, the Senate Appropriations Committee on
23 Education/Higher Education, the House Appropriations Committee on
24 Education, and the Fiscal Research Division on the implementation of
25 the pilot and the information reported by participating local school
26 administrative units pursuant to this subdivision. The report shall
27 include any data on student outcomes related to implementation of the
28 pilot, the expenditure of funds described in this subdivision, and
29 recommendations by the Department on modification of the pilot and
30 the need for continued support.

31 (28) \$8,000,000 to be allocated to Mount Airy City Schools to partner with a
32 nonprofit organization to create the North Carolina High-Tech Learning
33 Accelerator, an initiative to provide a network of place-based learning hubs
34 for students with rigorous and experiential pathways for jobs in the technology
35 industry. The initiative shall offer summer immersion and out-of-school
36 options, in addition to other student supports in a core program aimed at
37 enhancing curriculum opportunities for work-based learning. The Department
38 shall allocate up to fifty percent (50%) of these funds to Mount Airy City
39 Schools, prior to July 1, 2022.

40 (29) \$2,500,000, of which up to fifty percent (50%) may be used prior to July 1,
41 2022, to establish a program entitled "Failure Free Reading" to support middle
42 school students who read below grade level. The program shall use rigorous
43 data assessment of student success to support middle school students who
44 continue to struggle with reading, including students who suffered learning
45 loss due to the COVID-19 pandemic. The Department shall create an
46 application for funds and make the application available to public school units
47 prior to October 1, 2021. Local superintendents of public school units may
48 apply for a portion of the funds at a rate of two hundred fifty dollars (\$250.00)
49 per student.

50 (30) \$324,036 to support driver education programs and aid in reducing a backlog
51 of student applicants due to the COVID-19 pandemic.

1 (31) \$4,084,000, of which up to fifty percent (50%) may be used prior to July 1,
2 2022, to contract with Betabox, Inc., in response to the COVID-19 pandemic,
3 to mitigate learning loss in the areas of science, technology, engineering, and
4 mathematics by providing students in public school units with experiences,
5 curriculum, instructional coaching, hands-on equipment, and other needed
6 resources. The Department, in consultation with Betabox, Inc., shall submit
7 an interim report by October 1, 2022, and a final report by October 1, 2024,
8 to the Joint Legislative Education Oversight Committee, the Senate
9 Appropriations Committee on Education/Higher Education, the House
10 Appropriations Committee on Education, and the Fiscal Research Division on
11 the use of the funds allocated pursuant to this subdivision and their impact on
12 student success.

13 (32) \$500,000, of which up to fifty percent (50%) may be used prior to July 1,
14 2022, to transfer to the North Carolina Museum of Art to establish
15 NCMAKids to mitigate learning loss by providing digital learning
16 experiences and activities related to works of art, in response to the COVID-19
17 pandemic.

18 (33) \$800,000, of which up to fifty percent (50%) may be used prior to July 1,
19 2022, to establish a pilot program in response to the COVID-19 pandemic,
20 notwithstanding G.S. 115C-296.2, to improve teacher quality and mitigate
21 learning loss by providing a grant to teachers employed in qualifying public
22 schools during the 2021-2023 fiscal biennium for the cost of the participation
23 fee for National Board for Professional Teaching Standards (NBPTS)
24 certification, as follows:

25 a. Definitions. – The following definitions shall apply in this subdivision:

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

27 I. A public school unit.

28 II. A school providing elementary or secondary
29 instruction operated by The University of North
30 Carolina under Articles 4 and 29 of Chapter 116 of the
31 General Statutes.

32 2. Qualifying public school. – A public school that meets any of
33 the following criteria:

34 I. Is identified as a low-performing school pursuant to
35 G.S. 115C-105.37 or G.S. 115C-218.94.

36 II. Is identified as an innovative school pursuant to
37 G.S. 115C-75.5.

38 III. Enrolled a student body in the school year prior to the
39 teacher's application consisting of at least ten percent
40 (10%) of students identified as at-risk pursuant to State
41 Board of Education policy DROP-001.

42 b. Grant applications and approval. – During the 2021-2023 fiscal
43 biennium, a teacher employed in a qualifying public school may apply
44 to the Department of Public Instruction to receive a grant to reimburse
45 the cost of the participation fee for NBPTS certification. The
46 Department shall develop criteria and guidelines for administering the
47 program. The criteria shall include at least the following requirements:

48 1. The Department shall prioritize the award of grants to teachers
49 based on the need of the school where the teacher is employed
50 at the time of the application, including at least the following
51 criteria:

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- I. A teacher employed in a qualifying public school with more qualifying factors, as identified in sub-sub-sub-subdivisions I. through III. of sub-sub-subdivision 2. of sub-subdivision a. of this subdivision, shall receive priority over a teacher employed in a qualifying public school with fewer qualifying factors.
- II. For teachers employed in qualifying schools pursuant to sub-sub-sub-subdivision III. of sub-sub-subdivision 2. of sub-subdivision a. of this subdivision, teachers employed in schools with a higher percentage of at-risk students shall receive priority over teachers employed in schools with a lower percentage of at-risk schools.
- 2. The Department shall not require a teacher to complete the certification process in order to receive a grant.
- c. Report. – No later than January 15, 2022, and each subsequent year thereafter in which funds allocated pursuant to this subdivision are awarded, the Department shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on the impact of the program, including at least the following information:
 - 1. Number of applicants and recipients of grants.
 - 2. Demographic information of recipients of grants.
 - 3. Employment status of recipients of grants, including the identity of any public school where the recipient is employed and whether the recipient remains employed with his or her original qualifying public school.
 - 4. Licensure area of recipients of grants.
 - 5. Effect of the program on the performance and growth of students taught by recipients.
- (34) \$1,700,000, of which up to fifty percent (50%) may be used prior to July 1, 2022, to establish the School Psychologists Grant Program (Program) in response to the COVID-19 pandemic to improve the safety, mental health, and well-being of students by providing grants to public school units to recruit school psychologists, as follows:
 - a. Grant application. – A public school unit may submit an application to the Superintendent of Public Instruction to receive a grant pursuant to this subdivision. The application shall identify current and ongoing needs for school psychologist services, including needs related to recruitment, and estimated costs associated with those needs.
 - b. Criteria and guidelines. – By November 1, 2021, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants under the Program, including any documentation required to be submitted by applicants.
 - c. Award of funds. – The Superintendent of Public Instruction shall award grants to public school units to provide signing bonuses to recruit school psychologists, as follows:
 - 1. The Department shall prioritize the award of funds to public school units that do not employ a full-time school psychologist at the time the application is submitted.

- 2. No individual bonus shall be greater than five thousand dollars (\$5,000).
- 3. Grants provided to public school units pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

d. Report. – No later than April 1, 2022, and each subsequent year thereafter in which funds allocated pursuant to this subdivision are awarded, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division. The report shall include the identity of each public school unit that received a grant through the Program, the amount of funding provided to the public school unit, and the use of funds by the public school unit.

(35) If, on August 15, 2023, there are any funds that are unencumbered from the Elementary and Secondary School Emergency Relief III Fund reserve of funds pursuant to subsection (f) of section 2001 of the American Rescue Plan Act, those funds shall be reallocated to be used for expenditures on or after that date to meet additional needs of the elementary and secondary schools of the State within federal law and guidelines, as determined by the State Board of Education.

"SECTION 3.5.(b) Authority to Adjust the Use of Funds. – The Department of Public Instruction shall provide all complete and detailed information necessary to the United States Department of Education (U.S. Dept. of Education) on North Carolina's American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) State Plan for the U.S. Dept. of Education to determine whether the funds reserved pursuant to subsection (f) of section 2001 of the American Rescue Plan Act are for permissible uses consistent with federal law and guidelines for the expenditure of funds from the Elementary and Secondary School Emergency Relief (ESSER) Fund, as described under this authorizing legislation. Notwithstanding any other provision of subsection (a) of this section to the contrary, if the Superintendent of Public Instruction receives a letter of determination from the U.S. Dept. of Education that one or more of the purposes described under subsection (a) of this section requires an adjustment in implementation to be consistent with federal law and guidelines for the expenditure of funds from the ESSER Fund, the Department of Public Instruction is authorized to make that adjustment only to the extent necessary to meet the requirements of federal law and guidance. By April 15, 2022, and annually thereafter until the deadline established for the expenditure of funds under federal law and guidelines, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on any adjustments made to the implementation of the use of funds directed by this section, including the reason for the adjustment, the actions taken by the Department in response to the letter from the U.S. Dept. of Education, and recommendations on further actions or changes to be considered by the General Assembly."

TRANSFER OF FUNDS FOR THE SCHOOL BUSINESS SYSTEM MODERNIZATION PLAN

SECTION 7.28. Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2021-2023 fiscal biennium, the Department shall transfer one million four hundred thousand dollars (\$1,400,000) for the 2021-2022 fiscal year and one million four hundred thousand dollars (\$1,400,000) for the 2022-2023 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing

1 public-private partnerships to incorporate annual school report card data for the State into the
2 School Finance Division section of the Department of Public Instruction's website. Grade level
3 and subject level Education Value-Added Assessment System (EVAAS) growth data for local
4 school administrative units and public schools may be made available to the public on the
5 website, to the extent required by State and federal law.

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

17 18 **AFTER-SCHOOL ROBOTICS GRANT PROGRAM/ATHLETICS**

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

- 25 (1) Eligibility. – Any public school unit is eligible to apply to the Department of
26 Public Instruction for a grant to develop an educational and competitive
27 after-school robotics program with a robotics partner. As used in this
28 subsection, the term "robotics partner" shall refer to a third-party entity, such
29 as a nonprofit organization or institution of higher education, approved by the
30 Department of Public Instruction, that is able to provide adequate support for
31 an after-school robotics program. In order to provide adequate support, a
32 robotics partner must meet at least all of the following criteria:
- 33 a. Have a national presence in robotics education and competition.
 - 34 b. Provide adequate instruction and programming for students and adult
35 volunteers in (i) robotics education, (ii) project-based learning, and
36 (iii) competitive robotics.
 - 37 c. Promote a safe and equitable social environment.
- 38 (2) Applications; Criteria and Guidelines. – No later than September 15, 2021,
39 the Department shall develop and publish criteria and guidelines for the
40 application process for the Program in the 2021-2022 school year, including
41 any documentation required to be submitted by the applicants. The
42 Department shall accept applications until October 15, 2021. Applications
43 shall include, at a minimum, the following information:
- 44 a. Evidence that the applicant has or will be able to establish a
45 relationship with a robotics partner.
 - 46 b. A proposed budget for the educational and competitive after-school
47 robotics program.
- 48 (3) Award and Use of Funds. – Of the funds appropriated to the Department for
49 the Program by this act, the Department shall award grants to the selected
50 applicants by November 15, 2021. Funds may be used for any of the following
51 purposes:

- 1 a. Establishing a relationship with a robotics partner.
- 2 b. Purchasing robotics kits.
- 3 c. Providing stipends for coaches.
- 4 d. Making payments associated with participation in a robotics league or
- 5 robotics competition.
- 6 e. Paying fees incurred as part of the administration of a robotics team.
- 7 (4) Reporting. – No later than April 15, 2022, the Department shall report the
- 8 following information to the Joint Legislative Education Oversight
- 9 Committee, the Senate Appropriations Committee on Education/Higher
- 10 Education, the House Appropriations Committee on Education, and the Fiscal
- 11 Research Division:
- 12 a. Number and amounts of grants awarded.
- 13 b. Identities of the public school units receiving grants.
- 14 c. Identities of public school units that applied for grants but did not
- 15 receive one.
- 16 d. The extent to which students participating in after-school robotics
- 17 programs funded by the Program experienced measurable
- 18 improvement in academic performance, if any.

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

20 "(23) Power to Adopt Eligibility Rules for Interscholastic Athletic Competition. –

21 The State Board of Education shall adopt rules governing interscholastic

22 athletic activities conducted by local boards of education, including eligibility

23 for student participation. Those rules shall include competitive robotics as an

24 interscholastic athletic activity. With regard to middle schools and high

25 schools, the rules shall provide for the following:

- 26 a. All coaches, school nurses, athletic directors, first responders,
- 27 volunteers, students who participate in interscholastic athletic
- 28 activities, and the parents of those students shall receive, on an annual
- 29 basis, a concussion and head injury information sheet. School
- 30 employees, first responders, volunteers, and students must sign the
- 31 sheet and return it to the coach before they can participate in
- 32 interscholastic athletic activities, including tryouts, practices, or
- 33 competition. Parents must sign the sheet and return it to the coach
- 34 before their children can participate in any such interscholastic athletic
- 35 activities. The signed sheets shall be maintained in accordance with
- 36 sub-subdivision d. of this subdivision.

37 For the purpose of this subdivision, a concussion is a traumatic

38 brain injury caused by a direct or indirect impact to the head that

39 results in disruption of normal brain function, which may or may not

40 result in loss of consciousness.

- 41 b. If a student participating in an interscholastic athletic activity exhibits
- 42 signs or symptoms consistent with concussion, the student shall be
- 43 removed from the activity at that time and shall not be allowed to
- 44 return to play or practice that day. The student shall not return to play
- 45 or practice on a subsequent day until the student is evaluated by and
- 46 receives written clearance for such participation from (i) a physician
- 47 licensed under Article 1 of Chapter 90 of the General Statutes with
- 48 training in concussion management, (ii) a neuropsychologist licensed
- 49 under Article 18A of Chapter 90 of the General Statutes with training
- 50 in concussion management and working in consultation with a
- 51 physician licensed under Article 1 of Chapter 90 of the General

1 Statutes, (iii) an athletic trainer licensed under Article 34 of Chapter
 2 90 of the General Statutes, (iv) a physician assistant, consistent with
 3 the limitations of G.S. 90-18.1, or (v) a nurse practitioner, consistent
 4 with the limitations of G.S. 90-18.2.

5 c. Each school shall develop a venue specific emergency action plan to
 6 deal with serious injuries and acute medical conditions in which the
 7 condition of the patient may deteriorate rapidly. The plan shall include
 8 a delineation of roles, methods of communication, available
 9 emergency equipment, and access to and plan for emergency transport.
 10 This plan must be (i) in writing, (ii) reviewed by an athletic trainer
 11 licensed in North Carolina, (iii) approved by the principal of the
 12 school, (iv) distributed to all appropriate personnel, (v) posted
 13 conspicuously at all venues, and (vi) reviewed and rehearsed annually
 14 by all licensed athletic trainers, first responders, coaches, school
 15 nurses, athletic directors, and volunteers for interscholastic athletic
 16 activities.

17 d. Each school shall maintain complete and accurate records of its
 18 compliance with the requirements of this subdivision pertaining to
 19 head injuries.

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

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

24 **"§ 115C-379. Method of enforcement.**

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

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

35 (1) Religious observance. – A minimum of two excused absences each academic
 36 year for religious observances required by the faith of a student or the student's
 37 parent or legal guardian.

38 (2) Military leave. – A minimum of two excused absences each academic year, if
 39 all of the following conditions are met:

40 a. The student's parent or legal guardian is an active duty member of the
 41 uniformed services, as defined by Article 29B of this Chapter, the
 42 Interstate Compact on Educational Opportunity for Military Children.

43 b. The student's parent or legal guardian has been called to duty for, is on
 44 leave from, or has immediately returned from deployment to a combat
 45 zone or combat support posting.

46 c. The student is not identified by the local school administrative unit as
 47 at risk of academic failure because of unexcused absences.

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

50 The rules may require that the student's parent or legal guardian give the principal written
 51 notice of the request for an excused absence a reasonable time prior to the ~~religious observance~~

1 ~~or military leave event.~~ The student shall be given the opportunity to make up any tests or other
2 work missed due to an excused absence ~~for a religious observance or military leave approved in~~
3 accordance with this subsection.

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

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

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

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

15 **"§ 115C-105.57. Center for Safer Schools.**

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

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

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

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

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

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

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

38 c. Threat assessment.

39 d. Active-shooter drills and scenarios.

40 e. Incident de-escalation.

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

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

43 1. Bullying.

44 2. Suicide.

45 3. Opioid and substance abuse.

46 4. Critical incidents.

47 5. Trauma and victimization among students.

48 6. The impacts of the incidents identified in sub-sub-subdivisions
49 1. through 5. of this sub-subdivision on school climate and
50 school safety.
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- 1 (3) Maintain and disseminate information to public schools on effective school
2 safety initiatives in North Carolina and across the nation.
- 3 (4) Collect, analyze, and disseminate various North Carolina school safety data.
- 4 (5) Provide technical and instructional assistance to facilitate the development of
5 partnerships between the public and private sectors to promote school safety
6 in North Carolina.
- 7 (6) Recommend a system of accountability to the General Assembly to document
8 school safety exercises, including practice school lockdowns, required by
9 G.S. 115C-105.49.
- 10 (7) Develop policies for threat assessment teams for public school units.
- 11 (8) Assist law enforcement officers assigned to schools and their agencies in
12 active shooter response drills and other pertinent school safety-related
13 training.
- 14 (9) Collaborate with the North Carolina Justice Academy, the North Carolina
15 Criminal Justice Education and Training Standards Commission, and the
16 North Carolina Sheriffs' Education and Training Standards Commission to
17 establish and maintain updated training curriculum for school resource
18 officers.
- 19 (10) Coordinate grants for school resource officers in elementary and middle
20 schools and ensure that training requirements for school resource officers
21 funded by those grants are met.
- 22 (11) Provide technical assistance to public school units in the development and
23 implementation of initiatives promoting school safety.
- 24 (d) Agency Cooperation. – All State agencies and departments shall cooperate with the
25 Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with
26 this Article. The Center of Safer Schools shall coordinate, collaborate, and seek information as
27 necessary to carry out its duties and responsibilities from State and local government agencies,
28 who shall provide information upon request to the Center. These agencies include the following:
- 29 (1) Department of Public Safety.
- 30 (2) Department of Health and Human Services.
- 31 (3) Department of Public Instruction.
- 32 (4) North Carolina Justice Academy.
- 33 (5) Governor's Crime Commission.
- 34 (6) State Bureau of Investigation Fusion Center, Information Sharing, and
35 Analysis Center.
- 36 (7) Governing bodies of public school units.
- 37 (8) Local law enforcement agencies.
- 38 (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall
39 conduct an annual census of school resource officers located in each public school unit. ~~The~~
40 ~~Center shall submit a report based on this census to the Joint Legislative Education Oversight~~
41 ~~Committee and the State Board of Education by March 1 of each year. At a minimum, the report~~
42 ~~shall include all of the following information:~~ As part of the census, each public school unit shall
43 report to the Center by January 15 of each year with the following information regarding school
44 resource officers in the unit:
- 45 (1) The total number of school resource officers in the State and in each public
46 school unit officers.
- 47 (2) Data regarding school resources officers' education levels, years as sworn law
48 enforcement officers, and years as school resource officers.
- 49 (3) Training required of school resource officers and training actually completed
50 by school resource officers, including training specific to the position of
51 school resource officer and other advanced or additional training.

- 1 (4) The funding source for all school resource officers.
- 2 (5) The location of school resource officers, differentiated by grade levels and
- 3 ~~type of public school unit levels.~~
- 4 (6) The percentage of school resource officers assigned to more than one school.
- 5 (7) The law enforcement affiliation of school resource officers.

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

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

11 **SECTION 7.30.(b)** The Center for Safer Schools shall enter into a memorandum of
12 understanding (MOU) with the Department of Public Safety to provide in appropriate facilities
13 owned by the Department of Public Safety the training, resources, and professional development
14 required pursuant to G.S. 115C-105.57(c)(2), as enacted by this act. No later than October 1,
15 2021, and each year thereafter in which the MOU is executed, the Center for Safer Schools, in
16 conjunction with the Department of Public Safety, shall report to the Joint Legislative Education
17 Oversight Committee, the Joint Legislative Oversight Committee on Justice and Public Safety,
18 the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations,
19 and the Fiscal Research Division on the memorandum of understanding.

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

21 SCHOOL NUTRITION PROGRAM REPORT

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

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

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

47 SCHOOL SAFETY/THREAT ASSESSMENT TEAMS

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

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

6 "**§ 115C-105.49. School safety exercises.**

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

18 ...

19 (d) The Department of Public Safety, Division of Emergency Management, and the
20 Center for Safer Schools shall provide guidance and recommendations to ~~local school~~
21 ~~administrative public school~~ units on the types of multiple hazards to plan and respond to,
22 including intruders on school grounds."

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

24 "(b) In constructing the SRRMS, the Division of Emergency Management and the Center
25 for Safer Schools, in collaboration with the Department of Public Instruction, Division of School
26 Operations, shall leverage the existing enterprise risk management database, the School Risk
27 Management Planning tool managed by the Division of Emergency Management. The Division
28 of Emergency Management shall also leverage the ~~local school administrative public school~~ unit
29 and participating nonpublic school schematic diagrams of school facilities. Where technically
30 feasible, the SRRMS shall integrate any anonymous tip lines established pursuant to
31 G.S. 115C-105.51 and any 911-initiated panic alarm systems authorized as part of a SRMP
32 pursuant to G.S. 115C-47(40). The Division of Emergency Management ~~and the Center for Safer~~
33 ~~Schools~~ shall collaborate with the Department of Public Instruction, Division of School
34 Operations, the Center for Safer Schools, and the North Carolina 911 Board in the design,
35 implementation, and maintenance of the SRRMS."

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

37 "**§ 115C-105.52. School crisis kits.**

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

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

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

48 "**§ 115C-105.53. Schematic diagrams and emergency access to school buildings for local**
49 **law enforcement agencies.**

50 (a) Each ~~local school administrative public school~~ unit shall provide the following to
51 local law enforcement agencies: (i) schematic diagrams, including digital schematic diagrams,

1 and (ii) either keys to the main entrance of all school buildings or emergency access to key storage
2 devices such as KNOX® boxes for all school buildings. ~~Local school administrative~~ Public
3 school units shall provide updates of the schematic diagrams to local law enforcement agencies
4 when substantial modifications such as new facilities or modifications to doors and windows are
5 made to school buildings. ~~Local school administrative~~ Public school units shall also be
6 responsible for providing local law enforcement agencies with updated access to school buildings
7 when changes are made to the locks and other access control devices of the main entrances or to
8 key storage devices such as KNOX® boxes.

9 (b) The Department of Public Instruction, in consultation with the Department of Public
10 Safety, shall develop standards and guidelines for the preparation and content of schematic
11 diagrams and necessary updates. ~~Local school administrative~~ Public school units and
12 participating nonpublic schools may use these standards and guidelines to assist in the
13 preparation of their schematic diagrams.

14"

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

16 "(a) Each ~~local school administrative~~ public school unit shall provide the following to the
17 Division of Emergency Management (Division) at the Department of Public Safety: (i) schematic
18 diagrams, including digital schematic diagrams, and (ii) emergency response information
19 requested by the Division for the School Risk Management Plan (SRMP). ~~Local school~~
20 ~~administrative~~ Public school units shall also provide updated schematic diagrams and emergency
21 response information to the Division when such updates are made. The Division shall ensure that
22 the diagrams and emergency response information are securely stored and distributed as provided
23 in the SRMP to first responders, emergency personnel, and school personnel and approved by
24 the Department of Public Instruction."

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

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

28 "(i) Each charter school shall comply with the requirements for public school units in Part
29 2 of Article 8C of this Chapter."

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

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

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

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

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

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

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

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

43 **SECTION 7.32.(n)** Article 9C of Chapter 115C of the General Statutes is amended
44 by adding a new section to read:

45 "**§ 115C-150.16. School safety.**

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

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

49 "**§ 115C-551. Voluntary participation in the State programs.**

50 (a) Any ~~such private church school or school of religious charter may~~, on a voluntary
51 basis, participate in any State operated or sponsored program which would otherwise be available

1 to such school, including but not limited to the high school competency testing and statewide
2 testing programs.

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

- 5 (1) School Risk Management Plan. – In coordination with local law enforcement
6 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents
7 of school violence. In constructing and maintaining these plans, the school
8 may utilize the School Risk and Response Management System (SRRMS)
9 established pursuant to G.S. 115C-105.49A. These plans are not considered a
10 public record as the term "public record" is defined under G.S. 132-1 and shall
11 not be subject to inspection and examination under G.S. 132-6.
- 12 (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and
13 keys to the main entrance of school facilities to local law enforcement
14 agencies, in addition to implementing the provisions in G.S. 115C-105.52.
- 15 (3) School safety exercises. – At least once a year, hold a full school-wide
16 lockdown exercise with local law enforcement and emergency management
17 agencies that are part of the private school's SRMP.
- 18 (4) Safety information provided to the Department of Public Safety, Division of
19 Emergency Management. – Provide the following: (i) schematic diagrams,
20 including digital schematic diagrams, and (ii) emergency response
21 information requested by the Division for the SRMP. The schematic diagrams
22 and emergency response information are not considered public records as the
23 term "public record" is defined under G.S. 132-1 and shall not be subject to
24 inspection and examination under G.S. 132-6."

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

26 **"§ 115C-559. Voluntary participation in the State programs.**

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

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

- 31 (1) School Risk Management Plan. – In coordination with local law enforcement
32 agencies, adopt a School Risk Management Plan (SRMP) relating to incidents
33 of school violence. In constructing and maintaining these plans, the school
34 may utilize the School Risk and Response Management System (SRRMS)
35 established pursuant to G.S. 115C-105.49A. These plans are not considered a
36 public record as the term "public record" is defined under G.S. 132-1 and shall
37 not be subject to inspection and examination under G.S. 132-6.
- 38 (2) Schematic diagrams and school crisis kits. – Provide schematic diagrams and
39 keys to the main entrance of school facilities to local law enforcement
40 agencies, in addition to implementing the provisions in G.S. 115C-105.52.
- 41 (3) School safety exercises. – At least once a year, hold a full school-wide
42 lockdown exercise with local law enforcement and emergency management
43 agencies that are part of the private school's SRMP.
- 44 (4) Safety information provided to the Department of Public Safety, Division of
45 Emergency Management. – Provide the following: (i) schematic diagrams,
46 including digital schematic diagrams, and (ii) emergency response
47 information requested by the Division for the SRMP. The schematic diagrams
48 and emergency response information are not considered public records as the
49 term "public record" is defined under G.S. 132-1 and shall not be subject to
50 inspection and examination under G.S. 132-6."

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

3 **"§ 115C-105.65. Threat assessment teams.**

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

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

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

10 (3) Threat assessment team. – A multidisciplinary team that includes, but is not
11 limited to, persons with expertise in counseling, instruction, school
12 administration, and law enforcement that conducts threat assessments in a
13 public school unit when threatening behavior has been communicated and
14 when a student has engaged in threatening behavior that warrants further
15 evaluation. When practicable, at least one member of a threat assessment team
16 shall be a school psychologist or, if a school psychologist is not available, a
17 psychologist or psychiatrist. Members of a threat assessment team who are not
18 employees of the public school unit may review student records as provided
19 in 34 C.F.R. § 99.31(a)(1)(i)(B) pursuant to a written agreement with the
20 public school unit of the requirements and responsibilities for use of student
21 records under the federal Family Educational Rights and Privacy Act.

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

29 (b) The Center for Safer Schools shall develop policies for threat assessment teams for
30 public school units in consultation with the Task Force for Safer Schools, Disability Rights North
31 Carolina, the North Carolina School Psychology Association, the State Bureau of Investigation,
32 and relevant State government agencies. These policies shall not reference or reveal any
33 information that has been excluded as a public record under G.S. 115C-47(40), Part 2 of Article
34 8C of this Chapter, or any other relevant statute. These policies shall include at a minimum
35 procedures for all of the following:

36 (1) Assessment of and intervention with a student whose behavior poses a risk to
37 the safety of school staff, school students, or self.

38 (2) Involvement of the student's parent or legal guardian throughout the threat
39 assessment process.

40 (3) Referral to LME/MCOs, as provided in G.S. 122C-115.4(b)(9), for evaluation
41 or treatment, when appropriate.

42 (4) Compliance with the Family Educational Rights and Privacy Act (FERPA),
43 20 U.S.C. § 1232g, the Individuals with Disabilities Education Act (IDEA),
44 20 U.S.C. § 1400, et seq., and Article 9 of Chapter 115C of the General
45 Statutes.

46 (c) The governing body of the public school unit shall adopt at a minimum the policies
47 developed by the Center for Safer Schools, in accordance with subsection (b) of this section, for
48 the establishment of threat assessment teams, including the conduct of threat assessments and
49 intervention with individuals whose behavior may pose a risk to the safety of school staff or
50 students. These policies shall not reference or reveal any information that has been excluded as

1 a public record under G.S. 115C-47(40), Part 2 of Article 8C of this Chapter, or any other relevant
2 statute.

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

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

12 (1) Provide guidance to students, faculty, and staff regarding recognition and
13 reporting of threatening behavior that may indicate a risk of harm to the
14 community, school, or self.

15 (2) When threatening behaviors are identified, conduct threat assessments to
16 determine appropriate actions and intervention based on the level of risk
17 determined by the assessment. A threat assessment team shall determine the
18 level of risk posed by an individual or situation as follows:

19 a. Low risk. – The individual or situation does not appear to pose a risk
20 of violence or serious harm to self or others and any exhibited issues
21 or concerns can be resolved easily.

22 b. Moderate risk. – The individual or situation does not appear to pose a
23 risk of violence or serious harm to self or others, at this time, but
24 exhibits behaviors that indicate a need for intervention, which may
25 include increased academic or behavioral supports, services intended
26 to address the impact of stressors, mental health or drug abuse
27 treatment, and mediation for student conflicts or bullying.

28 c. High risk. – The individual or situation appears to pose a risk of
29 violence or serious harm to self or others, exhibiting behaviors that
30 indicate both a continuing intent to harm and efforts to acquire the
31 capacity to carry out the plan, and may also exhibit other concerning
32 behavior that requires intervention.

33 d. Imminent risk. – The individual or situation appears to pose a clear
34 and immediate risk of serious violence toward others that requires
35 containment and action to protect identified or identifiable target or
36 targets and may also exhibit other concerning behavior that requires
37 intervention.

38 (3) Identify members of the school community to whom threatening behavior
39 should be reported.

40 (4) Implement policies adopted by the governing body of the public school unit
41 pursuant to subsection (c) of this section.

42 (5) Utilize anonymous reporting applications for students to share information
43 about school safety concerns requiring investigation.

44 (f) Upon a determination that an individual poses a high risk or imminent risk of violence
45 or physical harm to self or others, a threat assessment team shall immediately report its
46 determination to the superintendent or the superintendent's designee, who shall respond as
47 follows:

48 (1) The superintendent or designee shall immediately attempt to notify the
49 student's parent or legal guardian. The superintendent may delegate the
50 responsibility for notification to the principal of the school and may require
51 notice be made to the principal directly.

1 (2) In the case of threatening behavior that is an imminent risk and determined to
2 be an emergency by the superintendent or designee under the standards
3 established by the Family Educational Rights and Privacy Act in 20 U.S.C. §
4 1232g(b)(1)(I), the superintendent or designee shall provide notice to
5 individuals who are the subject of threatening behavior and, if a student is the
6 subject of threatening behavior, the superintendent or designee shall provide
7 notice to the student's parent or legal guardian. All notices shall be in
8 accordance with the Family Educational Rights and Privacy Act, 20 U.S.C. §
9 1232g. The superintendent may delegate the responsibility for notification to
10 the principal of the school and may require notice be made to the principal
11 directly.

12 (3) In the case of threatening behavior that is an imminent risk, the superintendent
13 or designee shall immediately notify the appropriate local law enforcement
14 agency. In the case of threatening behavior that is a high risk, the
15 superintendent or designee shall notify the appropriate local law enforcement
16 agency when recommended by the threat assessment team.

17 (4) When the threat assessment team makes a recommendation that the student be
18 referred for mental health services, the superintendent or designee shall notify
19 the student's parent or legal guardian of all of the following information:

20 a. That the threat assessment team has recommended that the student be
21 referred for mental health services.

22 b. That if the student is covered by private insurance or a Medicaid
23 prepaid health plan, then the parent or guardian is encouraged to
24 contact the student's primary care provider or insurance company.

25 c. That if the student is uninsured or is covered by Medicaid and not
26 enrolled in a prepaid health plan, then the parent or guardian is
27 encouraged to contact the local management entity/managed care
28 organization that serves the catchment area where the student resides.

29 d. That with the parent or legal guardian's consent, if the student is
30 uninsured or is covered by Medicaid and not enrolled in a prepaid
31 health plan, then the superintendent or designee shall make a referral
32 that includes the parent or guardian's contact information to the local
33 management entity/managed care organization that serves the
34 catchment area where the student resides.

35 (5) The superintendent or designee shall comply with the requirements of Article
36 27 of this Chapter for any student discipline actions.

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

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

42 (1) Number of threat assessments conducted annually and demographic
43 information on subjects of those assessments.

44 (2) Total number of threat assessments that resulted in a determination that the
45 individual being assessed exhibited threatening behavior and demographic
46 information on those individuals.

47 (3) All actions taken in response to a determination that the individual being
48 assessed exhibited threatening behavior.

49 (4) All results of actions taken in response to determination that the individual
50 being assessed exhibited threatening behavior.

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

4 (1) Health records. – Notwithstanding G.S. 8-53 or any other provision of law, a
5 health care provider may disclose protected health information related to
6 threatening behavior that poses a high risk or an imminent risk to the health
7 or safety of school staff or students to a member of a threat assessment team
8 who is a school nurse, school psychologist, or other licensed health or licensed
9 mental health professional. The member of the threat assessment team who
10 receives the health records shall provide an explanation of the health records
11 when sharing those records with the remainder of the threat assessment team.

12 (2) Criminal records. – A threat assessment team may obtain criminal history as
13 provided in G.S. 143B-931.1. For a threat assessment of a student with
14 juvenile records, the threat assessment team shall have access to written
15 notifications received pursuant to G.S. 7B-3101 and information gained from
16 examination of juvenile records in accordance with G.S. 7B-3100, held
17 pursuant to G.S. 115C-404. Records held pursuant to G.S. 115C-404 shall be
18 returned to the principal following review by the threat assessment team.

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

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

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

31 **"§ 143B-931.1. Criminal records checks for threat assessment teams.**

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

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

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

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

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

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

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

14 SECTION 7.32.(v) This section is effective when it becomes law. All local boards
15 of education are encouraged to have peer-to-peer student support programs by the 2021-2022
16 school year. Policies for threat assessment teams required by G.S. 115C-105.65(b), as enacted
17 by this section, shall be developed by the Center for Safer Schools no later than March 31, 2022.
18 All public school units shall establish policies and threat assessment teams as required by
19 G.S. 115C-105.65(c), as enacted by this section, no later than August 1, 2022. Subsections (s)
20 and (t) of this section apply beginning with the 2022-2023 school year. The remainder of this act
21 applies beginning with the 2021-2022 school year.
22

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

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

25 **"§ 115C-218.3. Fast-track replication of high-quality charter schools.**

26 Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory
27 Board, the State Board of Education shall adopt a process and rules for fast-track replication of
28 high-quality charter schools currently operating in the State. The State Board of Education shall
29 not require a planning year for applicants selected through the fast-track replication process. In
30 addition to the requirements for charter applicants set forth in this Article, the fast-track
31 replication process adopted by the State Board of Education shall, at a minimum, require a board
32 of directors of a charter school to demonstrate one of the following in order to qualify for
33 fast-track replication:

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

36 a. The majority of charter school schools in this State governed by the
37 board of directors has student academic outcomes from the three prior
38 school years that are ~~comparable to~~ equal to or greater than the
39 academic outcomes of students student academic outcomes in the local
40 school administrative unit in which ~~the each~~ charter school is ~~located~~
41 and located.

42 b. The board of directors can provide three years of financially sound
43 audits audits for each school it governs.

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

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

- 1 b. The organization can provide three years of financially sound audits
 2 for each school it governs.

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

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

10 **STANDARDS OF STUDENT CONDUCT**

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

12 **"§ 115C-390.1. State policy and definitions.**

13 ...

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

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

21 ...

- 22 (4) Educational property. – Any school building or bus, school campus, grounds,
 23 recreational area, athletic field, or other property under the control of any ~~local~~
 24 ~~board of education or charter school.~~public school unit.

25 ...

- 26 (9) Principal. – Includes the principal and the principal's ~~designee.~~designee, or if
 27 there is no designated principal, the staff member designated by the governing
 28 body of the public school unit with the highest decision-making authority at
 29 an individual school.

30 ...

- 31 (11) School personnel. – Any of the following:

- 32 a. An employee of a ~~local board of education.~~governing body of a public
 33 school unit.
 34 b. Any person working on school grounds or at a school function under
 35 a contract or written agreement with the public school ~~system.~~unit to
 36 provide educational or related services to students.
 37 c. Any person working on school grounds or at a school function for
 38 another agency providing educational or related services to students.

39 ...

- 40 (14) Superintendent. – Includes the superintendent and the superintendent's
 41 ~~designee.~~designee, or if there is no superintendent, the staff member with the
 42 highest decision-making authority and that staff member's designee.

43"

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

46 **"§ 115C-390.2. Discipline policies.**

47 (a) ~~Local boards of education.~~Governing bodies of public school units, in consultation
 48 with teachers, school-based administrators, parents, and local law enforcement agencies, shall
 49 adopt policies to govern the conduct of students and establish procedures to be followed by
 50 school officials in disciplining students. These policies must be consistent with the provisions of
 51

1 this Article and the constitutions, statutes, and regulations of the United States and the State of
2 North Carolina. In adopting these policies, governing bodies of public school units shall consider
3 any existing federal guidance for the discipline of students with disabilities as well as other
4 guidance on school discipline practices issued by the United States Department of Education.

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

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

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

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

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

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

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

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

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

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

48 (k) School officials are encouraged to use a full range of responses to violations of
49 disciplinary rules, such as conferences, counseling, peer mediation, behavior contracts,
50 instruction in conflict resolution and anger management, detention, academic interventions,

1 community service, and other similar tools that do not remove a student from the classroom or
2 school building.

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

6 (1) The opportunity to take instructional materials and school-furnished digital
7 devices home for the duration of the absence.

8 (2) Upon request, the right to receive all missed assignments and, to the extent
9 practicable, the materials distributed to students in connection with the
10 assignment.

11 (3) The opportunity to take any quarterly, semester, or grading period
12 examinations missed during the absence period.

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

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

17 **"§ 115C-390.3. Reasonable force.**

18 ...

19 (c) Notwithstanding any other law, no officer, member, or employee of the State Board
20 of Education, the Superintendent of Public Instruction, or of a ~~local board of education, governing~~
21 body of a public school unit, individually or collectively, shall be civilly liable for using
22 reasonable force in conformity with State law, State or local rules, or State or local policies
23 regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden
24 of proof is on the claimant to show that the amount of force used was not reasonable.

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

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

32 **"§ 115C-390.4. Corporal punishment.**

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

38 ...

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

44"

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

46 **"§ 115C-390.6. Short-term suspension procedures.**

47 ...

48 (e) A student is not entitled to appeal the principal's decision to impose a short-term
49 suspension to the superintendent or ~~local board of education, governing body of the public school~~
50 unit. Further, such a decision is not subject to judicial review. Notwithstanding this subsection,
51 the ~~local board of education, governing body,~~ in its discretion, may provide students an

1 opportunity for a review or appeal of a short-term suspension to the superintendent or ~~local board~~
2 ~~of education governing body.~~"

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

4 **"§ 115C-390.8. Long-term suspension procedures.**

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

10 ...

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

14 ...

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

17 (b) Written notice may be provided by certified mail, fax, e-mail, or any other written
18 method reasonably designed to achieve actual notice of the recommendation for long-term
19 suspension. When school personnel are aware that English is not the primary language of the
20 parent or guardian, the notice shall be written in both English and in the primary language of the
21 parent or guardian when the appropriate foreign language resources are readily available. All
22 notices described in this section shall be written in plain English, and shall include the following
23 information translated into the dominant non-English language used by residents within the ~~local~~
24 ~~school administrative unit; public school unit;~~

25 ...

26 (d) The formal hearing may be conducted by the ~~local board of education, governing~~
27 ~~body of the public school unit,~~ by the superintendent, or by a person or group of persons
28 appointed by the ~~local board governing body~~ or superintendent to serve as a hearing officer or
29 hearing panel. Neither the ~~board governing body~~ nor the superintendent shall appoint any
30 individual to serve as a hearing officer or on a hearing panel who is under the direct supervision
31 of the principal recommending suspension. If the hearing is conducted by an appointed hearing
32 officer or hearing panel, such officer or panel shall determine the relevant facts and credibility of
33 witnesses based on the evidence presented at the hearing. Following the hearing, the
34 superintendent or ~~local board governing body~~ shall make a final decision regarding the
35 suspension. The superintendent or ~~board governing body~~ shall adopt the hearing officer's or
36 panel's factual determinations unless they are not supported by substantial evidence in the record.

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

40 ...

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

47 ...

48 (i) A decision of the ~~local board governing body of the public school unit~~ to uphold the
49 long-term suspension of a student is subject to judicial review in accordance with Article 4 of
50 Chapter 150B of the General Statutes. The action must be brought within 30 days of the ~~local~~
51 ~~board's governing body's~~ decision. A person seeking judicial review shall file a petition in the

1 superior court of the county where the ~~local board governing body~~ made its decision. Local rules
2 notwithstanding, petitions for judicial review of a long-term suspension shall be set for hearing
3 in the first succeeding term of superior court in the county following the filing of the certified
4 copy of the official record."

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

6 "**§ 115C-390.9. Alternative education services.**

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

11 ...

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

14 ...

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

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

22 "**§ 115C-390.10. 365-day suspension for gun possession.**

23 (a) All ~~local boards of education governing bodies of public school units~~ shall develop
24 and implement written policies and procedures, as required by the federal Gun Free Schools Act,
25 20 U.S.C. § 7151, requiring suspension for 365 calendar days of any student who is determined
26 to have brought or been in possession of a firearm or destructive device on educational property,
27 or to a school-sponsored event off of educational property. A principal shall recommend to the
28 superintendent the 365-day suspension of any student believed to have violated ~~board governing~~
29 body policies regarding weapons. The superintendent has the authority to suspend for 365 days
30 a student who has been recommended for such suspension by the principal when such
31 recommendation is consistent with ~~board governing body policies~~. Notwithstanding the
32 foregoing, the superintendent may modify, in writing, the required 365-day suspension for an
33 individual student on a case-by-case basis. The superintendent shall not impose a 365-day
34 suspension if the superintendent determines that the student took or received the firearm or
35 destructive device from another person at school or found the firearm or destructive device at
36 school, provided that the student delivered or reported the firearm or destructive device as soon
37 as practicable to a law enforcement officer or a school employee and had no intent to use such
38 firearm or destructive device in a harmful or threatening way.

39 ...

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

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

48"

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

50 "**§ 115C-390.11. Expulsion.**

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

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

15 (2) A ~~local board of education governing body of a public school unit~~ may expel
 16 any student subject to G.S. 14-208.18 in accordance with the procedures of
 17 this section. Prior to ordering the expulsion of a student, the ~~local board of~~
 18 ~~education governing body~~ shall consider whether there are alternative
 19 education services that may be offered to the student. As provided by
 20 G.S. 14-208.18(f), if the ~~local board of education governing body~~ determines
 21 that the student shall be provided educational services on school property, the
 22 student shall be under the supervision of school personnel at all times.

23 ...

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

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

31 "**§ 115C-390.12. Request for readmission.**

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

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

39 a. At the ~~local board's governing body's~~ discretion, either the
 40 superintendent or the ~~local board governing body~~ itself shall consider
 41 and decide on petitions for readmission. If the decision maker is the
 42 superintendent, the superintendent shall offer the student an
 43 opportunity for an in-person meeting. If the decision maker is the ~~local~~
 44 ~~board of education governing body of the public school unit~~, the ~~board~~
 45 ~~governing body~~ may offer the student an in-person meeting or may
 46 make a determination based on the records submitted by the student
 47 and the superintendent.

48 ...

49 c. A superintendent's decision not to readmit the student may be appealed
 50 to the ~~local board of education governing body of the public school~~

unit pursuant to G.S. 115C-45(c). The superintendent shall notify the parents of the right to appeal.

(2) The process for expelled students.

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

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

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

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

...."

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

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

(b) The following definitions apply in this section:

(9) "School personnel" means:

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

(j) Notice, Reporting, and Documentation.

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

(5) No ~~local board of education governing body of a public school unit~~ or employee of a ~~local board of education governing body~~ shall discharge, threaten, or otherwise retaliate against another employee of the ~~board governing body~~ regarding that employee's compensation, terms, conditions, location, or privileges of employment because the employee makes a report alleging a prohibited use of physical restraint, mechanical restraint, aversive

1 procedure, or seclusion, unless the employee knew or should have known that
2 the report was false.

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

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

8 "(f) A person subject to subsection (a) of this section who is eligible under G.S. 115C-378
9 to attend public school may be present on school property if permitted by the ~~local board of~~
10 ~~education governing body of the public school unit~~ pursuant to G.S. 115C-390.11(a)(2)."

11 **SECTION 7.34.(m)** This section is effective when it becomes law. Subsections (a)
12 through (k) of this section apply beginning with the 2022-2023 school year. G.S. 115C-390.2(a),
13 as amended by this act, shall apply to material changes to policies existing on July 1, 2022, or
14 new policies adopted on or after July 1, 2022.

15 16 **FLEXIBILITY FOR SCHOOL EMPLOYEES TO RECEIVE ANNUAL SALARY IN 12** 17 **MONTHLY INSTALLMENTS**

18 **SECTION 7.35.(a)** G.S. 115C-302.1(b) reads as rewritten:

19 "(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months.
20 Except for career and technical education agriculture teacher personnel positions as provided for
21 in this subsection, State-allotted months of employment for career and technical education to
22 local boards shall be used for the employment of teachers of career and technical education for a
23 term of employment to be determined by the local boards of education. Beginning with the
24 2018-2019 school year, career and technical education agriculture teacher personnel positions
25 serving students in grades nine through 12 shall be for a term of employment for 12 calendar
26 months. A local board of education may fund these positions using any combination of State
27 funds, local funds, or any other funds available to the local board.

28 ...

29 Any individual teacher who is not employed in a year-round school may be paid in 12
30 monthly installments if the teacher so requests on or before the first day of the school year. The
31 request shall be filed in the local school administrative unit which employs the teacher. Local
32 school administrative units shall fulfill this requirement through a payroll deduction plan. The
33 payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the
34 teacher's annual salary nor in any other way alter the contract made between the teacher and the
35 local school administrative unit. ~~Teachers employed for a period of less than 10 months shall not~~
36 ~~receive their salaries in 12 installments.~~

37 Notwithstanding this subsection, the term "daily rate of pay" for the purpose of
38 G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher
39 salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

40 **SECTION 7.35.(b)** G.S. 115C-316(a)(2) reads as rewritten:

41 "(2) School Employees Paid on an Hourly or Other Basis. – Salary payments to
42 employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1)
43 and (2), 115C-302.1(b) and 115C-316(a)(1) shall be made at a time
44 determined by each local board of education. Expenditures for the salary of
45 these employees from State funds shall be within allocations made by the State
46 Board of Education and in accordance with rules and regulations approved by
47 the State Board of Education concerning allocations of State funds; ~~Provided,~~
48 ~~that school funds.~~ School employees employed for a term of 10 calendar
49 months or 11 calendar months in year-round schools shall be paid in 12 equal
50 installments; Provided further, that any installments. Any individual school
51 employee employed for a term of 10 calendar months or 11 calendar months

1 who is not employed in a year-round school may be paid in 12 monthly
 2 installments if the employee so requests on or before the first day of the school
 3 year. Such request shall be filed in the administrative unit which employs the
 4 employee. Local school administrative units shall fulfill this requirement
 5 through a payroll deduction plan. The payment of the annual salary in 12
 6 installments instead of 10 or 11 shall not increase or decrease said annual
 7 salary nor in any other way alter the contract between the employee and the
 8 said administrative unit. Employees may be prepaid on the set pay date for
 9 days not yet worked. An employee who fails to attend scheduled workdays or
 10 who has not worked the number of days for which the employee has been paid
 11 and who resigns or is dismissed shall repay to the local board any salary
 12 payments received for days not yet worked. An employee who has been
 13 prepaid and who continues to be employed by a local board but fails to attend
 14 scheduled workdays may be subject to dismissal or other appropriate
 15 discipline. The daily rate of pay shall equal the number of weekdays in the
 16 pay period. Included within the term of employment shall be provided for
 17 full-time employees annual vacation leave at the same rate provided for State
 18 employees, computed at one-twelfth (1/12) of the annual rate for State
 19 employees for each calendar month of employment, to be taken under policies
 20 determined by each local board of education. On a day that employees are
 21 required to report for a workday but pupils are not required to attend school
 22 due to inclement weather, an employee may elect not to report due to
 23 hazardous travel conditions and to take one of his annual vacation days or to
 24 make up the day at a time agreed upon by the employee and his immediate
 25 supervisor or principal. On a day that school is closed to employees and pupils
 26 due to inclement weather, the employee shall work on the scheduled makeup
 27 day. Included within their term of employment, each local board of education
 28 shall designate the same or an equivalent number of legal holidays occurring
 29 within the period of employment as those designated by the State Human
 30 Resources Commission for State employees."

31 **SECTION 7.35.(c)** This section is effective when it becomes law.
 32

33 **BONUSES FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL IN**
 34 **SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**
 35 **IMPAIRMENTS/ESSER II FUND**

36 **SECTION 7.36.(a)** Section 5A of S.L. 2021-1, as enacted by Section 1.2 of S.L.
 37 2021-3, reads as rewritten:

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

40 ...

41 (15a) Up to \$55,000 to administer a one-time, lump sum bonus of three hundred
 42 fifty dollars (\$350.00), in recognition of necessary services performed during
 43 the COVID-19 pandemic, to every teacher who, as of April 1, 2021, was
 44 employed as a teacher in a school for students with visual and hearing
 45 impairments, in accordance with the following criteria:

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

47 1. Teacher. – Teachers and instructional support personnel.

48 2. School for students with visual and hearing impairments. – A
 49 public school governed by the State Board of Education under
 50 Article 9C of Chapter 115C of the General Statutes.

- 1 **b.** The bonuses awarded pursuant to this subdivision shall be in addition
2 to any regular wage or other bonus the teacher receives or is scheduled
3 to receive.
- 4 **c.** Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this
5 subdivision are not compensation under Article 1 of Chapter 135 of
6 the General Statutes, Retirement System for Teachers and State
7 Employees.
- 8 **d.** The bonuses awarded pursuant to this subdivision do not apply to any
9 teacher no longer employed as a teacher due to resignation, dismissal,
10 reduction in force, death, or retirement or whose last workday is prior
11 to April 1, 2021.
- 12 **e.** Funds provided pursuant to this subdivision shall supplement the
13 compensation of a public school employee and shall not supplant any
14 existing compensation funds.

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

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

23

24 **OPPORTUNITY GAP TASK FORCE**

25 **SECTION 7.37.(a)** There is established the Opportunity Gap Task Force (Task
26 Force).

27 **SECTION 7.37.(b)** The Task Force shall consist of 14 members as follows:

- 28 (1) Three persons who are members of the House of Representatives at the time
29 of appointment, at least one of whom represents the minority party, appointed
30 by the Speaker of the House of Representatives.
- 31 (2) Three persons who are members of the Senate at the time of appointment, at
32 least one of whom represents the minority party, appointed by the President
33 Pro Tempore of the Senate.
- 34 (3) The chair of the State Board of Education, or his or her designee.
- 35 (4) The Superintendent of Public Instruction, or his or her designee.
- 36 (5) The President of The University of North Carolina, or his or her designee.
- 37 (6) The President of the North Carolina System of Community Colleges, or his or
38 her designee.
- 39 (7) The President of the North Carolina Independent Colleges and Universities,
40 Inc., or his or her designee.
- 41 (8) The President and Chief Executive Officer of North Carolina Business
42 Leaders for Education, doing business as BEST NC (Business for Educational
43 Success and Transformation), or his or her designee.
- 44 (9) The Executive Director of the NC Association for Public Charter Schools, or
45 his or her designee.
- 46 (10) The Senior Education Advisor to the Governor, or his or her designee.

47 **SECTION 7.37.(c)** Appointments to the Task Force shall be made no later than 30
48 days after the date this act becomes law. In making their appointments, the appointing authorities
49 shall consider the geographic and cultural diversity of the State and the value to the Task Force
50 of experience in business, education, and philanthropic organizations. Any vacancy shall be filled
51 by the appointing authority.

1 **SECTION 7.37.(d)** The Task Force shall (i) study the opportunity gap, (ii) consider
2 effective approaches and best practices from across the country to close the opportunity gap in
3 grades kindergarten through 12, and (iii) propose a plan to reduce the opportunity gap for all
4 subgroups by July 1, 2030. For the purposes of this section, the "opportunity gap" refers to the
5 significant disparity in the academic performance and postsecondary readiness of students
6 between any of the following subgroups: races, ethnicities, socioeconomic statuses, genders,
7 English-language proficiencies, and urban, rural, or suburban domiciles.

8 **SECTION 7.37.(e)** As part of its study, the Task Force shall consider the following:

- 9 (1) Best practices in public education.
- 10 (2) Professional development for teachers.
- 11 (3) Parental involvement in public education.
- 12 (4) Disparities in disciplinary consequences, including suspensions and
13 expulsions.
- 14 (5) Preparation and development of school leadership.
- 15 (6) Effective use of data to reduce the opportunity gap.
- 16 (7) Access to effective educators.
- 17 (8) Access to rigorous coursework, including content and courses.
- 18 (9) Access to effective school leadership.
- 19 (10) Innovative budgeting practices.
- 20 (11) The value of incorporating mastery-based learning into curriculum.
- 21 (12) Effective access to and use of technology, including (i) connectivity for
22 students and their families, (ii) devices, and (iii) software.
- 23 (13) The final report and recommendations of the Task Force to Develop a
24 Representative and Inclusive Vision for Education (DRIVE).
- 25 (14) Any other issue the Task Force deems relevant to its study.

26 **SECTION 7.37.(f)** At a minimum, the Task Force shall extend invitations to receive
27 input from all of the following:

- 28 (1) Two or more parents of students adversely affected by the opportunity gap.
- 29 (2) Two or more teachers employed in a North Carolina public school who have
30 demonstrated significant success in reducing the opportunity gap in the
31 classroom.
- 32 (3) Two or more principals employed in a North Carolina public school who have
33 demonstrated significant success in reducing the opportunity gap at a school.
- 34 (4) Two or more superintendents employed in a local school administrative unit
35 who have demonstrated significant success in reducing the opportunity gap at
36 a local school administrative unit.
- 37 (5) Organizations that have demonstrated success in closing the opportunity gap,
38 including, but not limited to, Communities in Schools of North Carolina, Inc.
- 39 (6) The Professional Educator Preparation and Standards Commission.
- 40 (7) The myFutureNC Commission.
- 41 (8) The Governor's Commission on Access to Sound Basic Education.
- 42 (9) The B-3 Interagency Council.
- 43 (10) The North Carolina Early Childhood Foundation, Inc.'s, Pathways to
44 Grade-Level Reading Initiative.
- 45 (11) The Executive Director of NC Child, or his or her designee.
- 46 (12) The President of Parents for Educational Freedom in North Carolina, or his or
47 her designee.
- 48 (13) The Public School Forum of North Carolina.
- 49 (14) The North Carolina Principal Fellows and Transforming Principal Preparation
50 Program.

1 **SECTION 7.37.(g)** The Task Force shall include the following in its proposed plan
2 to reduce the opportunity gap for all subgroups:

- 3 (1) Information identifying opportunity gaps that exist between races, ethnicities,
4 socioeconomic statuses, genders, English-language proficiencies, and urban,
5 rural, or suburban domiciles.
- 6 (2) Recommendations for closing or significantly reducing the opportunity gaps
7 identified by the Task Force.
- 8 (3) Benchmarks for implementation of the proposed plan.

9 **SECTION 7.37.(h)** The Speaker of the House of Representatives and the President
10 Pro Tempore of the Senate shall each select a cochair for the Task Force from among its
11 members. The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force
12 is a majority of its members. No action may be taken except by a majority vote at a meeting at
13 which a quorum is present. The Task Force, while in the discharge of its official duties, may
14 exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.
15 The Task Force may contract for professional, clerical, or consultant services, as provided by
16 G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee
17 or a person currently under contract with the State to provide services.

18 Members of the Task Force shall serve without compensation but may receive travel
19 and subsistence as follows:

- 20 (1) Members who are officials or employees of a State agency or unit of local
21 government, in accordance with G.S. 138-6.
- 22 (2) Members who serve in the General Assembly, in accordance with
23 G.S. 120-3.1.
- 24 (3) All other members at the rate established in G.S. 138-5.

25 All State departments and agencies and local governments and their subdivisions shall
26 furnish the Task Force with any requested information in their possession or available to them.

27 **SECTION 7.37.(i)** The Legislative Services Officer shall assign professional and
28 clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the
29 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
30 clerical support to the Task Force.

31 **SECTION 7.37.(j)** Meetings of the Task Force shall begin no later than 60 days after
32 the date this act becomes law. The Task Force shall submit a final report on the results of its
33 study, including its proposed plan and any proposed legislation, to the Joint Legislative Education
34 Oversight Committee on or before December 1, 2022, by filing a copy of the report with the
35 Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of
36 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
37 Library. The Task Force shall terminate on December 1, 2022, or upon the filing of its final
38 report, whichever comes first.

40 **ADVANCED TEACHING ROLES CHANGES**

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

42 "**§ 115C-311. Teacher compensation models and advanced teaching roles.**

43 ...

44 (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit
45 pursuant to this section shall be subject to availability and awarded for a term of up to three years,
46 in the discretion of the State Board. A local school administrative unit shall not be eligible to
47 receive funding for more than ~~one term~~ two terms. Funds awarded to local school administrative
48 units shall be used for any of the ~~following~~ following, subject to requirements established by the
49 State Board:

- 50 (1) Development of advanced teaching role plans.

- 1 (2) Development of professional development courses for teachers in advanced
2 teaching roles that lead to improved student outcomes.
- 3 (3) Transition costs associated with designing and implementing advanced
4 teaching role models. Transition costs may include employing staff members
5 or contractors to assist with design and implementation of the plan.
- 6 (4) Development of the design and implementation of compensation plans that
7 focus on teacher professional growth and student outcomes and the transition
8 costs associated with designing and implementing new compensation plans,
9 including employing staff members or contractors to assist with design and
10 implementation of the plan.

11 ...

12 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the
13 State Board of Education, Advanced Teaching Roles schools selected to participate in the
14 program may exceed the maximum class size requirements for kindergarten through third grade
15 during the term of up to three years in which State funds are awarded to the local school
16 administrative unit where the school is located. At the conclusion of the term, grade. If a school
17 is no longer designated as an Advanced Teaching Roles school, any class size flexibility
18 approved for an Advanced Teaching Roles that school pursuant to this subsection shall expire.

19"

20 **SECTION 7.38.(b)** This section is effective when it becomes law.

21 **PRINCIPAL RECRUITMENT SUPPLEMENT**

22 **SECTION 7.39.** Notwithstanding G.S. 115C-285.1, for purposes of administering
23 the principal recruitment supplement in the 2021-2022 fiscal year, a school identified as an
24 eligible school in the 2019-2020 and 2020-2021 school years pursuant to G.S. 115C-285.1(a)(2)
25 and Section 2.13(a) of S.L. 2020-3, respectively, shall continue to be an eligible school in the
26 2021-2022 school year.

27 **NOTIFICATION REQUIREMENT FOR TEACHER PERFORMANCE DATA**

28 **SECTION 7.40.** Notwithstanding G.S. 115C-333.2, for the 2021-2022 school year,
29 to the extent the Education Value-Added Assessment System (EVAAS) data regarding a
30 teacher's performance includes data from more than one school year, when a principal notifies a
31 teacher that the teacher's EVAAS data has been updated, the principal shall provide the teacher
32 with additional context regarding the years on which the data is based and the extent to which
33 the students on which the data is based were taught by another teacher.

34 **TEACHER EFFECTIVENESS REPORTING REQUIREMENTS**

35 **SECTION 7.41.** Notwithstanding G.S. 115C-299.5, for the 2021-2022 school year,
36 to the extent teacher effectiveness data reported pursuant to G.S. 115C-299.5 is based on more
37 than one school year, local school administrative units and the State Board of Education shall
38 contextualize that data by specifying the years on which it is based and the extent to which it is
39 not reflective of teacher performance because the students on which the data is based were taught
40 by more than one teacher.

41 **TEMPORARILY WAIVE CERTAIN REQUIREMENTS THAT RELATE TO DRIVING** 42 **ELIGIBILITY CERTIFICATES**

43 **SECTION 7.42.(a)** Notwithstanding G.S. 20-11(n), 115C-12(28), 115C-218.70,
44 115C-288(k), 115C-566, and 115D-5(a3), a person required to sign a driving eligibility certificate
45 shall issue the driving eligibility certificate without requiring the person to whom it is issued to
46 be making progress toward obtaining a high school diploma or its equivalent, and no school
47 authority shall notify the Division of Motor Vehicles that a person no longer meets the
48
49
50
51

1 requirements for a driving eligibility certificate because the person is not making progress toward
2 obtaining a high school diploma or its equivalent.

3 **SECTION 7.42.(b)** This section is effective when this act becomes law and expires
4 June 30, 2022.

5
6 **RESTORE CERTAIN PERMITS AND PROVISIONAL LICENSES REVOKED DUE TO**
7 **CERTIFICATE INELIGIBILITY**

8 **SECTION 7.43.(a)** Past Performance Revocation Restoration. – The Division of
9 Motor Vehicles shall restore the permit or license of any person whose permit or license was
10 revoked by the Division under G.S. 20-13.2(c1) due to ineligibility for a driving eligibility
11 certificate under G.S. 20-11(n)(1). For restorations granted under this section, the Division shall
12 not charge a restoration fee and the Division must expunge any record of revocation from the
13 person's driving record.

14 **SECTION 7.43.(b)** This section is effective when it becomes law and applies to
15 revocations resulting from notifications of ineligibility received by the Division dated on or after
16 March 1, 2020, through the effective date of this section.

17
18 **RECOMMENDATION FOR STUDENTS WITH DISABILITIES FUNDING**

19 **SECTION 7.44.** Of the funds appropriated by this act to the Department of Public
20 Instruction for the 2021-2022 fiscal year to contract with Augenblick, Palaich and Associates
21 Consulting (APA), APA shall make recommendations on how to categorize the allocation of
22 funding for students with disabilities and how to set funding levels for each category
23 recommended. APA shall expand on the findings and recommendations made in its 2010 report,
24 "Recommendations to Strengthen North Carolina's School Funding System." In addition, APA
25 shall consider any findings and recommendations published since 2010 by the Department of
26 Public Instruction and by the Friday Institute for Educational Innovation at North Carolina State
27 University regarding funding needs for students with disabilities. In developing
28 recommendations, APA shall examine the following:

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

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

47
48 **TEMPORARILY EXTEND CPR GRADUATION REQUIREMENT CHANGES**

49 **SECTION 7.45.(a)** Notwithstanding G.S. 115C-12(9d)a., for the 2020-2021 school
50 year, any student in grade 12 who has not satisfied the requirement for completion of instruction
51 in cardiopulmonary resuscitation shall be eligible to graduate if both of the following apply:

- 1 (1) Instruction in cardiopulmonary resuscitation cannot be completed due to the
2 COVID-19 emergency.
3 (2) The student is eligible to graduate in all respects other than the statutory
4 requirement described in this section, as determined by the principal of the
5 school to which the student is assigned.

6 **SECTION 7.45.(b)** This section is effective when it becomes law.
7

8 **ACADEMIC TRANSPARENCY**

9 **SECTION 7.46.(a)** Article 8 of Chapter 115C of the General Statutes is amended by
10 adding a new section to read:

11 **"§ 115C-102.1. Inform the public about course materials.**

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

- 13 (1) Course materials. – Any material used for instruction in a course, including,
14 but not limited to, all instructional materials, supplemental materials,
15 textbooks, other reading materials, videos, digital materials, websites, and
16 other online applications.
17 (2) Instructional materials. – As defined in G.S. 115C-102.20.
18 (3) Lesson plan. – An outline of all of the following:
19 a. The instruction provided by a teacher for a course that includes a list
20 of (i) all course materials assigned, distributed, or otherwise presented
21 in the course and (ii) when students must select course materials from
22 a defined list, all course materials on that list.
23 b. Each grade- or school-wide presentation, assembly, lecture, or other
24 activity or event facilitated by the school during instructional hours
25 outside of an individual teacher's classroom, excluding student
26 presentations. The outline shall include a list of (i) each presenter by
27 name and organization and (ii) any course material used or presented.
28 (4) Supplemental materials. – As defined in G.S. 115C-102.20.

29 (b) The governing body of a public school unit shall ensure that the following information
30 for each school it governs is prominently displayed on the school website, organized, at a
31 minimum, by subject area and grade level:

- 32 (1) For local school administrative units, the lesson plans that were used at the
33 school during the prior school year. Lesson plans shall include the following,
34 at a minimum:
35 a. The names of all instructional and supplemental materials used by the
36 school from the list of materials included in the instructional materials
37 repository, with an electronic link to the instructional materials
38 website.
39 b. Any other course materials used in a course, by the title and the author,
40 organization, or website associated with each material and activity.
41 These course materials shall include materials created by the teacher,
42 with the teacher identified as the author. The lesson plan shall include
43 a brief descriptor of the course materials, and a link to the course
44 material, if publicly available on the internet, or information on how
45 to request review of a copy of the course material in person. Nothing
46 in this section shall be construed to require the digital reproduction or
47 posting of copies of the course materials themselves.
48 (2) For all public school units that are not local school administrative units, the
49 lesson plans that were used at the school during the prior school year. Lesson
50 plans shall include the following, at a minimum:

- 1 a. All course materials by the title and the author, organization, or
2 website associated with each material and activity. If individual
3 components of course materials used throughout the lesson plan are
4 produced as a single volume, that volume may be listed only once in
5 the lesson plan. If the course material was created by the teacher, the
6 lesson plan shall identify the teacher as the author.
- 7 b. A brief descriptor of the course material.
- 8 c. A link to the course material, if publicly available on the internet, or
9 information on how to request review of a copy of the course material
10 in person. Nothing in this section shall be construed to require the
11 digital reproduction or posting of copies of the course materials
12 themselves.
- 13 (3) For all public school units, any procedures for the documentation, review, or
14 approval of the lesson plans, including course materials identified in those
15 plans, by the principal, curriculum administrators, or other teachers.
- 16 (4) For all public school units, the procedure established by the governing board
17 for requesting an in-person review of a course material not publicly available
18 on the internet. For local school administrative units, information shall be
19 provided on how to access the instructional materials repository, as provided
20 in G.S. 115C-102.50.
- 21 (c) The governing body shall provide access from the website of the public school unit
22 to the information required by subsection (b) of this section by June 30 of each year either through
23 a website maintained by the public school unit or by a link to another website where the
24 information is publicly accessible. Public access to the information for the school year ending
25 June 30 shall be maintained by the public school unit until June 30 of the following year. The
26 Department of Public Instruction shall make available to public school units one or more
27 templates for providing information as required by this section. A public school unit may exercise
28 flexibility in determining the most effective means of compliance with the requirements of this
29 section, including, but not limited to, utilizing any of the following in its discretion:
- 30 (1) Providing a template created by the Department of Public Instruction to
31 teachers to facilitate reporting of lesson plans.
- 32 (2) Creating one or more templates to provide to teachers to facilitate reporting of
33 lesson plans. The public school unit may customize templates for grades or
34 courses and may autopopulate any course materials required by the public
35 school unit as part of the curriculum for a particular grade or course.
- 36 (3) Allowing utilization of online collaborative software, documents, or
37 spreadsheets to allow multiple authorized users to update content.
- 38 (4) Authorizing updating lesson plans throughout the school year, if all updates
39 are completed by June 30.
- 40 (d) A governing body that is responsible for the operation of schools with fewer than 400
41 students cumulatively is not required to comply with the requirements of this section."
- 42 **SECTION 7.46.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:
43 "(9e) Duty to Inform the Public About Course Materials. – The Board shall ensure
44 that information about course materials for any school operated under Article
45 7A and Article 9C of this Chapter is prominently displayed on the website of
46 the school, as required by G.S. 115C-102.1."
- 47 **SECTION 7.46.(c)** G.S. 115C-47 is amended by adding a new subdivision to read:
48 "(58a) To Inform the Public About Course Materials. – Local boards of education
49 shall ensure that information about course materials for each school in the
50 local school administrative unit is prominently displayed on the website of the
51 school, as required by G.S. 115C-102.1."

1 **SECTION 7.46.(d)** G.S. 115C-238.66 is amended by adding a new subdivision to
2 read:
3 "(11a) Course materials. – The board of directors shall ensure that information about
4 course materials is prominently displayed on the website of the regional
5 school, in accordance with G.S. 115C-102.1."

6 **SECTION 7.46.(e)** G.S. 115C-218.85 is amended by adding a new subsection to
7 read:
8 "(c) Course Materials. – A charter school shall ensure that information about course
9 materials is prominently displayed on the website of the charter school, in accordance with
10 G.S. 115C-102.1."

11 **SECTION 7.46.(f)** Article 4 of Chapter 116 of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 116-69.2. Inform the public about course materials.**

14 The Board of Trustees shall ensure that information about course materials is prominently
15 displayed on the website of the North Carolina School of the Arts for all elementary, middle, and
16 high school programs, in accordance with G.S. 115C-102.1."

17 **SECTION 7.46.(g)** G.S. 116-235 is amended by adding a new subsection to read:

18 "(j) Course Materials. – The Board of Trustees shall ensure that information about course
19 materials is prominently displayed on the website of the School, in accordance with
20 G.S. 115C-102.1."

21 **SECTION 7.46.(h)** G.S. 116-239.8(b) reads as rewritten:

22 "(b) The chancellor shall be the administrative head of a laboratory school approved by
23 the Subcommittee and shall provide general direction for the establishment and operation of a
24 laboratory school. The chancellor, with advice and input from the advisory board established in
25 subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of
26 study to govern the operation of the laboratory school. The chancellor may designate the duties
27 required by this Article to other personnel as necessary. The chancellor shall also have the
28 following powers and duties:

29 ...
30 (2a) Course materials. – The chancellor shall ensure that information about course
31 materials is prominently displayed on the website of the laboratory school, in
32 accordance with G.S. 115C-102.1.

33 "

34 **SECTION 7.46.(i)** Section 6(d) of S.L. 2018-32 is amended by adding a new
35 subdivision to read:

36 "(5a) G.S. 115C-102.1, Inform the public about course materials."

37 **SECTION 7.46.(j)** Except as otherwise provided, this section is effective when it
38 becomes law and applies beginning with the display of course materials used during the
39 2021-2022 school year no later than June 30, 2022.

40
41 **MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS**

42 **SECTION 7.47.(a)** Part 3 of Article 8 of Chapter 115C of the General Statutes is
43 repealed.

44 **SECTION 7.47.(b)** Article 8 of Chapter 115C of the General Statutes is amended by
45 adding a new Part to read:

46 "Part 3C. Selection of Instructional Material.

47 **"§ 115C-102.20. Definition of instructional materials.**

48 (1) Curricula. – All current objectives, curricula materials, texts, and all other
49 audiovisual or printed materials that are displayed or distributed to students.

50 (2) Health and safety programs. – Any instruction, curricula, or materials intended
51 to impart information or promote discussion or understanding regarding any

1 of the following, including instruction, curricula, or materials implemented to
2 comply with any federal law, regulation, or guidance:

- 3 a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).
- 4 b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).
- 5 c. Growth and development, as provided in G.S. 115C-81.25(c)(9).
- 6 d. Anti-bullying or anti-harassment.

7 (3) Instructional materials. – Systematically organized material comprehensive
8 enough to cover the primary objectives outlined in the standard course of
9 study for a grade or course. Formats for instructional materials may be print
10 or nonprint, including hardbound books, softbound books, activity-oriented
11 programs, classroom kits, or digital resources that require the use of electronic
12 equipment in order to be used in the learning process.

13 (4) Local committee. – A local community media advisory committee.

14 (5) Parent. – A student's parent or legal guardian.

15 (6) State Committee. – The State Community Media Advisory Committee.

16 (7) Supplemental materials. – Educational materials that supplement specific
17 instruction for the standard course of study selected and procured by a local
18 board of education for a grade or course or general education needs of the
19 school. Supplemental materials may include textbooks, library books,
20 periodicals, audiovisual materials, and other supplemental instructional
21 materials needed for instructional purposes in the local school administrative
22 unit. Supplemental materials may be print or nonprint, including hardbound
23 books, softbound books, activity-oriented programs, classroom kits, or digital
24 resources that require the use of electronic equipment in order to be used in
25 the learning process.

26 (8) Unfit materials. – Instructional or supplemental materials determined to be
27 inappropriate for use in an elementary or secondary school because the
28 material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade
29 level of the students, or (iii) not aligned with the standard course of study.

30 **"§ 115C-102.25. Selection of instructional materials.**

31 (a) Local Board Adoption. – Local boards of education shall select and adopt
32 instructional materials for each standard course of study at each instructional level in the
33 elementary school and the secondary school adopted by the State Board of Education, as provided
34 in Part 1 of Article 8 of this Chapter.

35 (b) Evaluation of Instructional Materials Prior to Adoption. – For each standard course
36 of study, the local board of education may require experts employed by the local board of
37 education and certified in the discipline in which the instructional material would be used to offer
38 evaluation reports to the local board on materials being considered for adoption. Such evaluation
39 reports should give special consideration to the suitability of the instructional materials to the
40 instructional level for which it is offered, the content or subject matter, whether the instructional
41 materials are aligned with the standard course of study, and other criteria prescribed by the local
42 board.

43 **"§ 115C-102.30. Selection of supplemental materials.**

44 (a) Local boards of education shall adopt written policies concerning the procedures to
45 be followed in their local school administrative units for the selection and procurement of
46 supplemental materials for a grade or course or for general education needs at a school or
47 throughout the entire local school administrative unit. Local boards of education shall have sole
48 authority to select and procure supplemental materials, whether or not the materials contain
49 commercial advertising, to determine if the materials are related to and within the limits of the
50 prescribed curriculum, and to determine when the materials may be presented to students during
51 the school day.

1 (b) Supplemental materials shall neither displace nor be used to the exclusion of
2 instructional materials.

3 **"§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

4 (a) When adopting, modifying, or amending a health and safety program and the
5 instructional and supplemental materials for that program, a local board of education shall
6 conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

7 (b) The local board of education shall also provide both electronic and written notice to
8 all parents of students in the local school administrative unit of the public hearing and the
9 opportunity to review those materials in the program repository, as provided in
10 G.S. 115C-102.50, at least 60 days before the public hearing occurs.

11 (c) The notice to parents provided for in subsection (b) of this section shall include the
12 following in both written and electronic form:

13 (1) A detailed description of the program's objectives and any proposed changes,
14 including any topics that the local board of education determines that a
15 reasonable parent in that community may wish to examine as to the age
16 appropriateness of the topics.

17 (2) All written and audio materials that will be used.

18 (3) A link to, or information on how to access, the program repository on the local
19 school administrative unit's website, as provided in G.S. 115C-102.50.

20 **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

21 (a) Funds allocated by the State Board of Education or appropriated in the current
22 expense or capital outlay budgets of the local school administrative units shall be used by the
23 local board of education for purchase, lease, or rental of instructional or supplemental materials
24 and for hardware, software, or other equipment necessary for the use of the instructional or
25 supplemental materials. The title of purchased materials and equipment shall be vested in the
26 local board of education.

27 (b) Local boards of education are encouraged to partner with other local boards of
28 education and other public schools to jointly purchase instructional and supplemental materials.

29 (c) All instructional materials purchased with State funds shall include a clause granting
30 to the local board of education the license to produce braille, large print, and audio recording
31 copies of the instructional materials for use in the local school administrative unit.

32 (d) The local board of education shall publish on the website of the local school
33 administrative unit the title, author, and publisher of all instructional and supplemental materials
34 purchased by the local board of education.

35 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

36 (a) The students of the public elementary and secondary schools of the State shall be
37 provided with free instructional materials within the appropriation of the General Assembly for
38 that purpose. The local board of education shall provide for the free use by students, with proper
39 care and return, of elementary and secondary instructional materials. No local board of education
40 may charge any student a rental fee for the use of instructional materials or for hardware,
41 software, or other equipment necessary for the use of the instructional or supplemental materials.

42 (b) Local boards of education shall provide adequate and safe storage facilities for the
43 proper care of instructional and supplemental materials and emphasize to all students the
44 necessity for proper care of instructional and supplemental materials and equipment necessary
45 for the use of the instructional materials.

46 (c) A student's parents or legal guardians may be charged damage fees for abuse or loss
47 of instructional or supplemental materials or equipment necessary for the use of those materials
48 under rules adopted by the local board of education. Damage fees collected under this subsection
49 shall be used by the local board of education for purchase, lease, or rental of instructional and
50 supplemental materials, as provided in G.S. 115C-102.40.

51 **"§ 115C-102.50. Instructional materials repository.**

1 (a) A local board of education shall maintain a continuous repository of current
2 instructional and supplemental materials that have been selected and acquired by the local board
3 of education pursuant to this Article. The repository shall not be required to include classroom
4 materials developed by teachers. The materials shall be maintained at a central location for
5 in-person review by parents and the public upon request, and the names of all those materials
6 shall be posted to the local school administrative unit's website for review by parents and the
7 public.

8 (b) In addition to the requirements of subsection (a) of this section, a local board of
9 education shall also maintain a continuous repository of current objectives, entire curricula, texts,
10 and all other materials used in any health and safety program as follows:

11 (1) The current objectives, entire curricula, texts, and all other materials used in
12 any health and safety program shall be maintained at a central location for
13 in-person review by parents and the public upon request.

14 (2) Electronic copies of the current objectives and names of curricula, texts, or
15 any other materials used in any health and safety program shall be posted to
16 the local school administrative unit's website for review by parents and the
17 public. The website shall also include the curricula, texts, and any other
18 materials used in the health and safety program, including links to any
19 materials available on the publisher's website.

20 (3) The local board of education shall add to the central location and electronic
21 repository any objectives, curricula, texts, and other materials that may be
22 proposed for adoption, amendment, or modification to the health and safety
23 program and shall clearly indicate that status while the materials are under
24 consideration.

25 (c) Each school year, at least 14 days before students participate in a health and safety
26 program, a local board of education shall give both written and electronic notice to parents of
27 students participating in that program of the right of parents to review the objectives, complete
28 materials, and entire curriculum of that program in the program repository maintained by the
29 local board of education, as provided in subsection (b) of this section. The notice shall include
30 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction
31 with and combination with the notice and requirements to inform parents of the local board of
32 education's policy for participation in certain health and safety programs, as established in
33 G.S. 115C-81.32.

34 **"§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

35 (a) Any parent, guardian, or person in loco parentis may purchase any instructional
36 material needed for any student in the public schools of the State from the board of education of
37 the local school administrative unit in which the child is enrolled, if the board of education holds
38 title to the instructional material, as described in G.S. 115C-102.40(a).

39 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
40 or any other provision of law, a local board of education may dispose of discontinued
41 instructional or supplemental materials.

42 **"§ 115C-102.60. Local community media advisory committee.**

43 (a) A local board of education shall establish a local community media advisory
44 committee to investigate and evaluate challenges from parents, teachers, and members of the
45 public to instructional materials and supplemental materials on the grounds that they are unfit
46 materials. This section does not apply to optional supplemental materials available through the
47 school library.

48 (b) The local committee shall, at a minimum, include the following:

49 (1) A principal from a high school, middle school, and elementary school,
50 respectively.

1 (2) A teacher from a high school, middle school, and elementary school,
2 respectively.

3 (3) A parent of a student in high school or middle school and a parent of a student
4 in elementary school.

5 (4) A school library media coordinator from a high school, middle school, and
6 elementary school, respectively.

7 (c) Individuals challenging unfit materials shall make challenges in writing to the local
8 board of education and shall specify whether the materials are being challenged on the grounds
9 of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii)
10 not aligned with the standard course of study.

11 (d) Within two weeks of the filing of the challenge, the local committee shall hold a
12 hearing and provide the challengers an opportunity to present their concerns to the local
13 committee. The local committee may, in the local committee's discretion, request additional
14 information at the hearing from experts on the subject matter employed by the local school
15 administrative unit. Within two weeks of the hearing, the local committee shall make a
16 recommendation to the local board of education on whether the challenge has merit and whether
17 the challenged material should be retained or removed as unfit material. The local committee's
18 determination shall be limited to considerations of whether the material is unfit on the specific
19 grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level
20 of the students, or (iii) not aligned with the standard course of study.

21 (e) At the next meeting of the local board of education after the local committee's
22 recommendation is received, the local board shall determine whether the challenge has merit and
23 whether the challenged material should be retained or removed as unfit material.

24 (f) If the local board of education determines that the challenged material shall be
25 retained, a challenger may appeal the local board's decision to the State Community Media
26 Advisory Committee. The challenger must make the appeal in the form and manner designated
27 by the State Board of Education within two weeks of the local board's decision.

28 **"§ 115C-102.65. State Community Media Advisory Committee.**

29 (a) The State Board of Education shall establish a State Community Media Advisory
30 Committee to review challenges to instructional and supplemental materials appealed under
31 G.S. 115C-102.55.

32 (b) The State Committee shall, at a minimum, include the following:

33 (1) The State Superintendent of Public Instruction or designee.

34 (2) One superintendent of a local school administrative unit.

35 (3) A principal from a high school, middle school, and elementary school,
36 respectively.

37 (4) A teacher from a high school, middle school, and elementary school,
38 respectively.

39 (5) A parent of a student in high school or middle school and a parent of a student
40 in elementary school.

41 (6) A school library media coordinator from a high school, middle school, and
42 elementary school, respectively.

43 (c) A member of the State Committee may be recused from any challenge to materials
44 used in the local school administrative unit in which the member is employed or in which the
45 member's child is enrolled.

46 (d) The State Board of Education shall designate the form and manner for appeals to be
47 made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be
48 provided to the local board of education.

49 (e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing
50 and provide the appellants an opportunity to present concerns to the State Committee as well as
51 the local board of education an opportunity to rebut those concerns. The State Committee may,

1 in the State Committee's discretion, request additional information at the hearing from experts on
2 the subject matter employed by the State Board of Education. Within two weeks of the hearing,
3 the State Committee shall make a recommendation to the State Board of Education on whether
4 the appealed challenge has merit and whether the challenged material should be retained or
5 removed as unfit material. The State Committee's determination shall be limited to considerations
6 of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii)
7 inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the
8 standard course of study.

9 (f) At the next meeting of the State Board of Education after the State Committee's
10 recommendation is received, the State Board shall determine whether the appealed challenge has
11 merit and whether the challenged material should be retained or removed as unfit material. If the
12 State Board of Education determines that challenged material shall be removed, the local board
13 of education shall remove the material. The decision of the State Board of Education is final and
14 is not subject to appeal by the local board of education or challenger."

15 **SECTION 7.47.(c)** G.S. 115C-11(d) reads as rewritten:

16 "(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~
17 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a
18 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute
19 book."

20 **SECTION 7.47.(d)** G.S. 115C-11(e) is repealed.

21 **SECTION 7.47.(e)** G.S. 115C-12(9)b. is repealed.

22 **SECTION 7.47.(f)** G.S. 115C-12(18)d. reads as rewritten:

23 "d. The State Board of Education shall modify the Uniform Education
24 Reporting System to provide clear, accurate, and standard information
25 on the use of funds at the unit and school level. The plan shall provide
26 information that will enable the General Assembly to determine State,
27 local, and federal expenditures for personnel at the unit and school
28 level. The plan also shall allow the tracking of expenditures for
29 ~~textbooks,~~ instructional materials, educational supplies and
30 equipment, capital outlay, at-risk students, and other purposes."

31 **SECTION 7.47.(g)** G.S. 115C-47(6) reads as rewritten:

32 "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall
33 adopt rules and regulations governing solicitations of, sales to, and
34 fund-raising activities conducted by, the students and faculty members in
35 schools under their jurisdiction, and no fees, charges, or costs shall be
36 collected from students and school personnel without approval of the board of
37 education as recorded in the minutes of said board; ~~provided, this subdivision~~
38 ~~shall not apply to such textbooks fees as are determined and established by the~~
39 ~~State Board of Education.~~ board. The local board of education shall publish a
40 schedule of fees, charges, and solicitations approved by the local board on the
41 local school administrative unit's Web site by October 15 of each school year
42 and, if the schedule is subsequently revised, within 30 days following the
43 revision."

44 **SECTION 7.47.(h)** G.S. 115C-47(33) reads as rewritten:

45 "(33) To Approve and Use Supplemental Materials. – Local boards of education
46 shall have sole authority to select and procure ~~supplementary instructional~~
47 supplemental materials, whether or not the materials contain commercial
48 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~ Part 3C of Article
49 8 of this Chapter."

50 **SECTION 7.47.(i)** G.S. 115C-47(33a) reads as rewritten:

1 "(33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education-~~
2 Instructional Materials. – Local boards of education shall have the sole
3 authority to select, procure, and use ~~textbooks not adopted by the State Board~~
4 of Education instructional materials as provided in ~~G.S. 115C-98(b1)-Part 3C~~
5 of Article 8 of this Chapter."

6 **SECTION 7.47.(j)** G.S. 115C-75.10(c) reads as rewritten:

7 "(c) Funding Memorandum of Understanding. – The IS operator, in collaboration with the
8 ISD Superintendent, may enter into a funding memorandum of understanding with the local
9 board of education of the local school administrative unit where the innovative school is located
10 for all student support and operational services and instructional services to be provided by the
11 local board of education in the same manner and degree as in the prior school year or funding in
12 an amount equivalent to the amount the local board of education would have expended on those
13 services if provided. For the purposes of this subsection, student support and operational services
14 include cafeteria services, custodial services, broadband and utilities, and student information
15 services, and instructional services include alternative education, special education services, test
16 administration services, ~~textbooks,~~ instructional materials, technology, media resources,
17 instructional equipment, and other resources. The IS operator and local board of education shall
18 finalize the funding memorandum of understanding within 30 days of the initial request for the
19 memorandum by the IS operator. If the parties have not completed the funding memorandum of
20 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

21 **SECTION 7.47.(k)** G.S. 115C-81.5(b)(3) is repealed.

22 **SECTION 7.47.(l)** G.S. 115C-81.25(b)(3) is repealed.

23 **SECTION 7.47.(m)** G.S. 115C-81.25(d) reads as rewritten:

24 "(d) Parental Review. – The State Board of Education shall make available to all local
25 school administrative units for review by the parents and legal guardians of students enrolled at
26 those units any State-developed objectives for ~~instruction any approved textbooks,~~ instruction,
27 the list of reviewed materials, and any other State-developed or approved materials that pertain
28 to or are intended to impart information or promote discussion or understanding in regard to the
29 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of
30 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The
31 review period shall extend for at least 60 days before use."

32 **SECTION 7.47.(n)** G.S. 115C-242(3) reads as rewritten:

33 "(3) The board of education of any local school administrative unit may operate
34 the school buses of such unit one day prior to the opening of the regular school
35 term for the transportation of pupils and employees to and from the school to
36 which such pupils are assigned or in which they are enrolled and such
37 employees are employed, for the purposes of the registration of students, the
38 organization of classes, the distribution of ~~textbooks,~~ instructional materials,
39 and such other purposes as will, in the opinion of the superintendent of the
40 schools of such unit, promote the efficient organization and operation of such
41 public schools."

42 **SECTION 7.47.(o)** G.S. 115C-271(d)(2) reads as rewritten:

43 "(2) Local funds appropriated for teachers, ~~textbooks,~~ instructional materials, or
44 classroom materials, supplies, and equipment are not transferred or used for
45 this purpose."

46 **SECTION 7.47.(p)** G.S. 115C-384(c) reads as rewritten:

47 "(c) Rental Fees for ~~Textbooks—Instructional Materials~~ Prohibited; Damage Fees
48 Authorized. – No rental fees are permitted for the use of ~~textbooks,~~ instructional materials, but
49 damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100-G.S. 115C-102.45.~~"

50 **SECTION 7.47.(q)** G.S. 115C-390.2(l)(1) reads as rewritten:

1 "(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished
2 digital devices home for the duration of the absence."

3 **SECTION 7.47.(r)** G.S. 115C-390.5(c)(1) reads as rewritten:

4 "(1) The opportunity to take ~~textbooks~~ instructional materials home for the
5 duration of the suspension."

6 **SECTION 7.47.(s)** G.S. 115C-398 reads as rewritten:

7 "**§ 115C-398. Damage to school buildings, furnishings, textbooks.**

8 Students and their parents or legal guardians may be liable for damage to school buildings,
9 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,
10 115C-100 and 14-132."

11 **SECTION 7.47.(t)** G.S. 143A-48 is repealed.

12 **SECTION 7.47.(u)** G.S. 143C-9-7(b) reads as rewritten:

13 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming
14 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local
15 school administrative units, charter schools, and regional schools on the basis of allotted average
16 daily membership. The funds allotted by the State Board of Education pursuant to this section
17 shall be nonreverting. Funds received pursuant to this section by local school administrative units
18 shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or
19 ~~textbooks~~ instructional materials."

20 **SECTION 7.47.(v)** Effective July 1, 2021, the existing Textbooks and Digital
21 Resources funding allotment in the State Public School Fund shall be designated as the
22 Instructional Materials funding allotment in the State Public School Fund. The State Board of
23 Education shall establish the purposes for which the funds within the new Instructional Materials
24 funding allotment may be used as follows: (i) to acquire instructional or supplemental materials
25 as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire software necessary
26 for the use of the instructional or supplemental materials.

27 **SECTION 7.47.(w)** G.S. 115C-105.25(b)(12) reads as rewritten:

28 "(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may
29 only be used ~~for the purchase of textbooks and digital resources. to acquire~~
30 instructional and supplemental materials, as defined in G.S. 115C-102.20, and
31 to acquire software necessary for the use of the instructional or supplemental
32 materials. These funds shall not be transferred out of the allotment for any
33 other purpose."

34 **SECTION 7.47.(x)** G.S. 115C-81.30(b) and (c) are repealed.

35 **SECTION 7.47.(y)** Article 8 of Chapter 115C of the General Statutes is amended by
36 adding a new section to read:

37 "**§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

38 Local boards of education shall adopt policies to provide opportunities either for parents to
39 consent or for parents to withhold their consent to the students' participation in any or all of the
40 health and safety programs included in subdivision (2) of G.S. 115C-102.20 provided by the local
41 school administrative unit. Local boards of education shall provide notice to parents of this
42 opportunity at least 14 days before students participate in the health and safety programs, in
43 conjunction with and combination with the notice required by G.S. 115C-102.50. The notice shall
44 inform parents of the local board's policy for participation in the health and safety programs and
45 provide a form that allows parents to exercise parental rights under that policy."

46 **SECTION 7.47.(z)** G.S. 115C-81.30(c) reads as rewritten:

47 "~~(e) Parental Review and Consent. — Each school year, before students may participate in~~
48 ~~any portion of (i) a program that pertains to or is intended to impart information or promote~~
49 ~~discussion or understanding in regard to the prevention of sexually transmitted diseases,~~
50 ~~including HIV/AIDS, or to the avoidance of out-of-wedlock pregnancy or (ii) a reproductive~~
51 ~~health and safety education program, whether developed by the State or by the local board of~~

1 ~~education, the parents and legal guardians of those students shall be given an opportunity to~~
2 ~~review the objectives and materials as provided in G.S. 115C-81.25(d). Local boards of education~~
3 ~~shall adopt policies to provide opportunities either for parents and legal guardians to consent or~~
4 ~~for parents and legal guardians to withhold their consent to the students' participation in any or~~
5 ~~all of these programs."~~

6 **SECTION 7.47.(aa)** No local board of education shall be required to hold a public
7 hearing for any program, as defined in this section, in use prior to the 2021-2022 school year
8 until that program is amended, modified, or replaced. All local boards of education shall establish
9 a program repository of current programs, as defined in this section, for access to parents prior
10 to the start of the 2021-2022 school year and shall not implement any program until that program
11 is included in the repository.

12 **SECTION 7.47.(bb)** This section is effective when it becomes law and applies
13 beginning with the 2021-2022 school year.
14

15 **LOW-PERFORMING SCHOOLS**

16 **SECTION 7.48.(a)** Low-Performing Schools. – Notwithstanding G.S. 115C-105.37
17 and G.S. 115C-218.94(a), for the 2021-2022 school year, the following apply:

- 18 (1) The State Board shall not identify additional low-performing schools based
19 on data from the 2020-2021 school year.
- 20 (2) Schools previously identified as low-performing based on data from the
21 2018-2019 school year shall continue to be identified as low-performing.
- 22 (3) Previously identified low-performing schools shall continue to carry out the
23 final plan approved by the local board of education pursuant to
24 G.S. 115C-105.37(a1).
- 25 (4) The State Board and the local board of education shall continue to provide
26 online access to each low-performing school's plan in accordance with
27 G.S. 115C-105.37(a1)(5).
- 28 (5) The written parental notice required by G.S. 115C-105.37(b) is not required
29 to be provided again, but local boards of education of low-performing schools
30 shall include with their online final plans a brief explanation that
31 low-performing identification continues pending assessment data from the
32 2021-2022 school year.

33 **SECTION 7.48.(b)** Continually Low-Performing Schools. – Notwithstanding
34 G.S. 115C-105.37A and G.S. 115C-218.94(b), for the 2021-2022 school year, the following
35 apply:

- 36 (1) The State Board shall not identify additional continually low-performing
37 schools based on data from the 2020-2021 school year.
- 38 (2) Schools previously identified as continually low-performing based on data
39 from the 2018-2019 school year shall continue to be identified as continually
40 low-performing.
- 41 (3) Previously identified continually low-performing schools shall continue to
42 carry out the plan approved by the State Board pursuant to
43 G.S. 115C-105.37A(a).
- 44 (4) Assistance and intervention levels provided for the 2019-2020 school year
45 based on designation as low-performing for two years under
46 G.S. 115C-105.37A(b) or low-performing for three years under
47 G.S. 115C-105.37A(c) shall continue.
- 48 (5) Local boards of education may request to reform a continually
49 low-performing school in accordance with G.S. 115C-105.37B.

50 **SECTION 7.48.(c)** Low-Performing Local School Administrative Units. –
51 Notwithstanding G.S. 115C-105.39A, for the 2021-2022 school year, the following apply:

- 1 (1) The State Board shall not identify additional low-performing local school
2 administrative units based on data from the 2020-2021 school year.
- 3 (2) Local school administrative units previously identified as low-performing
4 based on data from the 2018-2019 school year shall continue to be identified
5 as low-performing.
- 6 (3) Previously identified low-performing local school administrative units shall
7 continue to carry out the final plan approved by the local board of education
8 pursuant to G.S. 115C-105.39A(b).
- 9 (4) The State Board and the local board of education shall continue to provide
10 online access to each low-performing local school administrative unit's plan
11 in accordance with G.S. 115C-105.39A(b)(5).
- 12 (5) The written parental notice required by G.S. 115C-105.39A(c) is not required
13 to be provided again, but the local board of education shall include with its
14 online final plan a brief explanation that low-performing identification
15 continues pending assessment data from the 2021-2022 school year.
- 16 (6) The provisions of G.S. 115C-105.39(c) through (e) shall not apply.
17

18 PUBLIC SCHOOL UNIT CALENDARS FOR THE 2021-2022 SCHOOL YEAR

19 SECTION 7.49.(a) Part 2 of Article 8 of Chapter 115C of the General Statutes is
20 amended by adding a new section to read:

21 "§ 115C-84.3. Remote instruction.

22 (a) Remote instruction means instruction delivered to students in a remote location
23 outside of the school facility, whether synchronously or asynchronously. Instructional days or
24 hours provided through any of the following shall not be considered remote instruction:

- 25 (1) North Carolina Virtual Public School courses.
- 26 (2) E-learning courses that meet the requirements of G.S. 115C-238.85.
- 27 (3) Institution of higher education courses, as provided in Article 16 of this
28 Chapter or G.S. 115D-20(4).
- 29 (4) Homebound instruction required for a student by an individualized education
30 program, as defined in G.S. 115C-106.3(8), or a section 504 (29 U.S.C. § 794)
31 plan.
- 32 (5) Instruction provided to a student during a short- or long-term suspension.

33 (b) A public school unit in a county that has received a good-cause waiver, as provided
34 in G.S. 115C-84.2(d), for the school year may use up to 15 remote instruction days or 90 remote
35 instruction hours when schools are unable to open due to severe weather conditions, energy
36 shortages, power failures, or other emergency situations and may use that time toward the
37 required instructional days or hours for the school calendar. All other public school units may
38 use up to five remote instruction days or 30 remote instruction hours when schools are unable to
39 open due to severe weather conditions, energy shortages, power failures, or other emergency
40 situations and may use that time toward the required instructional days or hours for the school
41 calendar.

42 (c) Except as provided in subsection (b) of this section, a public school unit shall not use
43 remote instruction to satisfy the minimum required number of instructional days or hours for the
44 school calendar.

45 (d) A governing board that chooses to use remote instruction as provided in subsection
46 (b) of this section shall submit to the State Board, by July 1 annually, a remote instruction plan
47 that provides a detailed framework for delivering quality remote instruction to students for the
48 upcoming school year and information on the number of remote instruction days or hours used
49 in the prior school year to satisfy instructional requirements, when applicable. At a minimum,
50 the plans submitted by governing boards shall include the following:

- 51 (1) Identification of the resources that will be used to facilitate remote instruction.

- 1 (2) Communication with and training opportunities for teachers, administrators,
2 instructional support staff, parents, and students on how to access and
3 effectively use remote instruction resources, including regular opportunities
4 for students to use those resources during nonremote instructional days to
5 ensure student success during remote instruction.
- 6 (3) Establishment of methods for tracking and reporting attendance during remote
7 instruction, including protocols for determining attendance, the reporting
8 system to be used, and how attendance procedures will be communicated to
9 parents before remote instruction begins.
- 10 (4) Establishment of staff roles and expectations for remote instruction days,
11 including teacher workdays, teacher accessibility, and noncertified staff
12 workdays and responsibilities.
- 13 (5) Communication of learning targets to students on each remote instruction day
14 and development of measures to ensure that remote instruction time, practice,
15 and application components support learning growth that continues toward
16 mastery of the standard course of study.
- 17 (6) Development of remote instruction options appropriate for teachers and
18 students with limited connectivity capability, including the opportunity for
19 students to download remote instruction materials in advance when
20 practicable.
- 21 (7) Provision of remote instruction for students with disabilities in a manner
22 consistent with each student's individualized education program (IEP), as
23 defined in G.S. 115C-106.3, or section 504 (29 U.S.C. § 794) plan. Remote
24 instruction supports shall be considered and included, as appropriate for the
25 student, when an IEP or 504 plan is initially developed or at any subsequent
26 review or revision of an IEP or 504 plan.
- 27 (e) The State Board of Education shall report by September 15 annually to the Joint
28 Legislative Education Oversight Committee on the following information related to remote
29 instruction:
- 30 (1) A copy of each governing board's remote instruction plan.
- 31 (2) A summary document of the following:
- 32 a. The number of remote instruction days or hours used by each public
33 school unit in the prior school year.
- 34 b. Strengths, challenges, and trends noted by the State Board in its review
35 of how governing boards implement remote instruction.
- 36 c. Any other data deemed by the State Board to be useful to the Joint
37 Legislative Education Oversight Committee in evaluating the use and
38 delivery of remote instruction in emergency circumstances."

39 **SECTION 7.49.(b)** G.S. 115C-84.2(a) reads as rewritten:

40 "(a) School Calendar. – Each local board of education shall adopt a school calendar
41 consisting of 215 days all of which shall fall within the fiscal year. A school calendar shall include
42 the following:

- 43 (1) A minimum of 185 days or 1,025 hours of instruction covering at least nine
44 calendar months. The local board shall designate when the instructional days
45 shall occur. The number of instructional hours in an instructional day may
46 vary according to local board policy and does not have to be uniform among
47 the schools in the administrative unit. Local boards may approve school
48 improvement plans that include days with varying amounts of instructional
49 time. If school is closed early due to inclement weather, the day and the
50 scheduled amount of instructional hours may count towards the required
51 minimum to the extent allowed by State Board policy. The school calendar

1 shall include a plan for making up days and instructional hours missed when
 2 schools are not opened due to inclement ~~weather~~ weather and may include the
 3 use of remote instruction in accordance with G.S. 115C-84.3.

4"

5 **SECTION 7.49.(c)** G.S. 115C-218.85(a)(1) reads as rewritten:

6 "(1) The school shall provide instruction each year for at least 185 days or 1,025
 7 hours over nine calendar ~~months~~ months and may include the use of remote
 8 instruction in accordance with G.S. 115C-84.3."

9 **SECTION 7.49.(d)** G.S. 115C-238.53(d) reads as rewritten:

10 "(d) A cooperative innovative high school approved under this Part shall ~~provide~~ do the
 11 following:

12 (1) Provide instruction each school year for at least 185 days or 1,025
 13 instructional hours during nine calendar months, ~~shall comply and may~~
 14 include the use of remote instruction in accordance with G.S. 115C-84.3. The
 15 requirements of G.S. 115C-84.2 shall not apply to the school calendar of a
 16 program approved under this Part.

17 (2) Comply with laws and policies relating to the education of students with
 18 ~~disabilities, and shall comply~~ disabilities.

19 (3) Comply with Article 27 of this Chapter. ~~The requirements of G.S. 115C-84.2~~
 20 ~~shall not apply to the school calendar of a program approved under this Part."~~

21 **SECTION 7.49.(e)** G.S. 115C-238.66(1)d. reads as rewritten:

22 "d. The board of directors shall adopt a school calendar consisting of a
 23 minimum of 185 days or 1,025 hours of instruction covering at least
 24 nine calendar ~~months~~ months and may include the use of remote
 25 instruction in accordance with G.S. 115C-84.3."

26 **SECTION 7.49.(f)** G.S. 116-239.8(b)(2)c. reads as rewritten:

27 "c. The chancellor shall adopt a school calendar consisting of a minimum
 28 of 185 days or 1,025 hours of instruction covering at least nine
 29 calendar ~~months~~ months and may include the use of remote instruction
 30 in accordance with G.S. 115C-84.3."

31 **SECTION 7.49.(g)** Subdivision 6(e)(1) of S.L. 2018-32 reads as rewritten:

32 "(1) Provide instruction each year for at least 185 days or 1,025 hours over nine
 33 calendar ~~months~~ months and may include the use of remote instruction in
 34 accordance with G.S. 115C-84.3."

35 **SECTION 7.49.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new
 36 subdivision to read:

37 "(5b) G.S. 115C-84.3, Remote instruction."

38 **SECTION 7.49.(i)** This section is effective when it becomes law and applies to the
 39 2021-2022 school year. This section is repealed June 30, 2022.

40 **REMOTE INSTRUCTION FOR COVID-19 EMERGENCIES**

41 **SECTION 7.50.** Notwithstanding G.S. 115C-84.3, as enacted by this act, a public
 42 school unit shall have the authority to make day-to-day decisions for the 2021-2022 school year
 43 concerning whether shifting individual schools or individual classrooms that are providing
 44 in-person instruction to temporary remote instruction is necessary due to COVID-19 exposures
 45 that result in insufficient school personnel or required student quarantines. A public school unit
 46 shall report any shift by a school or classroom from in-person to temporary remote instruction as
 47 provided in this section to the Department of Public Instruction within 72 hours of the shift and
 48 shall return to in-person instruction as soon as personnel are available or the required quarantines
 49 are complete.
 50
 51

PLANNED VIRTUAL INSTRUCTION

SECTION 7.51.(a) Notwithstanding G.S. 115C-84.3, as enacted by this act, public school units shall be authorized to provide virtual instruction during the 2021-2022 school year to a student with the consent of that student's parent or legal guardian in accordance with a virtual instruction plan providing the information required by this subsection, if submitted by the governing board to the Department of Public Instruction by August 1, 2021. Public school units shall limit the total number of students participating in virtual instruction to no more than fifteen percent (15%) of the total student enrollment of that unit. The Department of Public Instruction shall make available a copy of each governing board's virtual instruction plan to the Joint Legislative Education Oversight Committee and the Working Group on Virtual Academies, as enacted by Section 3C of this act, by August 15, 2021.

SECTION 7.51.(b) The virtual instruction plan required by subsection (a) of this section shall include the following:

- (1) The range of grades for which virtual instruction will be offered. The plan should note throughout the differences in delivery of virtual instruction for elementary, middle, and high school students.
- (2) The types of virtual instruction that will be made available, including whether virtual instruction will be full-time or blended instruction.
- (3) Whether the virtual instruction will be offered through a (i) school whose primary means of instruction is virtual instruction, (ii) school within a school, or (iii) customized offering unique to specific students.
- (4) The estimated numbers of students to be served with virtual instruction.
- (5) A means for identifying students participating in virtual instruction that will allow assessment of that subgroup's performance and EVAAS scores for students receiving virtual instruction in a school that does not exclusively provide virtual instruction.
- (6) Participation requirements, including student eligibility and agreements for participation from students and parents.
- (7) The methods by which enrollment, daily attendance, course credit accrual, progress toward graduation, and course completion will be monitored for students receiving virtual instruction.
- (8) Identification of the resources that will be used to facilitate virtual instruction.
- (9) The methods for communication with and training opportunities for teachers, administrators, instructional support staff, parents, and students engaged in virtual instruction.
- (10) Establishment of staff roles and expectations when providing virtual instruction, including teacher accessibility.
- (11) The measures used to ensure that both synchronous and asynchronous virtual instruction time, practice, and application components support learning growth that continues towards mastery of the standard course of study.
- (12) Any unique infrastructure necessary to support virtual instruction.
- (13) The methods for ensuring that virtual instruction for students with disabilities is delivered in a manner consistent with each student's individualized education program (IEP), as defined in G.S. 115C-106.3, or section 504 (29 U.S.C. § 794) plan. Remote instruction supports shall be considered and included, as appropriate for the student, when an IEP or 504 plan is initially developed or at any subsequent review or revision of an IEP or 504 plan.
- (14) Procedures to be used when making retention decisions for considering the appropriateness and effectiveness of continuing virtual instruction for students at risk of academic failure, including procedures for involving parents in these discussions.

1 **SECTION 7.51.(c)** No public school unit shall use virtual instruction to satisfy the
2 minimum required number of instructional days or hours after June 30, 2022, without express
3 authorization from the General Assembly, except for local school administrative units that were
4 assigned a school code to operate a school with virtual instruction as the primary means of
5 instruction as of May 1, 2021.

6
7 **VIRTUAL ACADEMIES STUDY**

8 **SECTION 7.52.** The Superintendent of Public Instruction shall establish a Working
9 Group on Virtual Academies that includes interested stakeholders from, at a minimum, public
10 school units, parents, and the State Board of Education to make recommendations related to
11 virtual academies. The Working Group shall be chaired by the Superintendent or
12 Superintendent's designee and shall review in its deliberations data and information gained from
13 the 2020-2021 school year and from the virtual instruction plans submitted by public school units
14 for the 2021-2022 school year. The Working Group shall report on the following to the Joint
15 Legislative Education Oversight Committee no later than January 15, 2022:

- 16 (1) Definitions of virtual instruction and virtual academies, including any
17 differences in the definitions for charter schools and other public school units.
18 (2) Requirements for authorization of virtual academies, including any
19 differences in the requirements for charter schools and other public school
20 units.
21 (3) Additional requirements for virtual academies, including, but not limited to:
22 a. Infrastructure requirements, if any, such as access to internet
23 connectivity, equipment, hardware, software, and technical support.
24 b. Instructional requirements, including student monitoring, attendance
25 and testing requirements, measures for completion of instructional
26 days and hours requirements, synchronous instruction minimums, and
27 measures of course credit accrual, progress toward graduation, and
28 course completion.
29 c. Personnel requirements, including professional development.
30 d. Participation requirements, including student eligibility and
31 agreements for participation from students and parents.
32 e. Special education requirements.
33 f. Term of years for approval for a virtual academy and criteria for initial
34 approval and renewal.
35 g. Distinctions in requirements for different types of public school units.
36 h. A means for identifying students participating in virtual instruction
37 that will allow assessment of that subgroup's performance and EVAAS
38 scores for students receiving virtual instruction in a school that does
39 not exclusively provide virtual instruction.
40

41 **FLEXIBILITY FOR DPI POSITIONS TO SUPPORT THE EPSA**

42 **SECTION 7.53.(a)** Section 7A.12 of S.L. 2012-142, as enacted by Section 2.1 of
43 S.L. 2012-145, is repealed.

44 **SECTION 7.53.(b)** Beginning with the 2021-2022 fiscal year, the Department of
45 Public Instruction may use the funds appropriated for the Excellent Public Schools Act, Read to
46 Achieve Program, initially established under Section 7A.1 of S.L. 2012-142, to establish
47 positions as necessary to support the program, including implementation of the requirements of
48 the Excellent Public Schools Act of 2021, S.L. 2021-8.

49
50 **COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION**
51 **COMMISSION GRANT PROGRAMS**

1 **SECTION 7.54.** Article 6C of Chapter 115C of the General Statutes reads as
2 rewritten:

3 "Article 6C.

4 "Education and Workforce Innovation and CTE Grade Expansion Program.

5 "**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

6 (a) There is created the North Carolina Education and Workforce Innovation
7 Commission (Commission). The Commission shall be located administratively in the
8 Department of Public Instruction but shall exercise all its prescribed powers independently of the
9 Department of Public Instruction. Of the funds appropriated for the Education and Workforce
10 Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten
11 percent (10%) of those funds each fiscal year may be used by the Department of Public
12 Instruction to provide technical assistance and administrative assistance, including staff, to the
13 Commission and for reimbursements and expenses for the Commission for the Education and
14 Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion and~~
15 CTE Grade Expansion Program.

16 (b) The Commission shall consist of the following 14 members:

- 17 (1) The Secretary of Commerce or his or her designee.
- 18 (2) The State Superintendent of Public Instruction or his or her designee.
- 19 (3) The Chair of the State Board of Education or his or her designee.
- 20 (4) The President of The University of North Carolina or his or her designee.
- 21 (5) The President of the North Carolina Community College System or his or her
22 designee.
- 23 (6) Three members appointed by the Governor who have experience in education.
- 24 (7) Three members appointed by the General Assembly upon recommendation of
25 the Speaker of the House of Representatives, as provided in G.S. 120-121,
26 who have experience in businesses operating in North Carolina.
- 27 (8) Three members appointed by the General Assembly upon the
28 recommendation of the President Pro Tempore of the Senate, as provided in
29 G.S. 120-121, who have experience in businesses operating in North Carolina.

30 (b1) Members appointed by the Governor or the General Assembly shall serve for
31 three-year terms commencing July 1 of the year of appointment and may serve successive terms.

32 (c) The Commission members shall elect a chair from the membership of the
33 Commission. The Commission shall meet at least three times annually on the call of the Chair or
34 as additionally provided by the Commission. A quorum is six members of the Commission.
35 Members may not ~~send designees to Commission meetings nor may they vote by proxy.~~

36 (d) The Commission shall develop and administer the Education and Workforce
37 Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in
38 collaboration with the North Carolina Career and Technical Education Foundation, Inc., and
39 make awards of grants under the Program.

40 ~~(d1) The Commission shall develop and administer, in coordination with the State Board
41 of Education and the Superintendent of Public Instruction, and in collaboration with the North
42 Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education
43 Grade Expansion Program, as established under G.S. 115C 64.17, and shall make awards of
44 grants under the Program.~~

45 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as~~
46 ~~a grant administrator by providing~~ provide assistance and support to grantees for initiating,
47 expanding, improving, and promoting career and technical education initiatives.

48 ~~(e) The Commission, in consultation with the North Carolina Career and Technical
49 Education Foundation, Inc., Commission shall publish a report on the Education and Workforce
50 Innovation and CTE Grade Expansion Program and the Career and Technical Education Grade
51 Expansion Program on or before April 30 of each year. The report shall be submitted to the~~

1 Senate Appropriations Committee on Education/Higher Education, the House Appropriations
 2 Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight
 3 Committee, the State Board of Education, the State Board of Community Colleges, and the Board
 4 of Governors of The University of North Carolina. The report shall include at least all of the
 5 following information:

- 6 (1) An accounting of how funds and personnel resources were utilized for ~~each~~
 7 the program and their impact on student achievement, retention, and
 8 employability.
- 9 (2) Recommended statutory and policy changes.
- 10 (3) Recommendations for improvement of ~~each the~~ program.
- 11 (4) For the Career and Technical Education Grade Expansion ~~Program, Grants,~~
 12 recommendations on increasing availability of grants after the first two years
 13 of the program to include additional local school administrative ~~units~~ units,
 14 charter schools, or providing additional grants to prior recipients.

15 **"§ 115C-64.16. The Education and Workforce Innovation Program and CTE Grade**
 16 **Expansion Program; innovation grants.**

17 (a) Program Establishment. – There is established the Education and Workforce
 18 Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that
 19 will lead to more students graduating career and college ~~ready~~ and to prioritize the inclusion of
 20 students in sixth and seventh grades through grant awards provided to selected local school
 21 administrative units and charter schools.

22 (a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award
 23 competitive grants depending on the needs of the State, as determined by the Commission, by
 24 dividing the grants between each type as innovation grants pursuant to the provisions of this
 25 section or as grants for grade expansion for career and technical education pursuant to the
 26 provisions of G.S. 115C-64.17.

27 (a2) Innovation Grants. – Competitive grants shall be awarded to ~~an~~ a charter school, an
 28 individual ~~school,~~ school in a local school administrative unit, a local school administrative unit,
 29 or a regional partnership of more than one local school administrative unit to advance
 30 comprehensive, high-quality education that equips teachers and other hired personnel with the
 31 knowledge and skill required to succeed with all students. Before receiving ~~a~~ an innovation grant,
 32 applicants must meet all of the following conditions:

- 33 (1) Form a partnership, for the purposes of the grant, with either a public or private
 34 university or a community college.
- 35 (2) Form a partnership, for the purposes of the grant, with regional businesses and
 36 business leaders.
- 37 (3) Demonstrate the ability to sustain innovation once grant funding ends.

38 (b) Applicant Categories and Specific ~~Requirements.~~ Requirements for Innovation
 39 Grants. –

- 40 (1) Individual schools. – ~~Individual public schools~~ Charter schools and individual
 41 public schools in local school administrative units must demonstrate all of the
 42 following in their applications:
 - 43 a. Partnerships with business and industry to determine the skills and
 44 competencies needed for students' transition into growth sectors of the
 45 regional economy.
 - 46 b. Aligned pathways to employment, including students' acquisition of
 47 college credit or industry recognized credentials.
 - 48 c. Development of systems, infrastructure, capacity, and culture to
 49 enable teachers and school leaders to continuously focus on improving
 50 individual student achievement.

- 1 (2) Local school administrative units. – Local school administrative units must
2 demonstrate all of the following in their applications:
3 a. Implementation of comprehensive reform and innovation.
4 b. Appointment of a senior leader to manage and sustain the change
5 process with a specific focus on providing parents with a portfolio of
6 meaningful options among schools.
- 7 (3) Regional partnerships of two or more local school administrative units. –
8 Partnerships of two or more local school administrative units must
9 demonstrate all of the following in their applications:
10 a. Implementation of resources of partnered local school administrative
11 units in creating a tailored workforce development system for the
12 regional economy and fostering innovation in each of the partnered
13 local school administrative units.
14 b. Promotion of the development of knowledge and skills in career
15 clusters of critical importance to the region.
16 c. Benefits of the shared strengths of local businesses and higher
17 education.
18 d. Usage of technology to deliver instruction over large geographic
19 regions and build networks with industry.
20 e. Implementation of comprehensive reform and innovation that can be
21 replicated in other local school administrative units.
- 22 (c) Consideration of Factors in Awarding of Innovation Grants. – All applications must
23 include information on at least the following in order to be considered for ~~a~~an innovation grant:
24 (1) Describe the aligned pathways from school to high-growth careers in regional
25 economies.
26 (2) Leverage technology to efficiently and effectively drive teacher and principal
27 development, connect students and teachers to online courses and resources,
28 and foster virtual learning communities among faculty, higher education
29 partners, and business partners.
30 (3) Establish a comprehensive approach to enhancing the knowledge and skills of
31 teachers and administrators to successfully implement the proposed
32 innovative program and to graduate all students ready for work and college.
33 (4) Link to a proven provider of professional development services for teachers
34 and administrators capable of providing evidence-based training and tools
35 aligned with the goals of the proposed innovative program.
36 (5) Form explicit partnerships with businesses and industry, which may include
37 business advisory councils, internship programs, and other customized
38 projects aligned with relevant workforce skills.
39 (6) Partner with community colleges or public or private universities to enable
40 communities to challenge every student to graduate with workplace
41 credentials or college credit.
42 (7) Align K-12 and postsecondary instruction and performance expectations to
43 reduce the need for college remediation courses.
44 (8) Secure input from parents to foster broad ownership for school choice options
45 and to foster greater understanding of the need for continued education beyond
46 high school.
47 (9) Provide a description of the funds that will be used and a proposed budget for
48 five years each of the grant years.
49 (10) Describe the source of matching funds required in subsection (d) of this
50 section.

1 (11) Establish a strategy to achieve meaningful analysis of program outcomes due
2 to the receipt of grant funds under this section.

3 (d) ~~Matching Private and Local Funds.~~ Funds for Innovation Grants. – All innovation
4 grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not
5 include other State funds. Matching funds may include in-kind contributions.

6 (e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission
7 may be spent over a five-year period from the initial award. Grants may be awarded for new or
8 existing projects. Grant funds shall not revert but shall be available until expended.

9 (f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of
10 each year, ~~a~~ an innovation grant recipient shall submit to the Commission an annual report for
11 the preceding grant year that describes the academic progress made by the students and the
12 implementation of program initiatives.

13 **"§ 115C-64.17. ~~The Career and Technical Education Grade Expansion Program Grants.~~**

14 (a) ~~Program Establishment.~~ CTE Grade Expansion Grants. – ~~There is established the~~
15 ~~Career and Technical Education Grade Expansion Program (Program) to expand Career and~~
16 ~~Technical Education Grade Expansion grants shall be awarded under the Program for the purpose~~
17 ~~of expanding career and technical education (CTE) programs by prioritizing the inclusion of~~
18 ~~students in sixth and seventh grade through grant awards provided to selected local school~~
19 ~~administrative units and charter schools for up to seven years. Funds appropriated for the~~
20 ~~Program Grant funds shall be allocated to selected local school administrative units and charter~~
21 ~~schools as competitive grants of (i) up to seven hundred thousand dollars (\$700,000) for the~~
22 ~~2017-2018 fiscal year and (ii) grants, to the extent funds are available, of up to one million dollars~~
23 ~~(\$1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used~~
24 ~~only for employing additional licensed personnel in career and technical education areas, career~~
25 ~~development coordination areas, and support service areas necessary for expanding the CTE~~
26 ~~program to sixth and seventh grade students. The funds may be used for CTE programs at one or~~
27 ~~more schools in the local school administrative unit. For a local school administrative unit, the~~
28 ~~funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated~~
29 ~~to the local school administrative unit or charter school each fiscal year under the Program shall~~
30 ~~not revert but shall be available for the purpose of the grant program until expended.~~

31 (b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local
32 school administrative units and charter schools applying for the Program CTE grade expansion
33 grants shall submit an application that includes at least the following information:

34 (1) A plan for expansion of the CTE program to sixth and seventh grade students,
35 including the specific programs that will be expanded, the significance of CTE
36 in the local school administrative ~~unit,~~ unit or charter school, and how a grade
37 expansion would enhance the education program and the community.

38 (2) A request for the amount of funds, a description of how the funds will be used,
39 and any other sources of funds available to accomplish the purposes of this
40 program.

41 (3) A proposed budget for seven years that provides detail on the use of the
42 amount of funds to add personnel, increase career development efforts, and
43 provide support services.

44 (4) A strategy to achieve meaningful analysis of program outcomes due to the
45 receipt of grant funds under this section.

46 (c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year,
47 the Commission shall accept applications for a grant until November 30, 2017. For subsequent
48 fiscal years that funds are made available for the ~~Program,~~ CTE grade expansion grants, the
49 Commission shall accept applications for a grant until August 1 of each year. The Commission
50 shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select
51 recipients in a manner that considers diversity among the pool of applicants, including geographic

1 location, location of industries in the area in which a local school administrative unit or charter
2 school is located, and the size of the student population served by the unit, or charter school, in
3 order to award funds to the extent possible to grant recipients that represent different regions and
4 characteristics of the State. The Commission shall recommend recipients of the grants to the State
5 Board of Education. The State Board, upon consultation with the Superintendent of Public
6 Instruction, shall approve the recipients of grant awards.

7 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the
8 Commission shall first allocate funds to applicants who received CTE grade expansion grant
9 funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year
10 grant recipients, any remaining funds may be used by the Commission to select new grant
11 ~~recipients, recipients, as provided in G.S. 115C-64.16(a1).~~ ~~The Commission, in consultation with~~
12 ~~the Superintendent of Public Instruction, Commission~~ shall establish rules regarding any
13 requirements for grant recipients to continue eligibility to receive funds each fiscal year,
14 including timely and accurate reporting as required under subsection (e) of this section.

15 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven years
16 after the initial grant award, a grant recipient shall submit to the Department of Public Instruction,
17 Local Planning Systems Regional Services staff within the Division of Career and Technical
18 Education, an annual report for the preceding year in which CTE grade expansion grant funds
19 were expended that provides at least the following information on the program for sixth and
20 seventh grade students:

- 21 (1) The use of grant funds, including the CTE programs and courses that have
22 been expanded in the local school administrative unit or charter school to
23 include sixth and seventh grade students.
- 24 (2) The number of students enrolled in CTE courses as part of the expansion.
- 25 (3) The number of students who subsequently enrolled in CTE courses in high
26 school.
- 27 (4) The number of students who subsequently participated in internships,
28 cooperative education, or apprenticeship programs.
- 29 (5) The number of students who subsequently earned (i) college credit and (ii)
30 approved industry certification and credentials.
- 31 (6) Any other information the Division of Career and Technical Education deems
32 necessary.

33 The Superintendent of Public Instruction shall provide a report to the Commission by October
34 15 of each year based on the information reported to the Local Planning Systems Regional
35 Services staff under this subsection, including how the grant recipients compare to CTE programs
36 statewide and whether the programs are aligned with the Master Plan for Career and Technical
37 Education adopted by the State Board."
38

39 STATE BOARD OF EDUCATION PROGRAM OUTCOME REPORTING

40 **SECTION 7.55.** G.S. 115C-12 is amended by adding a new subdivision to read:

41 "(25c) Reports on State-Funded Programs. – Beginning October 1, 2022, and
42 annually thereafter, the State Board of Education shall file a report with the
43 Senate Appropriations Committee on Education/Higher Education, the House
44 Appropriations Committee on Education, the Fiscal Research Division, and
45 the Joint Legislative Education Oversight Committee for all programs
46 administered through the State Board of Education and Department of Public
47 Instruction that were provided an expansion of State appropriations or a new
48 State appropriation in the Current Operations Appropriations Act from the
49 prior fiscal year, including grants to non-State entities as defined in
50 G.S. 143C-1-1. The report shall include information on program activities,
51 objectives, and accomplishments and prior year State fiscal year itemized

1 expenditures and fund sources. The State Board is not required to include
 2 information in the report for programs with an existing reporting requirement
 3 otherwise required by State law."
 4

5 **ADOPTION OF THE STANDARD COURSE OF STUDY/ADVISORY**
 6 **COMMISSION/SBE RULEMAKING**

7 **SECTION 7.56.(a)** G.S. 115C-12 reads as rewritten:

8 **"§ 115C-12. Powers and duties of the Board generally.**

9 The general supervision and administration of the free public school system shall be vested
 10 in the State Board of Education. The State Board of Education shall establish all needed rules
 11 and regulations for the system of free public schools, subject to laws enacted by the General
 12 Assembly. Except as otherwise provided by law, the State Board of Education shall adopt any
 13 rules, regulations, policies, standards, or statements of general applicability in accordance with
 14 Chapter 150B of the General Statutes. Any such rules, regulations, policies, standards, or
 15 statements of general applicability are not valid unless they are adopted in substantial compliance
 16 with Chapter 150B of the General Statutes. In accordance with Sections 7 and 8 of Article III of
 17 the North Carolina Constitution, the Superintendent of Public Instruction, as an elected officer
 18 and Council of State member, shall administer all needed rules and regulations adopted by the
 19 State Board of Education through the Department of Public Instruction. The powers and duties
 20 of the State Board of Education are defined as follows:

21 ...

22 (9c) Power to Develop Content Standards. – The Board shall adopt rules
 23 establishing the standard course of study, as provided in Part 1 of Article 8 of
 24 this Chapter, in accordance with Article 2A of Chapter 150B of the General
 25 Statutes.

26 a. ~~The Board shall develop a comprehensive plan to revise content~~
 27 ~~standards and the standard course of study in the core academic areas~~
 28 ~~of reading, writing, mathematics, science, history, geography, and~~
 29 ~~civics. The Board shall involve and survey a representative sample of~~
 30 ~~parents, teachers, and the public to help determine academic content~~
 31 ~~standard priorities and usefulness of the content standards. A full~~
 32 ~~review of available and relevant academic content standards that are~~
 33 ~~rigorous, specific, sequenced, clear, focused, and measurable,~~
 34 ~~whenever possible, shall be a part of the process of the development~~
 35 ~~of content standards. The revised content standards developed in the~~
 36 ~~core academic areas shall (i) reflect high expectations for students and~~
 37 ~~an in-depth mastery of the content; (ii) be clearly grounded in the~~
 38 ~~content of each academic area; (iii) be defined grade by grade and~~
 39 ~~course by course; (iv) be understandable to parents and teachers; (v)~~
 40 ~~be developed in full recognition of the time available to teach the core~~
 41 ~~academic areas at each grade level; and (vi) be measurable, whenever~~
 42 ~~possible, in a reliable, valid, and efficient manner for accountability~~
 43 ~~purposes.~~

44 b. ~~High school course content standards shall include the knowledge and~~
 45 ~~skills necessary to pursue further postsecondary education or to attain~~
 46 ~~employment in the 21st century economy. The high school course~~
 47 ~~content standards also shall be aligned with the minimum~~
 48 ~~undergraduate course requirements for admission to the constituent~~
 49 ~~institutions of The University of North Carolina.~~

50 e. ~~The Board also shall develop and implement an ongoing process to~~
 51 ~~align State programs and support materials with the revised academic~~

1 content standards for each core academic area on a regular basis.
 2 Alignment shall include revising textbook criteria, support materials,
 3 State tests, teacher and school administrator preparation, and ongoing
 4 professional development programs to be compatible with content
 5 standards. The Board shall develop and make available to teachers and
 6 parents support materials, including teacher and parent guides, for
 7 academic content standards. The State Board of Education shall work
 8 in collaboration with the Board of Governors of The University of
 9 North Carolina to ensure that teacher and school administrator degree
 10 programs, ongoing professional development, and other university
 11 activity in the State's public schools align with the State Board's
 12 priorities.

13"

14 **SECTION 7.56.(b)** G.S. 115C-81.5 reads as rewritten:

15 "**§ 115C-81.5. Standard course of study.**

16 (a) All children can learn. It is the intent of the General Assembly that the mission of the
 17 public school community is to challenge with high expectations each child to learn, to achieve,
 18 and to fulfill his or her potential. With that mission as its guide, the State Board of Education
 19 shall adopt a plan of education and rules establishing a standard course of study as provided in
 20 ~~G.S. 115C-12(9e)~~ this Part for the public schools of the State. It is the intent of the General
 21 Assembly that the focus of State educational funding shall be to ensure that each student receives
 22 a sound basic education. It is further a goal of the General Assembly to provide supplemental
 23 funds to low-wealth counties to allow those counties to enhance the instructional program and
 24 student achievement. Instruction shall be offered in the areas of arts, communication skills,
 25 physical education and personal health and safety, mathematics, media and computer skills,
 26 science, second languages, social studies, and career and technical education. In addition,
 27 instruction shall be offered in all of the areas provided in this Part.

28 (b) The standard course of study shall provide all of the following:

- 29 (1) A core curriculum of academic content standards for all students that takes
 30 into account the special needs of children.

31"

32 **SECTION 7.56.(c)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
 33 amended by adding a new section to read:

34 "**§ 115C-81.6. Standard Course of Study Advisory Commission.**

35 (a) There is established the Standard Course of Study Advisory Commission, hereinafter
 36 referred to as the Commission. The purpose of the Commission is to involve stakeholders in
 37 establishing the rules for the academic content standards of the standard course of study. The
 38 Commission shall make recommendations regarding all aspects of the academic content
 39 standards of the standard course of study.

40 (b) The Commission shall be located administratively in the Department of Public
 41 Instruction but shall exercise all its powers and duties independently of the Department of Public
 42 Instruction.

43 (c) The Commission shall consist of the following members:

- 44 (1) The General Assembly, upon the recommendation of the President Pro
 45 Tempore of the Senate, shall appoint the following eight members:
 46 a. One superintendent of a public school unit with a student population
 47 greater than 20,000 at the time of appointment.
 48 b. One principal of an elementary school.
 49 c. One high school teacher.
 50 d. One elementary school teacher.

- 1 e. One parent of a student in middle or high school enrolled in a public
2 school unit at the time of appointment.
- 3 f. One curriculum specialist from a public school unit with a student
4 population of 20,000 or less at the time of appointment.
- 5 g. One member of the business community.
- 6 h. One at-large member.
- 7 (2) The General Assembly, upon the recommendation of the Speaker of the House
8 of Representatives, shall appoint the following eight members:
- 9 a. One superintendent of a public school unit with a student population
10 of 20,000 or less at the time of appointment.
- 11 b. One principal of a high school.
- 12 c. One principal of a middle school.
- 13 d. One middle school teacher.
- 14 e. One parent of a student in elementary school enrolled in a public
15 school unit at the time of appointment.
- 16 f. One curriculum specialist from a public school unit with a student
17 population of more than 20,000 at the time of appointment.
- 18 g. One member of the business community.
- 19 h. One at-large member.
- 20 (3) The Superintendent of Public Instruction or his or her designee.
- 21 (4) The President of the North Carolina Community College System, or the
22 President's designee, as a nonvoting member.
- 23 (5) The President of The University of North Carolina, or the President's
24 designee, as a nonvoting member.
- 25 (6) The President of the North Carolina Chamber, or the President's designee, as
26 a nonvoting member.
- 27 (d) In making appointments to the Commission, the General Assembly is encouraged to
28 select qualified citizens who are committed to improving the standard course of study and student
29 achievement and who represent the racial, geographic, and gender diversity of the State.
30 Vacancies in the membership shall be filled by the General Assembly, as provided in
31 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.
- 32 (e) Members of the Commission shall serve four-year terms of office beginning on July
33 1. No appointed member shall serve more than eight consecutive years. Vacancy appointments
34 shall be made for the remainder of the term of office by the General Assembly, as provided in
35 G.S. 120-122, using the same criteria as provided in subsection (c) of this section.
- 36 (f) The Commission shall elect a chair, a vice-chair, and a secretary from among its
37 membership. In the absence of the chair, the vice-chair shall preside over the Commission's
38 meetings. All members are voting members, and a majority of the Commission constitutes a
39 quorum. The Commission shall adopt rules to govern its proceedings.
- 40 (g) Meetings of the Commission shall be held upon the call of the chair or the vice-chair
41 in the absence of the chair. The Superintendent shall call the initial meeting of the Commission.
- 42 (h) Members of the Commission shall receive compensation for their services and
43 reimbursement for expenses incurred in the performance of their duties required by this Article
44 at the rate prescribed in G.S. 138-5 and G.S. 138-6.
- 45 (i) The Superintendent of Public Instruction shall assign staff to assist the Commission's
46 work. The Commission may contract with content area experts to assist in its deliberations from
47 funds available.
- 48 (j) The Commission shall:
- 49 (1) Develop and recommend to the State Board of Education the rules for the
50 academic content standards of the standard course of study in accordance with
51 G.S. 115C-81.7.

1 (2) Develop optional support materials, including teacher and parent guides, for
2 academic content standards that can be made available to teachers and parents
3 upon approval by the State Board.

4 (3) Provide recommendations as requested to the State Board of Education related
5 to alignment of State programs and support materials with the revised
6 academic content standards for each core academic area, including revising
7 instructional materials criteria, optional support materials, State tests, teacher
8 and school administrator preparation, and ongoing professional development
9 programs to be compatible with content standards.

10 (k) The Commission shall submit its recommendations under subsection (j) of this section
11 to the State Board, including the recommended rules for the academic content standards of the
12 standard course of study under subdivision (1) of subsection (j) of this section. The State Board
13 shall submit the proposed text of the recommended rules for publication as notice of text in the
14 North Carolina Register. The State Board shall adopt or reject the rules recommended under
15 subdivision (1) of subsection (j) of this section following acceptance of comments and any
16 required public hearing and shall adopt or reject all other recommendations under subdivisions
17 (2) and (3) of subsection (j) of this section. The State Board shall not make any substantive
18 changes to any recommendations of the Commission that it adopts. If the State Board rejects the
19 recommendations, it shall state with specificity its reasons for rejection; the Commission may
20 then amend the recommendation and resubmit it to the State Board. The Board shall adopt or
21 reject the amended recommendation. If the State Board fails to adopt the Commission's original
22 and amended recommendations, the State Board may develop and adopt its own rules for the
23 academic content standards of the standard course of study.

24 (l) The Commission shall submit a report by December 1, 2022, and annually thereafter,
25 to the Joint Legislative Education Oversight Committee and the State Board of Education of its
26 activities during the preceding year, together with any recommendations and findings regarding
27 the process for revisions to the standard course of study."

28 **SECTION 7.56.(d)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
29 amended by adding a new section to read:

30 **"§ 115C-81.7. Development of academic content standards for the standard course of study.**

31 (a) The State Board shall develop a comprehensive plan to revise, on a regular basis,
32 academic content standards for the standard course of study in the core academic areas of reading,
33 writing, mathematics, science, history, geography, and civics that clearly designates by year the
34 subjects for review by the Commission. The State Board shall provide this plan to the
35 Commission. The Commission shall review the designated subjects and standard course of study
36 in accordance with the plan developed by the State Board.

37 (b) The Commission shall involve and survey a representative sample of parents,
38 teachers, and the public to help determine academic content standard priorities and usefulness of
39 the academic content standards. A full review of available and relevant academic content
40 standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever
41 possible, shall be a part of the process of the development of academic content standards. The
42 revised academic content standards developed in the core academic areas shall do all of the
43 following:

44 (1) Reflect high expectations for students and an in-depth mastery of the academic
45 content.

46 (2) Be clearly grounded in the content of each academic content area.

47 (3) Be defined grade-by-grade and course-by-course.

48 (4) Be understandable to parents and teachers.

49 (5) Be developed in full recognition of the time available to teach the core
50 academic areas at each grade level.

1 (6) Be measurable, whenever possible, in a reliable, valid, and efficient manner
2 for accountability purposes.

3 (c) High school course academic content standards shall include the knowledge and skills
4 necessary to pursue further postsecondary education or to attain employment in the twenty-first
5 century economy. The high school course academic content standards also shall be aligned with
6 the minimum undergraduate course requirements for admission to the constituent institutions of
7 The University of North Carolina.

8 (d) The Board, in consultation with the Commission, also shall develop and implement
9 an ongoing process to align State programs and support materials with the revised academic
10 content standards for each core academic area on a regular basis. Alignment shall include revising
11 instructional materials criteria, support materials, State tests, teacher and school administrator
12 preparation, and ongoing professional development programs to be compatible with academic
13 content standards.

14 (e) The State Board shall work in collaboration with the Board of Governors of The
15 University of North Carolina to ensure that teacher and school administrator degree programs,
16 ongoing professional development, and other university activity in the State's public schools align
17 with the State Board's priorities."

18 **SECTION 7.56.(e)** Initial appointments to the Standard Course of Study Advisory
19 Commission shall be made by the General Assembly for terms beginning September 1, 2021,
20 and shall be appointed as follows:

21 (1) Notwithstanding G.S. 115C-81.6, as enacted by this act, members appointed
22 pursuant to G.S. 115C-81.6(c)(1)a., c., e., and g. and G.S. 115C-81.6(c)(2)b.,
23 d., f., and h. shall be appointed for two-year terms.

24 (2) Members appointed pursuant to G.S. 115C-81.6(c)(1)b., d., f., and h. and
25 G.S. 115C-81.6(c)(2)a., c., e., and g. shall be appointed for four-year terms.

26 **SECTION 7.56.(f)** Notwithstanding G.S. 150B-21.2, the current standards that make
27 up the standard course of study adopted pursuant to G.S. 115C-12(9c) and Part 1 of Article 8 of
28 Chapter 115C of the General Statutes, which are subject to rulemaking as provided in Chapter
29 150B of the General Statutes, shall be deemed permanent rules so long as they meet the following
30 criteria:

31 (1) The standards were adopted by the State Board of Education prior to January
32 1, 2021.

33 (2) The State Board of Education submits the standards to the Codifier of Rules
34 in accordance with the requirements in 26 NCAC 02C no later than 60 days
35 after this section becomes effective.

36 Permanent rules submitted in accordance with this subsection shall be effective on
37 the date they are submitted to the Codifier of Rules.

38 **SECTION 7.56.(g)** When the Codifier of Rules enters the permanent rules submitted
39 pursuant to subsection (f) of this section into the North Carolina Administrative Code, the
40 Codifier shall publish notice of the permanent rules on the internet.

41 **SECTION 7.56.(h)** Any standards that make up the standard course of study that do
42 not meet the criteria of subsection (f) of this section shall not be deemed permanent rules and
43 shall be subject to the requirements of subsections (a) through (d) of this section and the
44 provisions of Chapter 150B of the General Statutes. Except as provided in subsection (i) of this
45 section, the standard course of study shall continue to be revised on the time line provided in the
46 comprehensive plan developed by the State Board of Education under G.S. 115C-81.7, as enacted
47 by this act, and in accordance with the rulemaking process under Chapter 150B of the General
48 Statutes.

49 **SECTION 7.56.(i)** Notwithstanding G.S. 115C-81.7(a), the Standard Course of
50 Study Advisory Commission shall review the social studies standard course of study during the

2021-2022 school year and provide recommendations to the State Board of Education no later than July 1, 2022.

SECTION 7.56.(j) Notwithstanding S.L. 2019-82, to provide additional time for the development of content and to ensure sufficient professional development opportunities delayed due to COVID-19, the following social studies standard course of study changes shall apply:

- (1) The course requirements of G.S. 115C-81.45(d), Founding Principles of the United States of America and North Carolina: Civic Literacy, shall apply to all students entering the ninth grade in the 2023-2024 school year.
- (2) The course requirements of G.S. 115C-81.65, Economics and Personal Finance, shall apply to all students entering the ninth grade in the 2023-2024 school year.
- (3) All other revisions to the social studies standard course of study shall not be implemented prior to the 2023-2024 school year.

SECTION 7.56.(k) This section is effective the date this act becomes law and applies to all standard courses of study implemented on or after that date.

CHANGES TO EDUCATOR LICENSURE REQUIREMENTS

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

"§ 115C-270.20. Licensure requirements.

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

...

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

...

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

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

SECTION 7.57.(b) Clarify Residency License Requirements. – G.S. 115C-270.20(a)(5) reads as rewritten:

- "(5) Residency License or RL. – A one-year license, renewable twice, that meets both of the following requirements:
- a. Is requested by the local board of education and accompanied by a certification of supervision from the recognized educator preparation program in which the individual is enrolled.
 - b. The individual for whom the license is requested meets all of the following requirements:
 1. ~~Holds a bachelor's degree at least one of the following:~~
 - I. A bachelor's degree.
 - II. An advanced degree.

2. Has either completed coursework relevant to the requested licensure area or passed the content area examination relevant to the requested licensure area that has been approved by the State Board.
3. Is enrolled in a recognized educator preparation program.
4. Meets all other requirements established by the State Board, including completing preservice requirements prior to teaching."

SECTION 7.57.(c) Extension for Exam and Coursework Requirements. – Notwithstanding G.S. 115C-270.15 and G.S. 115C-270.20, applicants for a continuing professional license holding a current initial professional license, residency license, lateral entry license, or limited license expiring June 30, 2021, who have not met the examination or coursework requirements established by the State Board as of June 30, 2021, shall be provided an extension until December 31, 2021.

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

DELAY THE IMPLEMENTATION OF CLASS SIZE REQUIREMENTS FOR KINDERGARTEN CLASSES

SECTION 7.58. Notwithstanding G.S. 115C-301, Section 2(d) of S.L. 2018-2, and any other provision of law, for the 2021-2022 school year only, if the total kindergarten average daily membership for the first month of the 2021-2022 school year for a local school administrative unit is five percent (5%) or more than the total kindergarten average daily membership for the first month of the 2019-2020 school year for that unit, the following shall apply:

- (1) The average class size for kindergarten in that unit shall not exceed one teacher per 20 students.
- (2) At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten in that unit shall not exceed one teacher per 23 students.

CLARIFY THE DEFINITION OF YEAR-ROUND SCHOOL

SECTION 7.59.(a) G.S. 115C-84.2(f)(5) reads as rewritten:

- "(5) Year-round school. – A school with a single- or multi-track instructional calendar to provide instructional days throughout the entire school calendar year, beginning July 1 and ending June 30, by utilizing at least one of the following plans:
- a. A plan dividing students into four groups and requiring each group to be in school for assigned and staggered quarters each school calendar year.
 - b. A plan providing students be scheduled to attend 45-four quarters of between 43 and 47 instructional days followed by 15 days of vacation, repeated throughout the each school calendar year-year, with vacation periods for students of between 14 and 18 days separating each quarter.
 - c. A plan dividing the school calendar year into five nine-week sessions of classes and requiring each student to attend four assigned and staggered sessions out of the five nine-week sessions to complete the student's instructional year.
 - d. In a local school administrative unit with both single- and multi-track instructional calendars, a plan for a single-track instructional calendar that is identical to at least one track of a multi-track instructional

calendar adopted by the local board that meets the requirements of either sub-subdivision a. or sub-subdivision c. of this subdivision."

SECTION 7.59.(b) This section is effective the date this act becomes law and applies beginning with the 2021-2022 school year.

SCHOOL PERFORMANCE GRADES/ANNUAL REPORT CARDS

SECTION 7.60.(a) Display of School Performance Grades. – Notwithstanding G.S. 115C-12(9)c1. and G.S. 115C-83.15, the State Board of Education shall not calculate achievement, growth, and performance scores nor display performance scores, growth designations, and letter grades for schools for the 2021-2022 school year, based on data from the 2020-2021 school year, but shall display a brief explanation that achievement, growth, and performance scores and letter grades were not calculated and assigned for the 2021-2022 school year because assessment data was heavily impacted by COVID-19 during the 2020-2021 school year.

SECTION 7.60.(b) Annual Report Cards. – Notwithstanding G.S. 115C-12(9)c1. and Part 1B of Article 8 of Chapter 115C of the General Statutes, the State Board of Education shall issue an annual report card for public school units for the 2021-2022 school year, based on data from the 2020-2021 school year, that only meets the minimum accountability, school identification, and related reporting requirements of the Elementary and Secondary Education Act of 1965 (ESEA), as amended, required under the federal waiver granted by the United States Department of Education to the State of North Carolina for the 2020-2021 school year, dated March 26, 2021.

SECTION 7.60.(c) Notwithstanding G.S. 115C-47(58), 115C-75.8(d)(7), 115C-218.65, 115C-238.66(11), 116-239.8(b)(14), and subdivision 6(d)(2) of S.L. 2018-32, for the 2021-2022 school year, based on data from the 2020-2021 school year, public school units shall only be required to display the annual report card information issued by the State Board of Education pursuant to this Part.

STUDENT DIGITAL LEARNING ACCESS

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

"§ 115C-102.9. Digital learning dashboard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 **SECTION 7.61.(h)** The Superintendent of Public Instruction shall coordinate (i)
7 access to available data from each public school unit for the Departments and (ii) the reporting
8 of the recommendations of the Departments as provided in this section. The Superintendent of
9 Public Instruction shall report to the Joint Legislative Education Oversight Committee on the
10 assessment of the student digital access gap no later than October 15, 2021.

11 **SECTION 7.61.(i)** This section is effective the date this act becomes law.
12 Subsections (a) through (f) of this section apply beginning with the report due November 15,
13 2021, required under G.S. 115C-102.9(b), as enacted by this section, based on data for the
14 2021-2022 school year.

15 16 **SCHOOLS FOR THE DEAF/ADMINISTRATION**

17 **SECTION 7.62.(a)** Article 9C of Chapter 115C of the General Statutes reads as
18 rewritten:

19 "Article 9C.

20 "Schools for Students with Visual and Hearing Impairments.

21 "Part 1. Governor Morehead School for the Blind.

22 "**§ 115C-150.11. State Board of Education as governing ~~agency~~ agency over the Governor**
23 **Morehead School.**

24 The State Board of Education shall be the sole governing agency for the Governor Morehead
25 School for the ~~Blind, the Eastern North Carolina School for the Deaf, and the North Carolina~~
26 ~~School for the Deaf.~~ Blind. The Superintendent of Public Instruction through the Department of
27 Public Instruction shall be responsible for the administration, including appointment of staff, and
28 oversight of ~~a school governed by this Article,~~ the Governor Morehead School for the Blind.

29 "**§ 115C-150.12. Applicability of Chapter.**

30 Except as otherwise provided, the requirements of this Chapter shall apply to the ~~schools~~
31 ~~governed by this Article.~~ Governor Morehead School for the Blind.

32 "**§ 115C-150.13. ~~Rule making.~~ Rules and admission criteria.**

33 (a) The State Board of Education shall adopt rules necessary for the Department of Public
34 Instruction to implement this ~~Article,~~ Article for the Governor Morehead School for the Blind,
35 including, at a minimum, rules to address eligibility for admission criteria. In determining rules
36 for admission criteria, the State Board of Education shall take into account the following factors:

37 (1) State and federal laws.

38 (2) Optimal academic and communicative outcomes for the child.

39 (3) Parental input and choice.

40 (4) Recommendations in a child's Individualized Education Program (IEP).

41 (b) Rules for the Governor Morehead School for the Blind shall be adopted in accordance
42 with Chapter 150B of the General Statutes.

43 "**§ 115C-150.14. Tuition and room and board.**

44 (a) Only children who are residents of North Carolina are entitled to free tuition and room
45 and board at ~~a school governed by this Article,~~ the Governor Morehead School for the Blind.

46 (b) ~~A school governed by this Article.~~ The Governor Morehead School for the Blind may
47 enroll a foreign exchange student and shall charge the student the full, unsubsidized per capita
48 cost of providing education at the school for the period of the student's attendance. ~~A school that~~
49 ~~seeks to enroll foreign exchange students under this section.~~ The School shall submit a plan prior
50 to enrolling any of those students to the State Board of Education for approval, including the
51 proposed costs to be charged to the students for attendance and information on compliance with

1 federal law requirements. For the purposes of this section, a foreign exchange student is a student
2 who is domiciled in a foreign country and has come to the United States on a valid, eligible
3 student visa.

4 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have
5 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C.
6 § 1101(a)(15)(F) may only be enrolled in ~~a school governed by this Article~~ the School in grades
7 nine through 12 for a maximum of 12 months at the ~~school~~ School.

8 **"§ 115C-150.15. Reporting to residential schools on deaf and the Governor Morehead**
9 **School for the Blind on blind children.**

10 (a) Request for Consent. – Local superintendents shall require that the following request
11 for written consent be presented to parents, guardians, or custodians of any ~~hearing impaired or~~
12 visually impaired children no later than October 1 of each school year: "North Carolina provides
13 ~~three a public residential schools school~~ serving visually ~~and hearing impaired~~ students: the
14 Governor Morehead School for the ~~Blind, the Eastern North Carolina School for the Deaf, and~~
15 ~~the North Carolina School for the Deaf.~~ Blind. Do you consent to the release of your contact
16 information and information regarding your child and his or her visual impairment to ~~these~~
17 ~~schools this school~~ so that you can receive more information on services offered by ~~those~~
18 ~~campuses that campus?"~~

19 (b) Annual Report to ~~Residential Schools the Governor Morehead School for the Blind.~~
20 – Local superintendents shall report by November 30 each year the names and addresses of
21 parents, guardians, or custodians of any ~~hearing impaired or~~ visually impaired children who have
22 given written consent to the directors of the Governor Morehead School for the ~~Blind, the Eastern~~
23 ~~North Carolina School for the Deaf, and the North Carolina School for the Deaf.~~ Blind. The
24 report shall include ~~the type of disability of each child, including whether the hearing and~~ visual
25 impairments range from partial to total disability, and if the child has multiple disabilities with
26 the visual ~~or hearing~~ impairment not identified as the primary disability of the student. The report
27 shall also be made to the Department of Public Instruction.

28 (c) Confidentiality of Records. – The directors of the Governor Morehead School for the
29 ~~Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the~~
30 ~~Deaf~~ Blind shall treat any information reported to the ~~schools~~ School by a local superintendent
31 under subsection (b) of this section as confidential, except that a director or the director's designee
32 may contact the parents, guardians, or custodians of any ~~hearing impaired or~~ visually impaired
33 children whose information was included in the report. The information shall not be considered
34 a public record under G.S. 132-1.

35 "Part 2. Schools for Deaf and Hard of Hearing Students.

36 **"§ 115C-150.30. Definitions.**

37 The following definitions apply in this Part:

- 38 (1) Educational program. – The placement, services, and individualized
39 instruction provided to a student to address the student's educational strengths,
40 weaknesses, and objectives as part of the day program of a school for the deaf.
41 (2) ENCSD. – The Eastern North Carolina School for the Deaf.
42 (3) IEP. – An individualized education program, as defined in G.S. 115C-106.3.
43 (4) NCSD. – North Carolina School for the Deaf.
44 (5) Parent. – A student's parent or legal guardian.
45 (6) School for the deaf. – A school for students who are deaf or hard of hearing
46 located at either the Eastern North Carolina School for the Deaf or the North
47 Carolina School for the Deaf.

48 **"§ 115C-150.31. General supervision over schools for the deaf.**

49 (a) State Board of Education Supervision. – The State Board of Education shall have
50 general supervision over schools for the deaf in accordance with G.S. 115C-12 and shall establish
51 approximately equivalent service areas for each school that cover the entire State. In establishing

1 the service area for each school, the State Board shall consider both the geographic proximity to
2 the school for the deaf and the population of the service area. The State Board shall evaluate the
3 effectiveness of the schools for the deaf and shall, through the application of the accountability
4 system developed under G.S. 115C-83.15 and G.S. 115C-105.35, measure the educational
5 performance and growth of students placed in schools for the deaf. If appropriate, the Board may
6 modify this system to adapt to the specific characteristics of these schools. The board of trustees
7 for a school for the deaf shall be subject to rules adopted by the State Board of Education in
8 accordance with Chapter 150B of the General Statutes.

9 (b) Independent Operation. – Except as otherwise provided for in this Part, the schools
10 for the deaf shall be housed administratively within the Department of Public Instruction, but
11 each school for the deaf shall operate independently with a board of trustees as the governing
12 body. The Department of Public Instruction shall include schools for the deaf employees in
13 coverage for professional liability policies purchased by the Department for its employees and
14 shall facilitate the purchase of other insurance policies for schools for the deaf.

15 **"§ 115C-150.32. Board of trustees for each school for the deaf.**

16 (a) Appointment. – Each school for the deaf shall be governed by a separate board of
17 trustees. There shall be five voting members for each board of trustees to be appointed as follows:

18 (1) Two members appointed by the General Assembly upon the recommendation
19 of the Speaker of the House of Representatives.

20 (2) Two members appointed by the General Assembly upon the recommendation
21 of the President Pro Tempore of the Senate.

22 (3) One member appointed by the Governor.

23 (b) Ex Officio, Nonvoting Members. – The President of the Eastern North Carolina
24 School for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex
25 officio member of the ENCSD Board of Trustees. The President of the North Carolina School
26 for the Deaf Alumni Association or the President's designee shall be a nonvoting, ex officio
27 member of the NCSD Board of Trustees.

28 (c) Terms of Members. – Members shall be appointed for six-year terms. Terms shall
29 commence July 1. Members shall serve until their successors are appointed and qualified. All
30 vacancies shall be filled by the appointing authority for the vacating member for the remainder
31 of the unexpired term. Vacancies of members appointed by the General Assembly shall be filled
32 as provided in G.S. 120-122.

33 (d) Declarations of Vacancies. – Whenever an appointed member of a board of trustees
34 shall fail, for any reason other than ill health or service in the interest of the State or nation, to be
35 present at three successive regular meetings of the board, his or her place as a member of the
36 board shall be deemed vacant.

37 (e) Chair; Vice-Chair. – A board of trustees shall elect one of its members as chair and
38 one of its members as vice-chair, each for a two-year term, at the first meeting occurring after
39 July 1 in even-numbered years.

40 (f) Meetings. – A board of trustees shall meet at least four times a year and also at such
41 other times as it may deem necessary. A majority of the Board shall constitute a quorum for the
42 transaction of business. All meetings shall be subject to Article 33C of Chapter 143 of the General
43 Statutes. The members shall receive per diem compensation and necessary travel and subsistence
44 expenses while engaged in the discharge of their official duties in accordance with the provisions
45 of G.S. 138-5.

46 (g) Procedures. – A board of trustees shall determine its own rules of procedure and may
47 delegate to committees that it creates any powers it deems appropriate.

48 (h) Code of Ethics. – A board of trustees shall adopt a resolution or policy containing a
49 code of ethics, as required by G.S. 160A-86.

50 **"§ 115C-150.33. Employees of schools for the deaf.**

1 (a) Director. – Each board of trustees of the ENCSD and NCSD, respectively, shall
2 appoint a director for the school who shall act as secretary to the board of trustees in accordance
3 with G.S. 115C-150.32 and shall manage day-to-day operations of the school and other duties as
4 prescribed by the board of trustees. For purposes of application to other statutes in this Chapter,
5 the director shall be the equivalent of a superintendent of schools and shall fulfill the duties of a
6 superintendent as provided in Article 18 of this Chapter.

7 (b) Director Duties. – The director shall recommend school personnel to the board of
8 trustees. The director shall supervise the administrative staff of the school, including the
9 principal, director of human resources, and director of business and finance.

10 (c) Personnel Criteria. – The board of trustees shall employ and provide salary and
11 benefits for a principal, teachers, and other employees in accordance with Article 19, Article 20,
12 Article 21, Article 21A, Article 22, and Article 23 of this Chapter. An employee hired by the
13 board of trustees shall be responsible for fulfilling the duties of that employee's position as
14 required by those Articles. All employees of a school for the deaf are employees of the State.

15 (d) Personnel Pay. – School for the deaf personnel, including teachers, instructional
16 support personnel, and other employees, shall be paid, at a minimum, in accordance with the
17 appropriate State salary schedule for local school administrative unit personnel. School for the
18 deaf personnel shall be eligible for all bonuses paid to local school administrative unit personnel
19 to the extent that the school for the deaf personnel meet all qualifications other than the employer.

20 **"§ 115C-150.34. Powers and duties.**

21 A board of trustees shall adopt rules necessary for the administration of the school for the
22 deaf to implement the requirements of this Part. Each board of trustees shall have the following
23 powers and duties:

24 (1) Sound basic education. – It shall be the duty of the board of trustees to provide
25 admitted students with the opportunity to receive a sound basic education in
26 grades kindergarten through 12 and to make all policy decisions with that
27 objective in mind, including employment decisions, budget development, and
28 other administrative actions, as directed by law. The board of trustees shall
29 comply with the requirements of Part 1 of Article 8 and Article 10A of this
30 Chapter.

31 (2) Exercise judicial functions. – The board of trustees may employ or contract
32 with private counsel to provide advice and representation for the schools for
33 the deaf. The board may institute all actions, suits, or proceedings against
34 officers, persons, or corporations, or their sureties, for the recovery,
35 preservation, and application of all money or property which may be due to or
36 should be applied to the support and maintenance of the school for the deaf.
37 In all actions brought in any court against a board of trustees, the order or
38 action of the board shall be presumed to be correct and the burden of proof
39 shall be on the complaining party to show the contrary. G.S. 114-2.3 and
40 G.S. 147-17 shall not apply to the schools for the deaf. The Attorney General
41 shall provide representation to the board of trustees of a school for the deaf
42 upon the request of that board.

43 (3) Academic program. – The board of trustees shall adopt rules governing class
44 size, the instructional calendar, the length of the instructional day, and the
45 number of instructional days in each term. The board of trustees shall adopt a
46 school calendar consisting of a minimum of 185 days or 1,025 hours of
47 instruction covering at least nine calendar months.

48 (4) School report cards. – A school for the deaf shall ensure that the report card
49 issued for it by the State Board of Education is provided to the public.
50 Beginning with the 2026-2027 school year, a school for the deaf shall ensure

- 1 that the measures for educational performance and growth for the current and
2 previous four school years are prominently displayed on the school website.
3 (5) Standards of performance and conduct. – The board of directors shall establish
4 policies and standards for academic performance, attendance, and conduct for
5 students of the school for the deaf. The policies of the board of trustees shall
6 comply with Article 27 of this Chapter.
7 (6) School attendance. – Every parent, guardian, or other person in this State
8 having charge or control of a child who is enrolled in the school for the deaf
9 and who is less than 16 years of age shall cause such child to attend school
10 continuously for a period equal to the time that the school for the deaf shall be
11 in session. No person shall encourage, entice, or counsel any child to be
12 unlawfully absent from the school for the deaf. Any person who aids or abets
13 a student's unlawful absence from the school for the deaf shall, upon
14 conviction, be guilty of a Class 1 misdemeanor. The principal shall be
15 responsible for implementing such additional policies concerning compulsory
16 attendance as shall be adopted by the board of trustees, including regulations
17 concerning lawful and unlawful absences, permissible excuses for temporary
18 absences, maintenance of attendance records, and attendance counseling.
19 (7) Uniform Education Reporting System. – The board of trustees shall comply
20 with the reporting requirements established by the State Board of Education
21 in the Uniform Education Reporting System.
22 (8) Education of children with disabilities. – The board of trustees shall require
23 compliance with federal and State laws and policies relating to the education
24 of children with disabilities for all students admitted to the schools for the
25 deaf. An IEP shall be developed by the school for the deaf for all newly
26 admitted students granted an educational program assignment.
27 (9) Extracurricular activities. – The board of trustees shall make all rules
28 necessary for the conducting of extracurricular activities, including a program
29 of athletics, where desired, without assuming liability therefor; provided, that
30 all interscholastic athletic activities shall be conducted in accordance with
31 rules and regulations prescribed by the State Board of Education.
32 (10) Fees, charges, and solicitations. – The board of trustees shall adopt rules
33 governing solicitations of, sales to, and fundraising activities conducted by the
34 students and faculty members in the school, and no fees, charges, or costs shall
35 be collected from students and school personnel without approval of the board
36 of trustees as recorded in the minutes of said board; provided, this subdivision
37 shall not apply to such textbooks fees as are determined and established by the
38 State Board of Education. The board of trustees shall publish a schedule of
39 approved fees, charges, and solicitations on the school's website by October
40 15 of each school year and, if the schedule is subsequently revised, within 30
41 days following the revision.
42 (11) Federal or private funds. – The board of trustees shall have power and
43 authority to accept, receive, and administer any funds or financial assistance
44 given, granted, or provided under the provisions of the Elementary and
45 Secondary Education Act of 1965 (Public Law 89-10, 89th Congress, HR
46 2362) and under the provisions of the Economic Opportunity Act of 1964
47 (Public Law 88-452, 88th Congress, S. 2642), or other federal acts or funds
48 from foundations or private sources, and to comply with all conditions and
49 requirements necessary for the receipt, acceptance, and use of said funds. In
50 the administration of such funds, the board of trustees shall have authority to
51 enter into contracts with and to cooperate with and to carry out projects with

1 nonpublic elementary and secondary schools, community groups, and
2 nonprofit corporations and to enter into joint agreements for these purposes
3 with other governing boards of public school units. The board of trustees shall
4 furnish such information as shall be requested by the State Board of
5 Education, from time to time, relating to any programs related or conducted
6 pursuant to this subdivision.

7 (12) Educational research. – The board of trustees is authorized to sponsor or
8 conduct educational research and special projects approved by the Department
9 of Public Instruction and the State Board of Education that may improve the
10 school for the deaf. Such research or projects may be conducted during the
11 summer months and the board may use any available funds for such purposes.

12 (13) Anti-nepotism policies. – The board of trustees shall adopt rules requiring that
13 before any immediate family, as defined in G.S. 115C-12.2, of any board of
14 trustees' member or administrator, including directors, supervisors,
15 specialists, staff officers, or principals, shall be employed or engaged as an
16 employee, independent contractor, or otherwise by the board of trustees in any
17 capacity, such proposed employment or engagement shall be (i) disclosed to
18 the board of trustees and (ii) approved by the board of trustees in a duly called
19 open-session meeting. The burden of disclosure of such a conflict of interest
20 shall be on the applicable board member or administrator.

21 (14) Conduct and duties of personnel. – The board of trustees, upon the
22 recommendation of the director, shall have full power to make rules governing
23 the conduct of teachers, principals, and supervisors, the kind of reports they
24 shall make, and their duties in the care of school property. Prior to the
25 beginning of each school year, the board of trustees shall identify all reports
26 that are required for the school year and shall, to the maximum extent possible,
27 eliminate any duplicate or obsolete reporting requirements and consolidate
28 remaining reporting requirements. Prior to the beginning of each school year,
29 the board of trustees shall also identify software protocols that could be used
30 to minimize repetitious data entry and shall make them available to teachers
31 and other employees.

32 (15) Health and safety. – The board of trustees shall require that the school for the
33 deaf meet the same health and safety standards required of a local school
34 administrative unit. The board shall comply with the requirements of Article
35 25A of this Chapter, including the following:

36 a. The board shall ensure that the school for the deaf provides parents
37 and guardians with information about cervical cancer, cervical
38 dysplasia, human papillomavirus, and the vaccines available to
39 prevent these diseases. This information shall be provided at the
40 beginning of the school year to parents of children entering grades five
41 through 12. This information shall include the causes and symptoms
42 of these diseases, how they are transmitted, how they may be
43 prevented by vaccination, including the benefits and possible side
44 effects of vaccination, and places parents and guardians may obtain
45 additional information and vaccinations for their children.

46 b. The board shall adopt policies to ensure that students in grades nine
47 through 12 receive information annually on the manner in which a
48 parent may lawfully abandon a newborn baby with a responsible
49 person, in accordance with G.S. 7B-500.

- 1 (16) School-based mental health. – The board of trustees shall adopt a school-based
2 mental health plan, including a mental health training program and suicide
3 risk referral protocol, in accordance with G.S. 115C-376.5.
- 4 (17) School safety. – The board of trustees shall comply with the requirements of
5 Article 8C of this Chapter, including the following:
- 6 a. School Risk Management Plan. – The board of trustees, in
7 coordination with local law enforcement agencies, shall adopt a
8 School Risk Management Plan (SRMP) relating to incidents of school
9 violence. In constructing and maintaining these plans, the board of
10 trustees shall utilize the School Risk and Response Management
11 System established pursuant to G.S. 115C-105.49A. These plans are
12 not considered a public record as the term "public record" is defined
13 under G.S. 132-1 and shall not be subject to inspection and
14 examination under G.S. 132-6.
- 15 b. Schematic diagrams and school crisis kits. – The board of trustees shall
16 provide schematic diagrams and keys to the main entrance of school
17 facilities to local law enforcement agencies, in addition to
18 implementing the provisions in G.S. 115C-105.52.
- 19 c. School safety exercises. – At least once a year, a school for the deaf
20 shall hold a full school-wide lockdown exercise with local law
21 enforcement and emergency management agencies that are part of the
22 school's SRMP.
- 23 d. Safety information provided to the Department of Public Safety,
24 Division of Emergency Management. – The board of trustees shall
25 provide the following: (i) schematic diagrams, including digital
26 schematic diagrams, and (ii) emergency response information
27 requested by the Division for the SRMP. The schematic diagrams and
28 emergency response information are not considered public records as
29 the term "public record" is defined under G.S. 132-1 and shall not be
30 subject to inspection and examination under G.S. 132-6.
- 31 e. Anonymous tip line. – A school for the deaf shall develop and operate
32 an anonymous tip line in accordance with G.S. 115C-105.51.
- 33 (18) Reporting school violence. – A board of trustees shall report all acts of school
34 violence to the State Board of Education in accordance with
35 G.S. 115C-12(21).
- 36 (19) Driving eligibility certificates and drivers' education. – The board of trustees
37 shall apply the rules and policies established by the State Board of Education
38 for issuance of driving eligibility certificates. The board of trustees shall
39 provide drivers' education in accordance with Article 14 of this Chapter.
- 40 (20) Instructional materials. – The board of trustees shall have the authority to
41 select, procure, and use textbooks not adopted by the State Board of
42 Education, as provided in G.S. 115C-98(b1). The board shall have sole
43 authority to select and procure supplementary instructional materials, whether
44 or not the materials contain commercial advertising, pursuant to the provisions
45 of G.S. 115C-98(b).
- 46 (21) Policy against bullying. – A school for the deaf shall adopt a policy against
47 bullying or harassing behavior, including cyber-bullying, in accordance with
48 Article 29C of this Chapter, and shall at the beginning of each school year
49 provide the policy to staff, students, and parents, as defined in
50 G.S. 115C-390.1(b)(8).

- 1 (22) Religious activity and moment of silence. – The board of trustees shall comply
2 with the requirements of Article 29D of this Chapter. To afford students and
3 teachers a moment of quiet reflection at the beginning of each day in the public
4 schools, to create a boundary between school time and nonschool time, and to
5 set a tone of decorum in the classroom that will be conducive to discipline and
6 learning, the board of trustees may adopt a policy to authorize the observance
7 of a moment of silence at the commencement of the first class of each day in
8 all grades in the public schools. Such a policy shall provide that the teacher in
9 charge of the room in which each class is held may announce that a period of
10 silence not to exceed one minute in duration shall be observed and that during
11 that period silence shall be maintained and no one may engage in any other
12 activities. Such period of silence shall be totally and completely unstructured
13 and free of guidance or influence of any kind from any sources.
- 14 (23) Display of the United States and North Carolina flags and recitation of the
15 Pledge of Allegiance. – The board of trustees shall adopt policies to (i) require
16 the display of the United States and North Carolina flags in each classroom,
17 when available, (ii) require that recitation of the Pledge of Allegiance be
18 scheduled on a daily basis, and (iii) provide age-appropriate instruction on the
19 meaning and historical origins of the flag and the Pledge of Allegiance. These
20 policies shall not compel any person to stand, salute the flag, or recite the
21 Pledge of Allegiance. If flags are donated or are otherwise available, flags
22 shall be displayed in each classroom.
- 23 (24) Child sexual abuse and sex trafficking training program. – The board of
24 trustees shall adopt and implement a child sexual abuse and sex trafficking
25 training program in accordance with G.S. 115C-375.20.
- 26 (25) Science safety requirements. –
- 27 a. A board of trustees shall certify annually to the State Board of
28 Education that the school's science laboratories for high school and
29 middle school students are equipped with appropriate personal
30 protective equipment for students and teachers.
- 31 b. A board of trustees shall ensure that the school for the deaf complies
32 with all State Board of Education policies related to science laboratory
33 safety.
- 34 (26) Graduation projects. – A board of trustees shall not require a high school
35 graduation project as a condition of graduation unless the board provides a
36 method of reimbursement of up to seventy-five dollars (\$75.00) for expenses
37 related to the high school graduation project for any student identified as an
38 economically disadvantaged student.
- 39 (27) Group accident and health insurance for students. – A board of trustees may
40 purchase group accident, group health, or group accident and health insurance
41 for students in accordance with G.S. 58-51-81.
- 42 (28) Access for youth groups. – Schools for the deaf are encouraged to facilitate
43 access for students to participate in activities provided by any youth group
44 listed in Title 36 of the United States Code as a patriotic society, such as the
45 Boy Scouts of America, and its affiliated North Carolina groups and councils,
46 and the Girl Scouts of the United States of America, and its affiliated North
47 Carolina groups and councils. Student participation in any activities offered
48 by these organizations shall not interfere with instructional time during the
49 school day for the purposes of encouraging civic education.
- 50 (29) Parental notification of certain acts reported to law enforcement. – A board of
51 trustees shall adopt a rule on the notification to parents or legal guardians of

1 any students alleged to be victims of any act that is required to be reported to
2 law enforcement and the superintendent under G.S. 115C-288(g).

3 (30) Seclusion and restraint report. – A board of trustees shall maintain a record of
4 incidents reported under G.S. 115C-391.1(j)(4) and shall provide this
5 information annually to the State Board of Education.

6 (31) Use of pesticides. – A board of trustees shall adopt rules that address the use
7 of pesticides in schools. These policies shall:

8 a. Require the principal or the principal's designee to annually notify the
9 students' parents, guardians, or custodians as well as school staff of the
10 schedule of pesticide use on school property and their right to request
11 notification. Such notification shall be made, to the extent possible, at
12 least 72 hours in advance of nonscheduled pesticide use on school
13 property. The notification requirements under this subdivision do not
14 apply to the application of the following types of pesticide products:
15 antimicrobial cleansers, disinfectants, self-contained baits and
16 crack-and-crevice treatments, and any pesticide products classified by
17 the United States Environmental Protection Agency as belonging to
18 the U.S.E.P.A. Toxicity Class IV, "relatively nontoxic" (no signal
19 word required on the product's label).

20 b. Require the use of Integrated Pest Management. As used in this
21 sub-subdivision, "Integrated Pest Management" or "IPM" means the
22 comprehensive approach to pest management that combines
23 biological, physical, chemical, and cultural tactics as well as effective,
24 economic, environmentally sound, and socially acceptable methods to
25 prevent and solve pest problems that emphasizes pest prevention and
26 provides a decision-making process for determining if, when, and
27 where pest suppression is needed and what control tactics and methods
28 are appropriate.

29 (32) Arsenic-treated wood. – A board of trustees shall prohibit the purchase or
30 acceptance of chromated copper arsenate-treated wood for future use on
31 school grounds. A board of trustees shall seal existing arsenic-treated wood in
32 playground equipment or establish a time line for removing existing
33 arsenic-treated wood on playgrounds, according to the guidelines established
34 under G.S. 115C-12(33).

35 (33) Exposure to diesel exhaust fumes. – A board of trustees shall adopt rules to
36 reduce students' exposure to diesel emissions.

37 (34) Nonprofit corporations. – A board of trustees may establish, control, and
38 operate a nonprofit corporation that is created under Chapter 55A of the
39 General Statutes and is a tax-exempt organization under the Internal Revenue
40 Code to further their authorized purposes. A nonprofit corporation established
41 as provided in this subdivision shall not have regulatory or enforcement
42 powers and shall not engage in partisan political activity or policy advocacy.
43 A board of trustees that establishes a nonprofit corporation shall make a report
44 annually to the Joint Legislative Education Oversight Committee.

45 (35) Preschool programs. – The board of trustees may establish preschool
46 programs within funds available for children who are deaf or hard of hearing
47 and are at least 3 years old.

48 (36) Rulemaking. – The board of trustees shall be exempt from Article 2A of
49 Chapter 150B of the General Statutes.

50 "§ 115C-150.35. Admissions.

1 (a) Rules. – Schools for the deaf shall admit students in accordance with eligibility
2 criteria, standards, and procedures established through rules by the board of trustees in
3 accordance with the requirements of this Part.

4 (b) Eligibility Criteria. – Eligibility criteria shall include consideration of the following:

5 (1) Evidence of hearing loss.

6 (2) State and federal laws.

7 (3) Optimal academic and communicative outcomes for the student.

8 (4) Parental input and choice.

9 (5) Student's possession of minimum daily living skills and level of functioning
10 necessary to participate in the educational program.

11 (6) Student's ability to participate in the education program without exhibiting
12 behavior that is disruptive to other students or criminal activity.

13 (c) Procedures. – Admission procedures shall include the following:

14 (1) An application process that may be directly made by a parent or legal guardian
15 to the school or upon recommendation of a local education agency. If a student
16 has not been evaluated by a local school administrative unit and determined
17 to be a child with a disability, a process for the school and local school
18 administrative unit to enter into an agreement to determine if the student is a
19 child with a disability.

20 (2) An admissions committee to make recommendations on an admissions status
21 that includes, but is not limited to, the following members:

22 a. A chair designated by the director of the school for the deaf.

23 b. The applicant's parent or legal guardian.

24 c. Any professionals necessary to interpret the evaluation results.

25 d. If the applicant is currently enrolled in a public school unit, a written
26 invitation shall be extended to a representative from that public school
27 unit to attend and participate in the evaluation.

28 (3) An admissions evaluation that uses multiple sources of information in
29 determining eligibility, including assessments, teacher recommendations,
30 evidence of the applicant's physical and emotional health, indications of the
31 applicant's level of functioning, including adaptive behavior skills, and the
32 student's current or proposed individualized education plan.

33 (4) A final admissions determination made by the director of the school or
34 designee.

35 (d) Admission Status. – A student may be admitted in one of the following statuses:

36 (1) Temporary assignment. – An applicant admitted for no more than 90 school
37 days for the school staff to complete evaluations and gather additional
38 information for the admissions committee to make an eligibility
39 determination. A student admitted to a temporary assignment status is not
40 guaranteed admission to the educational program as a student who meets the
41 school's eligibility criteria.

42 (2) Educational program assignment. – An applicant determined to meet the
43 eligibility criteria and granted admission to the educational program.

44 (e) Disenrollment. – A student's continued enrollment in an educational program
45 assignment status shall be subject to reevaluation by the admissions committee when determined
46 necessary by the school to assess if the student continues to meet eligibility criteria. The
47 disenrollment assessment shall follow the same procedures as the admissions process, and a final
48 determination shall be made by the director or director's designee.

49 (f) Free Appropriate Public Education. – The student's local school administrative unit
50 shall have the initial responsibility of identifying and evaluating the special education needs of
51 the student and providing a special educational program and related services in accordance with

1 Article 9 of this Chapter. If a parent submits an application to the school for the deaf for
2 enrollment of the parent's child in the school's educational program, and if the child is determined
3 to meet the eligibility criteria for admission to the school's educational program, the school for
4 the deaf is responsible for the provision of a free appropriate public education. However, a
5 subsequent determination by the school for the deaf that the student no longer meets eligibility
6 criteria immediately transfers the responsibility for the provision of a special educational
7 program and related services to ensure a free appropriate public education back to the student's
8 local school administrative unit.

9 (g) Mediation. – Prior to seeking a due process hearing as provided in Article 9 of this
10 Chapter, parents are encouraged to seek mediation under Article 9 of this Chapter in resolving
11 any dispute with regards to a student's eligibility determination or IEP.

12 (h) Due Process Hearing. – A parent may seek an impartial due process hearing following
13 a final determination on a student's eligibility by the director. If the parent pursues a due process
14 hearing to challenge the school for the deaf's ineligibility determination, the student's "stay put"
15 placement shall not be the school for the deaf but shall be the student's local school administrative
16 unit.

17 **"§ 115C-150.36. Tuition, room and board for resident students.**

18 (a) A student who is a resident of North Carolina is entitled to free tuition for the
19 educational program provided by the school for the deaf.

20 (b) A student who is a resident of North Carolina whose parent elects for the student to
21 board at the school in order to access the educational program is entitled to free room and board.

22 **"§ 115C-150.37. Nonresident students.**

23 (a) For the purposes of this section, the following definitions shall apply:

24 (1) Foreign exchange student. – A student who is domiciled in a foreign country
25 and has come to the United States on a valid, eligible student visa.

26 (2) Nonresident student. – An out-of-state student or foreign exchange student.

27 (3) Out-of-state student. – A student who is domiciled in a state other than North
28 Carolina.

29 (b) A school for the deaf may enroll nonresident students in the educational program who
30 otherwise meet admissions criteria established for all students. A school for the deaf shall charge
31 the full, unsubsidized per capita cost of providing education at the school for the period of the
32 nonresident student's attendance, including the cost of tuition and the cost of room and board for
33 any student whose parent elects for the student to board at the school in order to access the
34 educational program.

35 (c) A school for the deaf that seeks to enroll nonresident students under this section shall
36 submit a plan prior to enrolling any of those students to the board of trustees for approval,
37 including the proposed costs to be charged to the nonresident students for tuition and room and
38 board and information on compliance with federal law requirements.

39 **"§ 115C-150.38. Reporting to schools for the deaf on deaf or hard of hearing children.**

40 (a) Request for Consent. – Local superintendents shall require that the following request
41 for written consent, along with any informational materials provided by the school for the deaf
42 in the service area in which the local school administrative unit is located, be presented to parents,
43 guardians, or custodians of any children who are deaf or hard of hearing no later than October 1
44 of each school year: "North Carolina provides two public schools for the deaf serving students
45 who are deaf or hard of hearing: the Eastern North Carolina School for the Deaf and the North
46 Carolina School for the Deaf. Do you consent to the release of your contact information and
47 information regarding your child and his or her hearing status to these schools so that you can
48 receive more information on services offered by those campuses?"

49 (b) Annual Report to Schools for the Deaf. – Local superintendents shall report by
50 November 30 each year the names and addresses of parents, guardians, or custodians of any
51 hearing impaired children who have given written consent to the directors of the ENCSD and the

1 NCSD. The report shall include whether the hearing impairments range from partial to total
 2 disability and if the child has multiple disabilities with the hearing impairment not identified as
 3 the primary disability of the student. The report shall also be made to the Department of Public
 4 Instruction.

5 (c) Confidentiality of Records. – The directors of the ENCSD and the NCSD shall treat
 6 any information reported to the schools by a local superintendent under subsection (b) of this
 7 section as confidential, except that a director or the director's designee may contact the parents,
 8 guardians, or custodians of any deaf or hard of hearing children whose information was included
 9 in the report. The information shall not be considered a public record under G.S. 132-1.

10 (d) Transfer of Information. – The local superintendent, or if there is no superintendent,
 11 the staff member with the highest decision-making authority, shall share a copy of all current
 12 evaluation data and a copy of the current or proposed individualized education plan with the
 13 ENCSD and the NCSD for any child enrolled in a public school unit who has been identified as
 14 a child with a disability who is deaf or hard of hearing that has applied for admission to a school
 15 for the deaf, upon the written request of a parent, guardian, or custodian of the student.

16 **"§ 115C-150.39. Applicability of Chapter.**

17 Except as otherwise provided in this Part, the requirements of this Chapter shall not apply to
 18 schools for the deaf. A school for the deaf shall be considered a State agency and shall comply
 19 with all requirements for State agencies unless otherwise specified in this Part. A school for the
 20 deaf shall not be considered a local school administrative unit."

21 **SECTION 7.62.(b)** G.S. 115C-5 reads as rewritten:

22 **"§ 115C-5. Definitions.**

23 As used in this Chapter unless the context requires otherwise:

24 ...

25 (3a) The governing body of a public school unit is the following:

- 26 a. For a local school administrative unit, the local board of education.
- 27 b. For a charter school, the nonprofit corporation board of directors.
- 28 c. For a regional school, the regional school board of directors.
- 29 d. For a school operated under Article 7A and Part 1 of Article 9C of this
- 30 Chapter, the State Board of Education.
- 31 e. For a school operated under Article 29A of Chapter 116 of the General
- 32 Statutes, the chancellor of the constituent institution.
- 33 f. For a school for the deaf operated under Part 2 of Article 9C of this
- 34 Chapter, the board of trustees.

35 ...

36 (7a) Public school unit. – Any of the following:

- 37 a. A local school administrative unit.
- 38 b. A charter school.
- 39 c. A regional school.
- 40 d. A school providing elementary or secondary instruction operated by
- 41 one of the following:
- 42 1. The State Board of Education, including schools operated
- 43 under Article 7A and Part 1 of Article 9C of this Chapter.
- 44 2. The University of North Carolina under Article 29A of Chapter
- 45 116 of the General Statutes.
- 46 e. A school for the deaf operated under Part 2 of Article 9C of this
- 47 Chapter.

48"

49 **SECTION 7.62.(c)** G.S. 115C-105.51(g) reads as rewritten:

50 "(g) For the purposes of this section, a "public secondary school" is any of the following
 51 types of public school serving grades six or higher:

- 1 (1) A school under the control of a local school administrative unit.
 2 (2) A school under the control of the State Board of Education, including schools
 3 operated under Article 7A and Part 1 of Article 9C of this Chapter.
 4 (3) A school under the control of The University of North Carolina.
 5 (4) A charter school.
 6 (5) A regional school.
 7 (6) A school for the deaf operated under Part 2 of Article 9C of this Chapter."

8 **SECTION 7.62.(d)** G.S. 126-5(c1) reads as rewritten:

9 "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this
 10 Chapter shall not apply to:

11 ...

12 (8a) Employees of a regional school established pursuant to Part 10 of Article 16
 13 of Chapter 115C of the General Statutes.

14 (8b) Employees of a school for the deaf governed by Part 2 of Article 9C of Chapter
 15 115C of the General Statutes.

16"

17 **SECTION 7.62.(e)** G.S. 138-5(a) reads as rewritten:

18 "(a) Except as provided in subsections (c) and (f) of this section, members of State boards,
 19 commissions, committees and councils which operate from funds deposited with the State
 20 Treasurer shall be compensated for their services at the following rates:

- 21 (1) Except as otherwise provided by this subdivision, compensation at the rate of
 22 fifteen dollars (\$15.00) per diem for each day of service. Members of the
 23 North Carolina Vocational Rehabilitation Council, the Statewide Independent
 24 Living Council, and the Commission for the Blind who are unemployed or
 25 who shall forfeit wages from other employment to attend Council or
 26 Commission meetings or to perform related duties, may receive compensation
 27 not to exceed fifty dollars (\$50.00) per diem for attending these meetings or
 28 performing related duties, as authorized by sections 105 and 705 of the
 29 Rehabilitation Act of 1973, P.L. 102-569, 42 U.S.C. § 701, et seq., as
 30 amended. Members of the Board of Trustees of the Eastern North Carolina
 31 School for the Deaf and the Board of Trustees of the North Carolina School
 32 for the Deaf may receive compensation not to exceed fifty dollars (\$50.00)
 33 per diem for attending Trustee meetings or performing related duties.
 34 (2) Reimbursement of subsistence expenses at the rates allowed to State officers
 35 and employees by subdivision (3) of G.S. 138-6(a).
 36 (3) Reimbursement of travel expenses at the rates allowed to State officers and
 37 employees by subdivisions (1) and (2) of G.S. 138-6(a).
 38 (4) For convention registration fees, the actual amount expended, as shown by
 39 receipt."

40 **SECTION 7.62.(f)** G.S. 150B-1(d) is amended by adding a new subdivision to read:

41 "(31) The Eastern North Carolina School for the Deaf and the North Carolina
 42 School for the Deaf."

43 **SECTION 7.62.(g)** Section 10 of S.L. 2013-247 is repealed.

44 **SECTION 7.62.(h)** Section 8.15(b) of S.L. 2013-360 reads as rewritten:

45 **"SECTION 8.15.(b)** Notwithstanding G.S. 146-30 or any other provision of law, the
 46 Department of Public Instruction shall only retain ~~all~~ proceeds generated from the rental of
 47 building space on the residential school ~~campuses~~ campus of the Governor Morehead School for
 48 the Blind. The Department of Public Instruction shall use all receipts generated from ~~these~~ the
 49 leases to staff and operate the ~~North Carolina School for the Deaf, the Eastern North Carolina~~
 50 ~~School for the Deaf, and the~~ Governor Morehead School. These receipts shall not be used to
 51 support administrative functions within the Department."

1 **SECTION 7.62.(i)** Notwithstanding G.S. 146-30 or any other provision of law,
2 beginning with the 2022-2023 fiscal year, the Department of Public Instruction shall retain all
3 proceeds generated from the rental of building space on the school campuses of the Eastern North
4 Carolina School for the Deaf and the North Carolina School for the Deaf to be used in accordance
5 with this subsection. The Department of Public Instruction shall allocate all receipts generated
6 from these leases to each board of trustees in the amount generated from the individual school to
7 supplement funds to staff and operate that school. These receipts shall not be used to support
8 administrative functions within the Department of Public Instruction.

9 **SECTION 7.62.(j)** Notwithstanding Article 9C of Chapter 115C of the General
10 Statutes, as amended by this act, the Department of Public Instruction may continue its
11 administrative duties and responsibilities for the North Carolina School for the Deaf and the
12 Eastern North Carolina School for the Deaf subject to Article 9C of Chapter 115C of the General
13 Statutes as of June 30, 2022, until the board of trustees for each school has successfully
14 transitioned into the administrative role required by this act, but in no event later than October 1,
15 2022.

16 **SECTION 7.62.(k)** By May 1, 2022, the General Assembly and the Governor shall
17 appoint the initial members of the boards of trustees for the North Carolina School for the Deaf
18 and the Eastern North Carolina School for the Deaf to take office effective July 1, 2022.
19 Notwithstanding G.S. 115C-150.32, as enacted by this act, of the members appointed by the
20 General Assembly in 2022, the General Assembly shall appoint one of the members
21 recommended by the Speaker of the House of Representatives and one of the members
22 recommended by the President Pro Tempore of the Senate to a two-year term of office and one
23 of the members recommended by the Speaker of the House of Representatives and one of the
24 members recommended by the President Pro Tempore of the Senate to a four-year term of office.
25 The member appointed by the Governor in 2022 shall be appointed to a six-year term of office.
26 Upon the expiration of the initial terms appointed in 2022, all subsequent appointments by all
27 appointing entities shall be for a six-year term of office, as provided in G.S. 115C-150.32, as
28 enacted by this act.

29 **SECTION 7.62.(l)** Notwithstanding G.S. 115C-150.32(f), as enacted by this act,
30 following the appointment of a majority of members of the boards of trustees of each school for
31 the deaf, as provided in subsection (a) of this section, the director of each school for the deaf
32 shall call an initial meeting of each board.

33 **SECTION 7.62.(m)** The Department of Public Instruction shall, in collaboration
34 with the personnel from the North Carolina School for the Deaf and the Eastern North Carolina
35 School for the Deaf, develop a transition plan for the change in administration of the schools for
36 the deaf for students who are deaf or hard of hearing in accordance with the requirements of this
37 act to be effective July 1, 2022. By December 15, 2021, the Department of Public Instruction
38 shall report to the Joint Legislative Education Oversight Committee on the plan for transition in
39 administration of the schools for the deaf, including any legislative recommendations necessary
40 to effectuate the transition.

41 **SECTION 7.62.(n)** Subsections (a) through (i) of this section become effective July
42 1, 2022. The remainder of this section is effective the date this act becomes law.

43 44 **AUTHORIZATION OF VIRTUAL CHARTER SCHOOLS/END PILOT**

45 **SECTION 7.63.(a)** Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of
46 S.L. 2016-94 and Section 7.13 of S.L. 2018-5, is repealed.

47 **SECTION 7.63.(b)** The pilot program established under Section 8.35 of S.L.
48 2014-100, as amended, shall end with the 2020-2021 school year and the two virtual charter
49 schools participating in the pilot program pursuant to that section shall be deemed to be approved
50 as charter schools by the State Board of Education pursuant to G.S. 115C-218.5 and shall operate
51 as charter schools under Article 14A of Chapter 115C of the General Statutes. The virtual charter

1 schools' contracts and the related documents of those schools shall be modified to reflect that the
2 charter schools operate pursuant to Article 14A of Chapter 115C of the General Statutes. The
3 virtual charter schools shall be permitted to enroll students in accordance with the enrollment
4 increase authorized by Section 3.2 of S.L. 2020-97, as amended by Section 2.5 of S.L. 2021-3,
5 for the 2021-2022 school year. Beginning with the 2022-2023 school year, the virtual charter
6 schools shall be subject to G.S. 115C-218.7 and may increase enrollment up to twenty percent
7 (20%) based on their enrollment from the 2021-2022 school year and for subsequent school years
8 without the increase in enrollment being considered a material revision of a virtual charter
9 school's charter. The length of the virtual charter schools' contracts shall be for five additional
10 years, ending after the 2025-2026 school year, at which time the charter school contracts may be
11 renewed for a subsequent 10 years pursuant to G.S. 115C-218.6.

12 **SECTION 7.63.(c)** G.S. 115C-218.1(a) reads as rewritten:

13 "(a) Any nonprofit corporation seeking to establish a classroom-based, online, or blended
14 learning charter school may apply to establish a charter school. If the applicant seeks to convert
15 a public school to a charter school, the application shall include a statement signed by a majority
16 of the teachers and instructional support personnel currently employed at the school indicating
17 that they favor the conversion and evidence that a significant number of parents of children
18 enrolled in the school favor conversion."

19 **SECTION 7.63.(d)** G.S. 115C-218.6 reads as rewritten:

20 "**§ 115C-218.6. Review and renewal of charters.**

21 (a) The State Board of Education shall review the operations of each charter school at
22 least once prior to the expiration of its charter to ensure that the school is meeting the expected
23 academic, financial, and governance standards.

24 (b) The State Board of Education shall renew a charter upon the request of the chartering
25 entity for subsequent periods of 10 years, unless one of the following applies:

26 (1) The charter school has not provided financially sound audits for the
27 immediately preceding three years.

28 (2) The charter school's student academic outcomes for the immediately
29 preceding three years have not been comparable to the academic outcomes of
30 students in the local school administrative unit in which the charter school is
31 located. In the case of a virtual charter school, the State Board shall compare
32 the virtual charter school's student academic outcomes for the immediately
33 preceding three years to the average of three comparable local school
34 administrative units with similar student populations as measured by
35 school-level metrics collected by the State.

36 (3) The charter school is not, at the time of the request for renewal of the charter,
37 substantially in compliance with State law, federal law, the school's own
38 bylaws, or the provisions set forth in its charter granted by the State Board of
39 Education.

40 If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies,
41 then the State Board may renew the charter for a period of less than 10 years or not renew the
42 charter."

43 **SECTION 7.63.(e)** Article 14A of Chapter 115C of the General Statutes is amended
44 by adding a new section to read:

45 "**§ 115C-218.16. Virtual charter schools.**

46 (a) Student Orientation. – Each virtual charter school shall offer student orientation,
47 notify the parent or legal guardian and each student who enrolls in that school of the requirement
48 to participate in the student orientation, and require all students enrolled to complete the student
49 orientation prior to completing any other instructional activity.

50 (b) Engagement Policy. – For virtual charter schools, the school shall develop and adopt
51 a policy regarding consequences for a student's failure to attend school and complete instructional

1 activities. The policy shall state, at a minimum, that a virtual charter school shall submit a
2 notification to the parent or legal guardian of a student who is not consistently engaged in
3 instructional activities, as defined by the policy, that if a student fails to consistently complete
4 instructional activities after the school sends a notification and reasonable intervention strategies
5 have been implemented, the student shall be subject to certain consequences that may include
6 disenrollment from the school. The parent or student must be provided a reasonable opportunity
7 to participate in courses prior to disenrollment to demonstrate that failure to participate in courses
8 is due to a lawful absence recognized under Part 1 of Article 26 of this Chapter and any applicable
9 rules of the State Board of Education. If a virtual charter school disenrolls a student pursuant to
10 this subsection, the school shall immediately notify the local school administrative unit in which
11 the student resides in writing of the student's disenrollment. The student's local school
12 administrative unit shall then promptly provide the parent or legal guardian a written list of
13 educational options.

14 (c) Academic Mobility. – To facilitate the tracking of academic mobility, virtual charter
15 schools shall request the following information from the parent or guardian of a student enrolled
16 in the school: (i) for a newly enrolled student, the reasons for choosing enrollment and (ii) for a
17 student terminating enrollment, the reasons for terminating enrollment.

18 (d) Student Progress Toward Graduation. – The virtual charter school shall conduct an
19 annual measurement of each enrolled student accounting for credits earned as compared to
20 expected credits earned within the course of the school year. Measurement of such progress shall
21 account for specific characteristics of each enrolled student, including age and course credit
22 accrued prior to enrollment in the virtual charter schools, and shall be consistent with
23 evidence-based practices. The virtual charter school shall annually report this data to the State
24 Board, which shall account for the data in determining student academic progress and outcomes.

25 (e) Graduation Rates. – In determining the high school graduation rate of a virtual charter
26 school, the State Board shall include data about students who graduate from high school with a
27 diploma within four years and shall provide additional weighting for graduation within five or
28 six school years. The weighting shall reflect credit status of any student at the time of acceptance
29 into the new high school if a student transfers schools in grades nine to 12. When a student in
30 grades nine to 12 transfers to another school, to the extent allowable under federal law, the student
31 shall be placed in the graduation cohort reflecting the current credit status of the student.
32 However, only full academic year students or greater shall be included in the calculations of a
33 virtual charter school's graduation rate. Students who are enrolled less than a full instructional
34 year count for a factor of zero. Students who are enrolled for between one and two full
35 instructional years count for a factor of one. Students who are enrolled for three full instructional
36 years count for a factor of two. Students who are enrolled for more than three full instructional
37 years count for a factor of three.

38 (f) Achievement and Growth. – In determining the academic achievement and growth of
39 virtual charter school students, the State Board shall include data related to how long each student
40 has been enrolled in the same virtual charter school and provide additional weighting for students
41 who have been enrolled in the same virtual charter school as follows: students who are enrolled
42 for up to one instructional year count for a factor of one, students who are enrolled for up to two
43 instructional years count for a factor of two, students who are enrolled for up to three instructional
44 years count for a factor of three, and students who are enrolled for up to four instructional years
45 count for a factor of four. Only full academic year students shall be included in accountability
46 calculations for growth and achievement.

47 (g) Code of Ethics. – Virtual charter schools shall adopt a code of ethics, including
48 provisions on conflicts of interest."

49 **SECTION 7.63.(f)** Subsections (c) through (e) of this section apply beginning with
50 the 2021-2022 school year.
51

WATER AND SEWER SERVICES TO CHARTER SCHOOLS

SECTION 7.64.(a) Part 1 of Article 16 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-330. Provision of water and sewer services to charter schools.

(a) For the purposes of this section, the term "charter property" means real property that is owned by or leased to an entity for use as a charter school facility for a charter school that has received State Board of Education approval under G.S. 115C-218.5.

(b) A municipality shall provide water, sewer, or water and sewer services to a charter property to which those services are not otherwise provided if the following requirements are met:

(1) The property owner of the charter property requests in writing water, sewer, or water and sewer services to the charter property.

(2) The municipality has available capacity in the requested service or services.

(3) The property owner of the charter property agrees in writing to the requirements contained in a utility extension agreement established by the municipal governing board.

(4) The property owner of the charter property agrees to payment of all costs for extending the requested services.

(c) A developer of a charter property, with the written consent of the property owner, may make the request for services under subsection (b) of this section, agree to the requirements of a utility extension agreement with the municipal governing board, and pay for the costs of extension of the requested services.

(d) If the charter property is not located within the municipal limits and the owner of the charter property petitions for annexation under Part 1 or Part 4 of Article 4A of this Chapter, the municipality shall grant the petition if the charter property is otherwise eligible for annexation under those Parts."

SECTION 7.64.(b) This section is effective the date this act becomes law.

CLARIFY PRIVATE SCHOOL TESTING REQUIREMENTS

SECTION 7.65.(a) G.S. 115C-549 reads as rewritten:

"§ 115C-549. Standardized testing requirements.

(a) Each private church school or school of religious charter shall administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of such school, to all students enrolled or regularly attending grades three, six and ~~nine~~-nine, as follows:

(1) ~~The~~ For grades three and six, the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling and mathematics.

(2) For grade nine, the nationally standardized test or other equivalent measurement selected must measure either of the following:

a. Achievement in the areas of English grammar, reading, spelling, and mathematics.

b. Competencies in the verbal and quantitative areas.

(b) Each school shall make and maintain records of the results achieved by its students. For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13, at the principal office of such school, at all reasonable times, for annual inspection by a duly authorized representative of the State of North Carolina."

SECTION 7.65.(b) G.S. 115C-557 reads as rewritten:

"§ 115C-557. Standardized testing requirements.

(a) Each qualified nonpublic school shall administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by

1 the chief administrative officer of such school, to all students enrolled or regularly attending
2 grades three, six and ~~nine~~nine, as follows:

3 (1) ~~The~~For grades three and six, the nationally standardized test or other
4 equivalent measurement selected must measure achievement in the areas of
5 English grammar, reading, spelling and mathematics.

6 (2) For grade nine, the nationally standardized test or other equivalent
7 measurement selected must measure either of the following:

8 a. Achievement in the areas of English grammar, reading, spelling, and
9 mathematics.

10 b. Competencies in the verbal and quantitative areas.

11 (b) Each school shall make and maintain records of the results achieved by its students.
12 For one year after the testing, all records shall be made available, subject to G.S. 115C-174.13,
13 at the principal office of such school, at all reasonable times, for annual inspection by a duly
14 authorized representative of the State of North Carolina."

15 **SECTION 7.65.(c)** G.S. 115C-562.5(a)(4) reads as rewritten:

16 "(4) Administer, at least once in each school year, a nationally standardized test or
17 other nationally standardized equivalent measurement selected by the chief
18 administrative officer of the nonpublic school to all eligible students whose
19 tuition and fees are paid in whole or in part with a scholarship grant enrolled
20 in grades three and higher. ~~The~~For grades three through eight, the nationally
21 standardized test or other equivalent measurement selected must measure
22 achievement in the areas of English grammar, reading, spelling, and
23 mathematics. For grades nine through 12, the nationally standardized test or
24 other equivalent measurement selected must measure either (i) achievement
25 in the areas of English grammar, reading, spelling, and mathematics or (ii)
26 competencies in the verbal and quantitative areas. Test performance data shall
27 be submitted to the Authority by July 15 of each year. Test performance data
28 reported to the Authority under this subdivision is not a public record under
29 Chapter 132 of the General Statutes."

30 **SECTION 7.65.(d)** This section applies to the administration of tests beginning with
31 the 2021-2022 school year.

32 **MANDATORY TRAINING CONTRIBUTING TO CONTINUING EDUCATION** 33 **CREDITS**

34 **SECTION 7.66.(a)** G.S. 115C-270.30 reads as rewritten:

35 **"§ 115C-270.30. Licensure renewal.**

36 ...

37 (b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall
38 include the following:

39 (1) For all teachers, at least eight continuing education credits with at least three
40 credits required in a teacher's academic subject area.

41 (2) For elementary school teachers, at least three continuing education credits
42 related to literacy. Literacy renewal credits shall include evidence-based
43 assessment, diagnosis, and intervention strategies for students not
44 demonstrating reading proficiency. Oral language, phonemic and
45 phonological awareness, phonics, vocabulary, fluency, and comprehension
46 shall be addressed in literacy-related activities leading to license renewal for
47 elementary school teachers.

48 (2a) For all teachers, hours spent attending mandatory training programs shall
49 contribute toward the calculation for continuing education credits if all of the
50 following apply:
51

- a. The mandatory training program is required by State law or by a local board of education as a condition of employment.
- b. The teacher has otherwise met any applicable requirements for literacy renewal credits, credits required in a teacher's academic subject area, digital teaching or learning, or other licensure renewal requirements adopted by the State Board pursuant to this section.

...

(c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed at least once every five years by the State Board to do the following:

...

- (3) Integrate digital teaching and learning into the requirements for licensure renewal. The State Board of Education shall not require the completion of continuing education credits solely related to digital teaching and learning but may require completion of up to two continuing education credits that include pedagogy on digital teaching and learning as a component of a general or content-specific continuing education credit.

SECTION 7.66.(b) This section is effective when it becomes law and applies to licenses renewed on or after that date.

REVISE PERSONAL LEAVE COSTS FOR TEACHERS

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

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

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

- (2) Use. – Personal leave may be used only upon the authorization of the teacher's immediate supervisor. A supervisor, as follows:

- a. Unless the request is approved by the principal, a teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day, unless the request is approved by the principal. day.

- b. On all other days, days other than those referenced in sub-subdivision a. of this subdivision, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of

1 separation. Local school administrative units shall not advance
2 personal leave.

3 (3) Pay. – The cost of personal leave shall be assessed as follows:

4 a. Teachers using personal leave on teacher workdays shall receive full
5 salary.

6 b. Teachers using personal leave on ~~other days~~ days other than those
7 referenced in sub-subdivision a. of this subdivision shall receive full
8 salary as long as the teacher provides a reason for the request. If the
9 teacher does not provide a reason for the request, the teacher shall
10 receive full salary less the required substitute deduction. If, however,
11 full cost of hiring a substitute for the teacher. If no substitute is hired
12 for a teacher, the ~~any~~ substitute reduction shall be refunded to that
13 teacher."

14 **SECTION 7.67.(b)** This section is effective the date this act becomes law and applies
15 beginning with the 2021-2022 school year.

16
17 **PROGRAM ENHANCEMENT TEACHER ALLOTMENT/K-12**

18 **SECTION 7.68.(a)** G.S. 115C-301 reads as rewritten:

19 **"§ 115C-301. Allocation of teachers; class size.**

20 ...

21 (a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public
22 School Fund shall consist of the following position allotments:

23 (1) Classroom teachers for kindergarten through twelfth grade, which shall
24 include funds for ~~program enhancement teachers for sixth through twelfth~~
25 ~~grade,~~ self-contained exceptional children teachers, math, science, and
26 computer teachers, and matching benefits.

27 (2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

28 ...

29 (c) Maximum Class Size for Kindergarten Through Third Grade. Grade and Allotment
30 Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in
31 a local school administrative unit shall at no time exceed the funded allotment ratio of teachers
32 to students in kindergarten through third grade. At the end of the second school month and for
33 the remainder of the school year, the size of an individual class in kindergarten through third
34 grade shall not exceed the allotment ratio by more than three students. The funded class size
35 allotment ratio for kindergarten through third grade shall be as follows:

36 (1) For kindergarten, one teacher per 18 students.

37 (2) For first grade, one teacher per 16 students.

38 (3) For second grade, one teacher per 17 students.

39 (4) For third grade, one teacher per 17 students.

40 Within the remaining funds available for classroom teachers in the State Public School Fund,
41 the State Board of Education shall set the teacher-to-student ratios for class size in grades four
42 through 12 to allot those positions. In grades four through 12, local school administrative units
43 shall have the maximum flexibility to use allotted teacher positions to maximize student
44 achievement.

45 ...

46 (c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~ Twelfth
47 Grade. –

48 (1) Definitions. – For the purposes of this section, "program enhancement" refers
49 to any of the following:

50 a. Arts disciplines, including dance, music, theater, and the visual arts.

51 b. Physical education and health programs.

- c. World languages.
- d. Other supplemental classes as defined by the State Board of Education.
- (2) Allotment ratio calculation. – The allotment ratio for kindergarten through ~~fifth~~twelfth grade program enhancement teachers shall be one teacher per ~~191~~140 students.
- (3) Appropriation. – Beginning with the ~~2019-2020~~2021-2022 fiscal year, there is appropriated from the General Fund to the Department of Public Instruction for the allotment for program enhancement teachers for kindergarten through ~~fifth~~twelfth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through ~~fifth~~twelfth grade on a basis of one teacher per ~~191~~140 students for each fiscal year as follows:

Fiscal Year	Appropriation
2019-2020	50%
2020-2021	75%
2021-2022 and each subsequent fiscal year thereafter	100%.

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subdivision, the Director of the Budget shall include the appropriated amount for that fiscal year.

...."

SECTION 7.68.(b) G.S. 115C-105.25(5d) reads as rewritten:

"(5d) No positions shall be transferred out of the allocation for program enhancement teachers for kindergarten through ~~fifth~~twelfth grade except as provided in this subdivision. Positions allocated for program enhancement teachers for kindergarten through ~~fifth~~twelfth grade may be converted into positions allocated for classroom teachers for kindergarten through twelfth grade. For the purposes of this subdivision, the term "program enhancement" is as defined in G.S. 115C-301(c2)."

SECTION 7.68.(c) This section applies beginning with the 2021-2022 school year.

PERMANENT CHARTER SCHOOL TRANSPORTATION GRANT PROGRAM

SECTION 7.69.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-218.42. Charter School Transportation Grant Program.

(a) Purpose; Definition. – There is established the Charter School Transportation Grant Program (Program). The purpose of the Program shall be to award grant funds to a charter school that meets the requirements of subsection (b) of this section for the reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school in accordance with the provisions of this section. For purposes of this section, the term "eligible student transportation costs" means costs incurred by the charter school for (i) transportation fuel, (ii) vehicle maintenance, (iii) contracted transportation services, and (iv) transportation personnel salaries.

(b) Program Eligibility. – If a charter school has student enrollment in a semester of the school year of at least fifty percent (50%) of its students residing in households with an income level not in excess of the amount required for a student to qualify for the federal free or reduced-price lunch program, the charter school may apply to the Department for grant funds under the Program for reimbursement of up to sixty-five percent (65%) of the eligible student transportation costs incurred by the school for that semester.

(c) Applications. – By August 1 of each year, the Department shall establish the criteria and guidelines for the grant application process for the upcoming school year, including any documentation required to be submitted with the application. Each school year, the Department

1 shall accept applications until December 31 for eligible student transportation costs incurred
2 during the fall semester of the school year and until May 15 for eligible student transportation
3 costs incurred during the spring semester of the school year.

4 (d) Award of Funds. – From funds made available for the Program, the Department shall
5 award grant funds to the selected charter schools by February 15 for eligible student
6 transportation costs incurred during the fall semester of the same school year and by June 15 for
7 eligible student transportation costs incurred during the spring semester of the prior school year.
8 The total amount of each grant awarded under the Program shall not exceed one hundred
9 thousand dollars (\$100,000) per charter school per school year.

10 (e) Reporting. – No later than March 15 of each year in which funds are awarded under
11 the Program, the Department shall report to the Joint Legislative Education Oversight
12 Committee, the Joint Legislative Transportation Oversight Committee, the Senate
13 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
14 Research Division on the administration of the Program, including at least the following
15 information:

16 (1) The number of charter schools that received grant funds.

17 (2) The amount of grant funds awarded to those charter schools.

18 (3) Whether implementing the Program has led to an increase in charter schools
19 offering lunch.

20 (4) Whether implementing the Program has led to an increase in student lunch
21 participation at charter schools offering lunch.

22 (5) Whether implementing the Program has increased or expanded the offering of
23 student transportation by charter schools.

24 (6) The modes of student transportation offered by charter schools that received
25 grant funds."

26 **SECTION 7.69.(b)** Notwithstanding G.S. 115C-218.42(c), as enacted by this act,
27 for the 2021-2022 school year, the Department shall establish criteria and guidelines for the grant
28 application process by October 1, 2021.

29 **SECTION 7.69.(c)** This section is effective July 1, 2021, and applies beginning with
30 the 2021-2022 school year.

31 32 **STUDENT TRANSPORTATION SUPPORT**

33 **SECTION 7.70.(a)** Smart School Bus Safety Pilot Program. – The Department of
34 Public Instruction shall establish the 2021 Smart School Bus Safety Pilot Program (Program),
35 beginning with the 2021-2022 school year and ending on or before January 1, 2025. The purpose
36 of the Program is to modernize the transportation of public school students through technology
37 in response to the COVID-19 pandemic, as follows:

38 (1) Participation. – As part of the Program, participating local school
39 administrative units and charter schools shall identify and contract with
40 qualifying vendors, as determined by the unit or charter school, to provide
41 technology and services for student transportation in accordance with this
42 subsection. Notwithstanding G.S. 115C-240(d), participating local school
43 administrative units and charter schools shall have discretion over the
44 selection of qualifying vendors pursuant to the Program, and the selection of
45 a qualifying vendor shall not be subject to approval by the State Board of
46 Education or the Department of Public Instruction. The following local school
47 administrative units and charter schools are authorized to participate in the
48 Program, subject to the requirements of this subsection:

49 a. Burke County Schools.

50 b. Caldwell County Schools.

51 c. Chatham County Schools.

- 1 d. Clinton City Schools.
- 2 e. Elizabeth City-Pasquotank Public Schools.
- 3 f. Elkin City Schools.
- 4 g. Gaston County Schools.
- 5 h. Harnett County Schools.
- 6 i. Hickory City Schools.
- 7 j. Iredell-Statesville Schools.
- 8 k. Johnston County Schools.
- 9 l. Martin County Schools.
- 10 m. New Hanover County Schools.
- 11 n. Sampson County Schools.
- 12 o. Surry County Schools.
- 13 p. Transylvania County Schools.
- 14 q. Union County Public Schools.
- 15 r. Watauga County Schools.
- 16 s. Wayne County Public Schools.
- 17 t. Winston-Salem/Forsyth County Schools.
- 18 u. Alpha Academy.
- 19 v. Sallie B Howard School.
- 20 w. Sugar Creek Charter.
- 21 x. Thomas Jefferson Classical.
- 22 (2) Option to leave. – Any local school administrative unit or charter school
- 23 authorized to participate in the Program may elect not to participate. For each
- 24 local school administrative unit or charter school that elects not to participate
- 25 in the Program, the Department may authorize one replacement local school
- 26 administrative unit or charter school with a similar population of students to
- 27 participate in the Program.
- 28 (3) Technology and services. – Participating units and charter schools shall have
- 29 discretion over the specific technology and services provided by qualifying
- 30 vendors as long as the technology and services meet the requirements of either
- 31 of the following sub-subdivisions of this subdivision:
- 32 a. Improve communications and information. – Technology and services
- 33 that meet at least all of the following requirements:
- 34 1. Improve overall communications and reporting on school
- 35 buses.
- 36 2. Enable employee time tracking, student ridership tracking, and
- 37 contact tracing in the event of a COVID-19 infection.
- 38 3. Enable global positioning system (GPS) tracking of school
- 39 buses.
- 40 4. Enable turn-by-turn navigation along bus routes.
- 41 5. Optimize time, expenditure, and safety of bus routes.
- 42 6. Provide pre- and post-trip vehicle inspections that may be
- 43 transmitted to the Department of Public Instruction on a
- 44 regular basis.
- 45 7. Communicate ridership information to the student information
- 46 management system.
- 47 8. Permit parents or legal guardians to access applicable
- 48 information.
- 49 9. Conform to applicable guidance provided by the North
- 50 Carolina Department of Health and Human Services for the
- 51 transportation of students during the COVID-19 pandemic.

- 1 10. Facilitate the receipt of Medicaid reimbursement for eligible
2 student transportation services.
- 3 b. Internet connectivity. – Technology and services that provide students
4 on school buses with access to the internet over Wi-Fi and meet at least
5 all of the following requirements:
- 6 1. Provide participating units and charter schools with
7 customizable connectivity options.
- 8 2. Comply with all State and federal law.
- 9 (4) Miscellaneous. – The following requirements shall apply to each participating
10 local school administrative unit and charter school:
- 11 a. Every school bus in a participating local school administrative unit or
12 charter school designed for the transportation of children with
13 disabilities shall be outfitted with technology provided pursuant to the
14 Program as long as the technology is appropriate for children with
15 disabilities and can be provided in a cost-effective manner.
- 16 b. At the conclusion of the Program, all hardware provided to a
17 participating local school administrative unit or charter school shall
18 become the property of the unit or charter school.
- 19 c. Participating local school administrative units and charter schools
20 shall make use of technology or services provided pursuant to the
21 Program at least through the conclusion of the 2023-2024 school year.
- 22 (5) Reports. – No later than July 1, 2022, and annually thereafter in any year in
23 which the Program is in effect, the Department of Public Instruction, in
24 consultation with each participating local school administrative unit and
25 charter school, shall report at least all of the following information to the Joint
26 Legislative Education Oversight Committee, any committee constituted by
27 the House of Representatives or Senate to address school safety, and the Fiscal
28 Research Division:
- 29 a. An itemized breakdown of software infrastructure, hardware
30 infrastructure, and equipment provided by qualifying vendors to
31 participating local school administrative units and charter schools
32 pursuant to the Program.
- 33 b. A description of all services provided by qualifying vendors to
34 participating local school administrative units and charter schools
35 pursuant to the Program.
- 36 c. A list of qualifying vendors contracting with participating local school
37 administrative units and charter schools pursuant to the Program.
- 38 d. The impact and effectiveness of the Program.
- 39 e. All expenditures of State funds pursuant to the Program.
- 40 **SECTION 7.70.(b)** Allocation of Funds for the Program. – Funds appropriated by
41 this act to the Department of Public Instruction from the State Fiscal Recovery Fund for the
42 2021-2022 fiscal year for the Program shall be allocated to local school administrative units and
43 charter schools as follows:
- 44 (1) The sum of thirteen million nine hundred seventy thousand dollars
45 (\$13,970,000) for the technology and services described in sub-subdivision a.
46 of subdivision (3) of subsection (a) of this section, as follows:
- 47 a. Four hundred seventy-eight thousand dollars (\$478,000) to Burke
48 County Schools.
- 49 b. Five hundred forty thousand dollars (\$540,000) to Caldwell County
50 Schools.

- 1 c. Four hundred thirty-six thousand dollars (\$436,000) to Chatham
2 County Schools.
- 3 d. One hundred forty thousand dollars (\$140,000) to Clinton City
4 Schools.
- 5 e. Four hundred thirty-five thousand dollars (\$435,000) to Elizabeth
6 City-Pasquotank Public Schools.
- 7 f. Fifty-one thousand dollars (\$51,000) to Elkin City Schools.
- 8 g. Nine hundred seventy-eight thousand dollars (\$978,000) to Gaston
9 County Schools.
- 10 h. One million sixty thousand dollars (\$1,060,000) to Harnett County
11 Schools.
- 12 i. One hundred fifty thousand five hundred dollars (\$150,500) to
13 Hickory City Schools.
- 14 j. One million four hundred twenty-five thousand dollars (\$1,425,000)
15 to Johnston County Schools.
- 16 k. Nine hundred twelve thousand dollars (\$912,000) to Iredell-Statesville
17 Schools.
- 18 l. Two hundred seventy-three thousand dollars (\$273,000) to Martin
19 County Schools.
- 20 m. Nine hundred eighty-four thousand dollars (\$984,000) to New
21 Hanover County Schools.
- 22 n. Five hundred twenty thousand dollars (\$520,000) to Sampson County
23 Schools.
- 24 o. Four hundred two thousand five hundred dollars (\$402,500) to Surry
25 County Schools.
- 26 p. Two hundred thirty-eight thousand dollars (\$238,000) to Transylvania
27 County Schools.
- 28 q. One million six hundred fifty thousand dollars (\$1,650,000) to Union
29 County Public Schools.
- 30 r. Three hundred thirty-seven thousand dollars (\$337,000) to Watauga
31 County Schools.
- 32 s. One million seventy-nine thousand dollars (\$1,079,000) to Wayne
33 County Public Schools.
- 34 t. One million four hundred fifty-six thousand dollars (\$1,456,000) to
35 Winston-Salem/Forsyth County Schools.
- 36 u. Eighty-one thousand dollars (\$81,000) to Alpha Academy.
- 37 v. One hundred thirteen thousand dollars (\$113,000) to Sallie B Howard
38 School.
- 39 w. One hundred fifty-five thousand dollars (\$155,000) to Sugar Creek
40 Charter.
- 41 x. Seventy-six thousand dollars (\$76,000) to Thomas Jefferson Classical.
- 42 (2) The sum of four million one hundred seventy-eight thousand dollars
43 (\$4,178,000) for the technology and services described in sub-subdivision b.
44 of subdivision (3) of subsection (a) of this section, as follows:
- 45 a. One hundred forty-three thousand dollars (\$143,000) to Burke County
46 Schools.
- 47 b. One hundred sixty-two thousand dollars (\$162,000) to Caldwell
48 County Schools.
- 49 c. One hundred thirty thousand dollars (\$130,000) to Chatham County
50 Schools.
- 51 d. Forty-two thousand dollars (\$42,000) to Clinton City Schools.

- 1 e. One hundred thirty thousand dollars (\$130,000) to Elizabeth
- 2 City-Pasquotank Public Schools.
- 3 f. Fifteen thousand five hundred dollars (\$15,500) to Elkin City Schools.
- 4 g. Two hundred ninety-two thousand dollars (\$292,000) to Gaston
- 5 County Schools.
- 6 h. Three hundred seventeen thousand dollars (\$317,000) to Harnett
- 7 County Schools.
- 8 i. Forty-five thousand dollars (\$45,000) to Hickory City Schools.
- 9 j. Four hundred twenty-six thousand dollars (\$426,000) to Johnston
- 10 County Schools.
- 11 k. Two hundred seventy-three thousand dollars (\$273,000) to
- 12 Iredell-Statesville Schools.
- 13 l. Eighty-two thousand dollars (\$82,000) to Martin County Schools.
- 14 m. Two hundred ninety-four thousand dollars (\$294,000) to New
- 15 Hanover County Schools.
- 16 n. One hundred fifty-six thousand dollars (\$156,000) to Sampson County
- 17 Schools.
- 18 o. One hundred twenty thousand dollars (\$120,000) to Surry County
- 19 Schools.
- 20 p. Seventy-one thousand five hundred dollars (\$71,500) to Transylvania
- 21 County Schools.
- 22 q. Four hundred ninety-three thousand dollars (\$493,000) to Union
- 23 County Public Schools.
- 24 r. One hundred one thousand dollars (\$101,000) to Watauga County
- 25 Schools.
- 26 s. Three hundred twenty-three thousand dollars (\$323,000) to Wayne
- 27 County Public Schools.
- 28 t. Four hundred thirty-five thousand dollars (\$435,000) to
- 29 Winston-Salem/Forsyth County Schools.
- 30 u. Twenty-four thousand dollars (\$24,000) to Alpha Academy.
- 31 v. Thirty-four thousand dollars (\$34,000) to Sallie B Howard School.
- 32 w. Forty-six thousand dollars (\$46,000) to Sugar Creek Charter.
- 33 x. Twenty-three thousand dollars (\$23,000) to Thomas Jefferson
- 34 Classical.

35 **SECTION 7.70.(c)** Proposal to Add Medicaid Coverage for Transportation Provided
36 by Public School Units. – No later than March 1, 2022, the Department of Health and Human
37 Services, Division of Health Benefits, and the Department of Public Instruction shall jointly
38 submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice
39 and the Joint Legislative Education Oversight Committee with a proposal for adding the
40 Medicaid coverage for school-based transportation services described in the November 1, 2016,
41 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled
42 "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal
43 Medicaid law and regulations. The proposal shall include all of the following:

- 44 (1) A detailed description of the coverage to be added.
- 45 (2) A detailed description of the required documentation for reimbursement.
- 46 (3) An updated analysis of the fiscal impact both to the Department of Health and
- 47 Human Services and to all public school units of adding the coverage.
- 48 (4) The identification of any State appropriations needed to implement the
- 49 coverage.
- 50 (5) A recommended time frame for implementing the coverage.

1 (6) Proposed language for any legislative changes needed to implement the
2 coverage.

3 **SECTION 7.70.(d)** Subsections (a) and (b) of this section become effective July 1,
4 2021. Except as otherwise provided, this section is effective when it becomes law.

5 **LIFE CHANGING EXPERIENCES SCHOOL PROGRAM**

6 **SECTION 7.71.(a)** Of the funds appropriated to the Department of Public
7 Instruction by this act for the Life Changing Experiences School Program, the Department shall
8 contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate
9 the Life Changing Experiences School Program (Project), beginning with the 2021-2022 school
10 year. The Project shall be operated and administered for students in grades six through 11 in at
11 least the following local school administrative units: Cleveland County Schools, Greene County
12 Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools,
13 Mitchell County Schools, and Pitt County Schools. The Department may select one or more
14 additional local school administrative units to participate in the Project if the funds are sufficient
15 to support additional units. These contract funds shall not be used for any purpose other than to
16 implement the Project in the local school administrative units, which consists of traveling 3-D,
17 interactive, holistic, and evidence-based multimedia education in-school programs. The Project
18 shall include theme-specific programs screened at school assemblies and additional follow-up
19 applications that address dangerous life- and community-threatening activities that negatively
20 impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying.
21 The goal of these programs is to increase positive intentions and behavioral outcomes by teaching
22 students the techniques and skills that empower them to reach meaningful life goals, employ
23 positive behaviors, and start businesses and social enterprises.

24 **SECTION 7.71.(b)** The Children and Parent Resource Group, Inc., in consultation
25 with the Department of Public Instruction, shall submit a report on the Project authorized by
26 subsection (a) of this section by March 1, 2022, and annually thereafter, to the Joint Legislative
27 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher
28 Education, the House Appropriations Committee on Education, and the Fiscal Research Division.
29 Each report shall include an accounting of expenditures and student outcome data related to the
30 operation of the Project.
31

32 **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

33 **SECTION 7.72.(a)** Establish; Purpose. – There is established the Innovative
34 Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford
35 County Schools for the purpose of reforming its current career and technical education (CTE)
36 program to more deliberately prepare its students for high-wage, high-skills careers. The Program
37 shall focus on hosting signature career academies at traditional high schools located in the local
38 school administrative unit that specialize in defined areas of career and technical education.
39

40 **SECTION 7.72.(b)** Components of the Program. – The Program shall include at
41 least the following key components in establishing a minimum of four but no more than six
42 signature career academies at high schools in the local school administrative unit:

- 43 (1) One school-selected priority career pathway that does not compete with career
44 pathways at other signature career academies in the local school
45 administrative unit in addition to CTE courses offered as elective options and
46 business and computer science courses.
- 47 (2) School and community stakeholder input on the development of the priority
48 career pathways and the phaseout of other CTE programs.
- 49 (3) Partnerships with higher education institutions and business and industry
50 entities for specific equipment needs and the design of clearly defined career
51 pathways.

- 1 (4) The option for eighth grade students to apply to attend a signature career
2 academy of their choice at a high school located in the local school
3 administrative unit.
- 4 (5) Reassignment of current CTE teachers to focus on an area of expertise for a
5 signature career academy and the creation of partnerships with higher
6 education faculty and employees of industry and business to volunteer to serve
7 as co-teachers in the specialized areas.

8 **SECTION 7.72.(c)** Flexibility for Teachers. – Notwithstanding any other provision
9 of law, in addition to the authority provided to a local board of education to employ adjunct
10 instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the
11 local school administrative unit shall have the flexibility to contract with individuals who have
12 education and training related to the specific skills and career pathways that are the focus of a
13 signature career academy. Any individual who has direct contact with students pursuant to the
14 authority provided by this subsection shall be subject to a criminal history check to ensure that
15 the person has not been convicted of any crime listed in G.S. 115C-332.

16 **SECTION 7.72.(d)** Reporting. – By June 30 of the first school year of operation of
17 the Program, and every June 30 thereafter for the duration of the Program operated as a pilot,
18 Guilford County Schools shall report to the Department of Public Instruction on (i)
19 implementation and administration of the Program, including the use of additional resources
20 provided as an appropriation of State funds specifically for the Program, (ii) data from the
21 Program on student completion rates for career pathways and any other data requested by the
22 Department, and (iii) any recommendations on the modification of the Program or the potential
23 application of the Program in other local school administrative units.

24 By August 15 of the first year of reporting by Guilford County Schools under this
25 subsection, and every August 15 thereafter for the duration of the Program operated as a pilot,
26 the Department of Public Instruction shall report to the Joint Legislative Education Oversight
27 Committee on the information submitted by Guilford County Schools pursuant to this subsection.

28 **SECTION 7.72.(e)** Term of the Program. – The Program may operate for up to six
29 school years as a pilot program, beginning with the 2021-2022 school year. Before the end of the
30 school year in which the Program will expire as a pilot, the Guilford County Board of Education
31 may apply to the State Board of Education for the Program to be included as an ongoing
32 component of Guilford County Schools' career and technical education local plan submitted to
33 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in
34 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to
35 teachers as provided in subsection (c) of this section. The Guilford County Board of Education
36 may request as part of the application that the General Assembly appropriate additional resources
37 for the operation of the Program but may continue to operate the Program if other sources of
38 funds are available. The State Board shall consider the data submitted to the Department of Public
39 Instruction on the operation of the Program pursuant to subsection (d) of this section when
40 reviewing the Program to become a component of the career and technical education local plan.

41 42 **APSEED PILOT PROJECT/FUNDS**

43 **SECTION 7.73.(a)** The Department of Public Instruction, Office of Early Learning
44 (Office), shall establish a one-year pilot project to implement the "ApSeed" program, a program
45 designed to prepare preschool-age children, ages birth through 4 years of age, for prekindergarten
46 through an interactive learning device known as a "seedling" (a device similar to an iPad). The
47 seedling provides games varying in skill level depending on the age and capability of the child
48 and advances in level as the child gains proficiency.

49 **SECTION 7.73.(b)** The following counties shall participate in the pilot project
50 described under subsection (a) of this section: Forsyth, Hoke, New Hanover, Watauga, and
51 Yadkin. Each of those counties shall select preschool-age children to participate in the pilot

1 project. The county, in its discretion, shall identify and select children having the greatest need,
2 taking into consideration poverty level as a factor.

3 **SECTION 7.73.(c)** Of the funds appropriated to the Department, the sum of one
4 million seventy-five thousand eight hundred thirty-one dollars (\$1,075,831) for the 2021-2022
5 fiscal year shall be used to provide for the equipment and costs associated with the "ApSeed"
6 pilot project established by this act. These funds shall be allocated to the five counties
7 participating in the pilot project, with each county receiving an amount up to two hundred sixteen
8 thousand dollars (\$216,000), as determined by the Office.

9 **SECTION 7.73.(d)** Within six months after completion of the pilot project, the
10 Office shall submit a report to the Joint Legislative Education Oversight Committee, the Senate
11 Appropriations Committee on Education/Higher Education, the House Appropriations
12 Committee on Education, and the Fiscal Research Division. The report shall include, at a
13 minimum, each of the following:

- 14 (1) The number of children served, by age and county.
- 15 (2) The skills gained by the participants as compared to those children who did
16 not participate in the pilot project.
- 17 (3) The extent of parental involvement in the pilot project.
- 18 (4) Total project costs, including any administrative costs.
- 19 (5) The amount of funds needed to expand the program statewide.
- 20 (6) Any other relevant information deemed appropriate.

21 **SECTION 7.73.(e)** This section is effective when this act becomes law.
22

23 ENVIRONMENTAL ENHANCEMENTS OF PUBLIC SCHOOLS/SMITHFIELD 24 FOODS AGREEMENT

25 **SECTION 7.74.(a)** The Smithfield Foods Public School Environmental
26 Enhancement Fund is established as a special fund in the State Treasury. The purpose of the
27 Smithfield Foods Public School Environmental Enhancement Fund is to receive funds received
28 by the State resulting from the environmental enhancement provision of the agreement entered
29 into between the Attorney General of North Carolina and Smithfield Foods, Inc., and its
30 subsidiaries, dated July 25, 2000 (Agreement). The State Controller shall transfer any available
31 funds received by the State under the Agreement on or after July 1, 2019, into the Smithfield
32 Foods Public School Environmental Enhancement Fund.

33 **SECTION 7.74.(b)** The State Controller shall reserve to the Smithfield Foods Public
34 School Environmental Enhancement Fund all monies received from the Agreement pursuant to
35 subsection (a) of this section. Funds reserved in the Smithfield Foods Public School
36 Environmental Enhancement Fund do not constitute an "appropriation made by law," as that
37 phrase is used in Section 7(1) of Article V of the North Carolina Constitution. The Governor, or
38 an agency, department, office, or division designated by the Governor, and the Attorney General
39 are prohibited from directing the use of funds deposited in the Smithfield Foods Public School
40 Environmental Enhancement Fund unless those funds are appropriated by an act of the General
41 Assembly.

42 **SECTION 7.74.(c)** It is the intent of the General Assembly to appropriate funds from
43 the Smithfield Foods Public School Environmental Enhancement Fund to the Department of
44 Public Instruction for the 2022-2023 fiscal year, and for subsequent fiscal years, under a plan
45 that provides for the allocation of funds to local school administrative units for environmental
46 enhancements. The Department shall collaborate with all interested State agencies and
47 stakeholders to develop a plan to allocate funds to local school administrative units for
48 environmental enhancements projects, with priority given to obtaining environmental easements,
49 for constructing and maintaining wetlands, and for other similar environmental purposes,
50 including a competitive grant program for the evaluation of student-initiated projects for
51 environmental enhancements to their school campus where selected projects shall qualify for a

1 grant award of up to one hundred fifty thousand dollars (\$150,000) for the implementation of the
2 project. The plan shall, at a minimum, include consultation with the Department of
3 Environmental Quality to prioritize the allocation of funds to local school administrative units.
4

5 COMPLIANCE WITH CURSIVE WRITING/MULTIPLICATION TABLES 6 REQUIREMENTS

7 SECTION 7.75.(a) G.S. 115C-81.81 reads as rewritten:

8 "**§ 115C-81.81. Annual report on cursive writing and multiplication ~~tables-tables~~; penalty
9 for noncompliance.**

10 (a) The State Board of Education and the Department of Public Instruction shall report
11 to the Joint Legislative Education Oversight Committee by March 30 of each year on the
12 compliance of each local school administrative unit with the requirements regarding cursive
13 writing pursuant to G.S. 115C-81.75 and the memorization of multiplication tables pursuant to
14 G.S. 115C-81.80. The report shall include at least the following information:

- 15 (1) The number and percentage of local school administrative units in the State
16 complying and not complying with G.S. 115C-81.75 and a list of both sets of
17 units.
- 18 (2) The number and percentage of local school administrative units in the State
19 complying and not complying with G.S. 115C-81.80 and a list of both sets of
20 units.
- 21 (3) A list of all instructional strategies used by each local school administrative
22 unit to comply with G.S. 115C-81.75 categorized by unit.
- 23 (4) A list of each instructional strategy identified pursuant to subdivision (3) of
24 this section and the corresponding number and percentage of local school
25 administrative units in the State using that strategy to comply with
26 G.S. 115C-81.75.
- 27 (5) If, in any given year, one or more local school administrative units does not
28 respond to inquiries from the Department of Public Instruction related to this
29 section, the number and percentage of local school administrative units in the
30 State that were nonresponsive and a list of those units.
- 31 (6) The number of local superintendents who had pay withheld and the amount of
32 pay withheld for noncompliance pursuant to subsection (b) of this section.

33 (b) Penalty for Noncompliance. – If the State Board of Education and the Department of
34 Public Instruction determine that a local superintendent has (i) willfully failed to comply with
35 the requirements regarding cursive writing pursuant to G.S. 115C-81.75 and the memorization
36 of multiplication tables pursuant to G.S. 115C-81.80 or (ii) willfully failed to respond to inquiries
37 from the Department of Public Instruction regarding the reporting requirements under subsection
38 (a) of this section, no State funds shall be allocated to pay the superintendent's salary for the
39 period of time the superintendent is in noncompliance. The local board of education shall
40 continue to be responsible for complying with the terms of the superintendent's employment
41 contract."

42 SECTION 7.75.(b) G.S. 115C-81.75 reads as rewritten:

43 "**§ 115C-81.75. Cursive writing.**

44 (a) The standard course of study shall include the requirement that the public schools
45 provide instruction in cursive writing so that students create readable documents through legible
46 cursive handwriting by the end of fifth grade.

47 (b) A local superintendent who has failed to provide instruction in the local school
48 administrative unit in accordance with this section may be subject to a penalty for noncompliance
49 pursuant to G.S. 115C-81.81(b)."

50 SECTION 7.75.(c) G.S. 115C-81.80 reads as rewritten:

51 "**§ 115C-81.80. Multiplication tables.**

1 (a) The standard course of study shall include the requirement that students enrolled in
2 public schools memorize multiplication tables to demonstrate competency in efficiently
3 multiplying numbers.

4 (b) A local superintendent who has failed to provide instruction in the local school
5 administrative unit in accordance with this section may be subject to a penalty for noncompliance
6 pursuant to G.S. 115C-81.81(b)."

7 **SECTION 7.75.(d)** This section applies beginning with the 2021-2022 school year.
8

9 **REQUIRE STATE BOARD TO GRANT QUALIFYING CHARTER APPLICATIONS**
10 **AND PROVIDE APPLICANTS AN OPPORTUNITY TO CORRECT DEFECTS**

11 **SECTION 7.76.(a)** G.S. 115C-218.5 reads as rewritten:

12 **"§ 115C-218.5. Final approval and denial of applications for charter schools.**

13 (a) The State Board ~~may~~ shall grant final approval of an application if it finds the
14 following:

- 15 (1) The application meets the requirements set out in this Article and such other
16 requirements as may be adopted by the State Board of Education.
- 17 (2) The applicant has the ability to operate the school and would be likely to
18 operate the school in an educationally and economically sound manner.
- 19 (3) Granting the application would achieve one or more of the purposes set out in
20 G.S. 115C-218.

21 ~~In reviewing applications for the establishment of charter schools within a local school~~
22 ~~administrative unit, the State Board is encouraged to give preference to applications that~~
23 ~~demonstrate the capability to provide comprehensive learning experiences to students identified~~
24 ~~by the applicants as at risk of academic failure.~~

25 (b) The State Board shall make final decisions on the approval or denial of applications
26 by August 15 of a calendar year on all applications it receives prior to a date established by the
27 Office of Charter Schools for receipt of applications in that application cycle. The State Board
28 may make the final decision for approval contingent upon the successful completion of a planning
29 period prior to enrollment of students.

30 (c) The State Board of Education may authorize a school before the applicant has secured
31 its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary
32 for it to raise working capital. The State Board shall not allocate any funds to the school until the
33 school has obtained space.

34 (d) The State Board of Education may grant the initial charter for a period not to exceed
35 10 years.

36 (e), (f) Repealed by Session Laws 2016-79, s. 1.1, effective June 30, 2016, and applicable
37 beginning with the 2016-2017 school year.

38 (g) If the State Board of Education denies final approval of an application for the
39 establishment of a charter school, the State Board shall enumerate all reasons for denying the
40 application, publish those reasons on its website, and provide the applicant with an opportunity
41 to correct the defects in its application and reapply. If the nonprofit corporation reapplies to
42 establish that charter school, and the State Board determines that the defects it previously
43 identified have been cured and no new defects exist, the State Board shall grant final approval of
44 the application. If the State Board identifies one or more new defects in the reapplication of the
45 nonprofit corporation, the State Board may again deny the application. The State Board shall
46 again enumerate all reasons for denying the application, publish those reasons on its website, and
47 provide the applicant with 30 days to correct the defects in its application and reapply. If the
48 nonprofit corporation reapplies, and the State Board determines that the new defects have been
49 cured, the State Board shall grant final approval of the application."

50 **SECTION 7.76.(b)** No later than December 1, 2021, the State Board of Education
51 shall adopt a process for implementing the changes to G.S. 115C-218.5, as enacted by this act.

1 **SECTION 7.76.(c)** This section is effective when it becomes law and applies to
2 applications for new charter schools submitted on or after December 1, 2021.

3
4 **ALLOW SCHOOLS IN ALL ZONING DISTRICTS**

5 **SECTION 7.77.(a)** G.S. 160D-701 reads as rewritten:

6 **"§ 160D-701. Purposes.**

7 (a) Zoning regulations shall be made in accordance with a comprehensive plan and shall
8 be designed to promote the public health, safety, and general welfare. To that end, the regulations
9 may address, among other things, the following public purposes: to provide adequate light and
10 air; to prevent the overcrowding of land; to avoid undue concentration of population; to lessen
11 congestion in the streets; to secure safety from fire, panic, and dangers; to facilitate the efficient
12 and adequate provision of transportation, water, sewerage, schools, parks, and other public
13 requirements; and to promote the health, safety, morals, or general welfare of the community.
14 The regulations shall be made with reasonable consideration, among other things, as to the
15 character of the district and its peculiar suitability for particular uses and with a view to
16 conserving the value of buildings and encouraging the most appropriate use of land throughout
17 the local government's planning and development regulation jurisdiction.

18 (b) ~~The regulations may not include, as a basis for denying a zoning or rezoning request~~
19 ~~from a school, the level of service of a road facility or facilities abutting the school or proximately~~
20 ~~located to the school. Zoning regulations shall provide that schools are a permitted use in all~~
21 ~~zoning districts, as provided in G.S. 160D-913.1."~~

22 **SECTION 7.77.(b)** Article 9 of Chapter 160D of the General Statutes is amended
23 by adding a new section to read:

24 **"§ 160D-913.1. Schools are a permitted use.**

25 (a) Local government development regulations shall provide that a school is a permitted
26 use as a matter of right in all zoning districts. The procedures of Article 6 of this Chapter shall
27 not apply to a school. No development regulation for any zoning district may require a school to
28 only be located on a site contiguous to a State-maintained road or highway.

29 (b) No school may be sited closer than within a 300 linear foot radius of an adult
30 establishment, as defined in G.S. 14-202.10.

31 (c) Prior to the commencement of any construction on a site, a school shall notify the
32 local government with development jurisdiction of the school's intent to construct. Notice under
33 this section shall be in writing at least 60 days prior to the commencement of construction. A
34 notice given under this section shall be valid for two years, excluding any time the school has a
35 building permit application pending before the local government.

36 (d) This section shall not apply to zoning districts dedicated to industrial purposes
37 inconsistent with school traffic and usage. Article 6 of this Chapter shall apply to a school
38 desiring to construct a site in a zoning district dedicated to industrial purposes inconsistent with
39 school traffic and usage.

40 (e) As used in this section, the following definitions shall apply:

41 (1) Construction. – The building, erection, renovation, or establishment of school
42 buildings, facilities, and infrastructure and shall not include routine
43 maintenance and repair.

44 (2) School. – As defined in G.S. 160A-307.1(b)(2)."

45 **SECTION 7.77.(c)** G.S. 160A-307.1 reads as rewritten:

46 **"§ 160A-307.1. Limitation on city requirements for street improvements related to schools.**

47 (a) A city may only require street improvements related to schools that are required for
48 safe ingress and egress to the municipal street system and that are physically connected to a
49 driveway on the school site. The required improvements shall not exceed those required pursuant
50 to G.S. 136-18(29). G.S. 160A-307 shall not apply to schools. A city may only require street
51 improvements related to schools as provided in ~~G.S. 160A-372.~~ G.S. 160D-804. The cost of any

1 improvements to the municipal street system pursuant to this section shall be reimbursed by the
 2 city. Any agreement between a school and a city to make improvements to the municipal street
 3 system shall not include a requirement for acquisition of right-of-way by the school, unless the
 4 school is owned by an entity that has eminent domain power. Any right-of-way costs incurred by
 5 a school for required improvements pursuant to this section shall be reimbursed by the city.
 6 Notwithstanding any provision of this Chapter to the contrary, a city may not condition the
 7 approval of any ~~zoning, rezoning, or permit request~~ development approval on the waiver or
 8 reduction of any provision of this section.

9 (b) ~~The term~~ As used in this section, the following definitions shall apply:

10 (1) Development approval. – As defined in G.S. 160D-102.

11 (2) ~~"school," as used in this section, means any facility engaged in the educational~~
 12 ~~instruction of children in any grade or combination of grades from~~
 13 ~~kindergarten through the twelfth grade at which attendance satisfies the~~
 14 ~~compulsory attendance law and includes charter schools authorized under~~
 15 G.S. 115C-218.5. School. – Any facility, including relocatable or modular
 16 units as either accessory or primary facilities, that is part of a public school
 17 unit, as defined in G.S. 115C-5, or part of any nonpublic school that meets the
 18 requirements of Part 1 or Part 2 of Article 39 of Chapter 115C of the General
 19 Statutes."

20 **SECTION 7.77.(d)** G.S. 14-202.11(c) reads as rewritten:

21 "(c) ~~Nothing~~ Except as provided in this subsection, nothing in this section shall be deemed
 22 to preempt local government regulation of the location or operation of adult establishments or
 23 other sexually oriented businesses to the extent consistent with the constitutional protection
 24 afforded free speech. In addition to any local regulation established under G.S. 160D-902, no
 25 adult establishment may be located closer than within a 300 linear foot radius of a school, as
 26 defined in G.S. 160A-307.1(b)(2)."

27 **SECTION 7.77.(e)** This section becomes effective October 1, 2021, and applies to
 28 school zoning applications pending or submitted on or after that date.

30 CLARIFY REPORTING ON TEACHER VACANCIES

31 **SECTION 7.78.(a)** G.S. 115C-299.5 reads as rewritten:

32 **"§ 115C-299.5. Duty to monitor the state of the teaching profession.**

33 (a) Definitions. – As used in this section, the following definitions apply:

34 (1) Hard-to-staff school. – Any school identified as low-performing, as provided
 35 in G.S. 115C-105.37.

36 (2) Hard-to-staff subject area. – A subject area that is either of the following:

37 a. As defined by the United States Department of Education.

38 b. A subject area that has resulted in a long-term vacancy of 16 months
 39 or more at a particular school in a local school administrative unit.

40 (3) Teacher vacancy. – A teaching position that a local board of education is
 41 unable to fill with a teacher licensed in that subject area, including a position
 42 that meets any of the following criteria:

43 a. Is not filled by a teacher who has one of the following licenses in the
 44 subject area of the position:

45 1. Continuing Professional License.

46 2. Initial Professional License.

47 3. Lifetime License.

48 4. Limited License.

49 5. Residency License.

50 b. Is not filled by a licensed teacher in a permanent assignment.

51 c. Is filled by a substitute teacher or interim teacher.

1 d. Is filled by a teacher with (i) an emergency license or (ii) another
2 permit or license not included in sub-subdivision a. of this subdivision.

3 (b) State of the Teaching Profession Report. – The State Board of Education shall monitor
4 and compile an annual report by December 15 annually on the state of the teaching profession in
5 North Carolina that includes data on the decisions of teachers to leave the teaching profession
6 and vacancies in teaching positions as provided in subsections (c) and (e) of this section. The
7 State Board shall adopt standard procedures for each local board of education to use in requesting
8 information required by this report and shall require each local board of education to report the
9 information to the State Board in a standard format adopted by the State Board.

10 (c) Teachers Leaving the Profession. – The report shall include the following data on the
11 decisions of teachers to leave the teaching profession in the prior school year:

12 (1) The number of teachers who left the profession without remaining in the field
13 of education and the reasons for teachers leaving the profession.

14 (2) The number of teachers who left their employment to teach in other states.

15 (3) The number of teachers who left their employment to work in another school
16 in North Carolina, including nonpublic schools and charter schools.

17 (4) The number of teachers who left a classroom position for another type of
18 educational position.

19 (5) The number of teachers who left employment in hard-to-staff schools.

20 (6) The number of teachers who left employment in hard-to-staff subject areas.

21 (d) Teacher Effectiveness. – The annual teacher transition report by the State Board of
22 Education shall disaggregate the data included in subsection (c) of this section by teacher
23 effectiveness status at a statewide level. The report shall not disaggregate data on teacher
24 effectiveness status at a local school administrative unit level. Notwithstanding Article 21A of
25 this Chapter, local school administrative units shall provide to the State Board of Education, for
26 the purposes of this report, any North Carolina Educator Evaluation System (NCEES)
27 effectiveness status assigned to teachers who left employment. The State Board of Education
28 shall not report disaggregated data that reveals confidential information in a teacher's personnel
29 file, as defined by Article 21A of this Chapter, such as making the effectiveness status personally
30 identifiable to an individual teacher.

31 (e) Teacher Vacancies. – The report shall include data on ~~teaching positions that local~~
32 ~~boards of education are unable to fill with a teacher licensed in that subject area~~ teacher vacancies
33 by the fortieth school instructional day of the local school administrative unit's calendar. The
34 report shall aggregate all data to provide both statewide information and information specific to
35 each local school administrative ~~units, unit,~~ unit, including the following:

36 (1) The number of teacher vacancies by subject area.

37 (2) The number of teacher vacancies by school with identification of hard-to-staff
38 schools.

39 (f) Teacher Licensure. – The report shall include the number of teachers in each of the
40 following licensure categories, by subject area, aggregated to provide statewide information and
41 information specific to each local school administrative unit and school:

42 (1) Continuing Professional License.

43 (2) Initial Professional License.

44 (3) Lifetime License.

45 (4) Limited License.

46 (5) Residency License.

47 (6) Emergency License."

48 **SECTION 7.78.(b)** No later than September 15, 2021, the Department of Public
49 Instruction shall provide guidance to local school administrative units on positions considered
50 vacant for purposes of the report required pursuant to G.S. 115C-299.5(e), as amended by this
51 section. That guidance shall include at least the following direction:

- 1 (1) A teaching position filled by a teacher with a lateral entry license shall not be
2 considered vacant.
- 3 (2) A teaching position filled by a teacher who has been issued a permit to teach
4 pursuant to 16 NCAC 06C .0346 or other applicable rule or policy shall be
5 considered vacant.

6 **SECTION 7.78.(c)** This section is effective when it becomes law.
7

8 **INTERNET-BASED SCHOOL BUSINESS SYSTEMS/SCHOOL BUSINESS SYSTEM**
9 **MODERNIZATION FUNDS GRANT PROGRAM**

10 **SECTION 7.79.(a)** Beginning with the 2021-2022 school year, local boards of
11 education and charter schools shall ensure that all school business systems are (i) housed off the
12 property of the unit or school and (ii) composed of internet-based software.

13 **SECTION 7.79.(b)** From funds available to the Department of Public Instruction for
14 the School Business System Modernization Plan for the 2021-2023 fiscal biennium, the
15 Department shall establish a grant program for the 2021-2022 fiscal year to provide funds to
16 eligible local school administrative units and charter schools to transition from school business
17 systems that are located on the premises of the local school administrative unit or charter school
18 to internet-based school business systems. A local school administrative unit or charter school is
19 eligible to receive funds under the grant program if the school does not participate in the School
20 Business System Modernization Plan. Funds shall be provided to local school administrative
21 units and charter schools in appropriate amounts, as determined by the Department.
22

23 **INCREASE TRANSPORTATION EFFICIENCY BUFFER FOR CURRITUCK**
24 **COUNTY SCHOOLS**

25 **SECTION 7.80.(a)** For purposes of calculating the transportation efficiency budget
26 rating for Currituck County Schools, the Department of Public Instruction shall include an
27 assumption that the transportation efficiency budget rating is at least 15 percentage points higher
28 than the actual transportation efficiency budget rating calculated by the Department for Currituck
29 County Schools.

30 **SECTION 7.80.(b)** This section applies beginning with the 2021-2022 school year.
31

32 **SCHOLARPATH**

33 **SECTION 7.81.(a)** The Department of Public Instruction shall contract with a
34 third-party entity to create the Twelfth Grade Transition Pilot. The department shall implement
35 an education planning and communication platform that helps students and parents prepare for
36 the twelfth-grade transition by utilizing O*NET Data to connect and match students to current
37 opportunities in high demand careers while protecting student data through de-individualized
38 methods.

39 **SECTION 7.81.(b)** Of the funds appropriated to the Department by this act, one
40 million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2021-2022
41 fiscal year shall be used for the implementation of this program.
42

43 **FUNDS FOR SALARY SUPPLEMENTS FOR LICENSED EMPLOYEES OF SCHOOLS**
44 **FOR STUDENTS WITH VISUAL AND HEARING IMPAIRMENTS**

45 **SECTION 7.82.** Notwithstanding the Committee Report described in Section 43.2
46 of this act or any other provision of law to the contrary, the funds appropriated by this act for the
47 2021-2023 fiscal biennium to the Department of Public Instruction shall be increased by three
48 hundred five thousand dollars (\$305,000) in recurring funds in each year of the fiscal biennium
49 to increase salary supplement rates for licensed employees of schools for students with visual
50 and hearing impairments to align those rates with the average salary supplement rates provided
51 to teachers employed by the local school administrative unit where each respective school for

1 students with visual or hearing impairments is located. For purposes of this section, the term
 2 "schools for students with visual and hearing impairments" refers to any public school governed
 3 by the State Board of Education under Article 9C of Chapter 115C of the General Statutes.
 4

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

6
 7 **TEACHER SALARY SCHEDULE**

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

11 **2021-2022 Teacher Monthly Salary Schedule**

Years of Experience	"A" Teachers
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.

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

- 40 —
- 41 (1) Licensed teachers who have NBPTS certification shall receive a salary
 42 supplement each month of twelve percent (12%) of their monthly salary on
 43 the "A" salary schedule.
 - 44 (2) Licensed teachers who are classified as "M" teachers shall receive a salary
 45 supplement each month of ten percent (10%) of their monthly salary on the
 46 "A" salary schedule.
 - 47 (3) Licensed teachers with licensure based on academic preparation at the
 48 six-year degree level shall receive a salary supplement of one hundred
 49 twenty-six dollars (\$126.00) per month in addition to the supplement provided
 50 to them as "M" teachers.

1 (4) Licensed teachers with licensure based on academic preparation at the
2 doctoral degree level shall receive a salary supplement of two hundred
3 fifty-three dollars (\$253.00) per month in addition to the supplement provided
4 to them as "M" teachers.

5 (5) Certified school nurses shall receive a salary supplement each month of ten
6 percent (10%) of their monthly salary on the "A" salary schedule.

7 **SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are
8 licensed as speech pathologists at the master's degree level or higher, school audiologists who
9 are licensed as audiologists at the master's degree level or higher, and school counselors who are
10 licensed as counselors at the master's degree level or higher, the following shall apply:

11 (1) The first step of the salary schedule shall be equivalent to the sixth step of the
12 "A" salary schedule.

13 (2) These employees shall receive the following salary supplements each month:
14 a. One hundred dollars (\$100.00).
15 b. Ten percent (10%) of their monthly salary, including the supplement
16 provided pursuant to sub-subdivision a. of this subdivision.

17 (3) These employees are eligible to receive salary supplements equivalent to those
18 of teachers for academic preparation at the six-year degree level or the
19 doctoral degree level.

20 (4) The twenty-sixth step of the salary schedule shall be seven and one-half
21 percent (7.5%) higher than the salary received by these same employees on
22 the twenty-fifth step of the salary schedule.

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

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

28 (1) The applicable amount on the salary schedule for the applicable school year.

29 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
30 the sum of the following:

31 a. The salary the teacher received in the 2013-2014 school year pursuant
32 to Section 35.11 of S.L. 2013-360.

33 b. The longevity that the teacher would have received under the longevity
34 system in effect for the 2013-2014 school year provided in Section
35 35.11 of S.L. 2013-360 based on the teacher's current years of service.

36 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

37 (3) For teachers who were not eligible for longevity for the 2013-2014 school
38 year, the sum of the salary and annual bonus the teacher received in the
39 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

40 (4) For school counselors, the salary the school counselor received in the
41 2020-2021 school year pursuant to Section 1 of S.L. 2020-45.

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

44
45 **RESTORE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND**
46 **INSTRUCTIONAL SUPPORT PERSONNEL**

47 **SECTION 7A.1A.(a)** G.S. 115C-302.10 is repealed.

48 **SECTION 7A.1A.(b)** Notwithstanding any other provision of law, beginning with
49 the 2021-2022 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on
50 June 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel

1 are paid on the "M" salary schedule and (ii) whether they receive a salary supplement for
2 academic preparation at the six-year or doctoral degree level.

4 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

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

7 **"§ 115C-302.7. Salary supplement for highly qualified teaching graduates.**

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

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

19 (b) Notwithstanding any other provision of law, to the extent funds are made available
20 for this purpose, a highly qualified graduate who is employed by a local board of education shall
21 receive a salary supplement each month at the highest level for which the graduate qualifies as
22 follows:

- 23 (1) A graduate who accepts initial employment at a school identified as
24 low-performing by the State Board of Education pursuant to
25 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first
26 three years of employment as a teacher, without a break in service, equivalent
27 to the difference between the State-funded salary of the graduate and the
28 State-funded salary of a similarly situated teacher with three years of
29 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)
30 remains teaching at the same school or (ii) accepts subsequent employment at
31 another low-performing school or local school administrative unit identified
32 as low-performing.
- 33 (2) A graduate licensed and employed to teach in the areas of special education,
34 science, technology, engineering, or mathematics shall receive a salary
35 supplement during the graduate's first two years of employment as a teacher,
36 without a break in service, equivalent to the difference between the
37 State-funded salary of the graduate and the State-funded salary of a similarly
38 situated teacher with two years of experience on the "A" Teachers Salary
39 Schedule, as long as the graduate continues teaching in one of those areas.
- 40 (3) All other graduates shall receive a salary supplement during the graduate's
41 first year of employment as a teacher, without a break in service, equivalent
42 to the difference between the State-funded salary of the graduate and the
43 State-funded salary of a similarly situated teacher with one year of experience
44 on the "A" Teachers Salary Schedule."

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

48 **BONUSES FOR TEACHERS**

49 **SECTION 7A.3.(a)** No later than October 31, 2021, the Department of Public
50 Instruction shall administer a one-time, lump sum bonus of three hundred dollars (\$300.00) to

1 every teacher whose salaries are supported from State funds and who, as of October 1, 2021, is
2 employed as a teacher in a qualifying public school unit.

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

4 (1) Teacher. – Teachers and instructional support personnel.

5 (2) Qualifying public school unit. – Any of the following:

6 a. A local school administrative unit.

7 b. A charter school.

8 c. A regional school.

9 d. An innovative school.

10 e. A laboratory school under Article 29A of Chapter 116 of the General
11 Statutes.

12 f. A school governed by the State Board of Education under Article 9C
13 of Chapter 115C of the General Statutes.

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

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

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

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

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

29 (1) The Third Grade Read to Achieve Teacher Bonus Program provided in
30 Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L. 2017-97
31 and Section 8.10 of S.L. 2018-5.

32 (2) The Fourth and Fifth Grade Reading Teacher Bonus Program provided in
33 Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L. 2018-5.

34 (3) The Fourth to Eighth Grade Math Teacher Bonus Program provided in Section
35 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L. 2018-5.

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

39 **ADVANCED COURSE AND CTE TEACHER BONUSES**

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

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

49 (1) Eligible advanced course teacher. – A teacher of Advanced Placement
50 courses, International Baccalaureate Diploma Programme courses, or the
51

- 1 Cambridge Advanced International Certificate of Education (AICE) program
2 who meets the following criteria:
- 3 a. Is employed by, or retired having last held a position at, one or more
4 of the following:
 - 5 1. A qualifying public school unit.
 - 6 2. The North Carolina Virtual Public School program.
 - 7 b. Taught one or more students who received a score listed in subsection
8 (c) of this section.
- 9 (2) Eligible career and technical education (CTE) teacher. – A teacher who meets
10 the following criteria:
- 11 a. Is employed by, or retired having last held a position at, a qualifying
12 public school unit.
 - 13 b. Taught one or more students who attained approved industry
14 certifications or credentials consistent with G.S. 115C-156.2.
- 15 (3) Qualifying public school unit. – Any of the following:
- 16 a. A local school administrative unit.
 - 17 b. A charter school.
 - 18 c. A regional school.
 - 19 d. A school providing elementary or secondary instruction operated by
20 the State Board of Education under Article 7A of Chapter 115C of the
21 General Statutes.
 - 22 e. A school providing elementary or secondary instruction operated by
23 The University of North Carolina under Article 29A of Chapter 116 of
24 the General Statutes.
- 25 (4) Qualifying teacher. – An eligible advanced course teacher or eligible career
26 and technical education teacher who meets one of the following criteria:
- 27 a. Remains employed teaching in the same qualifying public school unit,
28 or, if an eligible advanced course teacher is only employed by the
29 North Carolina Virtual Public School program, remains employed
30 teaching in that program, at least from the school year the data is
31 collected until January 1 of the corresponding school year that the
32 bonus is paid.
 - 33 b. Retired, between the last day of the school year in which the data is
34 collected and January 1 of the corresponding school year in which the
35 bonus is paid, after attaining one of the following:
 - 36 1. The age of at least 65 with five years of creditable service.
 - 37 2. The age of at least 60 with 25 years of creditable service.
 - 38 3. Thirty years of creditable service.

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

- 42 (1) For Advanced Placement courses, a score of three or higher on the College
43 Board Advanced Placement Examination.
- 44 (2) For International Baccalaureate Diploma Programme courses, a score of four
45 or higher on the International Baccalaureate course examination.
- 46 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge
47 AICE program examinations.

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

- 50 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
51 by a teacher who provided instruction in a course that led to the attainment of

1 an industry certification or credential with a twenty-five dollar (\$25.00) value
2 ranking as determined under subsection (e) of this section.

- 3 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
4 teacher who provided instruction in a course that led to the attainment of an
5 industry certification or credential with a fifty dollar (\$50.00) value ranking
6 as determined under subsection (e) of this section.

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

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

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

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

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

- 34 (1) Number of students enrolled and taking examinations in each of the following
35 categories of courses:
36 a. Advanced Placement.
37 b. International Baccalaureate Diploma Programme.
38 c. Cambridge AICE program.
39 d. Courses needed for the attainment of an industry certification or
40 credential.
41 (2) Number of students receiving outcomes on examinations resulting in the
42 award of a bonus for a teacher in each category of courses identified in
43 sub-subdivision a. of subdivision (1) of this subsection.
44 (3) Number of teachers receiving a bonus in each category of courses identified
45 in sub-subdivision a. of subdivision (1) of this subsection.
46 (4) The amounts awarded to teachers for each category of courses identified in
47 sub-subdivision a. of subdivision (1) of this subsection.
48 (5) The type of industry certifications and credentials earned by the students, the
49 value ranking for each certification and credential, the number of bonuses
50 earned for each certification or credential, and the total bonus amount awarded
51 for each certification or credential.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

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

- (1) Eligible employee. – A person who meets all of the following criteria:
 - a. Accepts employment as a teacher with an eligible employer for the 2021-2022 school year.
 - b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the 2020-2021 fiscal year.
 - c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1, 2021.
- (2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the 2021-2022 fiscal year:
 - a. Small county school system supplemental funding.
 - b. Supplemental funding for local school administrative units in low-wealth counties.
- (3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.
- (4) Teacher. – Teachers and instructional support personnel.

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

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

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

SECTION 7A.5.(e) Not for Retirement. – 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.5.(f) Future Signing Bonuses. – It is the intent of the General Assembly to provide additional signing bonuses for eligible employees in the 2022-2023 fiscal year.

PRINCIPAL SALARY SCHEDULE

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

2021-2022 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$68,806	\$75,687	\$82,567
201-400	\$72,246	\$79,471	\$86,695
401-700	\$75,687	\$83,256	\$90,824
701-1,000	\$79,127	\$87,040	\$94,952
1,001-1,600	\$82,567	\$90,824	\$99,080
1,601+	\$86,008	\$94,609	\$103,210.

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

- 7 (1) A principal shall be paid according to the Exceeded Growth column of the
8 schedule if the school growth scores show the school or schools exceeded
9 expected growth in at least two of the prior three school years.
- 10 (2) A principal shall be paid according to the Met Growth column of the schedule
11 if any of the following apply:
 - 12 a. The school growth scores show the school or schools met expected
13 growth in at least two of the prior three school years.
 - 14 b. The school growth scores show the school or schools met expected
15 growth in at least one of the prior three school years and exceeded
16 expected growth in one of the prior three school years.
 - 17 c. The principal supervised a school in at least two of the prior three
18 school years that was not eligible to receive a school growth score.
- 19 (3) A principal shall be paid according to the Base column if either of the
20 following applies:
 - 21 a. The school growth scores show the school or schools did not meet
22 expected growth in at least two of the prior three years.
 - 23 b. The principal has not supervised any school as a principal for a
24 majority of the school year in at least two of the prior three school
25 years.

26 **SECTION 7A.6.(b)** For purposes of determining the average daily membership of a
27 principal's school, the average daily membership for the school from the 2019-2020 school year
28 shall be used. If the school did not have an average daily membership in the 2019-2020 school
29 year, the projected average daily membership for the school for the 2021-2022 school year shall
30 be used.

31 **SECTION 7A.6.(c)** For purposes of determining the school growth scores for each
32 school the principal supervised in at least two of the prior three school years, school growth
33 scores from the three most recent available school years, up to the 2018-2019 school year, shall
34 be used.

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

38 **SECTION 7A.6.(e)** A principal compensated in accordance with this section for the
39 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

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

1 **SECTION 7A.6.(f)** It is the intent of the General Assembly to implement the
 2 following annual salary schedule for principals for the 2022-2023 fiscal year, beginning July 1,
 3 2022:

4 **2022-2023 Principal Annual Salary Schedule**

5 Avg. Daily Membership	6 Base	7 Met Growth	8 Exceeded Growth
9 0-200	\$69,494	\$76,443	\$83,393
10 201-400	\$72,969	\$80,266	\$87,563
11 401-700	\$76,443	\$84,087	\$91,732
12 701-1,000	\$79,918	\$87,910	\$95,902
13 1,001-1,600	\$83,393	\$91,732	\$100,072
14 1,601+	\$86,868	\$95,555	\$104,242.

15 **BONUSES FOR PRINCIPALS**

16 **SECTION 7A.7.(a)** No later than October 31, 2021, the Department of Public
 17 Instruction shall administer a one-time, lump sum bonus of one thousand eight hundred dollars
 18 (\$1,800) to every principal in a public school unit whose salaries are supported from State funds
 19 and who, as of October 1, 2021, is employed as a principal in a public school unit.

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

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

27 **ASSISTANT PRINCIPAL SALARIES**

28 **SECTION 7A.8.(a)** For the 2021-2022 fiscal year, beginning July 1, 2021, assistant
 29 principals shall receive a monthly salary based on the salary schedule for teachers who are
 30 classified as "A" teachers plus twenty-two percent (22%). An assistant principal shall be placed
 31 on the step on the salary schedule that reflects the total number of years of experience as a
 32 certified employee of the public schools. For purposes of this section, an administrator with a
 33 one-year provisional assistant principal's certificate shall be considered equivalent to an assistant
 34 principal.

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

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

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

- 49 (1) The applicable amount on the salary schedule for the applicable year.
- 50 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
 year, the sum of the following:

- 1 a. The salary the assistant principal received in the 2016-2017 fiscal year
- 2 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 3 b. The longevity that the assistant principal would have received as
- 4 provided for State employees under the North Carolina Human
- 5 Resources Act for the 2016-2017 fiscal year based on the assistant
- 6 principal's current years of service.
- 7 (3) For assistant principals who were not eligible for longevity in the 2016-2017
- 8 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
- 9 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 10 (4) For assistant principals who received a salary supplement based on academic
- 11 preparation in the 2020-2021 fiscal year, the salary the assistant principal
- 12 received in the 2020-2021 fiscal year pursuant to Section 1 or Section 6 of
- 13 S.L. 2020-45.
- 14

CENTRAL OFFICE SALARIES

15 **SECTION 7A.9.(a)** For the 2021-2022 fiscal year, beginning July 1, 2021, the

16 annual salary for superintendents, assistant superintendents, associate superintendents,

17 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State

18 funds, shall be increased by one percent (1%).

19 **SECTION 7A.9.(b)** It is the intent of the General Assembly to increase the annual

20 salary for superintendents, assistant superintendents, associate superintendents,

21 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State

22 funds, for the 2022-2023 fiscal year, beginning July 1, 2022, by one percent (1%).

23 **SECTION 7A.9.(c)** The monthly salary maximums that follow apply to assistant

24 superintendents, associate superintendents, directors/coordinators, supervisors, and finance

25 officers for the 2021-2022 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year
	Maximum
26 School Administrator I	\$6,697
27 School Administrator II	\$7,096
28 School Administrator III	\$7,520
29 School Administrator IV	\$7,814
30 School Administrator V	\$8,125
31 School Administrator VI	\$8,608
32 School Administrator VII	\$8,951.

33 The local board of education shall determine the appropriate category and placement

34 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or

35 finance officer within the maximums and within funds appropriated by the General Assembly

36 for central office administrators and superintendents. The category in which an employee is

37 placed shall be included in the contract of any employee.

38 **SECTION 7A.9.(d)** The monthly salary maximums that follow apply to

39 superintendents for the 2021-2022 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year
	Maximum
40 Superintendent I	\$9,488
41 Superintendent II	\$10,054
42 Superintendent III	\$10,657
43 Superintendent IV	\$11,297
44 Superintendent V	\$11,978.

45 The local board of education shall determine the appropriate category and placement

46 for the superintendent based on the average daily membership of the local school administrative

1 unit and within funds appropriated by the General Assembly for central office administrators and
 2 superintendents.

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

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

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

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

	2022-2023 Fiscal Year
	Maximum
School Administrator I	\$6,764
School Administrator II	\$7,167
School Administrator III	\$7,596
School Administrator IV	\$7,893
School Administrator V	\$8,207
School Administrator VI	\$8,694
School Administrator VII	\$9,040.

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

	2022-2023 Fiscal Year
	Maximum
Superintendent I	\$9,583
Superintendent II	\$10,154
Superintendent III	\$10,763
Superintendent IV	\$11,410
Superintendent V	\$12,097.

41
 42 **NONCERTIFIED PERSONNEL SALARIES**

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

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

- 50 (1) For permanent, full-time employees on a 12-month contract, by the greater of
 51 the following:

- 1 a. Two and one-half percent (2.5%).
2 b. An amount necessary to increase the minimum hourly compensation
3 rate of the employee to thirteen dollars (\$13.00) per hour pursuant to
4 subsection (a) of this section.
5 (2) For the following employees, by an equitable amount based on the amounts
6 specified in subdivision (1) of this subsection:
7 a. Permanent, full-time employees on a contract for fewer than 12
8 months.
9 b. Permanent, part-time employees.
10 c. Temporary and permanent hourly employees.

11 **SECTION 7A.10.(c)** For the 2022-2023 fiscal year, beginning July 1, 2022, it is the
12 intent of the General Assembly to do the following:

- 13 (1) Require the State Board of Education to increase the minimum of all salary
14 grades and ranges it maintains for noncertified public school employees, as
15 necessary, to achieve a minimum hourly compensation rate of fifteen dollars
16 (\$15.00) per hour.
17 (2) Increase the annual salary for noncertified public school employees whose
18 salaries are supported from State funds by the greater of the following:
19 a. Two and one-half percent (2.5%).
20 b. An amount necessary to increase the minimum hourly compensation
21 rate of the employee to fifteen dollars (\$15.00) per hour.
22

23 PAID PARENTAL LEAVE

24 **SECTION 7A.11.(a)** Article 23 of Chapter 115C of the General Statutes is amended
25 by adding a new section to read:

26 **"§ 115C-336.2. Paid parental leave for eligible public school employees.**

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

- 28 (1) Child. – A newborn biological child or a newly placed adopted, foster, or
29 otherwise legally placed child under the age of 18 whose parent is a public
30 school employee eligible for leave under subsection (c) of this section.
31 (2) Parent. – A parent by childbirth, adoption, foster care, or another legal
32 placement.
33 (3) Public safety concern. – A significant impairment of a local school
34 administrative unit's ability to conduct its operations in a manner that protects
35 the health and safety of the school community.
36 (4) Public school employee. – Any employee of a local school administrative unit.
37 (5) Qualifying event. – When a public school employee becomes a parent to a
38 child.

39 (b) Paid Parental Leave. – The State Board of Education shall adopt rules permitting an
40 eligible public school employee to be granted one of the following types of fully paid parental
41 leave, in accordance with this section:

- 42 (1) Eight weeks or 320 hours of leave when the public school employee gives
43 birth to a child.
44 (2) Four weeks or 160 hours of leave for any other qualifying event.

45 (c) Eligibility. – To be eligible for the leave provided in subsection (b) of this section, a
46 public school employee shall meet all of the following requirements:

- 47 (1) Have been continuously employed by the local school administrative unit for
48 at least 12 months immediately preceding the first request for paid parental
49 leave.
50 (2) Meet one of the following requirements:

- 1 a. Be employed full-time in a permanent, probationary, or time-limited
2 position.
3 b. Be employed on a part-time basis and work at least half-time. A public
4 school employee that is an eligible employee pursuant to this
5 sub-subdivision shall receive parental leave that is prorated based on
6 the amounts provided in subsection (b) of this section.

7 (d) Requirements. – The paid parental leave authorized by this section shall be adopted
8 and implemented by local school administrative units in accordance with the following
9 requirements:

10 (1) Parental leave shall be:

- 11 a. Granted upon verification of a qualifying event, if the eligible public
12 school employee provides at least 10 weeks' advance notice of the
13 employee's intention to use parental leave, unless there is good cause
14 for not giving timely advance notice.
15 b. Used by the eligible public school employee within 12 months of the
16 qualifying event.
17 c. In addition to, and not in lieu of, shared leave under G.S. 115C-12.2
18 and other leave authorized by federal or State law.
19 d. Available without exhaustion of the employee's sick and vacation
20 leave.

21 (2) Parental leave may be granted subject to public safety concerns, which shall
22 be addressed by the local school administrative unit in the discretion of the
23 unit in a manner that is appropriate and equitable.

24 (3) Parental leave may not be used for retirement purposes.

25 (4) Parental leave shall have no cash value upon termination from State
26 employment.

27 (e) Statutory Construction. – This section is consistent with and does not abridge federal
28 or State law. Nothing in this section shall be construed to provide a private right of action."

29 **SECTION 7A.11.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

30 "(47) Duty to Adopt Paid Parental Leave Rules. – The State Board of Education, in
31 consultation with the State Human Resources Commission, shall adopt rules
32 providing for paid parental leave in accordance with G.S. 115C-336.2."

33 **SECTION 7A.11.(c)** G.S. 115C-336.1 reads as rewritten:

34 "**§ 115C-336.1. Parental-Additional parental leave.**

35 ~~A~~In addition to paid parental leave provided pursuant to G.S. 115C-336.2, a school employee
36 may use annual leave or leave without pay to care for a newborn child or for a child placed with
37 the employee for adoption or foster care. A school employee may also use up to 30 days of sick
38 leave to care for a child placed with the employee for adoption. The leave may be for consecutive
39 workdays during the first 12 months after the date of birth or placement of the child, unless the
40 school employee and the local board of education agree otherwise."

41 **SECTION 7A.11.(d)** G.S. 115C-302.1(j) reads as rewritten:

42 "(j) Additional Parental Leave. – A~~In addition to paid parental leave provided pursuant~~
43 to G.S. 115C-336.2, a teacher may use annual leave, personal leave, or leave without pay to care
44 for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher
45 may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption.
46 The leave may be for consecutive workdays during the first 12 months after the date of birth or
47 placement of the child, unless the teacher and local board of education agree otherwise."

48 **SECTION 7A.11.(e)** This section is effective when this act becomes law and applies
49 beginning with the 2021-2022 school year.

50
51 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS

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

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

IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE

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

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

...

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

...

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

...."

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

PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

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

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

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

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

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

19 a. Meets one of the following residency conditions:

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

28 b. Meets one of the following service conditions:

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

- 1 is a direct result of service in the line of duty. The parent's
2 traumatic wounds, injury, or major illness must be documented
3 by the member's Unit Commander.
- 4 (3) Eligible disabled veteran. – Any person who is (i) a veteran of the Armed
5 Forces who incurred traumatic injuries or wounds or sustained a major illness
6 while a member of the Armed Forces during a period of war or national
7 emergency and is receiving compensation for a wartime service–connected
8 disability of at least fifty percent (50%) as rated by the U.S. Department of
9 Veterans Affairs, (ii) a resident of North Carolina when scholarship
10 documentation is completed, and (iii) is attending or has been accepted to
11 enroll in an eligible postsecondary institution.
- 12 (4) Eligible postsecondary institution. – A school that is any of the following:
13 a. A constituent institution of The University of North Carolina.
14 b. A community college under the jurisdiction of the State Board of
15 Community Colleges.
16 c. A private educational institution as defined in G.S. 143B-1224.
17 d. A private vocational institution, including Federal Aviation
18 Administration certificated aviation training programs.
- 19 (5) Eligible spouse. – Any person (i) who is attending or has been accepted to
20 enroll in an eligible postsecondary institution, (ii) who is a legal resident of
21 North Carolina when scholarship documentation is completed, (iii) who has
22 complied with the requirements of the Selective Service System, if applicable,
23 and (iv) whose spouse meets one of the conditions set forth in
24 sub-sub-subdivisions 1. through 3. of sub-subdivision b. of subdivision (2) of
25 this subsection.
- 26 (6) Veteran. – An individual who has served and is no longer serving in the Armed
27 Forces of the United States. For the purposes of this section, the veteran must
28 have separated from the Armed Forces under honorable conditions or whose
29 death or disability of at least fifty percent (50%) or more was incurred as a
30 direct result of service in the line of duty.

31 **SECTION 8.3.(d)** Administration; Awards. – Within the funds made available for
32 the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each
33 separately administer and award scholarships to eligible applicants in accordance with the
34 requirements of the North Carolina Patriot Star Family Scholarship Program. In administering
35 the Program, each nonprofit corporation shall be responsible for Program oversight for the
36 scholarships awarded through its organization to ensure compliance with the provisions of this
37 section.

38 Each nonprofit corporation shall, at a minimum, establish criteria and procedures
39 related to scholarship documentation completion, the amount of individual scholarships, the
40 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the
41 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its
42 administration of the Program.

43 If an eligible child or eligible spouse receives a scholarship or other grant covering
44 the cost of attendance at an eligible postsecondary institution for which the scholarship is
45 awarded, then the amount of a scholarship awarded under this section shall be reduced so that
46 the sum of all grants and scholarships covering the cost of attendance received by the eligible
47 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes
48 of this section, cost of attendance shall include monies for tuition, fees, books, supplies, and
49 school-related expenses, including laptops, equipment, tutoring support, as well as room and
50 board as long as the scholarship recipient is enrolled as at least a half-time student at the

1 institution. Off-campus housing costs for room and board are also included to the extent the
2 eligible postsecondary institution includes it in its cost of attendance.

3 **SECTION 8.3.(e) Reporting.** – The Patriot Foundation shall submit a report by April
4 1 of each year in which the Patriot Foundation spends State funds made available for the Program
5 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
6 activities related to the Program and the use of the State funds.

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

11 12 **FALLS LAKE NUTRIENT MANAGEMENT STUDY/FUNDS**

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

19 20 **ALLOW IN-STATE TUITION/ATHLETIC SCHOLARSHIPS**

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

22 **"§ 116-143.6. Full scholarship students attending constituent institutions.**

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

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

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

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

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

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

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

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

42 **SECTION 8.7.(b)** This section applies beginning with the 2021-2022 academic year.

43 44 **COLLABORATORY/FIREFIGHTING FOAM REGISTRY/PFAS BAN**

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

47 "Article 82B.

48 "Management of Aqueous Film-Forming Foams.

49 "§ 58-82B-1. Findings.

50 The General Assembly finds that certain firefighting foams used to fight Class B fires, often
51 referred to as Aqueous Film-Forming Foams (AFFF), are critical for fire suppression and public

1 safety. However, because many AFFF could contain per- and poly-fluoroalkyl substances,
2 certain foams may require additional research, oversight, and management. The General
3 Assembly further finds that accurate and comprehensive reporting of the use of AFFF by fire
4 departments throughout the State is essential in order to appropriately manage the potential
5 impacts of AFFF on the environment and public health.

6 **"§ 58-82B-5. Reporting requirement.**

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

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

18 **"§ 58-82B-10. Duties of Office of the State Fire Marshal.**

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

- 20 (1) Educate and inform every fire department it regulates of the reporting
21 requirements imposed by this Article.
- 22 (2) Assist the North Carolina Policy Collaboratory at the University of North
23 Carolina at Chapel Hill in the development of an online reporting portal for
24 fire departments operated, regulated, or managed by one or more units of State
25 and local government, including those located at or serving public airports,
26 with the requirements of this Article.
- 27 (3) Adopt rules to implement the requirements of this Article. OSFM may adopt
28 temporary rules and shall adopt permanent rules no later than July 1, 2022.

29 **"§ 58-82B-15. Report.**

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

34 **SECTION 8.10.(b)** The North Carolina Policy Collaboratory at the University of
35 North Carolina at Chapel Hill (Collaboratory), in partnership with the Office of the State Fire
36 Marshal (OSFM) and any unit of State and local government deemed relevant by the
37 Collaboratory, shall develop and maintain the online reporting portal as required by
38 G.S. 58-82B-10, as enacted by subsection (a) of this section. The portal shall consist of an online
39 reporting tool and related database that captures the storage and deployment of Aqueous
40 Film-Forming Foams (AFFF) by fire departments in the State that are operated, managed, or
41 overseen by units of local government, including those located at or serving public airports. The
42 reporting tool shall be easily accessible to firefighters and fire department personnel to upload
43 the data. The required inventory data shall include, at a minimum, the following:

- 44 (1) The number of trucks at each department that carry AFFF and the volume,
45 trade name, and Chemical Abstract Service (CAS) number of the AFFF on
46 each truck.
- 47 (2) The fire station, including street address, where each truck is located.
- 48 (3) The volume, trade name, and CAS number of AFFF stored by each fire
49 department or unit of local government at a station or other location, as well
50 as the address of each location where AFFF are stored.

- 1 (4) The volume, trade name, and CAS number of AFFF products that are no
 2 longer utilized and could be removed from inventory for disposal.
- 3 (5) The volume of AFFF used by each fire department annually, including all of
 4 the following:
- 5 a. The date, time, and location, including street address and global
 6 positioning system (GPS) coordinates, where AFFF was deployed and
 7 the trade name and CAS number of the AFFF used.
- 8 b. The total volume of AFFF deployed, including gallons of foam and
 9 gallons of water and total concentration of foam.
- 10 c. The reason for the deployment of AFFF, such as firefighting, fire
 11 prevention, other emergency response actions intended to protect
 12 property or public safety, training, or an accidental spill.
- 13 (6) A photograph of the label and the container of the foam. For the purpose of
 14 this subdivision, a photograph includes an electronic image produced by the
 15 camera of an electronic device.
- 16 (7) Any other data deemed relevant by the Collaboratory to establish a statewide
 17 inventory of AFFF used for fighting fires or firefighter training.

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

22 **SECTION 8.10.(c)** Article 21A of Chapter 143 of the General Statutes is amended
 23 by adding a new Part to read:

24 "Part 8. Responsible Firefighting Foam Management Act.

25 **"§ 143-215.104LL. Definitions.**

26 The following definitions apply in this Part:

- 27 (1) Class B firefighting foam. – Foams designed for flammable liquid fires.
- 28 (2) PFAS chemicals. – Per-fluoroalkyl and poly-fluoroalkyl substances that are a
 29 group of manufactured chemicals containing at least two fully fluorinated
 30 carbon atoms, excluding polymers, gases, and volatile liquids, and designed
 31 to be fully functional in Class B firefighting foam.
- 32 (3) Testing. – Any calibration, conformance, or fixed system testing of Class B
 33 firefighting foam.
- 34 (4) Testing facility. – A facility that allows the discharge of Class B firefighting
 35 foam for testing in nonemergency situations.

36 **"§ 143-215.104MM. Prohibition of certain firefighting foams for training, practice, or**
 37 **testing.**

38 (a) No person, local government, or State agency may discharge for training or practice
 39 purposes Class B firefighting foam that contains intentionally added PFAS chemicals.

40 (b) No person, local government, or State agency may discharge for testing purposes
 41 Class B firefighting foam that contains intentionally added PFAS chemicals unless otherwise
 42 required by law or an authority having jurisdiction and a testing facility has implemented
 43 appropriate containment, treatment, and disposal measures to prevent releases of Class B
 44 firefighting foam into the environment.

45 (c) Non-fluorinated training foams or other non-fluorinated surrogates shall be used for
 46 firefighting training, and training shall be conducted under conditions conducive to the collection
 47 of spent foam regardless of foam type.

48 (d) The Office of the State Fire Marshal may adopt rules to implement this Part."

49 **SECTION 8.10.(d)** This section is effective the date this act becomes law.

50
 51 **AP FEES FOR NCSSM/UNCSA HS STUDENTS**

1 SECTION 8.13.(a) Part 5 of Article 1 of Chapter 116 of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 116-43.30. Advanced Placement courses for secondary school students.**

4 (a) It is the intent of the State to enhance accessibility and encourage secondary school
5 students to enroll in and successfully complete more rigorous Advanced Placement courses to
6 enable success in postsecondary education for all students. To attain this goal, to the extent funds
7 are made available for this purpose, secondary school students enrolled in the North Carolina
8 School of Science and Mathematics and the University of North Carolina School of the Arts shall
9 be exempt from paying any fees for registration and administration of examinations for Advanced
10 Placement courses in which the student is enrolled, regardless of the score the student achieves
11 on an examination.

12 (b) The University of North Carolina System Office shall report annually by December
13 15 to the Senate Appropriations Committee on Education/Higher Education, the House
14 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative
15 Education Oversight Committee on Advanced Placement course information for the North
16 Carolina School of Science and Mathematics and the University of North Carolina School of the
17 Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

- 18 (1) Number of students enrolled in Advanced Placement courses and participating
19 in Advanced Placement course examinations, including demographic
20 information by gender and race.
- 21 (2) Student performance on Advanced Placement course examinations, including
22 information by course and school.
- 23 (3) Amount of State funds expended for fees for Advanced Placement courses by
24 school."

25 SECTION 8.13.(b) The initial report required pursuant to G.S. 116-43.30(b) shall
26 be submitted to the Senate Appropriations Committee on Education/Higher Education, the House
27 Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative
28 Education Oversight Committee by December 15, 2022.

29
30 **UNC PROGRAM OUTCOME REPORTING**

31 SECTION 8.14. G.S. 116-11 is amended by adding a new subdivision to read:

32 "(9c) Reports on State-funded programs. – Beginning October 1, 2022, and annually
33 thereafter, The University of North Carolina System Office shall file a report
34 with the Senate Appropriations Committee on Education/Higher Education,
35 the House Appropriations Committee on Education, the Fiscal Research
36 Division, and the Joint Legislative Education Oversight Committee for all
37 programs administered through The University of North Carolina that were
38 provided an expansion of State appropriations or a new State appropriation in
39 the Current Operations Appropriations Act from the prior fiscal year,
40 including grants to non-State entities as defined in G.S. 143C-1-1. The report
41 shall include information on program activities, objectives, and
42 accomplishments and prior year State fiscal year itemized expenditures and
43 fund sources. The System Office is not required to include information in the
44 report for programs with an existing reporting requirement otherwise required
45 by State law."

46
47 **CHANGES TO UNC CARRYFORWARD AUTHORITY**

48 SECTION 8.15. G.S. 116-30.3 reads as rewritten:

49 **"§ 116-30.3. Reversions.**

50 (a) Of the General Fund current operations appropriations credit balance remaining at the
51 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the

1 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward
 2 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may
 3 be used for the ~~purpose~~ purposes set out in subsection (f) of this section. However, the amount
 4 carried forward in each budget code under this subsection shall not exceed five percent (5.0%)
 5 of the General Fund appropriation in that budget code. The Director of the Budget, under the
 6 authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit
 7 balance remaining in each budget code.

8 The budget codes that may carry forward a General Fund current operations appropriations
 9 credit balance remaining at the end of each fiscal year pursuant to this section are the budget
 10 codes for each of the following:

- 11 (1) Each special responsibility constituent institution.
- 12 (2) The Area Health Education Centers of the University of North Carolina at
 13 Chapel Hill.
- 14 (3) University of North Carolina System Office Budget Code 16010.

15 ~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward~~
 16 ~~amount of up to two and one half percent (2.5%). One half of any amounts carried forward~~
 17 ~~exceeding two and one half percent (2.5%) shall be distributed to The University of North~~
 18 ~~Carolina System Office, to be disbursed to the constituent institutions at the discretion of the~~
 19 ~~Board of Governors, with the remaining amount being retained in that budget code.~~

- 20 (b) Repealed by Session Laws 1998-212, s. 11(b).
- 21 (c) Repealed by Session Laws 1998-212, s. 11(a).
- 22 (d) Repealed by Session Laws 1998-212, s. 11(b).
- 23 (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- 24 (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for~~

25 ~~projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used~~
 26 ~~for one-time expenditures; provided, however, expenditures authorized by this subsection shall~~
 27 ~~not impose additional financial obligations on the State and shall not be used to support~~
 28 ~~positions."~~

30 BEYOND ACADEMICS SCHOLARSHIP PROGRAM/UNCG

31 SECTION 8.16.(a) Chapter 116 of the General Statutes is amended by adding a new
 32 Article to read:

33 "Article 35A.

34 "Comprehensive Transition Postsecondary (CTP) Scholarships.

35 "**§ 116-295. Comprehensive Transition Postsecondary Scholarship Program established;** 36 **administration of scholarships.**

37 (a) Program Established. – There is established the Comprehensive Transition
 38 Postsecondary (CTP) Scholarship Program to provide scholarships to full-time North Carolina
 39 students with intellectual disabilities enrolled in the Integrative Community Studies program,
 40 also known as the Beyond Academics program, which is a certificate accomplishment program
 41 at the University of North Carolina at Greensboro. The Integrative Community Studies program
 42 is approved by the United States Department of Education as a CTP Program, pursuant to the
 43 Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f-1140i.

44 (b) Administration of the Program. – The University of North Carolina at Greensboro
 45 shall administer the CTP Scholarship Program pursuant to policies adopted by the Board of
 46 Trustees of the University of North Carolina at Greensboro that are consistent with the
 47 requirements of this Article.

48 "**§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established;** 49 **administration of fund.**

50 (a) Fund Established. – There is established the Comprehensive Transition
 51 Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this

1 Article. All funds appropriated for the program, all returned scholarship monies, and all interest
2 earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the
3 end of each fiscal year shall not revert to the General Fund but shall remain available for the
4 award of scholarships under this Article.

5 (b) Administration of Fund. – The University of North Carolina at Greensboro shall
6 administer the CTP Scholarship Fund.

7 **"§ 116-297. Student eligibility; award of scholarships.**

8 (a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet
9 all of the following conditions:

10 (1) Qualify as a resident for tuition purposes under the criteria set forth in
11 G.S. 116-143.1 and in accordance with the coordinated and centralized
12 residency determination process administered by the State Education
13 Assistance Authority.

14 (2) Meet enrollment standards by being admitted, enrolled, and classified as a
15 full-time student in the Integrative Community Studies CTP Program at the
16 University of North Carolina at Greensboro.

17 (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate
18 need according to the federal methodology in Title IV of the Higher Education
19 Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

20 (b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in
21 the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under
22 G.S. 116-296, scholarships shall be awarded to eligible students in an amount to cover the cost
23 of attendance in the CTP program at the University of North Carolina at Greensboro. If a student
24 who is eligible for a scholarship under this section also receives a scholarship or other grant
25 covering the cost of attendance, then the amount of the scholarship shall be reduced by an
26 appropriate amount determined by the University of North Carolina at Greensboro so that the
27 total amount of scholarships and grants received by the student does not exceed the cost of
28 attendance. The cost of attendance shall be determined by the University of North Carolina at
29 Greensboro. In the event there are not sufficient funds available for scholarships for each eligible
30 student to cover the cost of attendance, the University of North Carolina at Greensboro may
31 adjust the distribution of the amount of scholarships as necessary in an academic year."

32 **SECTION 8.16.(b)** This section becomes effective beginning with the 2022-2023
33 academic year.

34
35 **UNC SYSTEM EDUCATIONAL CAREER ALIGNMENT**

36 **SECTION 8.17.(a)** The Board of Governors of The University of North Carolina
37 shall contract with an independent research organization to conduct an evaluation of its current
38 programs at each constituent institution of The University of North Carolina related to its
39 operational costs, student outcomes, and return on investment (ROI) of each program. The
40 evaluation conducted by the independent research organization shall include an analysis of at
41 least the following information by constituent institution and undergraduate and graduate degree
42 programs:

43 (1) The number of students in each program.

44 (2) The number of faculty and other staff employed for each program.

45 (3) The related costs to operate each program, inclusive of total staff
46 compensation and benefits, facility costs, and any other related expenses,
47 including overhead.

48 (4) A detailed correlation between degree of study and directly related career roles
49 and associated expected starting compensation, as well as expected career
50 earnings for students upon completion of those programs.

51 (5) A detailed ROI for each program.

1 (6) ROI for State funding expenditures.

2 (7) ROI for student funding expenditures.

3 **SECTION 8.17.(b)** By September 1, 2023, the Board of Governors shall report to
4 the Senate Appropriations Committee on Education/Higher Education, the House Appropriations
5 Committee on Education, the Joint Legislative Education Oversight Committee, and the Fiscal
6 Research Division of the General Assembly on the results of the evaluation conducted by the
7 independent research organization pursuant to subsection (a) of this section.

8
9 **COLLABORATORY/STUDY OF A CYANOBACTERIAL ALGAL BLOOM**
10 **TREATMENT**

11 **SECTION 8.18.(a)** Findings. – The General Assembly finds it is in the best interests
12 of the State, upon consideration of bids and proposals by any agencies of the State bound by the
13 North Carolina Administrative Code on procurement, to remediate and prevent cyanobacterial
14 harmful algal blooms in the lakes and reservoirs of North Carolina by selecting an in situ
15 treatment of the nutrient impaired surface waters in lakes and reservoirs through giving
16 preference to those vendors who comply with the following specifications, which is to be
17 considered as constituting the best practices for cyanobacterial harmful algal bloom remediation
18 and prevention in North Carolina waters:

19 (1) The technology employed must be approved by the United States
20 Environmental Protection Agency and certified to meet or exceed The
21 American National Standards for health effects of drinking water treatment
22 chemicals (NSF/ANSI/CAN 60) and be registered for application by the State.

23 (2) A vendor must have previous experience treating water bodies larger than
24 1,000 acres with proven success in the United States.

25 (3) A treatment aim must be to reduce cyanotoxins in the water to less than
26 harmful levels.

27 (4) A treatment technology employed must be ready to use without limitation of
28 size or shape of the waterbody.

29 (5) A preference must be given to employment of technology allowing for
30 application under emergency situations and within less than 96 hours from
31 approval.

32 (6) A preference must be given to products that are modular and can be used as a
33 preventative measure.

34 (7) A preference must be given to products that are quick and easy to apply and
35 are safe to the applicator.

36 (8) A preference must be given to products that float on the surface of the water
37 and do not sink immediately to the bottom of the water column and are not
38 diminished in effectiveness by mixing with sediment.

39 (9) A preference must be given to products that are distributed autonomously
40 across the water body after a localized application.

41 (10) A preference must be given to products with a time release mechanism that
42 applies constant and prolonged oxidative stress of the cyanobacteria triggered
43 by the programmed cell death signaling cascade resulting in their collapse.

44 (11) A preference must be given for products manufactured in the United States.

45 **SECTION 8.18.(b)** The North Carolina Policy Collaboratory at the University of
46 North Carolina at Chapel Hill (Collaboratory) shall evaluate the effectiveness and efficacy of an
47 approved in situ treatment of the nutrient impaired surface waters in lakes and reservoirs on
48 cyanobacterial harmful algal blooms under subsection (a) of this section. The Collaboratory shall
49 report the results of the evaluation no later than April 1, 2023, to the Joint Legislative Oversight
50 Committee on Agriculture and Natural and Economic Resources; the chairs of the House of
51 Representatives Appropriations Committee on Agriculture and Natural and Economic

1 Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and
2 Economic Resources; and the Fiscal Research Division.

3
4 **NC PATRIOT STAR FAMILY RECOVERY SCHOLARSHIP PROGRAM**

5 **SECTION 8.19.(a)** Program Established. – Of the funds appropriated by this act
6 from the State Fiscal Recovery Fund to the Board of Governors of The University of North
7 Carolina for the North Carolina Patriot Star Family Recovery Scholarship Program (Program),
8 the Board of Governors shall make funds available to the Patriot Foundation, a nonprofit
9 corporation, for the purpose of establishing and administering scholarships under the NC Patriot
10 Star Family Recovery Scholarship Program in accordance with the requirements of this section.

11 **SECTION 8.19.(b)** Purpose of the Program. – The Patriot Foundation shall provide
12 for scholarships under the Program to eligible children, eligible spouses of certain veterans,
13 eligible children of certain currently serving members of the Armed Forces, and eligible disabled
14 veterans to attend eligible postsecondary institutions to help remediate the impacts of the
15 COVID-19 pandemic so that individuals who meet certain income criteria can recover learning
16 and achieve credential and degree attainment.

17 **SECTION 8.19.(c)** Definitions. – For the purposes of this section, the following
18 definitions apply:

- 19 (1) Armed Forces. – A component of the United States Army, Navy, Marine
20 Corps, Air Force, and Coast Guard, including their reserve components.
- 21 (2) Eligible child or eligible children. – Any person (i) who is a legal resident of
22 North Carolina when scholarship documentation is completed, provided that
23 if a child is claimed as a dependent by the child's parent, residency may be
24 established based on a parent meeting sub-sub-subdivision 4. of
25 sub-subdivision a. of this subdivision, and (ii) whose parent is a veteran or a
26 currently serving member of the Armed Forces that meets the following:
- 27 a. Meets one of the following residency conditions:
- 28 1. Is a resident of North Carolina at the time of scholarship
29 documentation completion.
 - 30 2. Was a resident of North Carolina at the time of entrance into
31 service in the Armed Forces.
 - 32 3. Was permanently stationed in North Carolina at the time of his
33 or her death.
 - 34 4. Is an active duty service member permanently stationed in
35 North Carolina at the time of documentation completion.
- 36 b. Meets one of the following service conditions:
- 37 1. Was a member of the Armed Forces who was killed in action
38 or in the line of duty or died of wounds or other causes not due
39 to the service member's willful misconduct during a period of
40 war, national emergency, or training in preparation for future
41 conflicts and is a direct result of service in the line of duty.
 - 42 2. Was a member of the Armed Forces who died of
43 service-connected injuries, wounds, illness, or other causes
44 incurred or aggravated while a member of the Armed Forces
45 during a period of war, national emergency, or training in
46 preparation for future conflicts and is a direct result of service
47 in the line of duty. Standard documentation of the parent's
48 death, wounds, injury, or illness must be supplied by a
49 scholarship recipient at the time of scholarship request.
 - 50 3. Is a veteran of the Armed Forces who incurred traumatic
51 injuries or wounds or sustained a major illness while a member

1 of the Armed Forces during a period of war, national
2 emergency, or training in preparation for future conflicts and
3 is a direct result of service in the line of duty and is receiving
4 compensation for a wartime service-connected disability of at
5 least fifty percent (50%) as rated by the U.S. Department of
6 Veterans Affairs.

7 4. Is a current member of the Armed Forces who incurred
8 traumatic injuries or wounds or sustained a major illness while
9 a member of the Armed Forces during a period of war or
10 national emergency. The parent's traumatic wounds, injury, or
11 major illness must be documented by the member's Unit
12 Commander.

13 (3) Eligible disabled veteran. – Any person who (i) is a veteran of the Armed
14 Forces who incurred traumatic injuries or wounds or sustained a major illness
15 while a member of the Armed Forces during a period of war or national
16 emergency and is receiving compensation for a wartime service-connected
17 disability of at least fifty percent (50%) as rated by the U.S. Department of
18 Veterans Affairs and (ii) is a resident of North Carolina at the time of
19 scholarship documentation completion.

20 (4) Eligible postsecondary institution. – A school that is any of the following:

- 21 a. A constituent institution of The University of North Carolina.
22 b. A community college under the jurisdiction of the State Board of
23 Community Colleges.
24 c. A private educational institution as defined in G.S. 143B-1224.
25 d. A private vocational institution, including Federal Aviation
26 Administration certificated aviation training programs.

27 (5) Eligible spouse. – Any person (i) who is a legal resident of North Carolina
28 when scholarship documentation is completed and (ii) whose spouse meets
29 one of the conditions set forth in sub-sub-subdivisions 1. through 3. of
30 sub-subdivision b. of subdivision (2) of this subsection.

31 (6) Veteran. – An individual who has served and is no longer serving in the Armed
32 Forces of the United States. For the purposes of this section, the veteran must
33 have separated from the Armed Forces under honorable conditions or whose
34 death or disability of at least fifty percent (50%) or more was incurred as a
35 direct result of service in the line of duty.

36 **SECTION 8.19.(d)** Other Eligibility Requirements. – Any eligible child, eligible
37 spouse, or eligible disabled veteran shall also meet the following conditions to be eligible for a
38 scholarship under the Program:

- 39 (1) Has a household income of less than three hundred fifty percent (350%) of the
40 federal poverty level. Veterans disability compensation and related
41 compensation benefits received by a veteran shall not be included in
42 calculating the income level of an applicant's household for the purposes of
43 determining eligibility for a scholarship under the Program. An applicant shall
44 provide any financial information necessary to the Patriot Foundation for the
45 purposes of calculating income eligibility under this subdivision.
46 (2) Is attending or has been accepted to enroll in an eligible postsecondary
47 institution.
48 (3) Has complied with the requirements of the Selective Service System, if
49 applicable.

50 **SECTION 8.19.(e)** Administration; Awards. – Within the funds made available for
51 the Program, the Patriot Foundation shall administer and award scholarships to eligible applicants

1 in accordance with the requirements of the Program. In administering the Program, the Patriot
2 Foundation shall be responsible for Program oversight for the scholarships awarded through its
3 organization to ensure compliance with the provisions of this section. The Patriot Foundation
4 may contract with the State Education Assistance Authority (Authority) for administrative
5 assistance for the Program. The Patriot Foundation may use funds allocated to it under this
6 section for any administrative costs associated with a contract with the Authority.

7 The Patriot Foundation shall, at a minimum, establish criteria and procedures related
8 to scholarship documentation completion, the amount of individual scholarships, the permissible
9 uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for
10 a revocation of a scholarship, and any other procedures it deems necessary for its administration
11 of the Program.

12 If a scholarship recipient receives a scholarship or other grant covering the cost of
13 attendance at an eligible postsecondary institution for which the scholarship is awarded, then the
14 amount of a scholarship awarded under this section shall be reduced so that the sum of all grants
15 and scholarships covering the cost of attendance received by the recipient does not exceed the
16 cost of attendance for the institution. For the purposes of this section, cost of attendance shall
17 include monies for tuition, fees, books, supplies, and school-related expenses, including laptops,
18 equipment, tutoring support, as well as room and board as long as the scholarship recipient is
19 enrolled as at least a half-time student at the institution. Off-campus housing costs for room and
20 board are also included to the extent the eligible postsecondary institution includes it in its cost
21 of attendance.

22 **SECTION 8.19.(f)** Reporting. – The Patriot Foundation shall submit a report by
23 April 1 of each year in which the Patriot Foundation spends federal funds made available for the
24 Program to the Joint Legislative Education Oversight Committee and the Fiscal Research
25 Division on the activities related to the Program and the use of the funds through the deadline
26 established by federal law and guidelines.

27 **STUDENT BEEKEEPING GRANT PROGRAM**

28 **SECTION 8.20.(a)** Notwithstanding any other provision of this act or the Committee
29 Report described in Section 43.2 of this act, of the funds appropriated by this act to the Board of
30 Governors of The University of North Carolina for the 2022-2023 fiscal year for the North
31 Carolina Food Innovation Laboratory at the NC Research Campus in Kannapolis, the sum of one
32 hundred fifty thousand dollars (\$150,000) in nonrecurring funds for the 2022-2023 fiscal year
33 shall be allocated to North Carolina State University (NC State University) for the provision of
34 grants to create beekeeping programs for high school chapters of Future Farmers of America
35 (FFA) located in the State.

36 **SECTION 8.20.(b)** NC State University shall include the following in the grant
37 program funded by this section:

- 38 (1) Expenses eligible for funding from a grant under this section shall include the
39 purchase of any of the following:
40 a. Woodenware and other materials necessary to house honeybee
41 colonies, including hive bodies, supers, top and bottom boards, inner
42 covers, and frames.
43 b. Protective gear and other equipment necessary for the practice of
44 beekeeping.
45 c. Queens, honeybee packages, and nucleus colonies.
46 d. Eligible educational expenses for no more than two persons per grant.
47 For purposes of this subdivision, an eligible educational expense
48 means registration and materials for a course designed to assist the
49 participant to become a beekeeper certified by the North Carolina State
50 Beekeepers Association.
51

- 1 (2) NC State University shall ensure that no more than one thousand five hundred
2 dollars (\$1,500) per county is available to FFA chapters at high schools in that
3 county. FFA chapters shall be responsible for matching the grant received in
4 a manner and amount as NC State University may specify.
- 5 (3) NC State University shall provide for a recovery of the grant award if the
6 beekeeping program funded by the grant is not maintained for at least three
7 school years.
- 8 (4) Of the funds appropriated by this section, NC State University may spend up
9 to fifteen thousand dollars (\$15,000) for administrative costs, including the
10 costs of promoting the program to potential grantees.

11 12 **UNC PEMBROKE MOBILE UNITS/FUNDS**

13 **SECTION 8.21.** Notwithstanding any other provision of law or the Committee
14 Report described in Section 43.2 of this act, of the funds appropriated by this act from the State
15 Fiscal Recovery Fund to the Community Colleges System Office for the 2021-2022 fiscal year
16 for the apprenticeship program expansion, the sum of five hundred thousand dollars (\$500,000)
17 for the 2021-2022 fiscal year shall instead be appropriated to the Board of Governors of The
18 University of North Carolina to be allocated to the University of North Carolina at Pembroke to
19 continue the operation of the Mobile Medical Units in rural and at-risk communities to respond
20 to the impacts of the COVID-19 pandemic.

21 22 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

23 24 **TUITION GRANTS FOR NCSSM/UNCSA GRADUATES**

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

27 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and
28 Mathematics and the University of North Carolina School of the Arts.

29 **"§ 116-209.90. Tuition grants for graduates to attend an eligible institution of higher**
30 **education.**

31 (a) Within the funds available, a high school graduate from the North Carolina School of
32 Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts
33 (UNCSA) in each school year, beginning with the 2020-2021 school year, who meets the
34 following conditions shall be eligible for a tuition grant awarded under this Part:

- 35 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1
36 and in accordance with the coordinated and centralized residency
37 determination process administered by the Authority.
- 38 (2) Enrolls as a full-time student in an eligible institution of higher education in
39 the next academic year after graduation.

40 Students who receive initial tuition grants as a cohort of a high school graduating class of
41 NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic
42 years for up to a total of four academic years. A student must be continuously enrolled in an
43 eligible institution of higher education after the award of the initial tuition grant to be eligible for
44 tuition grants in subsequent academic years. The Authority shall have the discretion to waive this
45 requirement if the student is able to demonstrate that any of the following have substantially
46 disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii)
47 serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary
48 hardship.

49 (b) For the purposes of this Part, "an eligible institution of higher education" shall mean
50 a constituent institution of The University of North Carolina or a private postsecondary institution

1 located in North Carolina as described in G.S. 116-280(3). The amount of the tuition grant to
2 each graduate shall be determined and distributed as provided in G.S. 116-209.91.

3 **"§ 116-209.91. Administration of tuition grants.**

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

17 (b) Except as otherwise provided in this section, the amount of the grant awarded to a
18 student shall cover (i) to attend a constituent institution, the tuition cost at the constituent
19 institution in which the student is enrolled or (ii) to attend a private postsecondary institution
20 located in North Carolina, the tuition cost, in whole or in part, at the private postsecondary
21 institution in an amount up to the highest amount of undergraduate resident tuition charged at a
22 constituent institution of The University of North Carolina for that academic year.

23 No tuition grant awarded to a student under this section shall exceed the cost of attendance
24 at a constituent institution for which the student is enrolled, or if enrolled in a North Carolina
25 private postsecondary institution, exceed the highest amount of undergraduate resident tuition
26 charged at a constituent institution of The University of North Carolina for that academic year.

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

34 (d) In the event there are not sufficient funds to provide each eligible student who has
35 applied in accordance with the application process and the schedule established by the Authority
36 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata
37 share of funds available for the academic year covered by the appropriation in the preceding
38 fiscal year.

39 **"§ 116-209.92. North Carolina Tuition Grant Fund Reserve.**

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

48 **SECTION 8A.1.(b)** It is the intent of the General Assembly to appropriate from the
49 General Fund to the North Carolina Tuition Grant Fund Reserve the following additional funds
50 for the purpose of awarding tuition grants for future high school graduating classes of the North

1 Carolina School of Science and Mathematics (NCSSM), including students graduating from the
2 Morganton campus of NCSSM, and the University of North Carolina School of the Arts:

- 3 (1) For the 2023-2024 fiscal year, the sum of two million six hundred thirty-nine
4 thousand seven hundred eighty-two dollars (\$2,639,782) in recurring funds.
- 5 (2) For the 2024-2025 fiscal year, the sum of six hundred thirty-one thousand
6 twenty-four dollars (\$631,024) in recurring funds.
- 7 (3) For the 2025-2026 fiscal year, the sum of six hundred thirty-one thousand
8 twenty-four dollars (\$631,024) in recurring funds.
- 9 (4) For the 2026-2027 fiscal year, the sum of six hundred thirty-one thousand
10 twenty-four dollars (\$631,024) in recurring funds.

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

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

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

17 **"§ 116-209.80. Definitions.**

18 The following definitions apply to this Part:

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

33 **"§ 116-209.81. Eligibility requirements for a scholarship.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (5) All interest earned on these funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 EQUITY IN OPPORTUNITY ACT

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

33 "3. ~~Is entering either kindergarten or the eligible to enter~~
 34 kindergarten, first grade, or second grade pursuant to
 35 Article 25 of this Chapter. A child who is the age of 4 on or
 36 before April 16 is eligible to attend the following school year
 37 if the principal, or equivalent, of the school in which the child
 38 seeks to enroll finds that the student meets the requirements of
 39 G.S. 115C-364(d) and those findings are submitted to the
 40 Authority with the child's application."

41 **SECTION 8A.3.(b)** G.S. 115C-562.1(3)a.6. reads as rewritten:

42 "6. Is a child whose parent or legal guardian (i) is on full-time duty
 43 status in the active uniformed service of the United States,
 44 including members of the National Guard and Reserve on
 45 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and
 46 10 U.S.C. § 12401, et seq., or (ii) receives an honorable
 47 discharge as an active duty member from the uniformed service
 48 of the United States within 18 months prior to application."

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

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

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

12 **SECTION 8A.3.(d)** G.S. 115C-562.1(3)a. is amended by adding a new
13 sub-sub-subdivision to read:

14 "7. Is a child who meets both of the following:

15 I. Was enrolled in a nonpublic school that meets the
16 requirements of Part 1 and Part 2 of this Article during
17 the spring semester prior to the school year for which
18 the student is applying.

19 II. Was enrolled for the fall semester prior to the spring
20 semester of the school year in which the student
21 enrolled in the nonpublic school in one of the
22 following:

23 A. A North Carolina public school.

24 B. A Department of Defense Elementary and
25 Secondary School established pursuant to 10
26 U.S.C. § 2164 and located in North Carolina."

27 **SECTION 8A.3.(e)** G.S. 115C-562.1(3)b. reads as rewritten:

28 "b. Meets one of the following criteria:

29 1. Resides in a household with an income level not in excess of
30 one hundred ~~fifty-seventy-five percent (150%)~~ (175%) of the
31 amount required for the student to qualify for the federal free
32 or reduced-price lunch program. The Authority shall not count
33 any distribution from the estate of a decedent in calculating the
34 income level of the applicant's household for the purposes of
35 determining eligibility for a scholarship under this
36 sub-subdivision-sub-sub-subdivision.

37 2. Is a child in foster care as defined in G.S. 131D-10.2. The
38 Authority shall not consider the household income of the foster
39 parent, as defined in G.S. 131D-10.2, in determining the
40 eligibility of a foster care child."

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

42 "(b) Scholarship grants awarded to eligible students residing in households with an income
43 level not in excess of the amount required for the student to qualify for the federal free or
44 reduced-price lunch program shall ~~be for amounts of up to four thousand two hundred dollars~~
45 ~~(\$4,200) per year. be, per year per eligible student, in an amount of up to ninety percent (90%)~~
46 of the average State per pupil allocation for average daily membership in the prior fiscal year.
47 Scholarship grants awarded to eligible students residing in households with an income level in
48 excess of the amount required for the student to qualify for the federal free or reduced-price lunch
49 program shall be for amounts of not more than ninety percent (90%) of the required tuition and
50 fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school
51 may include tuition and fees for books, transportation, equipment, or other items required by the

1 nonpublic school. No scholarship grant shall ~~exceed four thousand two hundred dollars (\$4,200)~~
2 exceed, per year per eligible student, an amount equal to ninety percent (90%) of the average
3 State per pupil allocation for average daily membership in the prior fiscal year and no scholarship
4 grant shall exceed the required tuition and fees for the nonpublic school the eligible student will
5 attend."

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

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

8 "**§ 115C-562.3. Verification of ~~eligibility~~; information from other State agencies.**

9 ...

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

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

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

21 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

22 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
23 administered by the Board of Governors of The University of North Carolina for the purpose of
24 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
25 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
26 General Assembly and any interest accrued to it thereon. These funds shall be used to award
27 scholarship grants to eligible students for the school year that begins in the fiscal year following
28 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall
29 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds
30 appropriated in a particular fiscal year to be used for the award of scholarships in the following
31 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds
32 were appropriated shall be carried forward for one fiscal year and may be used for the purposes
33 set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal
34 year until the funds from the prior year appropriation to be used to award scholarships are
35 expended. Funds carried forward pursuant to this section that have not been spent within one
36 fiscal year shall ~~revert to the General Fund~~ be used in accordance with subsection (d) of this
37 section.

38 ...

39 (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for
40 one fiscal year pursuant to subsection (a) of this section shall be used as follows:

41 (1) Up to five hundred thousand dollars (\$500,000) shall be used by the Authority
42 to contract with a nonprofit corporation representing parents and families for
43 outreach and scholarship education and application assistance for parents and
44 students pursuant to Part 4A of this Article.

45 (2) Any remaining funds shall revert to the General Fund."

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

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

49 "**§ 115C-567.1. Outreach and assistance for parents and students.**

50 (a) The State Education Assistance Authority, in its administration of scholarship
51 programs for eligible students pursuant to Part 2A of this Article, Article 41 of this Chapter, and

1 Part 1H of Article 9 of this Chapter may contract with a nonprofit corporation representing
2 parents and families for outreach and scholarship education, program promotion, and application
3 assistance for parents and students. The Authority shall issue a request for proposals in order to
4 enter into a contract with a nonprofit corporation that meets the following requirements during
5 the term of the contract:

- 6 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
7 Statutes and comply at all times with the provisions of section 501(c)(3) of the
8 Internal Revenue Code.
9 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and
10 family outreach, program promotion, and procedural knowledge to assist
11 parents through scholarship application processes and provide guidance on the
12 scholarship grant program, including by doing the following:
13 a. One-on-one parent and family engagement.
14 b. Scholarship education and public awareness.
15 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
16 Internal Revenue Code.
17 (4) Have no State officer or employee serving on the board of the nonprofit.
18 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
19 at the call of its chair.

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

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

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

31 "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,
32 the Authority may retain ~~the lesser of up to four two and one-half percent (4%)-(2.5%)~~ of the
33 funds appropriated ~~or one million five hundred thousand dollars (\$1,500,000)~~ each fiscal year
34 for administrative costs associated with the scholarship grant program."

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

37 "Article 41.

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

39 "**§ 115C-590. North Carolina Personal Education Savings Account Student Accounts for**
40 **Children with Disabilities Program established.**

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

44 "**§ 115C-591. Definitions.**

45 The following definitions apply in this Article:

- 46 (1) Authority. – Defined in G.S. 116-201.
47 (2) Division. – The Division of Nonpublic Education, Department of
48 Administration.
49 (2a) Educational technology. – As defined annually by the Authority, an item,
50 piece of equipment, material, product, or system which may be purchased

- 1 commercially off the shelf, modified, or customized and that is used primarily
 2 for educational purposes for a child with a disability.
 3 (3) Eligible student. – A student residing in North Carolina who has not yet
 4 received a high school diploma and who meets all of the following
 5 requirements:
 6 a. Is eligible to attend a North Carolina public school pursuant to
 7 G.S. 115C-366, Article 25 of this Chapter. A child who is the age of 4
 8 on or before April 16 is eligible to attend the following school year if
 9 the principal, or equivalent, of the school in which the child seeks to
 10 enroll finds that the student meets the requirements of
 11 G.S. 115C-364(d) and those findings are submitted to the Authority
 12 with the child's application.
 13 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~
 14 ~~status eligible for enrollment for~~ as a full-time student taking at least
 15 12 hours of academic credit.
 16 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~
 17 ~~including, for example, intellectual disability, hearing impairment,~~
 18 ~~speech or language impairment, visual impairment, serious emotional~~
 19 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~
 20 ~~other health impairments, specific learning disability, or disability as~~
 21 ~~may be required to be included under IDEA.~~ G.S. 115C-106.3(1).
 22 d. Has not been placed in a nonpublic school or facility by a public
 23 agency at public expense.
 24 (3a) G.S. 115C-562.5 compliant school. – A Part 1 or 2 nonpublic school that
 25 consents to comply with the requirements of G.S. 115C-562.5.
 26 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of
 27 Article 39 of this Chapter, as identified by the Division.
 28 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
 29 (5a) Part 1 or 2 nonpublic school. – A nonpublic school that meets the requirements
 30 of Part 1 or Part 2 of Article 39 of this Chapter, as identified by and deemed
 31 eligible by the Division.
 32 (5a)(5b) ~~Part-time student. – A child enrolled part time in a public school and part~~
 33 ~~time in a nonpublic school that exclusively provides services for children with~~
 34 ~~disabilities.~~
 35 (6) Personal Education ~~Savings~~ Student Account or PESA. – ~~A bank~~ An
 36 electronic account provided to a parent for the purpose of holding scholarship
 37 funds awarded by the Authority for an eligible student to be used for
 38 qualifying education expenses under G.S. 115C-595.

39 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

40 (a) Application Selection. – The Authority shall make available no later than February 1
 41 of each year applications to eligible students for the award of scholarship funds for a personal
 42 education ~~savings~~ student account to be used for qualifying education expenses to attend a
 43 nonpublic school. Information about scholarship funds and the application process shall be made
 44 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~
 45 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to
 46 the following ~~criteria:~~ criteria for applications received by March 1 of each year:

- 47 (1) First priority shall be given to eligible students who were awarded scholarship
 48 funds for a PESA during the previous school year ~~if those students have~~
 49 ~~applied by March 1, year.~~

1 (2) After funds have been awarded to prior recipients as provided in subdivision
2 (1) of this subsection, any remaining funds shall be used to award scholarship
3 funds for a PESA for all other eligible students.

4 (b) Scholarship Awards. – Scholarships Except for eligible students who qualify for
5 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each
6 year for an amount not to exceed nine thousand dollars (\$9,000) per eligible student in an amount,
7 per year per eligible student, of up to the sum of the following from the prior fiscal year: the State
8 allocation per funded child with disabilities plus eighty-five percent (85%) of the average State
9 per pupil allocation, except for the allocation for children with disabilities, for the fiscal school
10 year in for which the application is received, except for eligible part-time students, who shall be
11 awarded scholarships each year for an amount not to exceed four thousand five hundred dollars
12 (\$4,500) fifty percent (50%) of the sum from the prior fiscal year as described in this subsection
13 per eligible student for the fiscal school year in for which the application is received. Any funds
14 remaining in an electronic account provided under subsection (b2) of this section at the end of a
15 school year for eligible students who qualify only under this subsection shall be returned to the
16 Authority.

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

21 (1) Autism.

22 (2) Hearing impairment.

23 (3) Moderate or severe intellectual or developmental disability.

24 (4) Multiple, permanent orthopedic impairments.

25 (5) Visual impairment.

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

33 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for
34 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive
35 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each
36 quarter semester of the fiscal school year. The first deposit of funds to a PESA shall be subject
37 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then
38 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the
39 electronic account at the beginning of the fiscal school year. After the initial disbursement of
40 funds, each subsequent, quarterly semester disbursement of funds shall be subject to the
41 submission by the parent of an expense report. The expense report shall be submitted
42 electronically and shall include documentation that the student received an education, as
43 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter semester.
44 The debit card or the electronic account shall be renewed upon the receipt of the parental
45 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal
46 school years. Any funds remaining on the card or in the electronic account at the end of the fiscal
47 year may be carried forward to the next fiscal year if the card or electronic account is renewed.
48 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall
49 be returned to the Authority.

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

- 1 (1) An eligible student under this Article may receive, in addition to a PESA, a
2 scholarship under Part 2A of Article 39 of this Chapter.
- 3 (2) ~~An eligible student under this Article may receive, in addition to a PESA and
4 a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under
5 the special education scholarship program for children with disabilities
6 pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or
7 more of the following disabilities:~~
- 8 a. ~~Autism.~~
- 9 b. ~~Developmental disability.~~
- 10 c. ~~Hearing impairment.~~
- 11 d. ~~Moderate or severe intellectual disability.~~
- 12 e. ~~Multiple, permanent orthopedic impairments.~~
- 13 f. ~~Visual impairment.~~

14 (d) Applications Not Public Records. – Applications for scholarship funds and personally
15 identifiable information related to eligible students receiving funds shall not be a public record
16 under Chapter 132 of the General Statutes. For the purposes of this section, personally
17 identifiable information means any information directly related to a student or members of a
18 student's household, including the name, birthdate, address, Social Security number, telephone
19 number, e-mail address, or any other information or identification number that would provide
20 information about a specific student or members of a specific student's household.

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

- 24 (1) ~~The by having the child has been assessed by a local education agency and
25 determined the local education agency determining the child to be a child with
26 a disability and with that outcome ~~is~~ verified by the local education agency on
27 a form provided to the Authority.~~
- 28 (2) ~~The child was initially assessed by a local education agency and determined
29 to be a child with a disability and, following receipt of a scholarship awarded
30 pursuant to Part 1H of Article 9 of this Chapter, was determined to have
31 continuing eligibility, as provided in G.S. 115C-112.6(e)(2), by the assessing
32 psychologist or psychiatrist. Both the initial verification from the local
33 education agency and the continuing verification by the assessing
34 psychologist or psychiatrist shall be provided on a form to the Authority.~~

35 **"§ 115C-593. Student continuing eligibility.**

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

- 38 (1) The local education agency. – The local education agency shall assess if the
39 student continues to be a child with a disability and verify the outcome on a
40 form to be provided to the Authority.
- 41 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –
42 The psychologist or psychiatrist shall assess, after review of appropriate
43 medical and educational records, if the education and related services received
44 by the student in the nonpublic school setting have improved the child's
45 educational performance and if the student would continue to benefit from
46 placement in the nonpublic school setting. The psychologist or psychiatrist
47 shall verify the outcome of the assessment on a form to be provided to the
48 Authority.

49 **"§ 115C-594. Verification of ~~eligibility~~ eligibility; information from other State agencies.**

50 (a) Verification of Information. – The Authority may seek verification of information on
51 any application for the award of scholarship funds for a personal education ~~savings~~ student

1 account. ~~The Authority shall select and verify six percent (6%) of applications annually,~~
2 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish
3 rules for the verification process. If a household fails to cooperate with verification efforts, the
4 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

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

9 (c) By December 1 of each year, the Department of Public Instruction shall provide the
10 Authority the State allocation per funded child with disabilities and the average State per pupil
11 allocation for that fiscal year to determine the maximum scholarship amount for eligible students
12 to be awarded in the following fiscal year in accordance with G.S. 115C-592(b).

13 **"§ 115C-595. Parental agreement; use of funds.**

14 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship
15 recipient with a written agreement, applicable for each year the eligible student receives
16 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving
17 the scholarship funds. The agreement shall be submitted to the Authority electronically. The
18 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.
19 A parent or eligible student's failure to comply with this section shall result in a forfeit of
20 scholarship funds and those funds may be awarded to another eligible student. The parent shall
21 agree to the following conditions in order to receive scholarship funds under this Article:

- 22 (1) Use at least a portion of the scholarship funds to provide an education to the
23 eligible student in, at a minimum, the subjects of English language arts,
24 mathematics, social studies, and science.
- 25 (2) Unless the student is a part-time eligible student, release a local education
26 agency in which the student is eligible to attend under G.S. 115C-366 of all
27 obligations to educate the eligible student while the eligible student is
28 receiving scholarship funds under this Article. A parent of a student, other
29 than a part-time eligible student, who decides to enroll the student into the
30 local education agency or other North Carolina public school during the term
31 of the agreement shall notify the Authority to request a release from the
32 agreement and shall return any unexpended funds to the Authority.
- 33 (3) Use the scholarship funds deposited into a personal education ~~savings~~ student
34 account only for the following qualifying education expenses of the eligible
35 student:
 - 36 a. Tuition and fees for a ~~nonpublic school that meets the requirements of~~
37 ~~Part 1 or Part 2 of Article 39 of this Chapter and is subject to the~~
38 ~~requirements of G.S. 115C-562.5.~~ G.S. 115C-562.5 compliant school,
39 disbursed as provided in subdivision (1) of subsection (a1) of this
40 section.
 - 41 b. Textbooks required by a nonpublic school.
 - 42 c. Tutoring and teaching services provided by an individual or facility
43 accredited by a State, regional, or national accrediting organization.
 - 44 d. Curricula.
 - 45 e. Fees for nationally standardized norm-referenced achievement tests,
46 advanced placement tests, or nationally recognized college entrance
47 exams.
 - 48 f. Fees charged to the account holder for the management of the PESA.
 - 49 g. Fees for services provided by a public school, including individual
50 classes and extracurricular programs.

- 1 h. Premiums charged to the account holder for any insurance or surety
2 bonds required by the Authority.
3 i. Educational therapies from a licensed or accredited practitioner or
4 provider.
5 j. Educational technology defined by the Authority as approved for use
6 pursuant to ~~Part 1H of Article 9 of this Chapter~~. G.S. 115C-591(2a).
7 k. Student transportation, pursuant to a contract with an entity that
8 regularly provides student transportation, to and from (i) a provider of
9 education or related services or (ii) an education activity.
10 l. Transaction or merchant fees charged to the account holder, not to
11 exceed two and one-half percent (2.5%) of the cost of the item or
12 service.

13 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding
14 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible
15 student may pay tuition to Part 1 or 2 nonpublic schools that are not
16 G.S. 115C-562.5 compliant schools with funds other than funds available in
17 the personal education student account and then request reimbursement from
18 the Authority from scholarship funds if the parent complies with the
19 provisions of subdivision (2) of subsection (a1) of this section.

- 20 (4) Not use scholarship funds for any of the following purposes:
21 a. Computer hardware or other technological devices not defined by the
22 Authority as educational technology approved for use pursuant to ~~Part~~
23 ~~1H of Article 9 of this Chapter~~. G.S. 115C-591(2a).
24 b. Consumable educational supplies, including paper, pen, or markers.
25 c. Tuition and fees at an institution of higher education, as defined in
26 G.S. 116-143.1, or a private postsecondary institution.
27 d. Tuition and fees for a nonpublic school that meets the requirements of
28 Part 3 of Article 39 of this Chapter.

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

33 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
34 times each school year, scholarship funds from the personal education student
35 account for eligible students who attend G.S. 115C-562.5 compliant schools.
36 The funds shall be remitted to the G.S. 115C-562.5 compliant school for
37 endorsement by at least one of the student's parents. The parent shall
38 restrictively endorse the scholarship funds awarded to the eligible student for
39 deposit into the account of the G.S. 115C-562.5 compliant school to the credit
40 of the eligible student. The parent shall not designate any entity or individual
41 associated with the school as the parent's attorney-in-fact to endorse the
42 scholarship funds. A parent's failure to comply with this subdivision shall
43 result in forfeiture of the scholarship funds for tuition. Scholarship funds
44 forfeited for failure to comply with this subdivision shall be returned to the
45 Authority to be awarded to another student.

46 (2) Reimbursement for tuition. – The parent of an eligible student who enrolls in
47 a school that is (i) a North Carolina public school other than the public school
48 to which that student would have been assigned as provided in G.S. 115C-366
49 or (ii) a Part 1 or 2 nonpublic school that is not a G.S. 115C-562.5 compliant
50 school may pay tuition directly to the school with funds other than scholarship
51 funds and request reimbursement with funds available in the personal

1 education student account under subdivision (3a) of subsection (a) of this
2 section. However, the Authority shall not reimburse the parent prior to the
3 midpoint of each semester. A parent may only receive reimbursement for
4 tuition if the parent provides documentation to the Authority that the student
5 is enrolled in the school.

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

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

12 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**
13 **savings-student account information.**

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

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

20 **"§ 115C-597. Administration.**

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

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

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

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

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

40 ~~(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship~~
41 ~~funds under this Article, the Authority may retain up to two hundred fifty thousand dollars~~
42 ~~(\$250,000) each fiscal year for administrative costs associated with the program, including~~
43 ~~contracting with non-State entities for administration of certain components of the program.~~

44 **"§ 115C-598. Reporting requirements.**

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

- 47 (1) Total number, grade level, race, ethnicity, and sex of eligible students
48 receiving scholarship funds.
- 49 (2) Total amount of scholarship funding awarded.
- 50 (3) Number of students previously enrolled in public schools in the prior semester
51 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 (\$1,000,000) each fiscal year to the Reserve for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the program in accordance with this Article:

<u>Fiscal Year</u>	<u>Appropriation</u>
<u>2023-2024</u>	<u>\$32,643,166</u>
<u>2024-2025</u>	<u>\$33,643,166</u>

1	<u>2025-2026</u>	\$34,643,166
2	<u>2026-2027</u>	\$35,643,166
3	<u>2027-2028</u>	\$36,643,166
4	<u>2028-2029</u>	\$37,643,166
5	<u>2029-2030</u>	\$38,643,166
6	<u>2030-2031</u>	\$39,643,166
7	<u>2031-2032</u>	\$40,643,166
8	<u>2032-2033 and each subsequent fiscal year thereafter</u>	\$41,643,166

9 When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified
 10 in this subsection, the Director of the Budget shall include the appropriated amount specified in
 11 this subsection for that fiscal year.

12 (c) Administrative Funds. – Of the funds allocated to the Authority to award scholarships
 13 pursuant to this section, the Authority may retain up to four percent (4%) of the funds
 14 appropriated each fiscal year for administrative costs associated with the program, including
 15 contracting with non-State entities for administration of certain components of the program."

16 **SECTION 8A.3.(m)** It is the intent of the General Assembly to move the Special
 17 Education Scholarships for Children with Disabilities and the Personal Education Savings
 18 Account program funding, in addition to any other funds appropriated by the General Assembly
 19 for the Personal Education Student Accounts for Children with Disabilities Program, into the
 20 Personal Education Student Account Fund Reserve established under G.S. 115C-600, as enacted
 21 by this section, so that funds appropriated for scholarships in a fiscal year are awarded to students
 22 for the school year in the following fiscal year.

23 **SECTION 8A.3.(n)** Notwithstanding G.S. 115C-592, as amended by this section, a
 24 student who was awarded scholarship funds for a Personal Education Savings Account (PESA)
 25 pursuant to Article 41 of Chapter 115C of the General Statutes for the 2021-2022 school year or
 26 a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the
 27 General Statutes for the 2021-2022 school year shall receive priority in the award of scholarship
 28 funds under G.S. 115C-592 for a personal education student account for the 2022-2023 school
 29 year if the student applies by March 1, 2022.

30 **SECTION 8A.3.(o)** Part 1H of Article 9 of Chapter 115C of the General Statutes is
 31 repealed.

32 **SECTION 8A.3.(p)** G.S. 115C-555(4) reads as rewritten:

33 "(4) It receives no funding from the State of North Carolina. For the purposes of
 34 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~
 35 ~~Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to
 36 eligible students attending a nonpublic school shall not be considered funding
 37 from the State of North Carolina."

38 **SECTION 8A.3.(q)** G.S. 115C-567.1(a), as enacted by subsection (j) of this section,
 39 reads as rewritten:

40 "(a) The State Education Assistance Authority, in its administration of scholarship
 41 programs for eligible students pursuant to Part 2A of this ~~Article, Article and Article 41 of this~~
 42 ~~Chapter, and Part 1H of Article 9 of this Chapter~~ may contract with a nonprofit corporation
 43 representing parents and families, for outreach and scholarship education, program promotion,
 44 and application assistance for parents and students. The Authority shall issue a request for
 45 proposals in order to enter into a contract with a nonprofit corporation that meets the following
 46 requirements during the term of the contract:

- 47 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
 48 Statutes and comply at all times with the provisions of section 501(c)(3) of the
 49 Internal Revenue Code.
- 50 (2) Employ sufficient staff who have demonstrated a capacity of direct parent and
 51 family outreach, program promotion, procedural knowledge to assist parents

1 through scholarship application process and provide guidance on the
2 scholarship grant program, including by doing the following:

- 3 a. One-on-one parent and family engagement.
- 4 b. Scholarship education and public awareness.

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

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

8 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
9 at the call of its chair."

10 **SECTION 8A.3.(r)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of
11 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

12 **SECTION 8A.3.(s)** G.S. 105-153.5(b)(12) reads as rewritten:

13 "(12) The amount deposited during the taxable year to a personal education ~~savings~~
14 student account under Article 41 of Chapter 115C of the General Statutes."

15 **SECTION 8A.3.(t)** This section does not affect the rights or liabilities of the State,
16 a taxpayer, or another person arising under a statute amended by this section before the effective
17 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued
18 under the amended statute before the effective date of its amendment.

19 **SECTION 8A.3.(u)** Authorize Counties to Use Local Funds to Supplement K-12
20 Scholarships. – G.S. 153A-149(c) is amended by adding a new subdivision to read:

21 "(17a) K-12 Scholarship Programs. – To provide supplemental funds for students
22 receiving K-12 scholarships for educational purposes as authorized by
23 G.S. 153A-460."

24 **SECTION 8A.3.(v)** Article 23 of Chapter 153A of the General Statutes is amended
25 by adding a new section to read:

26 "**§ 153A-460. K-12 scholarship programs.**

27 (a) For the purposes of this section, a K-12 scholarship is a State-funded scholarship
28 awarded to a student for educational purposes in accordance with Part 2A of Article 39 or Article
29 41 of Chapter 115C of the General Statutes.

30 (b) Each county is authorized to appropriate funds in accordance with subsection (c) of
31 this section to provide an amount of up to one thousand dollars (\$1,000) per child residing in the
32 county who meets all of the following requirements to supplement a qualifying child's
33 scholarship:

34 (1) The child has been awarded a K-12 scholarship for the school year.

35 (2) The child is enrolled in a nonpublic school located within the county for the
36 school year.

37 (c) The county may request, no later than January 15 annually, de-identified data from
38 the State Education Assistance Authority on the number of students receiving K-12 scholarship
39 funds, by type of K-12 scholarship, in the current fiscal year who both live in that county and
40 attend a nonpublic school in that county. The county shall use this information as a basis for
41 determining the amount of funds to appropriate for award of supplemental funds for the following
42 fiscal year. The county may provide supplemental funds for eligible students receiving
43 scholarships under one or both of the qualifying K-12 scholarships.

44 (d) A county appropriating funds pursuant to this section shall remit the appropriated
45 funds to the State Education Assistance Authority for expenditure to supplement K-12
46 scholarships awarded for the school year occurring in that fiscal year no later than July 15
47 annually. The State Education Assistance Authority shall act as the fiscal agent for the county in
48 the disbursement of funds to eligible students pursuant to G.S. 115C-562.2(f) or
49 G.S. 115C-592(f), as applicable."

50 **SECTION 8A.3.(w)** G.S. 115C-562.2 is amended by adding a new subsection to
51 read:

1 "(f) A county may provide funds to supplement scholarships for eligible students residing
2 within the county pursuant to G.S. 153A-460 for a school year. The Authority shall require
3 applicants to state their county of residence in the application and may verify residency as
4 provided in G.S. 115C-562.3. When requested by January 15, the Authority shall provide
5 de-identified data to a county by February 15 on the number of students who, in the current school
6 year, (i) received scholarship grants pursuant to this Part, (ii) resided in the county, and (iii) were
7 enrolled in a nonpublic school located in the county. If a county appropriates supplemental funds
8 for scholarships pursuant to G.S. 153A-460, the Authority shall disburse up to one thousand
9 dollars (\$1,000) in scholarship funds for that school year to each eligible student residing in that
10 county who is enrolled in a nonpublic school located in the county to supplement the scholarship
11 grants awarded pursuant to this Part. Funds disbursed to eligible students under this subsection
12 shall be subject to the same limitations and requirements as scholarship grants provided with
13 State funds under this Part and shall supplement but not supplant State funds. The Authority shall
14 return to the county any unused funds at the end of each fiscal year. The Authority shall adopt
15 rules for the disbursement of funds pursuant to this subsection."

16 **SECTION 8A.3.(x)** G.S. 115C-592 is amended by adding a new subsection to read:

17 "(f) Supplemental Local Scholarship Funds. – A county may provide supplemental
18 scholarship funds for eligible students residing within the county pursuant to G.S. 153A-460 for
19 a school year. The Authority shall require applicants to state their county of residence in the
20 application and may verify residency as provided in G.S. 115C-594. When requested by January
21 15, the Authority shall provide de-identified data to a county by February 15 on the number of
22 students who, in the current school year, (i) received scholarships pursuant to this Article, (ii)
23 resided in the county, and (iii) were enrolled in a nonpublic school located in the county. If a
24 county appropriates supplemental funds for scholarships pursuant to G.S. 153A-460, the
25 Authority shall disburse up to one thousand dollars (\$1,000) in scholarship funds for that school
26 year to each eligible student residing in that county who is enrolled in a nonpublic school located
27 in the county to supplement the scholarship funds awarded pursuant to this Article. Funds
28 disbursed to eligible students under this subsection shall be subject to the same limitations and
29 requirements as scholarship funds provided with State funds under this Article and shall
30 supplement but not supplant State funds. The Authority shall return to the county any unused
31 funds at the end of each fiscal year. The Authority shall adopt rules for the disbursement of funds
32 pursuant to this subsection."

33 **SECTION 8A.3.(y)** Notwithstanding G.S. 115C-562.8(d), as enacted by subsection
34 (i) of this section, of the funds appropriated in the 2019-2020 fiscal year for the award of
35 scholarship grants for the 2020-2021 school year pursuant to G.S. 115C-562.8, the State
36 Education Assistance Authority may use up to three hundred thousand dollars (\$300,000) for the
37 2021-2022 fiscal year of any unexpended funds available at the end of the 2020-2021 fiscal year
38 for the purpose of establishing the infrastructure for the supplemental local scholarship funds.

39 **SECTION 8A.3.(z)** Subsections (a) and (b) of this section apply beginning with
40 applications for scholarship funds for the spring semester of the 2021-2022 school year.
41 Subsections (d) through (h) of this section apply beginning with applications for scholarship
42 funds for the 2022-2023 school year. Subsections (i) and (j) of this section are effective June 30,
43 2021. Subsection (l) of this section applies to applications for scholarship funds beginning with
44 the 2022-2023 school year. Subsections (o) through (r) of this section become effective July 1,
45 2022. Subsection (s) of this section applies to taxable years beginning on or after January 1, 2022.
46 Subsections (u) through (x) of this section apply beginning with county budget ordinances
47 adopted for the 2022-2023 fiscal year that provide funds for students receiving scholarship funds
48 for the 2022-2023 school year. Subsection (y) of this section is effective June 30, 2021.

49
50 **SEAA GOVERNANCE STRUCTURE MODIFICATIONS/BUDGET CODE CHANGES**

51 **SECTION 8A.4.(a)** G.S. 116-203 reads as rewritten:

1 **"§ 116-203. Authority created as subdivision of State; appointment, terms and removal of**
2 **board of directors; officers; quorum; expenses and compensation of directors.**

3 (a) Authority Created. – There is created and constituted a political subdivision of the
4 State to be known as the "State Education Assistance ~~Authority.~~"-Authority" (Authority) to be
5 housed administratively within The University of North Carolina System Office for
6 organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers
7 conferred by this Article shall be deemed and held to be the performance of an essential
8 governmental ~~function.~~function in administering a system of financial assistance to qualified
9 students of the State. The Authority shall exercise its statutory powers independently from the
10 System Office and the Board of Governors of The University of North Carolina.

11 (b) Membership. – The Authority shall be governed by a board of directors consisting of
12 nine members, seven of whom shall be appointed ~~by the Governor~~ and two of whom shall be ex
13 ~~officio. The members shall be officio~~ as follows:

14 (1) Seven members appointed ~~by the Governor, three of whom~~ according to the
15 following:

16 a. The Board of Governors of The University of North Carolina shall
17 appoint the following members:

18 1. One member who shall have expertise in secondary or higher
19 education, ~~two of whom~~ education.

20 2. One member who shall be a chief financial officer or chief
21 administrative officer from a nonpublic school that enrolls
22 students receiving scholarship funds pursuant to Part 2A of
23 Article 39 of Chapter 115C of the General Statutes.

24 3. One member who shall have expertise in ~~finance, one of whom~~
25 finance.

26 b. The Governor shall appoint the following members:

27 1. One member who shall have expertise in finance.

28 2. One member who shall have expertise in secondary or higher
29 education.

30 3. One member who shall be a member of the public at large with
31 an interest in higher education, ~~and one of whom~~ education.

32 4. One member who shall be a chief financial officer from a
33 college or university that is a member of North Carolina
34 Independent Colleges and Universities, Inc., appointed upon
35 the recommendation of North Carolina Independent Colleges
36 and Universities, Inc.

37 (2) The chief financial officer of The University of North Carolina shall serve as
38 an ex officio member.

39 (3) The chief financial officer of the North Carolina Community College System
40 shall serve as an ex officio member.

41 (c) Terms. – Members appointed ~~by the Governor~~ pursuant to subdivision (1) of
42 subsection (b) of this section shall serve for a term of four years and until their successors are
43 appointed and duly qualified. Immediately after appointment, the directors shall enter upon the
44 performance of their duties.

45 (d) Vacancies. – A vacancy in an appointment ~~made by the Governor~~ shall be filled by
46 the ~~Governor~~ appointing authority in the same manner as the original appointment for the
47 remainder of the unexpired term.

48 (e) Removal. – The ~~Governor~~ appointing authority may remove any member of the board
49 of directors appointed by the ~~Governor~~ that authority for misfeasance, malfeasance, or
50 nonfeasance.

1 (f) Officers. – The board shall annually elect one of its members as chair and another as
 2 ~~vice chair and shall also elect annually a secretary, or a secretary treasurer, who may or may not~~
 3 ~~be a member of the board. vice-chair.~~ The chair, or in the chair's absence, the vice-chair, shall
 4 preside at all meetings of the board. In the absence of both the chair and vice-chair, the board
 5 shall appoint a chair pro tempore, who shall preside at such meetings.

6 (f1) Executive Director. – The President of The University of North Carolina shall appoint
 7 the Executive Director of the Authority, who shall be the Authority's principal executive officer,
 8 and the Executive Director shall be responsible to the President. The Executive Director shall
 9 serve as secretary to the board of directors.

10 (g) Quorum. – Five directors shall constitute a quorum for the transaction of the business
 11 of the Authority, and no vacancy in the membership of the board shall impair the right of a
 12 quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote
 13 of at least a majority of the members of the board present at any meeting is required for the
 14 adoption of any resolution or motion or for other official action.

15 (h) Expenses. – The members of the board shall receive per diem and allowances as
 16 provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from
 17 funds provided under this Article, or as otherwise provided."

18 **SECTION 8A.4.(b)** G.S. 116-204 reads as rewritten:

19 **"§ 116-204. Powers of Authority.**

20 The Authority is hereby authorized and empowered:

- 21 (1) To fix and revise from time to time and charge and collect fees for its acts and
 22 ~~undertakings;undertakings.~~
- 23 (2) To establish rules and regulations concerning its acts and
 24 ~~undertakings;undertakings.~~
- 25 (3) To acquire, hold and dispose of personal property in the exercise of its powers
 26 and the performance of its ~~duties;duties.~~
- 27 (4) To make and enter into all contracts and agreements necessary or incidental
 28 to the performance of its duties and the execution of its powers under this
 29 ~~Article;Article.~~
- 30 (5) To employ, ~~in its discretion,~~ upon approval by the President of The University
 31 of North Carolina or his or her designee, consultants, attorneys, accountants,
 32 ~~and financial experts, superintendents, managers~~ financial professionals,
 33 liaison personnel, clerical staff, and such other employees and agents as may
 34 be necessary in its judgment, and to fix their compensation to be payable from
 35 funds made available to the Authority by law;from any funds made available
 36 to the Authority through appropriations by the General Assembly, the
 37 availability of receipts, or both.
- 38 (6) To receive and accept from any federal or private agency, corporation,
 39 association or person grants to be expended in accomplishing the objectives
 40 of the Authority, and to receive and accept from the State, from any
 41 municipality, county or other political subdivision thereof and from any other
 42 source aid or contributions of either money, property, or other things of value,
 43 to be held, used and applied only for the purposes for which such grants and
 44 contributions may be ~~made;made.~~
- 45 (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and
 46 to make and from time to time amend and repeal bylaws, rules and regulations
 47 not inconsistent with law to carry into effect the powers and purposes of the
 48 ~~Authority;Authority.~~
- 49 (8) To do all other acts and things necessary or convenient to carry out the powers
 50 expressly granted in this Article; provided, however, that nothing in this

1 Article shall be construed to empower the Authority to engage in the business
2 of banking or insurance.

3 (9) To collect loan repayments for loans awarded under the Teaching Fellows
4 Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding
5 for more than 30 days.

6 (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund
7 for Prospective Teachers pursuant to Article 32A of Chapter 115C of the
8 General Statutes if the loan repayment is outstanding for more than 30 days.

9 (11) To administer the awarding of scholarship grants to students attending
10 nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the
11 General Statutes.

12 (12) To administer the coordinated and centralized process for determining
13 residency for tuition and State-funded financial aid purposes that is jointly
14 developed and implemented by The University of North Carolina, the North
15 Carolina Community College System, and the Authority, in consultation with
16 the North Carolina Independent Colleges and Universities.

17 (13) To collect loan repayments for scholarship loans awarded under the former
18 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan
19 repayment is outstanding for more than 30 days."

20 **SECTION 8A.4.(c)** G.S. 116-205 reads as rewritten:

21 "**§ 116-205. Title to property; use of State lands; offices.**

22 (a) Title to any property acquired by the Authority shall be taken in the name of the
23 Authority.

24 (b) The State hereby consents, subject to the approval of the ~~Governor~~ Governor, the
25 Board of Governors of The University of North Carolina, and Council of State, to the use of any
26 other lands or property owned by the State, which are deemed by the Authority to be necessary
27 for its purposes.

28 (c) ~~The~~ Upon approval by The University of North Carolina System Office, the Authority
29 may establish such offices in ~~state-owned~~ State-owned or rented structures as it deems
30 appropriate for its purposes."

31 **SECTION 8A.4.(d)** G.S. 116-209.14 reads as rewritten:

32 "**§ 116-209.14. Annual reports.**

33 The Authority shall, following the close of each fiscal year, publish an annual report of its
34 activities for the preceding year to the ~~Governor~~ Board of Governors of The University of North
35 Carolina, the Governor, and the General Assembly. Each report shall set forth a complete
36 operating and financial statement covering the operations of the Authority during the year. The
37 operations of the Authority shall be subject to the oversight of the State Auditor pursuant to
38 Article 5A of Chapter 147 of the General Statutes."

39 **SECTION 8A.4.(e)** G.S. 116-209.21 is repealed.

40 **SECTION 8A.4.(f)** Notwithstanding any other provision of law to the contrary, the
41 Director of the Budget shall, in consultation with The University of North Carolina and the North
42 Carolina State Education Assistance Authority, make necessary permanent adjustments to The
43 University of North Carolina's certified budget for the 2021-2022 fiscal year to ensure that State
44 appropriations for programs administered by the State Education Assistance Authority are clearly
45 identified in a separate budget code or budget codes from the funds for the programs and for the
46 support of the operations of The University of North Carolina System Office. The budget code
47 changes authorized by this section are effective from July 1, 2021, and shall be reflected in the
48 base budget for the 2023-2025 fiscal biennium.

49 **SECTION 8A.4.(g)** For the board of directors of the State Education Assistance
50 Authority, subsection (a) of this section applies to the appointment of seats expiring or the
51 appointment to fill vacancies in seats occurring on or after the date this act becomes law.

1 Notwithstanding G.S. 116-203, as amended by this act, upon the next vacancies for seats for (i)
2 a member who has expertise in finance and (ii) a member who has expertise in secondary or
3 higher education, the Board of Governors of The University of North Carolina shall appoint the
4 member to fill that vacant seat in accordance with G.S. 116-203(b)(1).

5 **SECTION 8A.4.(h)** Except as otherwise provided, this section is effective the date
6 this act becomes law.

8 **CHANGES TO THE NC PRINCIPAL FELLOWS/TP3 PROGRAM**

9 **SECTION 8A.6.** Article 5C of Chapter 116 of the General Statutes reads as
10 rewritten:

11 "Article 5C.

12 "North Carolina Principal Fellows ~~and Transforming Principal Preparation Program.~~

13 **"§ 116-74.41. North Carolina Principal Fellows ~~and TP3 Commission established;~~**
14 **membership.**

15 (a) There is established the North Carolina Principal Fellows ~~and TP3 Commission.~~ The
16 Commission shall exercise its powers and duties independently in its administration of the North
17 Carolina Principal Fellows ~~and Transforming Principal Preparation Program~~ in accordance with
18 this Article. The Director of the Program shall staff the Commission in accordance with
19 G.S. 116-74.49. The State Education Assistance Authority as created in G.S. 116-203 shall be
20 responsible for awarding grants upon selection of the recipients by the Commission in accordance
21 with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling
22 through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48.

23 ...

24 **"§ 116-74.41A. Definitions.**

25 For the purposes of this Article, the following definitions apply:

- 26 (1) Authority or SEAA. – The State Education Assistance Authority as created in
27 G.S. 116-203.
- 28 (2) Commission. – The North Carolina Principal Fellows ~~and TP3 Commission.~~
- 29 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of
30 higher education that has an evidence-based plan for preparing school leaders
31 who implement school leadership practices linked to increased student
32 achievement.
- 33 (4) High-need local school administrative unit. – A local school administrative
34 unit with the majority of its schools deemed to be high-need schools as defined
35 in subdivision (5) of this subsection.
- 36 (5) High-need school. – A public school that meets one or more of the following
37 criteria:
- 38 a. Is a school identified under Part A of Title I of the Elementary and
39 Secondary Education Act of 1965, as amended.
- 40 b. Is a persistently low-achieving school, as identified by the Department
41 of Public Instruction for purposes of federal accountability.
- 42 c. A middle school containing any of grades five through eight that feeds
43 into a high school with less than a seventy-five percent (75%)
44 four-year cohort graduation rate.
- 45 d. A high school with less than a seventy-five percent (75%) four-year
46 cohort graduation rate.
- 47 (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- 48 (7) Principal. – The highest administrative official in a public school building
49 with primary responsibility for the instructional leadership, talent
50 management, and organizational development of the school.
- 51 (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.

- 1 (9) Program. – The North Carolina Principal Fellows ~~and Transforming Principal~~
 2 ~~Preparation~~ Program established pursuant to G.S. 116-74.44.
- 3 (10) Public school. – An elementary or secondary school located in North Carolina
 4 that is operated by a local board of education, charter school board of
 5 directors, regional school board of directors, chancellor for a University of
 6 North Carolina laboratory school, an innovative school operator, or the United
 7 States government.
- 8 (11) School leader. – An individual employed in a school leadership role, including
 9 principal or assistant principal roles.
- 10 (12) Student achievement. – At the whole school level, after three years of leading
 11 a school, consistent and methodologically sound measures of:
 12 a. Student academic achievement.
 13 b. Aggregated individual student academic growth.
 14 c. Additional outcomes, such as high school graduation rates, the
 15 percentage of students taking advanced-level coursework, or the
 16 percentage of students who obtain a career-related credential through
 17 a national business certification exam.
- 18 (13) Trust Fund. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund
 19 established pursuant to G.S. 116-74.41B.

20 **"§ 116-74.41B. The North Carolina Principal Fellows ~~and TP3~~ Trust Fund.**

21 (a) Trust Fund Established. – The North Carolina Principal Fellows ~~and TP3~~ Trust Fund
 22 shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated
 23 to, or otherwise received by, (i) the Program for the award of grants pursuant to G.S. 116-74.44,
 24 (ii) all funds received as repayment of scholarship loans, including under the former Principal
 25 Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation
 26 Program under G.S. 116-209.77, and (iii) all interest earned on these funds shall be placed in the
 27 Trust Fund.

28 (b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only
 29 for the purposes set forth in this subsection, including the award of grants pursuant to
 30 G.S. 116-74.44, administrative costs, and costs associated with Program operations in
 31 accordance with this Article. The Authority may use up to two percent (2%) of the funds
 32 appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust
 33 Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds
 34 advanced under the Program, and may allocate to the Commission up to eight hundred thousand
 35 dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- 36 (1) The salary and benefits of the director and staff of the Program.
 37 (2) The expenses of the Commission to administer the Program.
 38 (3) Program monitoring and evaluation.
 39 (4) Extracurricular enhancement activities for the Program.
 40 (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.

41 Within funds available in the Trust Fund that are not otherwise obligated for grant awards,
 42 the Commission may also approve that monies in the Trust Fund be used for program monitoring
 43 and evaluation and for program enhancement resources that are intended to improve the program
 44 outcomes. These funds are in addition to any funds allocated to the Commission for these
 45 purposes under this subsection.

46 ...

47 **"§ 116-74.44. North Carolina Principal Fellows ~~and Transforming Principal Preparation~~**
 48 **Program established; administration.**

49 (a) Established. – There is established the North Carolina Principal Fellows ~~and~~
 50 ~~Transforming Principal Preparation~~ Program as a competitive grant program for eligible entities
 51 for the purpose of elevating educators in North Carolina public schools by transforming the

1 preparation of principals across the State and providing for forgivable scholarship loans to the
 2 participants of those school leader preparation programs. The Authority shall administer the
 3 North Carolina Principal Fellows ~~and Transforming Principal Preparation Program~~ in
 4 collaboration with the Commission as set forth in this Article to provide funds for the preparation
 5 and support of highly effective future school principals in North Carolina.

6 ...

7 **"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;
 8 reporting requirements.**

9 ...

10 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority
 11 of its decisions on the duration and renewal of grants to eligible entities made in accordance with
 12 the following:

13 ...

14 (3) In evaluating performance for purposes of grant renewal and making its
 15 renewal decisions to provide to the Authority, the Commission shall consider
 16 at least the following:

17 a. For all grantees, the primary consideration in renewing grants shall be
 18 the extent to which program participants improved student
 19 achievement in eligible schools.

20 b. Other criteria from data received in the annual report in subsection (d)
 21 of this section may include the following:

22 1. The percentage of program completers who are placed as
 23 school leaders in this State within three years of receiving a
 24 grant.

25 2. The percentage of program completers who are rated proficient
 26 or above on the North Carolina School Executive Evaluation
 27 Rubric.

28 3. The use of a rigorous, annual assessment process of each
 29 aspiring school leader.

30 4. The inclusion of a robust coaching model for each aspiring
 31 school leader throughout the residency.

32 ...

33 **"§ 116-74.49. Staff to the Commission.**

34 The Commission shall appoint a director of the North Carolina Principal Fellows ~~and~~
 35 ~~Transforming Principal Preparation Program~~. The director shall chair and staff the Commission
 36 and shall administer the extracurricular enhancement activities of the Program. The University
 37 of North Carolina System Office shall provide office space for the Program. The office space
 38 shall not be located on the campus of a constituent institution."

39

40 **STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S**
 41 **SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

42 **SECTION 8A.7.(a)** G.S. 116-204 reads as rewritten:

43 **"§ 116-204. Powers of Authority.**

44 The Authority is hereby authorized and empowered:

45 ...

46 (11a) To be responsible for the disbursement and accounting of funds for the State's
 47 Scholarships for Children of Wartime Veterans established by Part 2 of Article
 48 14 of Chapter 143B of the General Statutes.

49"

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

51 **"§ 116B-7. Distribution of fund.**

1 ...
2 (b) An amount specified in the Current Operations Appropriations Act shall be
3 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~
4 Board of Governors of The University of North Carolina to be allocated to the State Education
5 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans
6 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be
7 used only for residents of this State who (i) are worthy and needy as determined by the
8 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher
9 education of this State."

10 **SECTION 8A.7.(c)** G.S. 143B-1211 reads as rewritten:

11 "**§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

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

14 ...

15 (11) Manage and maintain the State's Scholarships for Children of Wartime
16 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the
17 General Statutes and in support of the Veterans' Affairs
18 ~~Commission~~Commission; provided, however, the disbursement of
19 scholarships to the children of wartime veterans shall be performed by the
20 State Education Assistance Authority established pursuant to Article 23 of
21 Chapter 116 of the General Statutes.

22"

23 **SECTION 8A.7.(d)** G.S. 143B-1220 reads as rewritten:

24 "**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

25 There is hereby created the Veterans' Affairs Commission of the Department of Military and
26 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and
27 duties, as delegated by the Secretary of Military and Veterans Affairs:

28 ...

29 (3) To promulgate rules and regulations concerning the awarding of scholarships
30 for children of North Carolina veterans as provided by this Article. The
31 Commission shall make rules and regulations consistent with the provisions
32 of this Article. All rules and regulations not inconsistent with the provisions
33 of this Chapter heretofore adopted by the State Board of Veterans' Affairs
34 shall remain in full force and effect unless and until repealed or superseded by
35 action of the Veterans' Affairs Commission. All rules and regulations adopted
36 by the Commission shall be enforced by the Department of Military and
37 Veterans ~~Affairs~~Affairs and, in the disbursement of scholarships, the
38 Authority, as directed by the Department on behalf of the Commission; and

39"

40 **SECTION 8A.7.(e)** G.S. 143B-1224 reads as rewritten:

41 "**§ 143B-1224. Definitions.**

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

43 ...

44 (2a) "Authority" means the State Education Assistance Authority established
45 pursuant to Article 23 of Chapter 116 of the General Statutes.

46"

47 **SECTION 8A.7.(f)** G.S. 143B-1225 reads as rewritten:

48 "**§ 143B-1225. Scholarship.**

49 ...

50 (b) The Veterans' Affairs Commission shall select recipients for scholarships and notify
51 the Authority of the recipients for the disbursement of scholarships in accordance with the

1 provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans'
2 Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies
3 from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall
4 notify the recipient by May 1st of the year in which the recipient enrolls in college."

5 **SECTION 8A.7.(g)** G.S. 143B-1227 reads as rewritten:

6 **"§ 143B-1227. Administration and funding.**

7 (a) The administration of the scholarship program shall be vested in the Department of
8 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a
9 the responsibility of the Department of Military and Veterans Affairs. Authority. The Veterans'
10 Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,
11 establish the effective date of scholarships, and may notify the Authority of the need to suspend
12 or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not
13 comply with the registration requirements of the Selective Service System or does not maintain
14 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the
15 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the
16 peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain
17 the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such
18 rules and regulations not inconsistent with the other provisions of this Part as it deems necessary
19 for the orderly administration of the program. It may require of State or private educational
20 institutions, as defined in this Part, such reports and other information as it may need to carry out
21 the provisions of this Part. The Department of Military and Veterans Affairs Authority shall
22 disburse scholarship payments for recipients certified eligible by the Department of Military and
23 Veterans Affairs upon certification of enrollment by the enrolling institution.

24 (b) Funds for the support of this program shall be appropriated to the ~~Department of~~
25 ~~Military and Veterans Affairs Board of Governors of The University of North Carolina to be~~
26 allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,
27 and other charges, and shall be placed in a separate budget code from which disbursements shall
28 be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as
29 provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of
30 this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~
31 ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~
32 ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~
33 ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated
34 for payments under the provisions of this section shall be in accordance with those standards and
35 procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

36 (c) Allowances for room and board in State educational institutions shall be at such rate
37 as established by the Secretary of the Department of Military and Veterans Affairs.

38 (d) Scholarship recipients electing to attend a private educational institution shall be
39 granted a monetary allowance for each term or other academic period attended under their
40 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
41 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III
42 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course
43 or institution. The amount of ~~said the~~ allowances shall be determined by the Director of the
44 Budget and made known prior to the beginning of each fall quarter or semester; provided that the
45 Director of the Budget may change the allowances at intermediate periods when in his or her
46 judgment such changes are necessary. Disbursements by the State shall be to the private
47 institution concerned, for credit to the account of each recipient attending ~~said the~~ institution.
48 The manner of payment to any private institution shall be as prescribed by the ~~Department of~~
49 ~~Military and Veterans Affairs Authority.~~ The participation by any private institution in the
50 program shall be subject to the applicable provisions of this Part and to examination by State
51 auditors of the accounts of scholarship recipients attending or having attended private

1 institutions. The ~~Veterans' Affairs Commission Authority~~ may defer making an award or may
2 suspend an award in any private institution which does not comply with the provisions of this
3 Part relating to ~~said the~~ institutions.

4 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~
5 ~~Authority~~ may prescribe special procedures for adjusting the accounts of scholarship recipients
6 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory
7 to the ~~Veterans' Affairs Commission Authority~~ may withdraw from State or private educational
8 institutions prior to the completion of the term, semester, quarter or other academic period being
9 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,
10 paying the recipient the dollar value of his or her unused entitlements—scholarship for the
11 academic period being attended, with a corresponding deduction of this period from his or her
12 remaining scholarship eligibility time.

13 (f) From the funds appropriated from the General Fund each fiscal year to support the
14 program, the Authority may use up to one hundred fifty thousand dollars (\$150,000) each fiscal
15 year for administrative costs for the disbursement and accounting activities for the program."

16 **SECTION 8A.7.(h)** This section applies beginning with scholarships awarded for
17 the 2021-2022 academic year.

18 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

19 **SECTION 8A.8.(a)** Scholarship Program Established. – Of the funds appropriated
20 by this act for the 2021-2022 fiscal year to the Board of Governors of The University of North
21 Carolina for the Washington Center Internship Scholarship Program, the State Education
22 Assistance Authority (Authority) shall award scholarship grants to students who are residents of
23 North Carolina and are enrolled in their second year or higher in a constituent institution of The
24 University of North Carolina to attend a semester or summer term internship program at The
25 Washington Center for Internships and Academic Seminars (Washington Center) located in
26 Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines
27 and procedures established by the Authority consistent with its practices for administering
28 State-funded financial aid. The guidelines and procedures shall include an application process
29 and schedule, notification and disbursement procedures, standards for reporting, and standards
30 for return of funds when a student withdraws from the program. A student who meets the
31 eligibility criteria of the Washington Center to attend a semester or summer term internship
32 program may apply to the Authority for a grant to cover costs related to the internship program
33 in an amount of up to seven thousand dollars (\$7,000). The Authority shall award grants to
34 students in the order in which applications are received.

35 **SECTION 8A.8.(b)** Limitations on Grant Amount. – If a student who is eligible for
36 a grant pursuant to this section also receives a scholarship or other grant covering the cost of
37 attendance for the program, then the amount of the State grant shall be reduced by an appropriate
38 amount determined by the Authority. The Authority shall reduce the amount of the grant so that
39 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost
40 of attendance for the program, including program fees, housing, and incidental costs. The cost of
41 attendance shall be established by the Authority in accordance with information provided to the
42 Authority by the Washington Center.

43 **SECTION 8A.8.(c)** Internship Activities. – A student participating in the Washington
44 Center's program shall (i) intern four days a week with a nonprofit corporation, private company,
45 federal agency, or a member of the United States Congress, (ii) take an academic class taught by
46 the Washington Center's faculty, (iii) participate in career readiness training programs, and (iv)
47 be responsible for a final portfolio project outlining work completed during the program.
48 Students from all academic majors can participate and benefit from the program.

49 **SECTION 8A.8.(d)** Funds for the Program. – Any funds that are unencumbered for
50 the program at the end of each fiscal year shall not revert to the General Fund but shall remain
51

1 available for the purposes of this section. The Authority may use up to one percent (1%) of the
 2 funds appropriated each fiscal year for the program for administrative costs.

3 **SECTION 8A.8.(e)** Reporting. – By March 1, 2023, the Authority, in consultation
 4 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,
 5 the Senate Appropriations Committee on Education/Higher Education, the House of
 6 Representatives Appropriations Committee on Education, and the Fiscal Research Division on
 7 the implementation of the scholarship program, including the number of participating students
 8 and the amount of awards for each semester or summer term by constituent institution.

9 **SECTION 8A.8.(f)** This section applies beginning with the award of scholarship
 10 grants for the 2022 spring academic semester.

11
 12 **PRIVATE COLLEGES AND UNIVERSITIES/SUPPORT FOR RESPONSES TO THE**
 13 **COVID-19 PANDEMIC**

14 **SECTION 8A.9.(a)** Of the funds appropriated by this act to the Board of Governors
 15 of The University of North Carolina to be allocated to the State Education Assistance Authority
 16 (Authority) from the State Fiscal Recovery Fund, the Authority shall provide funds to eligible
 17 private postsecondary institutions, as defined in G.S. 116-280(3), by apportioning the funds to
 18 those institutions according to the following:

- 19 (1) The Authority shall first distribute funds to each eligible private
 20 postsecondary institution on the basis of two thousand five hundred dollars
 21 (\$2,500) per student who received a scholarship pursuant to Article 34 of
 22 Chapter 116 of the General Statutes in the 2019-2020 academic year.
- 23 (2) After the Authority distributes funds to eligible private postsecondary
 24 institutions pursuant to subdivision (1) of this section, the Authority shall
 25 distribute any remaining funds to eligible private postsecondary institutions
 26 that qualified to receive federal funds pursuant to section 314(a)(2) of the
 27 Coronavirus Response and Relief Supplemental Appropriations Act, 2021,
 28 P.L. 116-260, under one of the following programs:

- 29 a. Historically Black Colleges and Universities (HBCUs).
- 30 b. Minority Serving Institutions (MSIs).
- 31 c. Strengthening Institutions Program (SIPs).

32 Funds under this subdivision shall be distributed to an eligible private
 33 postsecondary institution in an amount proportional to the amount of federal
 34 funds the institution qualified for under the programs listed in
 35 sub-subdivisions a. through c. of this subdivision relative to the total amount
 36 of federal funds from the programs listed in sub-subdivisions a. through c. of
 37 this subdivision that were allocated to all of the qualifying eligible private
 38 postsecondary institutions.

39 **SECTION 8A.9.(b)** In applying the allocation methods set forth in subsection (a) of
 40 this section, the Authority shall distribute a total amount of funds to eligible private
 41 postsecondary institutions based on the following estimated schedule, provided funds may be
 42 subject to adjustment as the Authority deems necessary:

Institution	Amount of Funds
43 Barton College	\$1,534,341
44 Belmont Abbey College	\$1,142,500
45 Bennett College	\$3,014,603
46 Brevard College	\$823,752
47 Cabarrus College of Health Sciences	\$497,500
48 Campbell University	\$3,577,500
49 Carolinas College of Health Sciences	\$107,500
50 Catawba College	\$1,525,000

1	Chowan University	\$2,215,028
2	Davidson College	\$250,000
3	Duke University	\$552,500
4	Elon University	\$815,000
5	Gardner-Webb University	\$2,513,410
6	Greensboro College	\$1,212,992
7	Guilford College	\$1,905,616
8	High Point University	\$815,000
9	Johnson & Wales University-Charlotte	\$1,145,000
10	Johnson C. Smith University	\$14,312,710
11	Lees-McRae College	\$1,244,121
12	Lenoir-Rhyne University	\$2,602,301
13	Livingstone College	\$12,588,213
14	Louisburg College	\$1,358,141
15	Mars Hill University	\$1,777,095
16	Meredith College	\$1,742,500
17	Methodist University	\$1,923,884
18	Mid-Atlantic Christian University	\$254,757
19	Montreat College	\$858,684
20	North Carolina Wesleyan College	\$3,449,645
21	Pfeiffer University	\$1,702,892
22	Queens University of Charlotte	\$1,180,000
23	Salem College	\$955,697
24	Shaw University	\$11,861,809
25	Southeastern Baptist Theological Seminary	\$330,000
26	St. Andrews University	\$502,500
27	St. Augustine's University	\$8,123,866
28	University of Mount Olive	\$3,356,227
29	Wake Forest University	\$667,500
30	Warren Wilson College	\$505,000
31	William Peace University	\$1,310,218
32	Wingate University	\$3,739,997
33	Watts School of Nursing	\$5,000

34 **SECTION 8A.9.(c)** The funds distributed to eligible private postsecondary
35 institutions under this section shall be used to mitigate losses in revenue and to respond to the
36 negative impacts of the COVID-19 pandemic for any permissible uses allowed under federal law
37 and guidance, including, but not limited to, financial assistance for students, COVID-19 testing,
38 cleaning costs, personal protective equipment and any other necessary equipment, and ventilation
39 improvements for congregate settings.

40 **PART IX. HEALTH AND HUMAN SERVICES**

41 **PART IX-A. AGING AND ADULT SERVICES**

42 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

43 **SECTION 9A.1.(a)** For each year of the 2021-2023 fiscal biennium, the maximum
44 monthly rate for residents in adult care home facilities shall be one thousand one hundred
45 eighty-two dollars (\$1,182) per month per resident.

46 **SECTION 9A.1.(b)** For each year of the 2021-2023 fiscal biennium, the maximum
47 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five
48 hundred fifteen dollars (\$1,515) per month per resident.

1
2 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**
3 **ALLOWANCE**

4 **SECTION 9A.2.(a)** Effective October 1, 2021, the Department of Health and Human
5 Services, Division of Aging and Adult Services, shall increase the personal needs allowance
6 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month
7 per recipient to seventy dollars (\$70.00) per month per recipient.

8 **SECTION 9A.2.(b)** Effective October 1, 2021, and notwithstanding the increase in
9 the personal needs allowance authorized by subsection (a) of this section or any other provision
10 of law to the contrary, the following limits are applicable for determining financial eligibility for
11 State-County Special Assistance:

- 12 (1) The total countable monthly income for individuals residing in adult care
13 home facilities shall not exceed one thousand two hundred twenty-eight
14 dollars (\$1,228) per month.
15 (2) The total countable monthly income for individuals residing in
16 Alzheimer's/Dementia special care units shall not exceed one thousand five
17 hundred sixty-one dollars (\$1,561) per month.
18

19 **REMOVAL OF THE CAP ON THE NUMBER OF ALLOWABLE STATE-COUNTY**
20 **SPECIAL ASSISTANCE IN-HOME PAYMENTS**

21 **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

22 "(a) The Department of Health and Human Services may use funds from the existing
23 State-County Special Assistance budget to provide Special Assistance payments to eligible
24 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~
25 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The
26 standard monthly payment to individuals enrolled in the Special Assistance in-home program
27 shall be one hundred percent (100%) of the monthly payment the individual would receive if the
28 individual resided in an adult care home and qualified for Special Assistance, except if a lesser
29 payment amount is appropriate for the individual as determined by the local case manager. The
30 Department shall implement Special Assistance in-home eligibility policies and procedures to
31 assure that in-home program participants are those individuals who need and, but for the in-home
32 program, would seek placement in an adult care home facility. The Department's policies and
33 procedures shall include the use of a functional assessment."
34

35 **STATE-COUNTY SPECIAL ASSISTANCE PROGRAM CHANGES**

36 **SECTION 9A.3A.(a)** It is the intent of the General Assembly to provide greater
37 parity among individuals receiving benefits under the State-County Special Assistance Program
38 authorized under G.S. 108A-40 regardless if they elect to reside in an adult care home, a special
39 care unit, or an in-home living arrangement. To that end, by November 1, 2021, the Department
40 of Health and Human Services, Division of Aging and Adult Services, shall apply to the federal
41 Social Security Administration (SSA) for approval to allow eligible individuals residing in
42 in-home living arrangements to qualify for State-County Special Assistance under the Social
43 Security Optional State Supplement Program in the same manner as individuals residing in adult
44 care homes or special care units. Additionally, by November 1, 2021, the Department of Health
45 and Human Services, Division of Health Benefits, shall submit a State Plan amendment to the
46 Centers for Medicare and Medicaid Services (CMS) for approval to add Medicaid coverage for
47 individuals residing in in-home living arrangements who qualify for State-County Special
48 Assistance under the Social Security Optional State Supplement Program. It is the further intent
49 of the General Assembly to appropriate sufficient funds in future fiscal years to support annual
50 adjustment of the State-County Special Assistance Program payment rates using the federally

1 approved Social Security cost-of-living adjustment. This subsection is effective when it becomes
2 law.

3 **SECTION 9A.3A.(b)** Part 3 of Article 2 of Chapter 108A of the General Statutes,
4 as amended by Section 9A.3 of this act, reads as rewritten:

5 "Part 3. State-County Special Assistance.

6 **"§ 108A-40. Authorization of State-County Special Assistance Program.**

7 The Department is authorized to establish and supervise a State-County Special Assistance
8 Program. ~~This program is to be administered by county~~ County departments of social services
9 shall administer this program under rules and regulations of the Social Services Commission.

10 **"§ 108A-41. ~~(See Editor's note)~~ Eligibility.**

11 (a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to
12 all persons residing in adult care homes—homes, special care units, and in-home living
13 arrangements for care found to be essential in accordance with the rules and regulations adopted
14 by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the
15 term "adult care home" includes a supervised living facility for adults with intellectual and
16 developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

17 (b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person
18 described in subsection (a) of this section who meets all of the following criteria:

19 (1) Meets one of the following:

20 a. Is 65 years of age or older.

21 b. Is between the ages of 18 and 65, and is permanently and totally
22 disabled or is legally blind pursuant to G.S. 111-11.

23 (1a) Needs placement in an adult care home or special care unit and either resides
24 in an adult care home or special care unit, or would seek placement in an adult
25 care home or special care unit if not for the State-County Special Assistance
26 Program.

27 (2) ~~(Effective until contingency met — see Editor's note)~~ Has insufficient
28 income or other resources to provide a reasonable subsistence compatible with
29 decency and health as determined by the rules and regulations of the Social
30 Services Commission; ~~and Commission.~~ The following income limits are
31 applicable for determining financial eligibility for State-County Special
32 Assistance:

33 a. The total countable monthly income for individuals residing in adult
34 care home facilities or in-home living arrangements without a
35 diagnosis of Alzheimer's disease or dementia shall not exceed the basic
36 rate established in subsection (a) of G.S. 108A-42.1 plus a personal
37 needs allowance in an amount determined by the General Assembly.

38 b. The total countable monthly income for individuals residing in special
39 care units or in-home living arrangements with a diagnosis of
40 Alzheimer's disease or dementia shall not exceed the enhanced rate
41 established in subsection (b) of G.S. 108A-42.1 plus a personal needs
42 allowance in an amount determined by the General Assembly.

43 (2) ~~(For contingent effective date, see Editor's note)~~ Has both (i) income at or
44 below one hundred percent (100%) of the federal poverty level guidelines
45 published by the United States Department of Health and Human Services and
46 (ii) insufficient income or other resources to provide a reasonable subsistence
47 compatible with decency and health as determined by the rules and regulations
48 of the Social Services Commission.

49 (3) Is one of the following:

50 a. A resident of North Carolina for at least 90 days immediately prior to
51 receiving this assistance.

- 1 b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November
2 1, 2014.
- 3 c. A person discharged from a State facility who was a patient in the
4 facility as a result of an interstate mental health compact that requires
5 the State to continue treating the person within the State. As used in
6 this sub-subdivision the term State facility is a facility listed under
7 G.S. 122C-181.

8 (c) When determining whether a person has insufficient resources to provide a reasonable
9 subsistence compatible with decency and health, there shall be excluded from consideration the
10 person's primary place of residence and the land on which it is situated, and in addition there
11 shall be excluded real property contiguous with the person's primary place of residence in which
12 the property tax value is less than twelve thousand dollars (\$12,000).

13 (d) The county shall also have the option of granting assistance to Certain Disabled
14 persons as defined in the rules and regulations adopted by the Social Services Commission.
15 Nothing in this Part should be interpreted so as to preclude any individual county from operating
16 any program of financial assistance using only county funds.

17 ...

18 "**§ 108A-42.1. State-County Special Assistance Program payment rates.**

19 (a) Basic Rate. – The maximum monthly rate for State-County Special Assistance
20 recipients residing in adult care homes or in-home living arrangements without a diagnosis of
21 Alzheimer's disease or dementia shall be one thousand one hundred eighty-two dollars (\$1,182)
22 per month per resident. This rate shall be adjusted on January 1, 2024, and each January 1
23 thereafter, using the federally approved Social Security cost-of-living adjustment effective for
24 the applicable year.

25 (b) Enhanced Rate. – The maximum monthly rate for State-County Special Assistance
26 recipients residing in special care units or in-home living arrangements with a diagnosis of
27 Alzheimer's disease or dementia shall be one thousand five hundred fifteen dollars (\$1,515) per
28 month per resident. This rate shall be adjusted on January 1, 2024, and each January 1 thereafter,
29 using the federally approved social security cost-of-living adjustment effective for the applicable
30 year.

31 ...

32 "**§ 108A-47.1. Special Assistance in-home payments.**

33 (a) ~~The Department of Health and Human Services may use funds from the existing~~
34 ~~State-County Special Assistance budget to provide Special Assistance payments to eligible~~
35 ~~individuals 18 years of age or older in in-home living arrangements. The standard monthly~~
36 ~~payment to individuals enrolled in the Special Assistance in-home program shall be one hundred~~
37 ~~percent (100%) of the monthly payment the individual would receive if the individual resided in~~
38 ~~an adult care home and qualified for Special Assistance, except if a lesser payment amount is~~
39 ~~appropriate for the individual as determined by the local case manager. The Department shall~~
40 ~~implement Special Assistance in-home eligibility policies and procedures to assure that in-home~~
41 ~~program participants are those individuals who need and, but for the in-home program, would~~
42 ~~seek placement in an adult care home facility. The Department's policies and procedures shall~~
43 ~~include the use of a functional assessment.~~

44 (b) ~~All county departments of social services shall participate in the State-County Special~~
45 ~~Assistance in-home program by making Special Assistance in-home slots available to individuals~~
46 ~~who meet the eligibility requirements established by the Department pursuant to subsection (a)~~
47 ~~of this section. By February 15, 2013, the Department shall establish a formula to determine the~~
48 ~~need for additional State-County Special Assistance in-home slots for each county. Beginning~~
49 ~~July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as~~
50 ~~necessary.~~

51 "

1 **SECTION 9A.3A.(c)** G.S. 143B-139.5 reads as rewritten:
2 "**§ 143B-139.5. Department of Health and Human Services; adult care State/county share**
3 **of costs for State-County Special Assistance programs.**

4 State funds available to the Department of Health and Human Services shall pay fifty percent
5 (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care
6 homes including area mental health agency-operated or contracted-group ~~homes-~~homes, special
7 care units, and in-home living arrangements. The Department shall use the State's appropriation
8 to the State-County Special Assistance program for this ~~program, for the State-County Special~~
9 ~~Assistance in-home program, program~~ and for rental assistance. Each county shall use county
10 funds budgeted for the State-County Special Assistance program for this ~~program, for the~~
11 ~~State-County Special Assistance in-home program, program~~ and for rental assistance."

12 **SECTION 9A.3A.(d)** Subsections (b) and (c) of this section become effective on
13 July 1, 2022, or 30 days after the date both the SSA and CMS approve the applications submitted
14 by the Department of Health and Human Services pursuant to subsection (a) of this section,
15 whichever is later. The Secretary of the Department of Health and Human Services shall report
16 to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of
17 the approval. Subsections (b) and (c) of this section shall not become effective if either the SSA
18 or CMS disapproves the applications submitted by the Department of Health and Human Services
19 pursuant to subsection (a) of this section. If the Department of Health and Human Services has
20 not received notification of application approval from both the SSA and CMS by June 30, 2023,
21 then subsections (b) and (c) of this section shall expire. This subsection is effective when it
22 becomes law.

23 **SECTION 9A.3A.(e)** Of the funds appropriated in this act to the Department of
24 Health and Human Services, Division of Aging and Adult Services, the sum of thirty million
25 dollars (\$30,000,000) in recurring funds for the 2022-2023 fiscal year shall be used to implement
26 the changes to the State-County Special Assistance Program enacted by subsections (b) and (c)
27 of this section. The Division of Aging and Adult Services may transfer the funds allocated under
28 this subsection to the Division of Social Services, the Division of Health Benefits, or both, as
29 necessary to effectuate the purposes of this section. These funds shall not be used for any purpose
30 other than the purposes specified in this section. If either the SSA or CMS disapproves the
31 applications submitted by the Department of Health and Human Services pursuant to subsection
32 (a) of this section, these funds shall revert to the General Fund. This subsection is effective July
33 1, 2021.

34 **SECTION 9A.3A.(f)** Section 9A.1 and Section 9A.2(b) of this act are repealed on
35 the date subsections (b) and (c) of this section become effective. This subsection is effective
36 when it becomes law.
37

38 **AUTHORIZATION FOR LOCAL ENTITIES TO SET REIMBURSEMENT RATES**
39 **FOR ADULT DAY CARE, ADULT DAY HEALTH, AND ASSOCIATED**
40 **TRANSPORTATION SERVICES FUNDED BY THE HOME AND COMMUNITY**
41 **CARE BLOCK GRANT AND THE STATE ADULT DAY CARE FUND**

42 **SECTION 9A.3B.(a)** G.S. 143B-181.1 reads as rewritten:

43 "**§ 143B-181.1. Division of Aging – creation, powers and duties.**

44 (a) There is hereby created within the office of the Secretary of the Department of Health
45 and Human Services a Division of Aging, which shall have the following functions and duties:

46 ...

- 47 (11) To administer a Home and Community Care Block Grant for older adults,
48 effective July 1, 1992. The Home and Community Care Block Grant shall be
49 comprised of applicable Older Americans Act funds, Social Services Block
50 Grant funding in support of the Respite Care Program (G.S. 143B-181.10),
51 State funds for home and community care services administered by the

1 Division of Aging, portions of the State In-Home and Adult Day Care funds
 2 (Chapter 1048, 1981 Session Laws) administered by the Division of Social
 3 Services which support services to older adults, and other funds appropriated
 4 by the General Assembly as part of the Home and Community Care Block
 5 Grant. Funding currently administered by the Division of Social Services to
 6 be included in the block grant will be based on the expenditures for older
 7 adults at a point in time to be mutually determined by the Divisions of Social
 8 Services and Aging. Reimbursement rates for adult day care services, adult
 9 day health services, and associated transportation services paid under the
 10 Home and Community Care Block Grant and the State Adult Day Care Fund
 11 shall be established at the local level. These rates shall reflect geographical
 12 differences, the availability of services, the cost to provide services, and other
 13 local variables. The total amount of Older Americans Act funds to be included
 14 in the Home and Community Care Block Grant and the matching rates for the
 15 block grant shall be established by the Department of Health and Human
 16 Services, Division of Aging. Allocations made to counties in support of older
 17 adults shall not be less than resources made available for the period July 1,
 18 1990, through June 30, 1991, contingent upon availability of current State and
 19 federal funding; and

20 ...

21 (c) The Secretary of Health and Human Services shall adopt rules to implement this Part
 22 and Title 42, Chapter 35, of the United States Code, entitled Programs for Older Americans."

23 **SECTION 9A.3B.(b)** G.S. 143B-153 reads as rewritten:

24 **"§ 143B-153. Social Services Commission – creation, powers and duties.**

25 There is hereby created the Social Services Commission of the Department of Health and
 26 Human Services with the power and duty to adopt rules and regulations to be followed in the
 27 conduct of the State's social service programs with the power and duty to adopt, amend, and
 28 rescind rules and regulations under and not inconsistent with the laws of the State necessary to
 29 carry out the provisions and purposes of this Article. Provided, however, the Department of
 30 Health and Human Services shall have the power and duty to adopt rules and regulations to be
 31 followed in the conduct of the State's medical assistance program. [The Commission has the
 32 following powers and duties:]

33 ...

34 (2a) The Social Services Commission shall have the power and duty to establish
 35 standards and adopt rules and regulations:

- 36 a. For social services programs established by federal legislation and by
 37 Article 3 of G.S. Chapter ~~108A~~;108A.
- 38 b. For implementation of Title XX of the Social Security Act, except for
 39 Title XX services provided solely through the Division of Mental
 40 Health, Developmental Disabilities, and Substance Abuse Services, by
 41 promulgating rules and regulations in the following areas:
 - 42 1. Eligibility for all services established under a Comprehensive
 43 Annual Services Plan, as required by federal ~~law~~;law.
 - 44 2. Standards to implement all services established under the
 45 Comprehensive Annual Services ~~Plan~~;Plan.
 - 46 3. Maximum rates of payment for the provision of social
 47 services;services, except there shall be no maximum statewide
 48 reimbursement rate for adult day care services, adult day health
 49 services, and the associated transportation services, as these
 50 reimbursement rates shall be determined at the local level to
 51 allow flexibility in responding to local variables.

4. Fees for services to be paid by recipients of social ~~services;~~services.
 5. Designation of certain mandated services, from among the services established by the Secretary ~~below,~~ in accordance with sub-subdivision c. of this subdivision which shall be provided in each county of the ~~State;~~ and State.
 6. Title XX services for the blind, after consultation with the Commission for the Blind.
- c. Provided, that the Secretary is authorized to promulgate all other rules in at least the following areas:
1. Establishment, identification, and definition of all services offered under the Comprehensive Annual Services ~~Plan;~~ Plan.
 2. Policies governing the allocation, budgeting, and expenditures of funds administered by the ~~Department;~~ Department.
 3. Contracting for and purchasing ~~services;~~ and services
 4. Monitoring for effectiveness and compliance with State and 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, whichever is earlier. These funds shall be used to supplement and not supplant existing funds for homelessness prevention activities and may be used to provide financial assistance to eligible individuals and families to cover the cost of acute needs such as the following:

- (1) Security deposits and rental assistance for a period not to exceed 12 months per individual or family.
- (2) Utility deposits and utility assistance for a period not to exceed 12 months per individual or family.
- (3) Temporary hotel stays while awaiting more permanent housing.
- (4) Housing navigation services.
- (5) Case management services related to the rapid attainment of safe housing.
- (6) Activities to increase local capacity for housing services and other related services to prevent homelessness, such as the evidenced-based coordinated entry system.

- 1 (7) Funds to support vulnerable seniors age 60 and older to remain in in-home
2 living arrangements rather than congregate care settings during the COVID-19
3 public health emergency.
4

5 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

6 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

7 **SECTION 9B.1.** Any non-State entity, as defined in G.S. 143C-1-1, that is a
8 recipient of nonrecurring funds allocated in Part IX of this act as a directed grant shall report to
9 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
10 Research Division as follows:
11

- 12 (1) By July 1, 2022, on the use of directed grant funds received under Part IX of
13 this act for the 2021-2022 fiscal year.
14 (2) By July 1, 2023, on the use of directed grant funds received under Part IX of
15 this act for the 2022-2023 fiscal year.
16

17 **FUNDS FOR THE NORTH CAROLINA FAMILIES ACCESSING SERVICES 18 THROUGH TECHNOLOGY (NC FAST) SYSTEM**

19 **SECTION 9B.2.(a)** The State Controller shall transfer the sum of thirty-nine million
20 six hundred sixty-three thousand three hundred seventeen dollars (\$39,663,317) in nonrecurring
21 funds for the 2021-2022 fiscal year and the sum of thirty-eight million three hundred fifty-five
22 thousand six hundred forty dollars (\$38,355,640) in nonrecurring funds for the 2022-2023 fiscal
23 year from funds available in the Medicaid Transformation Reserve in the General Fund to the
24 Department of Health and Human Services, Division of Central Management and Support, to be
25 used as follows:

- 26 (1) Twenty-six million three hundred nineteen thousand five hundred dollars
27 (\$26,319,500) in nonrecurring funds for the 2021-2022 fiscal year and
28 twenty-seven million three hundred twenty-two thousand six hundred
29 seventy-five dollars (\$27,322,675) in nonrecurring funds for the 2022-2023
30 fiscal year shall be used to fund deployment of the child welfare case
31 management component of the NC FAST system, as provided in Section 9I.15
32 of this act, and to match federal funds to expedite deployment of this
33 functionality.
34 (2) Ten million six hundred five thousand nine hundred eighty-eight dollars
35 (\$10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five
36 million eight hundred seventy-six thousand eight hundred six dollars
37 (\$5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used
38 to match federal funds to expedite development and implementation of the
39 following within the NC FAST system: (i) updates and changes with respect
40 to Medicaid Transformation, (ii) document management, and (iii) independent
41 verification and validation support.
42 (3) Two million seven hundred thirty-seven thousand eight hundred twenty-nine
43 dollars (\$2,737,829) in nonrecurring funds for the 2021-2022 fiscal year and
44 five million one hundred fifty-six thousand one hundred fifty-nine dollars
45 (\$5,156,159) in nonrecurring funds for the 2022-2023 fiscal year for
46 infrastructure modernization.

47 Funds transferred under this subsection are appropriated for the purposes set forth in
48 this subsection.

49 **SECTION 9B.2.(b)** Of the funds appropriated in this act from the General Fund to
50 the Department of Health and Human Services, Division of Central Management and Support,
51 the sum of nineteen million nine hundred ninety-four thousand four hundred forty-seven dollars

1 (\$19,994,447) in recurring funds for the 2021-2022 fiscal year and the sum of nineteen million
2 nine hundred ninety-four thousand four hundred forty-seven dollars (\$19,994,447) in recurring
3 funds for the 2022-2023 fiscal year shall be used for operations and maintenance expenses for
4 the North Carolina Families Accessing Services Through Technology (NC FAST) system.

5 **SECTION 9B.2.(c)** The Department of Health and Human Services, Division of
6 Central Management and Support, shall report any change in approved federal funding or federal
7 match rates within 30 days after the change to the Joint Legislative Oversight Committee on
8 Health and Human Services, the Joint Legislative Oversight Committee on Information
9 Technology, and the Fiscal Research Division.

10 **SECTION 9B.2.(d)** Departmental receipts appropriated in this act in the amount of
11 seventy-nine million eight hundred nine thousand seventy-eight dollars (\$79,809,078) for the
12 2021-2022 fiscal year and in the amount of seventy-eight million four hundred seventy-nine
13 thousand four hundred seventy-seven dollars (\$78,479,477) for the 2022-2023 fiscal year shall
14 be used for the purposes described in this section.

15 16 **MEDICAID TRANSFORMATION RESERVE FUNDS FOR INFORMATION** 17 **TECHNOLOGY DIVISION SUPPORT OF MEDICAID APPLICATIONS**

18 **SECTION 9B.2A.(a)** The State Controller shall transfer the sum of two million
19 seven hundred thousand dollars (\$2,700,000) in nonrecurring funds for the 2021-2022 fiscal year
20 and the sum of two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for
21 the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in the
22 General Fund to the Department of Health and Human Services, Division of Central Management
23 and Support, Information Technology Division, to be used for information technology support
24 of Medicaid applications. Funds transferred under this subsection are appropriated for the
25 purposes set forth in this section.

26 **SECTION 9B.2A.(b)** Departmental receipts appropriated in this act in the amount
27 of two million seven hundred thousand dollars (\$2,700,000) for the 2021-2022 fiscal year and in
28 the amount of two million five hundred thousand dollars (\$2,500,000) for the 2022-2023 fiscal
29 year shall be used for the purposes described in subsection (a) of this section.

30 31 **COMMUNITY HEALTH GRANT PROGRAM**

32 **SECTION 9B.3.(a)** Funds appropriated in this act to the Department of Health and
33 Human Services, Division of Central Management, Office of Rural Health, for each year of the
34 2021-2023 fiscal biennium for the Community Health Grant Program shall be used to continue
35 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.
36 2017-57.

37 **SECTION 9B.3.(b)** The Office of Rural Health shall make the final decision about
38 awarding grants under this Program, but no single grant award shall exceed one hundred fifty
39 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health
40 shall consider the availability of other funds for the applicant; the incidence of poverty in the area
41 served by the applicant or the number of indigent clients served by the applicant; the availability
42 of, or arrangements for, after-hours care; and collaboration between the applicant and a
43 community hospital or other safety net organizations.

44 **SECTION 9B.3.(c)** Grant recipients shall not use these funds to do any of the
45 following:

- 46 (1) Enhance or increase compensation or other benefits of personnel,
47 administrators, directors, consultants, or any other persons receiving funds for
48 program administration; provided, however, funds may be used to hire or
49 retain health care providers. The use of grant funds for this purpose does not
50 obligate the Department of Health and Human Services to continue to fund
51 compensation beyond the grant period.

1 (2) Supplant existing funds, including federal funds traditionally received by
2 federally qualified community health centers. However, grant funds may be
3 used to supplement existing programs that serve the purposes described in
4 subsection (a) of this section.

5 (3) Finance or satisfy any existing debt.

6 **SECTION 9B.3.(d)** The Office of Rural Health may use up to two hundred thousand
7 dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium for
8 administrative purposes.

9 **SECTION 9B.3.(e)** By September 1 of each year, the Office of Rural Health shall
10 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
11 community health grants that includes at least all of the following information:

12 (1) The identity and a brief description of each grantee and each program or
13 service offered by the grantee.

14 (2) The amount of funding awarded to each grantee.

15 (3) The number of individuals served by each grantee, and for the individuals
16 served, the types of services provided to each.

17 (4) Any other information requested by the Office of Rural Health as necessary
18 for evaluating the success of the Community Health Grant Program.

19 **SECTION 9B.3.(f)** By November 1, 2021, the Office of Rural Health shall report to
20 the Joint Legislative Oversight Committee on Health and Human Services on the implementation
21 status of the following Community Health Grant Program requirements enacted by Section 11A.8
22 of S.L. 2017-57:

23 (1) Establishment of a Primary Care Advisory Committee and that Committee's
24 development of an objective and equitable process for grading applications
25 for grants funded under the Community Health Grant Program.

26 (2) Development of a standardized method for grant recipients to report objective,
27 measurable quality health outcomes.

28 29 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 30 **ACCOUNTABILITY**

31 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability
32 within the Department of Health and Human Services is eliminated.

33 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes
34 is repealed.

35 36 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY** 37 **DENTAL CLINICS**

38 **SECTION 9B.6.** Funds appropriated in this act to the Department of Health and
39 Human Services, Division of Central Management and Support, Office of Rural Health, for
40 allocation to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not
41 be spent for any purpose other than to provide direct services to patients and to purchase
42 necessary dental supplies. None of these funds may be spent for administrative purposes.

43 44 **FUNDS FOR LOCAL START DENTAL, INC.**

45 **SECTION 9B.7.** Funds appropriated in this act to the Department of Health and
46 Human Services, Division of Central Management and Support, Office of Rural Health, for
47 allocation to the nonprofit corporation known as Local Start Dental, Inc., shall not be spent for
48 any purpose other than to (i) provide direct services to patients and (ii) purchase necessary dental
49 supplies, necessary dental equipment, or a combination of these. None of these funds may be
50 spent for administrative purposes.

FUNDS FOR THE STATEWIDE TELEPSYCHIATRY PROGRAM

SECTION 9B.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 Central Management and Support, Office of Rural Health, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a grant to the East Carolina University Center for Telepsychiatry and e-Behavioral Health for the statewide telepsychiatry program established under G.S. 143B-139.4B, known as NC-STeP. These grant funds shall be used to respond to the COVID-19 public health emergency by providing virtual psychiatric assessments and consultations to patients utilizing telepsychiatry, as defined in G.S. 143B-139.4B.

SECTION 9B.8.(b) By July 1, 2022, the East Carolina University Center for Telepsychiatry and e-Behavioral Health shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of the grant funds allocated by subsection (a) of this section.

VIRTUAL BEHAVIORAL HEALTH SERVICES GRANT PROGRAM

SECTION 9B.8A.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to award competitive grants to hospitals to fund expanded telepsychiatry capabilities to respond to the COVID-19 public health emergency by allowing patients being served in primary care settings to access hospital-based virtual psychiatric assessments and consultations. At a minimum, the expanded telepsychiatry capabilities must facilitate patient access to hospital-based virtual telepsychiatry services from a primary care provider's office, from home, or from another nonhospital setting. The Office of Rural Health shall establish the procedures and criteria for awarding grants under this section and make the final decision about grant awards, subject to the following limitations:

- (1) The size of a single grant award may not exceed one million five hundred thousand dollars (\$1,500,000).
- (2) An applicant may not receive more than one grant.
- (3) In awarding grants under this section, the Department shall select applicants located in multiple geographic areas of the State.

SECTION 9B.8A.(b) By February 1, 2022, the Department of Health and Human Services shall announce the recipients of the competitive grant awards authorized under subsection (a) of this section and report to the Joint Legislative Oversight Committee on Health and Human Services on the following:

- (1) The amount awarded to each grantee.
- (2) The anticipated number of persons to be served by each grantee.
- (3) The geographic area to be served as a result of each grantee's expanded telepsychiatry services.

SCHOOL-BASED VIRTUAL CARE PILOT PROGRAM TO ADDRESS HEALTH DISPARITIES IN HISTORICALLY UNDERSERVED AREAS DISPROPORTIONATELY IMPACTED BY THE COVID-19 PUBLIC HEALTH EMERGENCY

SECTION 9B.8B. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Atrium Health, Inc., a nonprofit corporation. Atrium Health, Inc., shall use these funds to support the development and implementation of a school-based virtual care pilot program to address

1 health disparities in historically underserved areas disproportionately impacted by the COVID-19
2 public health emergency. The pilot program shall utilize telehealth services to facilitate student
3 access to health care services and resources that improve health outcomes through the care
4 coordination efforts of local providers. The funds allocated under this section shall be distributed
5 equally among 10 participating pilot program sites. The pilot program sites shall be located at
6 four elementary schools in Anson County and six elementary schools in Forsyth County where
7 at least ninety percent (90%) of the students are eligible for free or reduced lunch.

8 9 **COMPETITIVE GRANT/NONPROFIT ORGANIZATIONS**

10 **SECTION 9B.9.(a)** Of the funds appropriated in this act to the Department of Health
11 and Human Services, Division of Central Management and Support, for each year of the
12 2021-2023 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit
13 organizations:

- 14 (1) The sum of eleven million three hundred fifty-three thousand nine hundred
15 eleven dollars (\$11,353,911) in recurring funds for each year of the 2021-2023
16 fiscal biennium.
- 17 (2) Two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for each
18 year of the 2021-2023 fiscal biennium to assist with funding for purposes
19 described in subdivision (e)(4) of this section.
- 20 (3) The sum of four million seven hundred seventy-four thousand five hundred
21 twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal
22 biennium appropriated in Section 9L.1 of this act in Social Services Block
23 Grant funds.
- 24 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each
25 year of the 2021-2023 fiscal biennium appropriated in Section 9L.1 of this act
26 in Substance Abuse Prevention and Treatment Block Grant funds.

27 **SECTION 9B.9.(b)** The Department shall continue administering a competitive
28 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,
29 includes each of the following:

- 30 (1) A request for application (RFA) process to allow nonprofits to apply for and
31 receive State funds on a competitive basis. The Department shall require
32 nonprofits to include in the application a plan to evaluate the effectiveness,
33 including measurable impact or outcomes, of the activities, services, and
34 programs for which the funds are being requested.
- 35 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of
36 the total amount of the grant award.
- 37 (3) A requirement that the Secretary prioritize grant awards to those nonprofits
38 that are able to leverage non-State funds in addition to the grant award.
- 39 (4) A process that awards grants to nonprofits that have the capacity to provide
40 services on a statewide basis and that support any of the following State health
41 and wellness initiatives:
 - 42 a. A program targeting advocacy, support, education, or residential
43 services for persons diagnosed with autism.
 - 44 b. A system of residential supports for those afflicted with substance
45 abuse addiction.
 - 46 c. A program of advocacy and supports for individuals with intellectual
47 and developmental disabilities or severe and persistent mental illness,
48 substance abusers, or the elderly.
 - 49 d. Supports and services to children and adults with developmental
50 disabilities or mental health diagnoses.
 - 51 e. A food distribution system for needy individuals.

- 1 f. The provision and coordination of services for the homeless.
2 g. The provision of services for individuals aging out of foster care.
3 h. Programs promoting wellness, physical activity, and health education
4 programming for North Carolinians.
5 i. The provision of services and screening for blindness.
6 j. A provision for the delivery of after-school services for
7 apprenticeships or mentoring at-risk youth.
8 k. The provision of direct services for amyotrophic lateral sclerosis
9 (ALS) and those diagnosed with the disease.
10 l. A comprehensive smoking prevention and cessation program that
11 screens and treats tobacco use in pregnant women and postpartum
12 mothers.
13 m. A program providing short-term or long-term residential substance
14 abuse services. For purposes of this sub-subdivision, "long-term"
15 means a minimum of 12 months.
16 n. A program that provides year-round sports training and athletic
17 competition for children and adults with disabilities.

18 It is the intent of the General Assembly that annually the Secretary evaluate
19 and prioritize the categories of health and wellness initiatives described under
20 this subdivision to determine the best use of these funds in making grant
21 awards, exclusive of direct allocations made by the General Assembly.

- 22 (5) A process that ensures that funds received by the Department to implement
23 the plan supplement and do not supplant existing funds for health and wellness
24 programs and initiatives.
25 (6) A process that allows grants to be awarded to nonprofits for up to two years.
26 (7) A requirement that initial disbursement of the grants be awarded no later than
27 30 days after certification of the State budget for the respective fiscal year.
28 (8) A requirement that nonprofits awarded grants use no more than fifteen percent
29 (15%) of their total proposed expenditures for administrative costs, unless
30 otherwise required by law.

31 **SECTION 9B.9.(c)** No later than July 1 of each year, as applicable, the Secretary
32 shall announce the recipients of the competitive grant awards and allocate funds to the grant
33 recipients for the respective grant period pursuant to the amounts designated under subsection
34 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary
35 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services
36 on the grant awards that includes at least all of the following:

- 37 (1) The identity and a brief description of each grantee and each program or
38 initiative offered by the grantee.
39 (2) The amount of funding awarded to each grantee.
40 (3) The number of persons served by each grantee, broken down by program or
41 initiative.

42 **SECTION 9B.9.(d)** No later than December 1 of each fiscal year, each nonprofit
43 organization receiving funding pursuant to this section in the respective fiscal year shall submit
44 to the Division of Central Management and Support a written report of all activities funded by
45 State appropriations. The report shall include the following information about the fiscal year
46 preceding the year in which the report is due:

- 47 (1) The entity's mission, purpose, and governance structure.
48 (2) A description of the types of programs, services, and activities funded by State
49 appropriations.

- 1 (3) Statistical and demographical information on the number of persons served by
2 these programs, services, and activities, including the counties in which
3 services are provided.
- 4 (4) Outcome measures that demonstrate the impact and effectiveness of the
5 programs, services, and activities.
- 6 (5) A detailed program budget and list of expenditures, including all positions
7 funded, matching expenditures, and funding sources.

8 **SECTION 9B.9.(e)** For the 2021-2023 fiscal biennium only, from the funds
9 identified in subsection (a) of this section, the Department shall make the following allocations,
10 provided that each nonprofit organization receiving funds pursuant to this subsection shall be
11 required to seek future funding through the competitive grants process in accordance with
12 subsection (b) of this section:

- 13 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of
14 the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 15 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)
16 for each year of the 2021-2023 fiscal biennium and one million six hundred
17 thousand dollars (\$1,600,000) appropriated in Section 9L.1(a) of this act in
18 Substance Abuse Prevention and Treatment Block Grant funds in each year
19 of the 2021-2023 fiscal biennium to Triangle Residential Options for
20 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals
21 with substance abuse addiction.
- 22 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in
23 each year of the 2021-2023 fiscal biennium to provide grants to Boys & Girls
24 Clubs across the State to implement (i) programs that improve the motivation,
25 performance, and self-esteem of youth and (ii) other initiatives that would be
26 expected to reduce gang participation, school dropout, and teen pregnancy
27 rates.
- 28 (4) Five hundred thousand dollars (\$500,000) in each year of the 2021-2023 fiscal
29 biennium to Cross Trail Outfitters for purposes of promoting wellness and
30 physical activity for youth 7 to 20 years of age.
- 31 (5) The sum of five hundred thousand dollars (\$500,000) in each year of the
32 2021-2023 fiscal biennium to the North Carolina Senior Games for purposes
33 of promoting health and education for North Carolinians 50 years of age and
34 better.
- 35 (6) The sum of two hundred thousand dollars (\$200,000) in each year of the
36 2021-2023 fiscal biennium to Special Olympics North Carolina to promote
37 training and athletic competition for children and adults with intellectual
38 disabilities.

39
40 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

41
42 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR-RATED**
43 **FACILITIES**

44 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,
45 Division of Child Development and Early Education, shall continue implementing the
46 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4
47 years of age on or before August 31 of the program year. In determining eligibility, the Division
48 shall establish income eligibility requirements for the program not to exceed seventy-five percent
49 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have
50 family incomes in excess of seventy-five percent (75%) of median income if those children have
51 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the

1 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the
2 United States, including the North Carolina National Guard, State military forces, or a reserve
3 component of the Armed Forces who was ordered to active duty by the proper authority within
4 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the
5 Armed Forces of the United States, including the North Carolina National Guard, State military
6 forces, or a reserve component of the Armed Forces who was injured or killed while serving on
7 active duty. Eligibility determinations for NC Pre-K participants may continue through local
8 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

9 Other than developmental disabilities or other chronic health issues, the Division shall
10 not consider the health of a child as a factor in determining eligibility for participation in the NC
11 Pre-K program.

12 **SECTION 9C.1.(b) Multiyear Contracts.** – The Division of Child Development and
13 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed
14 private child care centers providing NC Pre-K classrooms.

15 **SECTION 9C.1.(c) Building Standards.** – Notwithstanding G.S. 110-91(4), private
16 child care facilities and public schools operating NC Pre-K classrooms shall meet the building
17 standards for preschool students as provided in G.S. 115C-521.1.

18 **SECTION 9C.1.(d) Programmatic Standards.** – Except as provided in subsection (c)
19 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies
20 prescribed by the Division of Child Development and Early Education regarding programmatic
21 standards and classroom requirements.

22 **SECTION 9C.1.(e) NC Pre-K Committees.** – Local NC Pre-K committees shall use
23 the standard decision-making process developed by the Division of Child Development and Early
24 Education in awarding NC Pre-K classroom slots and student selection.

25 **SECTION 9C.1.(f) Reporting.** – The Division of Child Development and Early
26 Education shall submit an annual report no later than March 15 of each year to the Joint
27 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and
28 Management, and the Fiscal Research Division. The report shall include the following:

- 29 (1) The number of children participating in the NC Pre-K program by county.
- 30 (2) The number of children participating in the NC Pre-K program who have
31 never been served in other early education programs such as child care, public
32 or private preschool, Head Start, Early Head Start, or early intervention
33 programs.
- 34 (3) The expected NC Pre-K expenditures for the programs and the source of the
35 local contributions.
- 36 (4) The results of an annual evaluation of the NC Pre-K program.

37 **SECTION 9C.1.(g) Audits.** – The administration of the NC Pre-K program by local
38 partnerships shall be subject to the financial and compliance audits authorized under
39 G.S. 143B-168.14(b).

40 **HOLD HARMLESS STAR RATINGS FOR LICENSED CHILD CARE FACILITIES** 41 **WHEN ERS ASSESSMENTS RESUME/REPORT**

42 **SECTION 9C.2.(a)** Notwithstanding any other provision of law to the contrary,
43 when the Department of Health and Human Services, Division of Child Development and Early
44 Education (Division), resumes environmental rating scale (ERS) (star rating) assessments, the
45 Division shall not require a licensed child care facility to undergo an ERS assessment if
46 conducting the assessment would cause the child care facility to lose a star rating due to (i) the
47 facility's loss in educators who enabled the facility to meet the star-rating requirements and (ii)
48 its inability to replace those educators, within a reasonable period of time, with individuals having
49 similar levels of education.
50

1 **SECTION 9C.2.(b)** Notwithstanding any other provision of law to the contrary,
2 when ERS assessments resume and the Division of Child Development and Early Education
3 (Division) is awarding quality rating improvement system (QRIS) "education points" to a
4 licensed child care facility toward its star rating, if the percentage of lead teachers in the program
5 required to meet the "rated licensed education requirements" criteria is set at seventy-five percent
6 (75%) for the program to earn those "education points" toward the facility's star rating, the
7 Division shall lower the seventy-five percent (75%) threshold to fifty percent (50%) of lead
8 teachers through June 30, 2023.

9 **SECTION 9C.2.(c)** The Division of Child Development and Early Education shall
10 submit a report to the Joint Legislative Oversight Committee on Health and Human Services by
11 March 30, 2023, and the report shall include the following:

- 12 (1) Number of new high school Early Childhood Career and Technical Pathways
13 programs across the State between June 30, 2021, and January 31, 2023.
- 14 (2) New community college and university courses that award college credit
15 towards a degree in early childhood based on work experience between June
16 30, 2021, and January 31, 2023.
- 17 (3) New community college and university courses that allow college credits for
18 taking online health, safety, and nutrition training modules between June 30,
19 2021, and January 31, 2023.
- 20 (4) Number of enrollees in the Early Childhood and Infant-Toddler Certificate
21 Programs, number of graduates from the programs with certificates, and the
22 increase in the number of enrollees and graduates from the programs between
23 June 30, 2021, and January 31, 2023.
- 24 (5) Number of early childhood educators using T.E.A.C.H. scholarships to pay
25 for college tuition and the increase in the number of early childhood educators
26 using T.E.A.C.H. scholarships to pay for college tuition between June 30,
27 2021, and January 31, 2023.
- 28 (6) Availability of WAGE\$ salary supplement program by county, the number of
29 early childhood educators working toward degrees in early childhood
30 education who received salary supplements from WAGE\$, and the increase
31 in the number of early childhood educators receiving WAGE\$ salary
32 supplements between June 30, 2021, and January 31, 2023.
- 33 (7) The number and percentage increase of early childhood educators with
34 associate degrees in early childhood education between June 30, 2021, and
35 January 31, 2023.
- 36 (8) The number and percentage increase of early childhood educators with
37 associate degrees between June 30, 2016, and June 30, 2021.

38 **SECTION 9C.2.(d)** Subsection (a) of this section is effective when it becomes law
39 and expires six months after the date the Governor signs an executive order rescinding Executive
40 Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective
41 Actions to Prevent the Spread of COVID-19. Subsection (b) of this section is effective when it
42 becomes law and expires June 30, 2023.

43 44 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

45 **SECTION 9C.3.** Of the funds appropriated in this act to the Department of Health
46 and Human Services, Division of Child Development and Early Education, funds shall be
47 allocated to raise the base reimbursement rates for child care centers participating in the North
48 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over 2020-2021 fiscal year
49 rates for the 2021-2022 fiscal year and by an additional two percent (2%) over the 2021-2022
50 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that funds allocated
51 pursuant to this section be used to increase the salaries of teachers working in child care centers

1 as a means to address disparities in teacher salaries among teachers working in child care centers
2 versus those working in public schools or Head Start centers.

4 **CHILD CARE SUBSIDY RATES**

5 **SECTION 9C.4.(a)** The maximum gross annual income for initial eligibility,
6 adjusted annually, for subsidized child care services shall be determined based on a percentage
7 of the federal poverty level as follows:

8 AGE	INCOME PERCENTAGE LEVEL
9 0 – 5	200%
10 6 – 12	133%

11 The eligibility for any child with special needs, including a child who is 13 years of
12 age or older, shall be two hundred percent (200%) of the federal poverty level.

13 **SECTION 9C.4.(b)** Fees for families who are required to share in the cost of care
14 are established based on ten percent (10%) of gross family income. When care is received at the
15 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.
16 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

17 **SECTION 9C.4.(c)** Payments for the purchase of child care services for low-income
18 children shall be in accordance with the following requirements:

- 19 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
20 and licensed child care centers and homes that meet the minimum licensing
21 standards that are participating in the subsidized child care program shall be
22 paid the one-star county market rate or the rate they charge privately paying
23 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 24 (2) Licensed child care centers and homes with two or more stars shall receive the
25 market rate for that rated license level for that age group or the rate they charge
26 privately paying parents, whichever is lower, unless prohibited by subsection
27 (g) of this section.
- 28 (3) No payments shall be made for transportation services charged by child care
29 facilities.
- 30 (4) Payments for subsidized child care services for postsecondary education shall
31 be limited to a maximum of 20 months of enrollment. This shall not be
32 determined before a family's annual recertification period.
- 33 (5) The Department of Health and Human Services shall implement necessary
34 rule changes to restructure services, including, but not limited to, targeting
35 benefits to employment.

36 **SECTION 9C.4.(d)** Provisions of payment rates for child care providers in counties
37 that do not have at least 50 children in each age group for center-based and home-based care are
38 as follows:

- 39 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
40 be set at the statewide or regional market rate for licensed child care centers
41 and homes.
- 42 (2) If it can be demonstrated that the application of the statewide or regional
43 market rate to a county with fewer than 50 children in each age group is lower
44 than the county market rate and would inhibit the ability of the county to
45 purchase child care for low-income children, then the county market rate may
46 be applied.

47 **SECTION 9C.4.(e)** A market rate shall be calculated for child care centers and
48 homes at each rated license level for each county and for each age group or age category of
49 enrollees and shall be representative of fees charged to parents for each age group of enrollees
50 within the county. The Division of Child Development and Early Education shall also calculate
51 a statewide rate and regional market rate for each rated license level for each age category.

1 **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall
2 continue implementing policies that improve the quality of child care for subsidized children,
3 including a policy in which child care subsidies are paid, to the extent possible, for child care in
4 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
5 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate
6 number of four- and five-star-rated facilities, the Division shall continue a transition period that
7 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
8 star ratings. The Division may allow exemptions in counties where there is an inadequate number
9 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

10 **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
11 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
12 that provides for the purchase of care in child care facilities for minor children of needy families.
13 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
14 be used to select facilities to participate. In addition, child care facilities shall be required to meet
15 any additional applicable requirements of federal law or regulations. Child care arrangements
16 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
17 meet the requirements established by other State law and by the Social Services Commission.

18 County departments of social services or other local contracting agencies shall not
19 use a provider's failure to comply with requirements in addition to those specified in this
20 subsection as a condition for reducing the provider's subsidized child care rate.

21 **SECTION 9C.4.(h)** Payment for subsidized child care services provided with
22 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
23 and policies issued by the Division of Child Development and Early Education for the subsidized
24 child care program.

25 **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be
26 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
27 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
28 child care subsidies only if at least one of the following conditions is met:

- 29 (1) The child for whom a child care subsidy is sought is receiving child protective
30 services or foster care services.
- 31 (2) The child for whom a child care subsidy is sought is developmentally delayed
32 or at risk of being developmentally delayed.
- 33 (3) The child for whom a child care subsidy is sought is a citizen of the United
34 States.

35 **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of
36 Child Development and Early Education, shall require all county departments of social services
37 to include on any forms used to determine eligibility for child care subsidy whether the family
38 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

39 **SECTION 9C.4.(k)** Department of Defense–certified child care facilities licensed
40 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
41 provides for the purchase of care in child care facilities for minor children in needy families,
42 provided that funds allocated from the State-subsidized child care program to Department of
43 Defense–certified child care facilities shall supplement and not supplant funds allocated in
44 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
45 Department of Defense–certified child care facilities and who are eligible to receive subsidized
46 child care shall be as set forth in this section.

47 **CHILD CARE ALLOCATION FORMULA**

48 **SECTION 9C.5.(a)** The Department of Health and Human Services, Division of
49 Child Development and Early Education (Division), shall allocate child care subsidy voucher
50 funds to pay the costs of necessary child care for minor children of needy families. The
51

1 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
2 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
3 allocation. The Department of Health and Human Services shall use the following method when
4 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
5 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 6 (1) Funds shall be allocated to a county based upon the projected cost of serving
7 children under age 11 in families with all parents working who earn less than
8 the applicable federal poverty level percentage set forth in Section 9C.4(a) of
9 this act.
- 10 (2) The Division may withhold up to two percent (2%) of available funds from
11 the allocation formula for (i) preventing termination of services throughout
12 the fiscal year and (ii) repayment of any federal funds identified by counties
13 as overpayments, including overpayments due to fraud. The Division shall
14 allocate to counties any funds withheld before the end of the fiscal year when
15 the Division determines the funds are not needed for the purposes described
16 in this subdivision. The Division shall submit a report to the Joint Legislative
17 Oversight Committee on Health and Human Services and the Fiscal Research
18 Division, which report shall include each of the following:
 - 19 a. The amount of funds used for preventing termination of services and
20 the repayment of any federal funds.
 - 21 b. The date the remaining funds were distributed to counties.
 - 22 c. As a result of funds withheld under this subdivision and after funds
23 have been distributed, any counties that did not receive at least the
24 amount the counties received the previous year and the amount by
25 which funds were decreased.

26 The Division shall submit a report in each year of the 2021-2023 fiscal
27 biennium 30 days after the funds withheld pursuant to this subdivision are
28 distributed but no later than April 1 of each respective year.

- 29 (3) The Division shall set aside four percent (4%) of child care subsidy allocations
30 for vulnerable populations, which include a child identified as having special
31 needs and a child whose application for assistance indicates that the child and
32 the child's family is experiencing homelessness or is in a temporary living
33 situation. A child identified by this subdivision shall be given priority for
34 receiving services until such time as set-aside allocations for vulnerable
35 populations are exhausted.

36 **SECTION 9C.5.(b)** The Division may reallocate unused child care subsidy voucher
37 funds in order to meet the child care needs of low-income families. Any reallocation of funds
38 shall be based upon the expenditures of all child care subsidy voucher funding, including North
39 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
40 levels within the funds allocated to the counties. A county with a spending coefficient over one
41 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
42 before receiving any reallocated funds.

43 **SECTION 9C.5.(c)** When implementing the formula under subsection (a) of this
44 section, the Division shall include the market rate increase in the formula process rather than
45 calculating the increases outside of the formula process. Additionally, the Department shall do
46 the following:

- 47 (1) Deem a county's initial allocation as the county's expenditure in the previous
48 fiscal year or a prorated share of the county's previous fiscal year expenditures
49 if sufficient funds are not available.
- 50 (2) Effective immediately following the next new decennial census data release,
51 implement (i) one-third of the change in a county's allocation in the year

1 following the data release, (ii) an additional one-third of the change in a
2 county's allocation beginning two years after the initial change under this
3 subdivision, and (iii) the final one-third change in a county's allocation
4 beginning the following two years thereafter.
5

6 SMART START INITIATIVES

7 **SECTION 9C.6.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
8 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s
9 mission of improving child care quality in North Carolina for children from birth to 5 years of
10 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child
11 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated
12 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State
13 funding for local partnerships shall also be used for evidence-based or evidence-informed
14 programs for children from birth to 5 years of age that do the following:

- 15 (1) Increase children's literacy.
- 16 (2) Increase the parents' ability to raise healthy, successful children.
- 17 (3) Improve children's health.
- 18 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

19 **SECTION 9C.6.(b)** Administration. – Administrative costs shall be equivalent to,
20 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
21 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
22 costs shall include costs associated with partnership oversight, business and financial
23 management, general accounting, human resources, budgeting, purchasing, contracting, and
24 information systems management. The North Carolina Partnership for Children, Inc., shall
25 continue using a single statewide contract management system that incorporates features of the
26 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
27 partnerships are required to participate in the contract management system and, directed by the
28 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
29 other local partnerships to increase efficiency and effectiveness.

30 **SECTION 9C.6.(c)** Salaries. – The salary schedule developed and implemented by
31 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
32 that may be used for the salary of the Executive Director of the North Carolina Partnership for
33 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
34 Children, Inc., shall base the schedule on the following criteria:

- 35 (1) The population of the area serviced by a local partnership.
- 36 (2) The amount of State funds administered.
- 37 (3) The amount of total funds administered.
- 38 (4) The professional experience of the individual to be compensated.
- 39 (5) Any other relevant factors pertaining to salary, as determined by the North
40 Carolina Partnership for Children, Inc.

41 The salary schedule shall be used only to determine the maximum amount of State
42 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
43 a local partnership from using non-State funds to supplement an individual's salary in excess of
44 the amount set by the salary schedule established under this subsection.

45 **SECTION 9C.6.(d)** Match Requirements. – The North Carolina Partnership for
46 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
47 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2021-2023
48 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local
49 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
50 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
51 match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium.

1 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
2 the required match for a fiscal year in order to meet the match requirement of the succeeding
3 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match
4 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the
5 match requirement of this subsection. Volunteer services that qualify as professional services
6 shall be valued at the fair market value of those services. All other volunteer service hours shall
7 be valued at the statewide average wage rate as calculated from data compiled by the Division of
8 Employment Security of the Department of Commerce in the Employment and Wages in North
9 Carolina Annual Report for the most recent period for which data are available. Expenses,
10 including both those paid by cash and in-kind contributions, incurred by other participating
11 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local
12 partnerships also may be considered resources available to meet the required private match. In
13 order to qualify to meet the required private match, the expenses shall:

- 14 (1) Be verifiable from the contractor's records.
- 15 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
16 generally accepted accounting principles for nonprofit organizations.
- 17 (3) Not include expenses funded by State funds.
- 18 (4) Be supplemental to and not supplant preexisting resources for related program
19 activities.
- 20 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
21 be necessary and reasonable for the proper and efficient accomplishment of
22 the Program's objectives.
- 23 (6) Be otherwise allowable under federal or State law.
- 24 (7) Be required and described in the contractual agreements approved by the
25 North Carolina Partnership for Children, Inc., or the local partnership.
- 26 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
27 partnership by the contractor in the same manner as reimbursable expenses.

28 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
29 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
30 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
31 responsible for compiling information on the private cash and in-kind contributions into a report,
32 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
33 verification by the Department of Revenue. The same match requirements shall apply to any
34 expansion funds appropriated by the General Assembly.

35 **SECTION 9C.6.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,
36 and all local partnerships shall use competitive bidding practices in contracting for goods and
37 services on contract amounts as follows:

- 38 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
39 by a written policy as developed by the Board of Directors of the North
40 Carolina Partnership for Children, Inc.
- 41 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen
42 thousand dollars (\$15,000), three written quotes.
- 43 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty
44 thousand dollars (\$40,000), a request for proposal process.
- 45 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
46 proposal process and advertising in a major newspaper.

47 **SECTION 9C.6.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,
48 shall not reduce the allocation for counties with less than 35,000 in population below the
49 2012-2013 funding level.

50 **SECTION 9C.6.(g)** Performance-Based Evaluation. – The Department of Health
51 and Human Services shall continue to implement the performance-based evaluation system.

1 **SECTION 9C.6.(h)** Expenditure Restrictions. – Except as provided in subsection (i)
2 of this section, the Department of Health and Human Services and the North Carolina Partnership
3 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
4 Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed
5 in the following manner:

6 (1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the
7 purposes of this section, "capital expenditures" means expenditures for capital
8 improvements as defined in G.S. 143C-1-1(d)(5).

9 (2) Expenditures of State funds for advertising and promotional activities are
10 prohibited for the 2021-2023 fiscal biennium.

11 For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds
12 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
13 any private funds the local partnerships receive on those activities.

14 **SECTION 9C.6.(i)** Notwithstanding subsection (h) of this section, the North
15 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
16 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall
17 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
18 for fundraising. The report shall include the following:

19 (1) The amount of funds expended on fundraising.

20 (2) Any return on fundraising investments.

21 (3) Any other information deemed relevant.

22 23 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 24 **LIBRARY**

25 **SECTION 9C.7.(a)** A portion of the funds allocated in this act to the North Carolina
26 Partnership for Children, Inc., from the Department of Health and Human Services, shall
27 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy
28 program that mails age-appropriate books on a monthly basis to children registered for the
29 program.

30 **SECTION 9C.7.(b)** The North Carolina Partnership for Children, Inc., may use up
31 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
32 of the funds for program evaluation. Funds allocated under this section shall not be subject to
33 administrative costs requirements under Section 9C.6(b) of this act, nor shall these funds be
34 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
35 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
36 Section 9C.6(d) of this act.

37 38 **FLEXIBILITY IN USE OF ADDITIONAL SMART START FUNDS/EXEMPTION** 39 **FROM CERTAIN REQUIREMENTS**

40 **SECTION 9C.8.** Additional recurring funds allocated from education lottery
41 receipts in accordance with Section 4.3 of this act to the North Carolina Partnership for Children,
42 Inc., (Smart Start) from the Department of Health and Human Services, Division of Child
43 Development and Early Education, for each year of the 2021-2023 fiscal biennium may be used
44 for any of Smart Start's programs and are not subject to the administrative cost requirements
45 under Section 9C.6(b) of this act, child care services funding requirements under
46 G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or
47 match requirements under Section 9C.6(d) of this act.

48 49 **GRANTS FOR CHILD CARE FACILITIES AND NC PRE-K CLASSROOMS/ARPA** 50 **FUNDS**

1 **SECTION 9C.9.** Of the funds appropriated in this act from the State Fiscal Recovery
2 Fund to the Department of Health and Human Services, Division of Child Development and
3 Early Education (Division), the sum of ten million dollars (\$10,000,000) in nonrecurring funds
4 for the 2021-2022 fiscal year shall be used to provide grants for child care facilities and North
5 Carolina prekindergarten (NC Pre-K) classrooms in response to the COVID-19 pandemic,
6 particularly those located in child care deserts and low-performing and high-poverty districts.
7 The Division shall award grants under this section pursuant to criteria established by the Division
8 in accordance with federal law and guidance. These grants shall be one-time awards to assist with
9 new or expanded high-quality child care initiatives as follows:

- 10 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child
11 care facility.
- 12 (2) Quality improvements for existing NC Pre-K classrooms or child care
13 facilities that increase the classroom or facility's capacity or upgrade its star
14 rating.
- 15 (3) Capital improvements or renovations, including adding or upgrading outdoor
16 play and learning environments, or increasing a facility's total capacity.

17 18 **PART IX-D. HEALTH BENEFITS**

19 20 **CONTINUE MEDICAID ANNUAL REPORT**

21 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health
22 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
23 accompanying tables. DHB shall publish the report and tables on its website no later than
24 December 31 following each State fiscal year.

25 26 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

27 **SECTION 9D.2.(a)** The Department of Health and Human Services shall issue
28 Medicaid identification cards to recipients on an annual basis with updates as needed.

29 **SECTION 9D.2.(b)** This section expires on the effective date of amendment to rule
30 10A NCAC 23B .0102, notice of which was published in the North Carolina Register on June 1,
31 2021.

32 33 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

34 **SECTION 9D.3.** The Department of Health and Human Services, Division of Health
35 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
36 services, medical equipment, supplies, and appliances by implementation of volume purchase
37 plans, single source procurement, or other contracting processes in order to improve cost
38 containment.

39 40 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 41 **MODIFICATIONS**

42 **SECTION 9D.4.** Except for statutory changes or where otherwise specified, the
43 Department of Health and Human Services shall not be required to maintain, after June 30, 2023,
44 any modifications to the Medicaid and NC Health Choice programs required by this Subpart.

45 46 **ADMINISTRATIVE HEARINGS FUNDING**

47 **SECTION 9D.5.** Of the funds appropriated in this act to the Department of Health
48 and Human Services, Division of Health Benefits, for administrative contracts and interagency
49 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one
50 million dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars
51 (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH).

1 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant
 2 and recipient appeals and to contract for other services necessary to conduct the appeals process.
 3 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services
 4 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals
 5 process. The MOA will facilitate DHHS's ability to draw down federal Medicaid funds to support
 6 this administrative function. Upon receipt of invoices from OAH for covered services rendered
 7 in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn
 8 down for this purpose.

9
 10 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

11 **SECTION 9D.6.(a)** The Department of Health and Human Services, Division of
 12 Health Benefits, receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years
 13 shall, when received, be accounted for as nontax revenue for each of those fiscal years. The
 14 treatment under this section of any revenue derived from federal programs shall be in accordance
 15 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

16 **SECTION 9D.6.(b)** For the 2021-2022 fiscal year, the Department of Health and
 17 Human Services shall deposit from its revenues one hundred forty-six million seven hundred five
 18 thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer
 19 to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health
 20 and Human Services shall deposit from its revenues one hundred fifty-three million eight hundred
 21 five thousand five hundred eighty-four dollars (\$153,805,584) with the Department of State
 22 Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of
 23 advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources
 24 from State-owned and State-operated hospitals that are used to provide indigent and nonindigent
 25 care services. The return from State-owned and State-operated hospitals to the Department of
 26 Health and Human Services shall be made from nonfederal resources in the following manner:

- 27 (1) The University of North Carolina Hospitals at Chapel Hill shall make the
 28 following deposits:
 29 a. For the 2021-2022 fiscal year, the amount of thirty-one million three
 30 hundred five thousand five hundred eighty-four dollars (\$31,305,584).
 31 b. For the 2022-2023 fiscal year, the amount of thirty-one million three
 32 hundred five thousand five hundred eighty-four dollars (\$31,305,584).
 33 (2) All State-owned and State-operated hospitals, other than the University of
 34 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care
 35 shall annually deposit an amount equal to the amount of the payments from
 36 the Department of Health and Human Services, Division of Health Benefits,
 37 for uncompensated care.

38
 39 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

40 **SECTION 9D.7.(a)** The local management entities/managed care organizations
 41 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
 42 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million
 43 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2021-2022 fiscal year
 44 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen
 45 dollars (\$18,028,217) for the 2022-2023 fiscal year. The due date and frequency of the
 46 intergovernmental transfer required by this section shall be determined by DHB. The amount of
 47 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal
 48 year shall be as follows:

	2021-2022	2022-2023
49 Alliance Behavioral Healthcare	\$2,858,418	\$2,856,834
50 Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652

1	Eastpointe	\$1,664,172	\$1,663,249
2	Partners Health Management	\$2,637,754	\$2,749,261
3	Sandhills Center	\$1,879,510	\$1,878,469
4	Trillium Health Resources	\$2,656,332	\$2,654,860
5	Vaya Health	\$1,580,769	\$1,579,892

6 **SECTION 9D.7.(b)** In the event that a county other than Cabarrus County or Union
7 County disengages from an LME/MCO and realigns with another LME/MCO during the
8 2021-2023 fiscal biennium, DHB shall have the authority to reallocate the amount of the
9 intergovernmental transfer that each affected LME/MCO is required to make under subsection
10 (a) of this section, taking into consideration the change in catchment area and covered population,
11 provided that the aggregate amount of the transfers received from all LME/MCOs in each year
12 of the fiscal biennium is achieved.

13 14 **DSH RECEIPTS FOR USE BY THE MEDICAID PROGRAM**

15 **SECTION 9D.8.** Of the federal disproportionate share adjustment receipts arising
16 from certified public expenditures for the 2021-2022 fiscal year and the 2022-2023 fiscal year,
17 forty-three million dollars (\$43,000,000) in each fiscal year shall not be deposited into the
18 Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the
19 Department of Health and Human Services, Division of Health Benefits, to be used for the
20 Medicaid program.

21 22 **CREATION OF THE HCBS FUND**

23 **SECTION 9D.8A.(a)** The HCBS Fund is established as a nonreverting special fund
24 in the Department of Health and Human Services, Division of Health Benefits (DHB). The HCBS
25 Fund shall consist of the savings realized by DHB as a result of federal receipts arising from the
26 enhanced federal medical assistance percentage (FMAP) for home and community-based
27 services (HCBS) available to the State under section 9817(a) of the American Rescue Plan Act
28 of 2021, P.L. 117-2 (ARPA).

29 Upon receipt by DHB of those federal receipts arising from the enhanced FMAP for
30 HCBS, DHB is directed to deposit the savings associated with those receipts into the HCBS
31 Fund. DHB is authorized to utilize funds in the HCBS Fund to implement, or supplement the
32 implementation of, activities to enhance, expand, or strengthen HCBS under the Medicaid
33 program, in accordance with section 9817 of the ARPA. To the extent that any funds are utilized
34 by DHB under this section, the funds are appropriated for the purpose set forth in this section.

35 **SECTION 9D.8A.(b)** DHB shall utilize the federal receipts arising from the
36 enhanced FMAP for HCBS under section 9817(a) of the ARPA and the savings associated with
37 those receipts to fund the increase in CAP/DA slots, the increase in Innovations Waiver slots,
38 HCBS provider rate increases to be used to increase direct care worker wages, and an increase to
39 the private duty nursing Medicaid rate that are required under Sections 9D.11, 9D.12, 9D.15A,
40 and 9D.15B, respectively, of this act.

41 **SECTION 9D.8A.(c)** DHB shall ensure that a minimum of eighty-eight million five
42 hundred thousand dollars (\$88,500,000) is remaining in the HCBS Fund at the end of the
43 2021-2023 fiscal biennium for use by DHB in the 2023-2025 fiscal biennium for activities
44 authorized under this section.

45 **SECTION 9D.8A.(d)** This section expires June 30, 2025.

46 47 **COPAYMENTS FOR MEDICAID SERVICES**

48 **SECTION 9D.10.(a)** Beginning July 1, 2022, the copayments for Medicaid services
49 shall be increased to four dollars (\$4.00). This section does not apply to services provided under
50 sections 1905(a)(1) through 1905(a)(5) and under section 1905(a)(7) of the Social Security Act
51 or to recipients prohibited by federal law from cost-sharing requirements.

1 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of
2 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare
3 and Medicaid Services to implement this section.
4

5 **FINAL EXTENSION OF TEMPORARILY INCREASED REIMBURSEMENT RATES**

6 **SECTION 9D.10A.(a)** Section 4.6 of S.L. 2020-4, as amended by Section 2.1 of
7 S.L. 2021-3, reads as rewritten:

8 "**SECTION 4.6.** In addition to the five percent (5%) rate increases already requested by the
9 Department of Health and Human Services (DHHS) in the 1135 Medicaid disaster State Plan
10 amendment (SPA) submitted to the Centers for Medicare and Medicaid Services on April 8,
11 2020, for certain provider types, DHHS shall increase the fee-for-service Medicaid rates paid
12 directly by the Division of Health Benefits for all remaining provider types by five percent (5%).
13 The rate increases authorized under this section shall be effective March 1, 2020. Any rate
14 increases authorized under this section shall expire on the earlier of the following dates:

- 15 (1) The date the declared nationwide public health emergency as a result of the
16 2019 novel coronavirus expires.
- 17 (2) The date Executive Order No. 116, Declaration of a State of Emergency to
18 Coordinate Response and Protective Actions to Prevent the Spread of
19 COVID-19 expires or is rescinded.
- 20 (3) ~~June~~ November 30, 2021."

21 **SECTION 9D.10A.(b)** No later than September 30, 2021, DHHS shall notify the
22 Center for Medicare and Medicaid Services and any impacted provider of the resumption of the
23 payment rates in effect prior to the Medicaid rate increases implemented as a result of Section
24 4.6 of S.L. 2020-4.
25

26 **EXPAND COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS**
27 **(CAP/DA) WAIVER SLOTS**

28 **SECTION 9D.11.** The Department of Health and Human Services, Division of
29 Health Benefits (DHB), shall increase the number of Community Alternatives Program for
30 Disabled Adults (CAP/DA) waiver slots. A minimum of 114 slots shall be made available
31 October 1, 2021.
32

33 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

34 **SECTION 9D.12.(a)** DHB shall amend the North Carolina Innovations Waiver to
35 increase the number of slots by 1,000 in the following manner:

- 36 (1) Six hundred forty slots to be made available no later than January 1, 2022, and
37 to be distributed using the allocation formula currently in place as of the
38 effective date of this section.
- 39 (2) One hundred sixty slots to be distributed in accordance with subsection (b) of
40 this section and to be made available no later than January 1, 2022, unless the
41 distribution method in subsection (b) of this section requires approval by the
42 Centers for Medicare and Medicaid Services (CMS). If CMS approval is
43 required, then the following shall apply:
 - 44 a. These slots shall be made available January 1, 2022, or the date that
45 CMS grants or denies approval, whichever is later.
 - 46 b. If CMS does not approve the distribution method in subsection (b) of
47 this section, then these slots shall be distributed using the allocation
48 formula currently in place as of the effective date of this section.
 - 49 c. If CMS has not made any determination by April 1, 2022, then these
50 slots shall be distributed using the allocation formula currently in place
51 as of the effective date of this section on that date.

- 1 (3) One hundred sixty slots to be made available no later than October 1, 2022,
2 and to be distributed using the allocation formula currently in place as of the
3 effective date of this section.
- 4 (4) Forty slots to be distributed in accordance with subsection (b) of this section
5 and to be made available no later than October 1, 2022, unless the distribution
6 method in subsection (b) of this section requires approval by CMS not
7 previously granted under subdivision (2) of this subsection. If CMS approval
8 not previously granted is required, then the following shall apply:
- 9 a. These slots shall be made available October 1, 2022, or the date that
10 CMS grants or denies approval, whichever is later.
- 11 b. If CMS does not approve the distribution method in subsection (b) of
12 this section, then these slots shall be distributed using the allocation
13 formula currently in place as of the effective date of this section.
- 14 c. If CMS has not made any determination by January 1, 2023, then these
15 slots shall be distributed using the allocation formula currently in place
16 as of the effective date of this section on that date.

17 **SECTION 9D.12.(b)** DHB shall distribute the slots identified under subdivisions (2)
18 and (4) of subsection (a) of this section to the local management entities/managed care
19 organizations (LME/MCOs) based on a per capita basis calculated as the number of slots
20 multiplied by the population in each LME/MCO's catchment area divided by the population of
21 the State. Once distributed to each LME/MCO, the additional slots shall be made available to the
22 counties on a per capita basis calculated as the number of slots multiplied by the population of
23 the county divided by the population in the LME/MCO's catchment area. Within each county,
24 the slots shall be filled on a first-come, first-served basis determined by the length of time an
25 individual has been on the waiting list.

26 **SECTION 9D.12.(c)** In order to serve the maximum possible number of individuals
27 that are on the State's registry of unmet needs (registry) in the future, DHB is authorized to pursue
28 any amendment or change to the current North Carolina Innovations Waiver or any additional
29 1915(c) waivers. This includes pursuing a tiered waiver system in which individuals on the
30 registry with lower acuity needs are still served at an appropriate level but in a tier with a lower
31 spending cap than the one allowed by the current waiver. In designing these changes, DHB shall
32 make every effort to allow for a seamless transition between tiers, or between waivers, for
33 individuals whose level of need increases or decreases. DHB shall provide flexibility for
34 LME/MCOs to determine how best to distribute funding in order to serve a greater number of
35 individuals on the registry. Notwithstanding subsection (a) of this section, DHB is authorized to
36 utilize any funds currently attributed to the North Carolina Innovations Waiver on any waiver
37 under this subsection approved by CMS, so long as the number of individuals served is increased.

38 **SECTION 9D.12.(d)** This section is effective when it becomes law.

39
40 **PLAN FOR ADEQUATE PROVIDER SUPPLY FOR SERVICES PROVIDED**
41 **THROUGH THE INNOVATIONS WAIVER**

42 **SECTION 9D.12A.** The Department of Health and Human Services, Division of
43 Health Benefits (DHB), shall begin to plan for additional North Carolina Innovations Waiver
44 slots that could be added in the future. No later than March 1, 2022, DHB shall submit a report
45 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that outlines
46 the plans for adding a minimum of 1,000 waiver slots in the 2023-2025 fiscal biennium and that
47 contains recommendations for ensuring that there would be adequate health care providers to
48 support the needs of the additional individuals served under the waiver should the number of
49 slots be increased in the future.

1 **ALLOW A PARENT TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS**
2 **TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM**

3 **SECTION 9D.14.(a)** Section 9A of S.L. 2015-245, as amended by Section 2(e1) of
4 S.L. 2016-121, reads as rewritten:

5 "**SECTION 9A.** Eligibility for Parents of Children in Foster Care. – DHHS is ~~authorized~~
6 directed to seek approval from CMS through either the 1115 waiver required by subdivision (1)
7 of Section 5 of this act or another federal authority to allow ~~parents~~ a parent to retain Medicaid
8 eligibility ~~while their child is being served temporarily by the foster care program.~~ It is the intent
9 of the General Assembly to expand Medicaid eligibility to cover this population upon
10 implementation of the 1115 waiver, if CMS approves this coverage in the waiver when (i) the
11 parent has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes,
12 (ii) the child is being served temporarily by the foster care system, regardless of the type of
13 out-of-home placement, and (iii) the parent is making reasonable efforts to comply with a
14 court-ordered plan of reunification, as determined by DHHS."

15 **SECTION 9D.14.(b)** G.S. 108A-54.3A is amended by adding a new subdivision to
16 read:

17 "(2a) A parent who has qualified under subdivisions (1) and (2) of this section shall
18 retain eligibility for Medicaid under this section so long as all of the following
19 criteria are met:

- 20 a. The parent has lost legal custody of a child pursuant to Subchapter I
21 of Chapter 7B of the General Statutes.
22 b. A child of the parent is temporarily in the legal custody of
23 State-sponsored foster care or temporarily receiving foster care
24 assistance under Title IV-E of the Social Security Act.
25 c. The parent is making reasonable efforts to comply with a
26 court-ordered plan of reunification, as determined by the Department.
27 d. The parent continues to meet the family income requirements under
28 subdivision (1) or (2) of this section."

29 **SECTION 9D.14.(c)** Subsection (b) of this section is effective upon the approval by
30 the Centers for Medicare and Medicaid Services (CMS) of the request submitted in accordance
31 with Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and subsection
32 (a) of this section, and on the effective date of the coverage allowed by CMS. The Secretary of
33 the Department of Health and Human Services shall notify the Revisor of Statutes of the effective
34 date allowed by CMS upon receipt of this approval. If the approval is not granted by CMS prior
35 to June 30, 2023, then this section shall expire on that date.

36
37 **INCREASE RATES TO ICFS FOR DIRECT CARE WORKER WAGE INCREASES**

38 **SECTION 9D.15.(a)** It is the intent of the General Assembly to assist in increasing
39 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per
40 hour. To that end, the Department of Health and Human Services, Division of Health Benefits
41 (DHB), shall provide a rate increase to intermediate care facilities for individuals with intellectual
42 disabilities (ICF/IIDs), including ICF/IID-level group homes, enrolled in the Medicaid or NC
43 Health Choice program. This rate increase shall be effective on the date approved by the Centers
44 for Medicare and Medicaid Services. Any provider receiving a rate increase under this section
45 shall be required to use at least eighty percent (80%) of the funding that results from that rate
46 increase to increase the rate of pay paid to its direct care employees. This wage increase shall be
47 provided in addition to the rate of pay each employee was receiving as of September 1, 2021.
48 DHB shall determine the amount of the rate increase under this section and the definition of direct
49 care worker to be applied.

50 **SECTION 9D.15.(b)** Upon implementation of the rate increase under subsection (a)
51 of this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to

1 local management entities/managed care organizations (LME/MCOs) and to prepaid health plans
2 (PHPs), as defined under G.S. 108D-1. These capitation rate adjustments shall include amounts
3 sufficient to implement the same rate increase for providers paid by the LME/MCO or PHP as
4 paid to providers under the Medicaid fee-for-service program, and all LME/MCOs and PHPs
5 shall be required to implement that rate increase. Providers receiving a rate increase under this
6 section shall be subject to the requirements of this section whether paid by an LME/MCO, PHP,
7 or DHB.

8 **SECTION 9D.15.(c)** Prior to receiving the rate increase under this section, all
9 ICF/IID providers shall attest and provide verification to DHB, or to the relevant LME/MCO or
10 PHP, that at least eighty percent (80%) of the funding that results from that rate increase is being
11 used to increase the rate of pay paid to its direct care employees. DHB shall set the standards for
12 documentation that shall be required as verification that the provider used the rate increase in the
13 manner required by this section, and LME/MCOs and PHPs shall use these same standards at a
14 minimum. DHB, LME/MCOs, and PHPs may require verifiable methods of accounting, such as
15 payroll-based journals. Providers receiving a rate increase under this section shall keep
16 documentation of the use of that rate increase and make the documentation available upon request
17 by DHB or by the relevant LME/MCO or PHP.

18 **SECTION 9D.15.(d)** In addition to other allowable reasons for recoupment of funds,
19 DHB may recoup part or all of the funds related to the rate increase received by a provider
20 pursuant to this section if DHB determines that the provider did not use at least eighty percent
21 (80%) of the funding that results from that rate increase to increase the rate of pay paid to its
22 direct care employees.

23 **SECTION 9D.15.(e)** This section is effective when it becomes law.

24 25 **INCREASE RATES TO HCBS PROVIDERS TO INCREASE DIRECT CARE WORKER** 26 **WAGES**

27 **SECTION 9D.15A.(a)** It is the intent of the General Assembly to assist in increasing
28 the hourly wages of direct care workers in this State to a minimum of fifteen dollars (\$15.00) per
29 hour. To that end, the Department of Health and Human Services, Division of Health Benefits
30 (DHB), shall provide a rate increase to home and community-based providers enrolled in the
31 Medicaid or NC Health Choice program.

32 This rate increase shall be effective on the date approved by the Centers for Medicare
33 and Medicaid Services. DHB shall determine (i) the amount of the rate increase under this
34 section, (ii) the manner in which each provider is required to utilize that increased rate and to
35 demonstrate compliance with those requirements, and (iii) the definition of direct care worker to
36 be applied.

37 **SECTION 9D.15A.(b)** To the fullest extent possible, DHB shall use federal receipts
38 arising from the enhanced federal medical assistance percentage (FMAP) for home and
39 community-based services (HCBS) available to the State under section 9817(a) of the American
40 Rescue Plan Act of 2021, P.L. 117-2, (ARP) to fund the provider rate increases required by this
41 section.

42 **SECTION 9D.15A.(c)** Any increase in rates under this section to providers of private
43 duty nursing services shall be in addition to the legislative rate increase required under Section
44 9D.15B of this act.

45 **SECTION 9D.15A.(d)** This section is effective when it becomes law.

46 47 **INCREASE PRIVATE DUTY NURSING RATES**

48 **SECTION 9D.15B.** Beginning October 1, 2021, the Department of Health and
49 Human Services, Division of Health Benefits, shall increase to ten dollars and seventy-five cents
50 (\$10.75) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid

1 Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and
2 3G-2: Private Duty Nursing for Beneficiaries Under 21 years of Age.

3
4 **STUDY DIRECT CARE WORKERS SERVING INDIVIDUALS IN THE**
5 **INNOVATIONS WAIVER PROGRAM AND DEVELOP A PLAN FOR ANY**
6 **RECOMMENDED INCREASE IN THOSE WORKERS' WAGES**

7 **SECTION 9D.15C.** No later than March 1, 2022, and annually thereafter for the
8 next five years, the Department of Health and Human Services, Division of Health Benefits
9 (DHB), shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC
10 Health Choice that contains all of the following information regarding direct care workers who
11 serve Medicaid beneficiaries receiving services through the NC Innovations waiver program:

- 12 (1) Statewide data on the number of these licensed and non-licensed direct care
13 workers by worker classification.
- 14 (2) Identification of providers that employ these direct care workers.
- 15 (3) The weekly average number of hours worked by individuals serving in these
16 positions.
- 17 (4) The average and range of wages paid to these workers.
- 18 (5) The average length of employment of these workers by any one provider.
- 19 (6) An assessment of whether the wages of licensed direct care workers, non-
20 licensed direct care workers, or both need to be increased. If DHB determines
21 that there is a need for an increase in wages, then DHB shall develop a plan,
22 or update to a previously submitted plan as applicable, for such increase.

23
24 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID**
25 **TRANSFORMATION NEEDS**

26 **SECTION 9D.16.(a)** Claims Run Out. – Funds from the Medicaid Transformation
27 Fund may be transferred to the Department of Health and Human Services, Division of Health
28 Benefits (DHB), for the 2021-2023 fiscal biennium, as needed, for the purpose of paying claims
29 related to services billed under the fee-for-service payment model for recipients who are being,
30 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be
31 transferred to DHB as the need to pay claims run out arises and need not be transferred in one
32 lump sum. To the extent that any funds are transferred under this subsection, the funds are
33 appropriated for the purpose set forth in this subsection.

34 **SECTION 9D.16.(b)** Non-Claims Run Out Medicaid Transformation Needs. –
35 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one
36 hundred forty-two million eight hundred seventy-seven thousand six hundred thirty-one dollars
37 (\$142,877,631) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred
38 twenty-eight million eight hundred two thousand eight hundred sixty dollars (\$128,802,860) in
39 nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may
40 be transferred to DHB for the sole purpose of providing the State share for qualifying needs
41 directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds
42 may be transferred to DHB as qualifying needs arise during the 2021-2023 fiscal biennium and
43 need not be transferred in one lump sum.

44 For the purposes of this section, the term "qualifying need" shall be limited to the
45 following Medicaid transformation needs and may include contracts and temporary staffing:

- 46 (1) Program design.
- 47 (2) Beneficiary and provider experience.
- 48 (3) Information technology upgrades, operations, and maintenance.
- 49 (4) Data management tools.
- 50 (5) Program integrity.
- 51 (6) Quality review.

- 1 (7) Actuarial rate setting functions.
- 2 (8) Technical and operational integration.
- 3 (9) BH IDD tailored plan health homes.
- 4 (10) Legal fees.
- 5 (11) Expenses related to the Enhanced Case Management and Other Services Pilot
- 6 Program, commonly referred to as the "Healthy Opportunities Pilots."

7 **SECTION 9D.16.(c)** Requests for Transfer of Funds for Qualifying Need. – A
8 request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made
9 to OSBM and shall include the amount requested and the specific qualifying need for which the
10 funds are to be used. None of the funds identified in subsection (b) of this section shall be
11 transferred to DHB until OSBM verifies the following information:

- 12 (1) The amount requested is to be used for a qualifying need in the 2021-2023
13 fiscal biennium.
- 14 (2) The amount requested provides a State share that will not result in total
15 requirements that exceed eight hundred forty million dollars (\$840,000,000)
16 in nonrecurring funds for the 2021-2023 fiscal biennium.

17 **SECTION 9D.16.(d)** Federal Fund Receipts. – Any federal funds received in any
18 fiscal year by DHB that represent a return of State share already expended on a qualifying need
19 related to the funds received by DHB under this section shall be deposited into the Medicaid
20 Transformation Fund.

21 22 **CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED** 23 **PLANS**

24 **SECTION 9D.17.(a)** During the initial four-year contract term for Medicaid BH
25 IDD tailored plans, as defined under G.S. 108D-1, the Department of Health and Human
26 Services, Division of Health Benefits (DHB), shall not require, by contract or otherwise, any
27 local management entity/managed care organization (LME/MCO) to be accredited by any one
28 specific accreditation organization. DHB shall require each LME/MCO awarded a BH IDD
29 tailored plan contract to be accredited by a nationally recognized accreditation organization that
30 has been selected by the LME/MCO and approved by DHB. DHB shall create a process by which
31 DHB approves the accreditation organization selected by the LME/MCO.

32 **SECTION 9D.17.(b)** No accreditation organization shall be approved by DHB for
33 use by an LME/MCO under this section unless the accreditation organization meets, at a
34 minimum, all of the following criteria:

- 35 (1) Prior experience conducting accreditation reviews for managed care
36 organizations in at least five other states within the United States or in at least
37 two regions that correspond to the areas covered by the regional office
38 locations of the United States Department of Health and Human Services.
- 39 (2) A review program that includes, at a minimum, standards for the following
40 aspects of operation of the LME/MCO:
 - 41 a. Quality assurance.
 - 42 b. Provider credentialing.
 - 43 c. Utilization review.
 - 44 d. Enrollee rights and responsibilities.
 - 45 e. Medical records.
 - 46 f. Governance of the LME/MCO.
 - 47 g. Preventative health services.
- 48 (3) Development of accreditation standards that include input from the medical,
49 managed care organization, and health care consumer communities.
- 50 (4) Reviews of, and updates to, the standards listed under subdivision (3) of this
51 subsection at regular intervals not exceeding two years.

- 1 (5) An internal quality assurance program that ensures the quality and continuity
2 of its review program.
- 3 (6) No current involvement in the operation of the LME/MCO or the delivery of
4 health services to any of its enrollees.
- 5 (7) No contract or consultations with the LME/MCO within the prior two years
6 for any services other than accreditation.

7 **SECTION 9D.17.(c)** All accreditation organizations approved for use by an
8 LME/MCO under this section shall be required to submit their standards for accreditation to DHB
9 every three years to maintain approval for use by the LME/MCO.

10
11 **EVALUATE DHB NEEDS IN MANAGED CARE ENVIRONMENT**

12 **SECTION 9D.18.(a)** Evaluation. – The Department of Health and Human Services,
13 Division of Health Benefits (DHB), shall conduct a two-part evaluation of the current staffing
14 and administrative functions for the Medicaid and NC Health Choice programs and how those
15 staffing needs and administrative functions will change as the Medicaid and NC Health Choice
16 programs move further into a managed care service delivery environment. In conducting this
17 evaluation, DHB shall do all of the following:

- 18 (1) Identify the changing administrative needs and required staff based upon the
19 introduction of capitated contracts for standard benefit plans and BH IDD
20 tailored benefit plans.
- 21 (2) Determine whether any administrative or staffing functions are duplicative of
22 any functions carried out through vendor contracts, by local management
23 entities/managed care organizations (LME/MCOs), or prepaid health plans
24 (PHPs).

25 **SECTION 9D.18.(b)** Initial Report. – No later than March 1, 2022, DHB shall report
26 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research
27 Division on the evaluation required by subsection (a) of this section as it pertains to the
28 implementation of capitated contracts for standard benefit plans for PHPs. The report shall
29 include planned staffing and administrative changes, including any changes to contractual
30 agreements with vendors, to align more appropriately with a managed care delivery environment
31 for the Medicaid and NC Health Choice programs. The report shall also include a detailed time
32 line for making changes within DHB as managed care continues.

33 **SECTION 9D.18.(c)** Final Report. – No later than March 1, 2024, DHB shall report
34 to the Joint Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research
35 Division on the evaluation required by subsection (a) of this section as it pertains to the
36 implementation of capitated contracts for standard benefit plans operated by PHPs and the
37 implementation of BH IDD tailored plans. The report shall include the staffing and administrative
38 changes that have been made since the initial report required under subsection (b) of this section.
39 The report shall also include any additional planned staffing and administrative changes and any
40 planned changes to contractual agreements with vendors to continue to align DHB's functions
41 more appropriately with a managed care delivery environment for the Medicaid and NC Health
42 Choice programs. The report shall also include an updated detailed time line for making these
43 changes within DHB, as well as an assessment of whether the goals of the time line submitted in
44 the initial report were met.

45
46 **REIMBURSE DME PRESCRIBED BY PODIATRISTS**

47 **SECTION 9D.19.** No later than January 1, 2022, the Department of Health and
48 Human Services, Division of Health Benefits, shall update the following Medicaid clinical
49 coverage policies to provide Medicaid and NC Health Choice coverage for orthotic devices,
50 prosthetic devices, and other durable medical equipment when there is a documented medical

1 necessity for the equipment and the equipment is prescribed by a beneficiary's treating podiatrist
2 acting within that podiatrist's scope of practice:

- 3 (1) Clinical Coverage Policy 5A-1: Physical Rehabilitation Equipment and
4 Supplies.
- 5 (2) Clinical Coverage Policy 5B: Orthotics and Prosthetics.

7 **PHPS/REIMBURSEMENT OF PRESCRIPTION DRUGS AT PHARMACIST'S COST**

8 **SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health
9 plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the
10 reimbursement for the ingredient cost for prescription drugs and the prescription drug dispensing
11 fee shall be set at one hundred percent (100%) of the Medicaid fee-for-service reimbursement,
12 pursuant to the Centers for Medicare and Medicaid Services' National Drug Acquisition Cost and
13 the cost of dispensing study conducted on behalf of the North Carolina Department of Health and
14 Human Services, Division of Health Benefits.

15 **SECTION 9D.19A.(b)** This section is effective when it becomes law and expires
16 June 30, 2026.

18 **SEND NOTICE/MEDICAID ELIGIBILITY REDETERMINATIONS DURING PUBLIC** 19 **HEALTH EMERGENCY**

20 **SECTION 9D.20.(a)** Section 6(a) of S.L. 2020-88 reads as rewritten:

21 "**SECTION 6.(a)** County departments of social services shall do all of the following:

- 22 (1) Resume Medicaid eligibility redeterminations for beneficiaries whose annual
23 or other periodic renewal of Medicaid eligibility is due on or after September
24 1, 2020.
- 25 (2) Resume requesting post-eligibility verification information for Medicaid
26 applications received on or after September 1, 2020.
- 27 (3) Make a good-faith effort to redetermine Medicaid eligibility for Medicaid
28 beneficiaries who were due for an annual or other periodic renewal of
29 Medicaid eligibility prior to September 1, 2020, but for whom recertification
30 did not occur.
- 31 (4) Make a good-faith effort to request post-eligibility verification information for
32 Medicaid applications received prior to September 1, 2020, for which
33 post-eligibility verifications have not been requested.
- 34 (5) For individuals determined to be ineligible for Medicaid during the period in
35 which the termination of benefits would result in the State being ineligible for
36 the increased Medicaid funding under Section 6008 of P.L. 116-127, at the
37 time of determination of ineligibility, provide the beneficiary with the
38 following information:
 - 39 a. The results of the eligibility determination.
 - 40 b. Notice that the individual's enrollment in Medicaid will end after the
41 month in which the public health emergency ends.
 - 42 c. Notice that the individual may and should report any changes in
43 circumstances while that individual remains enrolled and that the
44 county department of social services shall redetermine that individual's
45 Medicaid eligibility based on the reported changes."

46 **SECTION 9D.20.(b)** This section is effective when it becomes law.

48 **CHARTER SCHOOLS MEDICAID REIMBURSEMENT**

49 **SECTION 9D.21.** G.S. 115C-218.105 is amended by adding a new subsection to
50 read:

1 "(g) Notwithstanding G.S. 115C-218.15(b) and solely with respect to the North Carolina
2 Medicaid program, a charter school that is approved by the State as a public school pursuant to
3 this Article shall be deemed a local government entity that is responsible, or assumes
4 responsibility, either directly or indirectly through an agency or other political subdivision, for
5 the payment of the nonfederal share for reimbursable medical services, if any, provided by the
6 charter school. The nonfederal share shall consist exclusively of public funds. For purposes of
7 this subsection, "reimbursable medical services" means services, including administrative
8 activities related to those services, that are medically necessary and for which federal payment is
9 available under the North Carolina Medicaid Program established under Part 6 of Article 2 of
10 Chapter 108A of the General Statutes. For the purposes of this subsection, "nonfederal share"
11 means the share of expenditures for the reimbursable medical services that draws down federal
12 financial participation."

13
14 **REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES**
15 **PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE**

16 **SECTION 9D.22.(a)** Intent. – It is the intent of the General Assembly to provide
17 funding to hospitals for behavioral health services provided to Medicaid beneficiaries while those
18 beneficiaries await discharge to a more appropriate setting.

19 **SECTION 9D.22.(b)** Criteria for Coverage. – The Department of Health and Human
20 Services, Division of Health Benefits (DHB), is directed to develop a clinical coverage policy,
21 or amend an existing clinical coverage policy as applicable, assign a CPT code, and develop
22 billing instructions for Medicaid coverage of the services described in subsection (c) of this
23 section provided to a beneficiary who meets all of the following criteria:

- 24 (1) The beneficiary no longer meets criteria for observation under Section
25 3.2.1(b) of Medicaid Clinical Coverage Policy 2A-1: Acute Inpatient Hospital
26 Services.
27 (2) The beneficiary is not currently receiving inpatient behavioral health services
28 covered under Medicaid Clinical Coverage Policy 8B: Inpatient Behavioral
29 Health Services.
30 (3) A physician, physician assistant, or nurse practitioner has determined that one
31 of the following actions is appropriate for the beneficiary:
32 a. Admission to an inpatient psychiatric or behavioral health facility.
33 b. Admission to a facility, other than an inpatient facility, for care for
34 psychiatric or behavioral health needs, such as a group home.
35 c. Arrangement for community-based services or supports without which
36 the beneficiary cannot be safely discharged to the beneficiary's home
37 due to the beneficiary's psychiatric or behavioral health needs.
38 (4) The beneficiary has been in the care of the hospital for a minimum of 30
39 continuous hours.

40 **SECTION 9D.22.(c)** Services Covered. – The clinical coverage policy developed in
41 accordance with this section shall provide Medicaid coverage of the following services in an
42 acute care hospital setting when medically necessary and ordered by a physician or other
43 appropriate provider:

- 44 (1) Treatment, including assessment and medication management, of both
45 psychiatric and behavioral health conditions and physical health conditions.
46 (2) Crisis stabilization and support.
47 (3) Ongoing monitoring of a beneficiary's medical status and medical clearance.
48 (4) Nursing services and support.
49 (5) Reasonable and appropriate efforts to maintain patient safety.

1 (6) Provision of community resource information and psychoeducation, including
2 connections to the relevant local management entity/managed care
3 organization (LME/MCO).

4 (7) Development of a safety plan, including any revisions to that plan.

5 (8) Coordination with the beneficiary or the beneficiary's legal representative and
6 the LME/MCO to establish a safe discharge plan or transfer plan.

7 Services developed in accordance with this subsection shall be considered outpatient
8 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,
9 shall continue to be billed as separate and additional services not included as part of this new
10 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance
11 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH
12 IDD tailored plan, as defined in G.S. 108D-1.

13 **SECTION 9D.22.(d)** Reimbursement for Beneficiaries Enrolled in NC Medicaid
14 Direct. – Services covered under the Medicaid clinical coverage policy developed in accordance
15 with subsection (b) of this section and provided to beneficiaries enrolled in NC Medicaid
16 Direct who are not also enrolled with an LME/MCO shall be reimbursed at a fee-for-service rate
17 determined by DHB.

18 **SECTION 9D.22.(e)** Reimbursement for Beneficiaries Enrolled in an LME/MCO or
19 a BH IDD Tailored Plan. – Services covered under the Medicaid clinical coverage policy
20 developed in accordance with subsection (b) of this section shall be covered by LME/MCOs,
21 including LME/MCOs operating BH IDD tailored plans. If a beneficiary who is an enrollee of
22 an LME/MCO or a BH IDD tailored plan receives these services, then the applicable LME/MCO
23 shall be responsible for making the reimbursement payment to the hospital billing for the
24 services. The reimbursement amount shall be determined through negotiations between each
25 hospital and LME/MCO. If an LME/MCO and any hospital are unable to negotiate a
26 reimbursement amount for these services, then the reimbursement rate shall be the most prevalent
27 semiprivate room rate at the applicable hospital.

28 **SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human
29 Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid
30 Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage
31 required by this section. The new Medicaid covered services and rates shall be implemented July
32 1, 2022. If approval from CMS is not granted by July 1, 2022, DHB shall retroactively implement
33 services and rates upon approval from CMS to July 1, 2022. The new Medicaid covered services
34 and rates shall only be implemented to the extent allowable by CMS.

35 **SECTION 9D.22.(g)** Capitation Rates. – It is the intent of the General Assembly
36 that there will be no increase in the capitation rates paid to LME/MCOs for any services
37 developed under this section. If an increase in capitation rates paid to LME/MCOs is necessary
38 to maintain the actuarial soundness of those paid capitation rates, then DHB shall increase the
39 capitation rates by the minimum amount necessary for federal approval of the rates.

40 **SECTION 9D.22.(h)** Effective Date. – This section is effective when it becomes
41 law.

42 **PART IX-E. HEALTH SERVICE REGULATION**

43 **MODIFICATION OF CERTIFICATE OF NEED EXEMPTION FOR LEGACY** 44 **MEDICAL CARE FACILITIES**

45 **SECTION 9E.4.** G.S. 131E-184(h) reads as rewritten:

46 "(h) The Department must exempt from certificate of need review the acquisition or
47 reopening of a Legacy Medical Care Facility. The person seeking to operate a Legacy Medical
48 Care Facility shall give the Department written notice of all of the following:
49
50

1 (1) Its intention to acquire or reopen a Legacy Medical Care Facility within the
2 same county and the same service area as the facility that ceased continuous
3 operations. If the Legacy Medical Care Facility will become operational in a
4 new location within the same county and the same service area as the facility
5 that ceased continuous operations, then the person responsible for giving the
6 written notice required by this section shall notify the Department, as soon as
7 reasonably practicable and prior to becoming operational, of the new location
8 of the Legacy Medical Care Facility. For purposes of this subdivision, "service
9 area" means the service area identified in the North Carolina State Medical
10 Facilities Plan in effect at the time the written notice required by this section
11 is given to the Department.

12 (2) That the facility will be operational within 36 months of the notice.

13 The Department shall extend the time by which a facility must be operational in order to be
14 exempt from certificate of need review under this subsection by an additional 36-month period
15 if the person seeking to reopen or acquire the Legacy Medical Care Facility gives the Department
16 written notice of extension within 36 months of the original notice of intent to acquire or reopen
17 the Legacy Medical Care Facility. The written notice of extension must notify the Department
18 (i) that the person has undertaken all reasonable efforts to make the facility operational within 36
19 months of the notice of intent, (ii) that, despite these reasonable efforts, the person does not
20 anticipate the facility will be operational within that time, and (iii) of its intention that the facility
21 will be operational within 36 months of the notice of extension.

22 A person seeking to operate a Legacy Medical Care Facility located in a development tier
23 one or tier two area, as defined in G.S. 143B-437.08, may request an additional extension of time
24 by which the facility must be operational in order to be exempt from certificate of need review
25 under this subsection by providing an additional written notice of extension to the Department,
26 delivered prior to the conclusion of the original 36-month extension period, affirming that the
27 person has entered into a contract for the acquisition or reopening of the Legacy Medical Care
28 Facility and that, pursuant to the terms of the contract, the facility will commence operations
29 within 36 months of the conclusion of the original notice of extension. Upon receipt of this notice,
30 the Department shall grant an extension of the time by which the facility must be operational that
31 is sufficient to permit the acquisition or reopening of the Legacy Medical Care Facility as
32 provided in the contract."

33 34 **PATIENT VISITATION PROTOCOLS DURING DECLARED DISASTERS AND** 35 **EMERGENCIES/NO PATIENT LEFT ALONE**

36 **SECTION 9E.5.(a)** Part 2 of Article 5 of Chapter 131E of the General Statutes is
37 amended by adding a new section to read:

38 **"§ 131E-84.05. Patient visitation by clergy, including during declared disasters or**
39 **emergencies.**

40 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
41 other provision of law to the contrary, each hospital licensed under this Article shall allow a
42 clergy member to visit any patient admitted to the hospital who requests or consents to be visited
43 by a clergy member during the patient's hospital stay, including a hospital stay that occurs during
44 a declared disaster or emergency. A hospital may require a visiting clergy member to submit to
45 health screenings necessary to prevent the spread of infectious diseases, and, notwithstanding
46 anything to the contrary in this section, a hospital may restrict a visiting clergy member who does
47 not pass a health screening requirement or who has tested positive for an infectious disease. A
48 hospital may require a visiting clergy member to adhere to infection control procedures, including
49 wearing personal protective equipment, as long as the infection control procedures do not
50 interfere with the religious beliefs of the patient or the visiting clergy member."

1 SECTION 9E.5.(b) Part 2 of Article 5 of Chapter 131E of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 131E-79.3. Hospital patient visitation, civil penalty.**

4 (a) Notwithstanding any provision of this Article, Chapter 166A of the General Statutes,
5 or any other provision of law to the contrary, each hospital licensed under this Chapter shall
6 permit patients to receive visitors to the fullest extent permitted under any applicable rules,
7 regulations, or guidelines adopted by either the Centers for Medicare and Medicaid Services or
8 the Centers for Disease Control and Prevention or any federal law.

9 (b) In the event the Centers for Medicare and Medicaid Services, the Centers for Disease
10 Control and Prevention, or any other federal agency finds a hospital has violated any rule,
11 regulation, guidance, or federal law relating to a patient's visitation rights, the Department may
12 issue a warning to the hospital about the violation and give the hospital not more than 24 hours
13 to allow visitation. If visitation is not allowed after the 24-hour warning period, the Department
14 shall impose a civil penalty in an amount not less than five hundred dollars (\$500.00) for each
15 instance on each day the hospital was found to have a violation. This civil penalty shall be in
16 addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or other
17 federal agency may choose to impose.

18 (c) Notwithstanding the provisions of subsection (b) of this section, in the event that
19 circumstances require the complete closure of a hospital to visitors, the hospital shall use its best
20 efforts to develop alternate visitation protocols that would allow visitation to the greatest extent
21 safely possible. If those alternate protocols are found by the Centers for Medicare and Medicaid
22 Services, the Centers for Disease Control and Prevention, or any other federal agency to violate
23 any rule, regulation, guidance, or federal law relating to a patient's visitation rights, the
24 Department may impose a civil penalty in an amount not less than five hundred dollars (\$500.00)
25 for each instance on each day the hospital was found to have a violation. This civil penalty shall
26 be in addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or
27 other federal agency may choose to impose."

28 SECTION 9E.5.(c) Part 1 of Article 6 of Chapter 131E of the General Statutes is
29 amended by adding a new section to read:

30 **"§ 131E-112.5. Patient visitation rights for nursing home residents and combination home**
31 **residents.**

32 Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or any
33 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and
34 civil penalty provisions specified in G.S. 131E-79.3 apply to nursing homes and combination
35 homes licensed under this Part."

36 SECTION 9E.5.(d) Article 10 of Chapter 131E of the General Statutes is amended
37 by adding a new section to read:

38 **"§ 131E-207.5. Patient visitation rights for residents of hospice care facilities.**

39 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
40 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and
41 civil penalty provisions specified in G.S. 131E-79.3 apply to hospice care facilities licensed
42 under this Article."

43 SECTION 9E.5.(e) Part 1 of Article 1 of Chapter 131D of the General Statutes is
44 amended by adding a new section to read:

45 **"§ 131D-7.5. Patient visitation rights for adult care home residents and special care unit**
46 **residents.**

47 (a) Notwithstanding any provision of this Part, Chapter 166A of the General Statutes, or
48 any other provision of law to the contrary, any facility licensed under this Chapter shall allow
49 residents to receive visitors of their choice, except when any of the following have been
50 established by clear and convincing evidence:

- 51 (1) Infection control issues are present.

1 (2) Visitation interferes with the care of other patients.

2 (3) Visitors engage or have engaged in disruptive, threatening, or violent behavior
3 of any kind.

4 (b) If a facility is found to have violated the provisions of subsection (a) of this section,
5 the Department shall impose a civil penalty in an amount not less than five hundred dollars
6 (\$500.00) for each instance on each day the facility was found to have a violation."

7 **SECTION 9E.5.(f)** Article 2 of Chapter 122C of the General Statutes is amended by
8 adding a new section to read:

9 "§ 122C-32. Patient visitation rights for residents of residential treatment facilities.

10 Notwithstanding any provision of this Article, Chapter 166A of the General Statutes, or any
11 other provision of law to the contrary, the patient visitation rights, facility responsibilities, and
12 civil penalty provisions specified in G.S. 131E-79.3 apply to all facilities licensed under this
13 Article that provide residential treatment."

14 **SECTION 9E.5.(g)** No later than January 1, 2022, the Department of Health and
15 Human Services shall adopt rules to implement the provisions of subsections (a) through (f) of
16 this section. Those rules shall include a requirement that facilities provide notice of the patient
17 visitation rights in this section to patients, residents, and, when possible, family members of
18 patients and residents. The required notice shall also include the contact information for the
19 agency or individuals tasked with investigating violations of the visitation rights described in
20 subsections (a) through (f) of this section.

21 **SECTION 9E.5.(h)** Subsections (a) through (f) of this section become effective
22 January 1, 2022. The remainder of this section is effective when it becomes law.

23 24 **ADULT CARE HOME ACCREDITATION PILOT PROGRAM**

25 **SECTION 9E.6.(a)** Definitions. – As used in this section, the following terms have
26 the following meanings:

27 (1) Control group member. – A pilot ACH that (i) is selected to participate in the
28 pilot program and (ii) has agreed to provide data to evaluate the effectiveness
29 of the pilot program without participating in the accreditation process.

30 (2) Department. – The North Carolina Department of Health and Human
31 Services.

32 (3) NCALA. – The North Carolina Assisted Living Association, a nonprofit
33 corporation.

34 (4) NCSLA. – The North Carolina Senior Living Association, a nonprofit
35 corporation.

36 (5) Pilot ACH. – A licensed adult care home selected to participate in the pilot
37 program.

38 (6) Pilot program. – The two-year pilot program authorized by subsection (b) of
39 this section for the purpose of comparing the impact of accreditation and
40 licensure approaches on care and resident health and other outcomes.

41 (7) Pilot Program Accrediting Body. – The Accreditation Commission for Health
42 Care, a nonprofit accreditation organization.

43 (8) Program participant. – A pilot ACH that (i) is selected to participate in the
44 pilot program and (ii) has agreed to provide data to evaluate the effectiveness
45 of the pilot program and to participate in the accreditation process.

46 (9) Sheps Center. – The Program on Aging, Disability, and Long-Term Care
47 within the Cecil G. Sheps Center for Health Services Research located at the
48 University of North Carolina at Chapel Hill.

49 (10) Stakeholder Advisory Group. – The advisory group appointed under
50 subsection (c) of this section.

1 **SECTION 9E.6.(b)** Pilot Program. – The Sheps Center shall oversee the
2 administration of a two-year pilot program to be conducted by the Pilot Program Accrediting
3 Body and the Sheps Center to evaluate the effectiveness of an accreditation process for adult care
4 homes that would deem adult care homes eligible for ongoing licensure and exempt accredited
5 adult care homes from routine inspections if they meet required standards and requirements. The
6 goal of the pilot program is to study the effectiveness of accreditation through an evaluation of
7 quality outcome measures to be developed by the Sheps Center for the purpose of determining
8 whether accreditation achieves compliance with licensure requirements and improves or
9 maintains quality of care compared with a control group. In conducting the pilot program, the
10 Sheps Center shall collaborate with the Pilot Program Accrediting Body, the Department, the
11 NCSLA, the NCALA, the Stakeholder Advisory Group appointed under subsection (c) of this
12 section, and any other qualified entity or State agency that may be of assistance in accomplishing
13 the objectives of the pilot program.

14 **SECTION 9E.6.(c)** Stakeholder Advisory Group. – The Department shall appoint a
15 Stakeholder Advisory Group representing other interested parties not already involved in the
16 pilot program authorized by subsection (b) of this section, which shall be composed of, at
17 minimum, at least one member representing Friends of Residents in Long Term Care, the North
18 Carolina Ombudsman Association, AARP North Carolina, directors of county departments of
19 social services, and the Department. The Sheps Center shall keep the Stakeholder Advisory
20 Group informed of the progress of study design and operation of the pilot program and shall offer
21 the Stakeholder Advisory Group an opportunity to periodically offer recommendations on study
22 design, pilot program operation, and ultimate implementation of the accreditation process for
23 program participants.

24 **SECTION 9E.6.(d)** Pilot Accrediting Body Reporting. – As a condition of
25 participating in the pilot program authorized by this section, the Pilot Program Accrediting Body
26 must agree to submit the following reports to the Sheps Center:

- 27 (1) Monthly survey schedules which document the surveys that were completed
28 for the previous month and those scheduled for the current and the following
29 month.
- 30 (2) Documentation of surveys for the preceding month, including documentation
31 of investigations, noncompliance, correction of noncompliance, and survey
32 outcomes.
- 33 (3) Facility notification letters for all accreditation program actions and any
34 follow-up communication associated with those facility notification letters.

35 **SECTION 9E.6.(e)** Adult Care Home Accreditation Grant Program. – As part of the
36 pilot program, the NCSLA and the NCALA, in consultation with the Sheps Center, the Pilot
37 Program Accrediting Body, and the Stakeholder Advisory Group, shall jointly establish and
38 operate a grant program that provides grant awards to a maximum of 150 Pilot ACHs located in
39 this State to cover the cost of accreditation for up to 75 Pilot ACHs and the cost of serving as a
40 control group member and providing outcome data for up to 75 Pilot ACHs. The Sheps Center
41 shall establish, in consultation with the Pilot Program Accrediting Body, the NCSLA, the
42 NCALA, and the Stakeholder Advisory Group, criteria to be utilized for selecting adult care
43 homes to participate in the adult care home accreditation grant program authorized by this
44 section. The established criteria must ensure that a diverse group of Pilot ACHs are selected to
45 participate as control group members or program participants in the grant program. Pilot ACHs
46 shall not use their grant awards for any purpose other than to contract with the Pilot Program
47 Accrediting Body or otherwise defray the expenses of serving as either a program participant or
48 control group member of the pilot program.

49 **SECTION 9E.6.(f)** Selection of Participating Pilot ACHs. – No later than 120 days
50 after the effective date of this section, the Sheps Center, NCSLA, and NCALA shall develop a
51 methodology for selecting program participants and control group members for the pilot

1 program. The methodology must ensure that program participants and control group members
2 selected for the pilot program represent diverse payor sources, star ratings, and related
3 characteristics and must ensure that the number of program participants and the number of control
4 group members are equivalent.

5 **SECTION 9E.6.(g)** Pilot ACH Reports. – No later than 150 days after the effective
6 date of this section, the Sheps Center, NCSLA, and NCALA shall develop a standardized
7 methodology for the collection of information from the program participants and control group
8 members of the pilot program for the purpose of comparing and contrasting the quality of care
9 and the outcomes in accredited and nonaccredited facilities. As a condition of participating in the
10 pilot program authorized by this section, the pilot ACHs must agree to follow this standardized
11 methodology for (i) collecting information about the residents and the facility and (ii) quarterly
12 reporting that information to the Sheps Center. The Sheps Center shall maintain the original data
13 provided by facilities for data verification purposes. The quarterly reports shall include, but not
14 be limited to, the following categories and types of information in the format prescribed by the
15 Sheps Center:

- 16 (1) Function, specifically falls with injury.
- 17 (2) Health, specifically emergency department visits, hospitalization, and flu
18 immunization.
- 19 (3) Cognition, specifically discharge due to behaviors.
- 20 (4) Quality of dying, specifically hospice use.
- 21 (5) Quality of life, specifically resident satisfaction and family satisfaction
22 reported annually.
- 23 (6) Staffing, specifically turnover and satisfaction (satisfaction reported
24 annually).

25 **SECTION 9E.6.(h)** Evaluation of Quality Outcome Measures. – Using quality
26 outcome measures established by the Sheps Center, the Sheps Center shall compare outcomes
27 between the program participants and control group members for a period of two years from the
28 onset of the pilot program. The Pilot Program Accrediting Body, program participants, and
29 control group members shall cooperate with the Sheps Center in its efforts to gather and report
30 data necessary to measure and compare care and resident outcomes as required by this subsection.
31 The Sheps Center shall submit the following reports to the Joint Legislative Oversight Committee
32 on Health and Human Services, the Department, and to the Stakeholder Advisory Group:

- 33 (1) On or before April 30, 2023, an interim report on its findings and
34 determinations with respect to the comparisons conducted in accordance with
35 this subsection.
- 36 (2) On or before July 31, 2024, a final report on its findings and determinations
37 with respect to the comparisons conducted in accordance with this subsection.

38 **SECTION 9E.6.(i)** Evaluation of Pilot Program. – The pilot program shall terminate
39 no later than August 1, 2024. No later than 90 days after the submission of its final report under
40 subdivision (h)(2) of this section, the Sheps Center shall conduct and submit to the Joint
41 Legislative Oversight Committee on Health and Human Services and the Department an
42 evaluation of the effectiveness of the pilot program for a licensure accreditation process for adult
43 care homes that could inform future changes to the licensure process and requirements. The
44 evaluation shall include, but not be limited to, an assessment of the following information from
45 the pilot program:

- 46 (1) A determination by the Sheps Center that a sufficient number of pilot ACHs
47 and control group member AHCs participated and provided data over a
48 sufficient period of time to enable a reliable evaluation of the pilot program.
- 49 (2) The determination of the Sheps Center on the impact accreditation has on
50 adult care home resident outcomes, or whether it demonstrably improves or at

1 least maintains resident outcomes, based on the quality measures established
2 by the Sheps Center.

3 (3) The completion of unannounced surveys by the Pilot Program Accrediting
4 Body within 12 months from the prior accreditation effective date.

5 (4) The timely notification to surveyed facilities of identified deficiencies with
6 the accreditation program's standards.

7 (5) The monitoring of the correction of identified deficiencies at the facility with
8 the program standards of the pilot accrediting body.

9 (6) Other relevant factors identified during the pilot program.

10 **SECTION 9E.6.(j)** Of the funds appropriated in this act to the Department of Health
11 and Human Services, the sum of one million five hundred thousand dollars (\$1,500,000) in
12 nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the NCSLA and the
13 NCALA. The NCSLA and the NCALA shall use these funds to jointly administer the grant
14 program authorized by subsection (e) of this section. Up to ten percent (10%) of these allocated
15 funds may be used for administrative costs incurred by NCSLA and NCALA in administering
16 the grant program component of the pilot program.

17 **SECTION 9E.6.(k)** Of the funds appropriated in this act to the Department of Health
18 and Human Services, one million eight hundred fifty thousand dollars (\$1,850,000) in
19 nonrecurring funds for the 2021-2022 fiscal year shall be transferred to the Board of Governors
20 of The University of North Carolina System to be allocated to the University of North Carolina
21 at Chapel Hill for the Program on Aging, Disability, and Long-Term Care within the Cecil G.
22 Sheps Center for Health Services Research to cover the cost of participation in the pilot program
23 authorized by subsection (b) of this section. These funds shall be expended over the period
24 beginning with the effective date of the pilot program and ending with the submission to the Joint
25 Legislative Oversight Committee on Health and Human Services and the Department of an
26 evaluation of the effectiveness of this pilot program for a licensure accreditation process for adult
27 care homes that could inform future changes to the licensure process and requirements. The
28 Sheps Center shall use these funds to do the following:

29 (1) To develop a recommended list of criteria, data collection, and methodology
30 necessary for measuring care and resident outcomes in adult care homes.
31 These criteria shall relate to, at a minimum, the following:

32 a. Function, specifically falls with injury.

33 b. Health, specifically emergency department visits, hospitalization, and
34 flu immunization.

35 c. Cognition, specifically discharge due to behaviors.

36 d. Quality of dying, specifically hospice use.

37 e. Quality of life, specifically resident satisfaction and family satisfaction
38 reported annually.

39 f. Staffing, specifically turnover and satisfaction (satisfaction reported
40 annually).

41 (2) To solicit the program participants, obtain the relevant data, validate select
42 data, enter and clean the data, and generate reports.

43 (3) To ensure pilot ACHs compile the information related to quality outcome
44 measures in a standardized manner, obtain that information, and compare the
45 quality outcome measures prescribed by the Sheps Center in program
46 participants and control group members. The methodology used in
47 comparison of quality outcome measures shall be substantially similar to the
48 methodology used in the Centers for Medicare and Medicaid Services'
49 Nursing Home Compare Quality Measures Technical Specifications,
50 specifically utilizing comparisons based upon per 1,000 resident days.

51 (4) To prepare the reports required by subsections (h) and (i) of this section.

1 SECTION 9E.6.(I) This section is effective when it becomes law.

2
3 **ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS**

4 SECTION 9E.7.(a) G.S. 131D-4.4A reads as rewritten:

5 "**§ 131D-4.4A. Adult care home infection prevention requirements.**

6 (a) As used in this section, "adult care home staff" means any employee of an adult care
7 home involved in direct resident care.

8 (b) In order to prevent transmission of ~~HIV, hepatitis B, hepatitis C, and other bloodborne~~
9 ~~pathogens, infectious diseases,~~ each adult care home shall do all of the ~~following, beginning~~
10 ~~January 1, 2012:~~ following:

11 (1) Implement a written infection prevention and control policy consistent with
12 the federal Centers for Disease Control and Prevention guidelines accepted
13 national standards on infection control that addresses at least all of control,
14 which shall be maintained in the facility and accessible to staff working at the
15 facility. The policy shall address the following:

- 16 a. Proper disposal of single-use equipment used to puncture skin, mucous
17 membranes, and other tissues, and proper disinfection of reusable
18 ~~patient-resident~~ care items that are used for multiple residents.
- 19 b. Sanitation of rooms and equipment, including cleaning procedures,
20 agents, and schedules.
- 21 c. Accessibility of infection control devices and supplies.
- 22 d. Blood and bodily fluid precautions.
- 23 e. Procedures to be followed when adult care home staff is exposed to
24 blood or other body fluids of another person in a manner that poses a
25 significant risk of transmission of HIV, hepatitis B, hepatitis C, or
26 other bloodborne pathogens.
- 27 f. Procedures to prohibit adult care home staff with exudative lesions or
28 weeping dermatitis from engaging in direct resident care that involves
29 the potential for contact between the resident, equipment, or devices
30 and the lesion or dermatitis until the condition resolves.
- 31 g. Standard and transmission-based precautions, including the following:
- 32 1. Respiratory hygiene and cough etiquette.
- 33 2. Environmental cleaning and disinfection.
- 34 3. Reprocessing and disinfection of reusable resident devices.
- 35 4. Hand hygiene.
- 36 5. Accessibility and proper use of personal protective equipment.
- 37 6. Types of transmission-based precautions and when each type
38 is indicated, including contact precautions, droplet
39 precautions, and airborne precautions.
- 40 h. When and how to report to the local health department a suspected or
41 confirmed, reportable communicable disease case or condition, or a
42 communicable disease outbreak.
- 43 i. Measures the facility should consider for specific types of
44 communicable disease outbreaks in order to prevent the spread of
45 illness, such as:
- 46 1. Isolating infected residents.
- 47 2. Limiting or stopping group activities and communal dining.
- 48 3. Limiting or restricting outside visitation to the facility.
- 49 4. Screening staff, residents, and visitors for signs of illness.
- 50 5. Using source control as tolerated by the residents.

j. Strategies for addressing potential staffing issues and ensuring adequate staffing is available to meet the needs of the residents during a communicable disease outbreak.

- (2) Require and monitor compliance with the facility's infection control policy.
- (3) Update the infection control policy as necessary to ~~prevent the transmission of HIV, hepatitis B, hepatitis C, and other bloodborne pathogens.~~maintain consistency with the infection prevention and control guidelines included in the course developed by the Department pursuant to G.S. 131D-4.5C.
- (4) Designate one on-site staff member for each noncontiguous facility who is knowledgeable about the federal Centers for Disease Control and Prevention guidelines on infection control to direct the facility's infection control activities and ensure that all adult care staff is trained in the facility's written infection prevention and control policy. ~~Beginning October 1, 2013, any policy developed pursuant to subdivision (b)(1) of this section within 30 days after hire and annually thereafter.~~ Any nonsupervisory staff member designated to direct the facility's infection control activities shall complete the infection control course developed by the Department pursuant to G.S. 131D-4.5C.
- (5) When a communicable disease outbreak has been identified at a facility or there is an emerging infectious disease threat, the facility shall ensure implementation of the facility's infection control and prevention policy developed pursuant to subdivision (b)(1) of this section and related policies and procedures; provided, however, that if guidance or directives specific to a communicable disease outbreak or emerging infectious disease threat have been issued in writing by the Department or local health department, the Department's or local health department's specific guidance or directives shall be implemented by the facility."

SECTION 9E.7.(b) This section becomes effective October 1, 2021.

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9F.1.(a) The Opioid Abatement Fund (Fund) is established as an interest-bearing special fund for allocation of appropriated funds to the Department of Health and Human Services (Department) for opioid-related programs and activities, as specified in this section. The Fund shall consist of all funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake County, pursuant to G.S. 114-2.4A.

SECTION 9F.1.(b) The Department shall expend moneys in the Fund only to abate and remediate the harms caused to North Carolina and its citizens by the opioid epidemic, as specified in subdivisions (1) through (4) of this subsection and in accordance with acts of the General Assembly appropriating these funds and specifying limitations and directions for the use of these funds:

- (1) To expand employment and transportation supports through innovative pilot programs in industries in North Carolina that suffered the greatest job losses during the COVID-19 pandemic and are most relied upon by individuals recovering from opioid use disorders to reenter the workforce, such as the food service industry, the hotel and lodging industry, and the entertainment industry. These funds may be used to support all of the following:

- 1 a. Employment support services for individuals in recovery from opioid
2 use disorder, such as job application support and placement with
3 partnering employers, with emphasis on supporting innovative pilot
4 programs to develop a more robust workforce in rural areas of the
5 State.
- 6 b. Training and development funds to encourage a consortium of public
7 and private employers, workforce development boards, and vocational
8 services providers to develop workplace recovery friendly ecosystems.
- 9 c. Transportation support services to enable individuals recovering from
10 opioid use disorder to travel to their places of treatment and their
11 places of employment.
- 12 (2) To support individuals with opioid use disorder who are involved in the
13 criminal justice system through programs and initiatives designed to
14 accomplish any one or more of the following:
- 15 a. Establishment or expansion of existing prearrest and postarrest
16 diversion programs. This includes prearrest diversion, postarrest
17 diversion, and court-based diversion through treatment or recovery
18 courts.
- 19 b. Establishment, expansion, or sustainment of medication-assisted
20 treatment programs that provide to individuals who are incarcerated
21 any medication approved by the United States Food and Drug
22 Administration for opioid use disorder. Programs authorized under
23 this sub-subdivision that are funded in whole or in part by the Opioid
24 Abatement Fund shall be made available to individuals who were
25 already participating in a medication-assisted treatment program prior
26 to being incarcerated, as well as to individuals who initiate
27 medication-assisted treatment during their incarceration to address an
28 opioid use disorder.
- 29 c. Creation or expansion of reentry programs to connect individuals
30 exiting incarceration with harm reduction, treatment, and recovery
31 supports.
- 32 (3) To expand evidence-based treatment supports and to improve connections to
33 care, especially for individuals hospitalized for overdose who are uninsured
34 or underinsured, through the following activities or initiatives:
- 35 a. Evidence-based addiction treatment, including medication-assisted
36 treatment provided by inpatient or outpatient opioid treatment
37 programs.
- 38 b. Expanded access to cost-effective, low-cost, or no-cost
39 medication-assisted treatment in community-based settings.
- 40 c. Expanded care management services, including the use of peer support
41 specialists and care navigators in local health departments, detention
42 facilities, local departments of social services, and community-based
43 settings. Any funding provided pursuant to this sub-subdivision shall
44 be used to provide care management services involving outreach to,
45 engagement with, and coordination for individuals to assist them with
46 accessing opioid use disorder treatment.
- 47 (4) To develop evidence-based supportive housing services, such as Housing
48 First, that are inclusive of individuals with substance use disorders. Qualifying
49 services that may be funded under this subdivision include the following:

- 1 a. Providing a move-in deposit, rental or utility assistance, or all of these
- 2 for individuals with substance use disorders who are in recovery or
- 3 transitioning from residential treatment or incarceration.
- 4 b. Providing community training sessions on tenancy rights and
- 5 responsibilities.
- 6 c. Establishing relationships with landlords to encourage the elimination
- 7 of preconditions for housing and to reduce potential incidences of
- 8 evictions due to substance misuse.
- 9 d. Providing other housing-related supports such as tents, sleeping bags,
- 10 or other supplies for outdoor living.
- 11 e. Funding or otherwise supporting recovery supported housing that
- 12 accepts individuals who are utilizing any medication approved by the
- 13 United States Food and Drug Administration for the treatment of
- 14 opioid use disorder.

15 **SECTION 9F.1.(c)** Funds deposited into the Opioid Abatement Fund do not
16 constitute an "appropriation made by law" as that phrase is used in Section 7(1) of Article V of
17 the North Carolina Constitution.

18 **SECTION 9F.1.(d)** All funds received by the State as a beneficiary of the final
19 consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v.
20 McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake
21 County, and deposited into the Opioid Abatement Fund shall remain unspent until appropriated
22 by an act of the General Assembly.

23 **SECTION 9F.1.(e)** Of the funds appropriated in this act from the Opioid Abatement
24 Fund established by subsection (a) of this section to the Department of Health and Human
25 Services, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2021-2022
26 fiscal year shall be provided as a directed grant to the North Carolina Association for the
27 Treatment of Opioid Dependence. The North Carolina Association for the Treatment of Opioid
28 Dependence shall not use these funds for any purpose other than an allowable purpose specified
29 under subsection (a) of this section.

30 **SECTION 9F.1.(f)** This section is effective when it becomes law.

31 **SINGLE-STREAM FUNDING FOR DMH/DD/SAS COMMUNITY SERVICES**

32 **SECTION 9F.3.(a)** For the purpose of mitigating cash flow problems that many
33 local management entities/managed care organizations (LME/MCOs) experience at the
34 beginning of each fiscal year relative to single-stream funding, the Department of Health and
35 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
36 Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base
37 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution
38 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year
39 after July, DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh
40 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the
41 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

42 **SECTION 9F.3.(b)** During each year of the 2021-2023 fiscal biennium,
43 DMH/DD/SAS shall ensure that LME/MCOs fund, in total, at least eighty percent (80%) of the
44 level of single-stream services provided across the State during the 2014-2015 fiscal year. No
45 LME/MCO shall reduce funding for (i) home and community-based services or (ii) services paid
46 for with single-stream funding that support the 2012 settlement agreement entered into between
47 the United States Department of Justice and the State of North Carolina to ensure that the State
48 will willingly meet the requirements of the Americans with Disabilities Act of 1990, section 504
49 of the Rehabilitation Act of 1973, and the United States Supreme Court decision in *Olmstead v.*
50 *L.C.*, 527 U.S. 581 (1999). This subsection shall not be construed to require a LME/MCO to
51

1 authorize or maintain the same level of services for any specific individual whose services were
2 paid for with single-stream funding. This subsection shall not be construed to create a private
3 right of action for any person or entity against the State of North Carolina or the Department of
4 Health and Human Services or any of its divisions, agents, or contractors and shall not be used
5 as authority in any contested case brought pursuant to Chapter 108C of the General Statutes or
6 Chapter 108D of the General Statutes.

7 **SECTION 9F.3.(c)** If, on or after June 1, 2022, the Office of State Budget and
8 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient
9 cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then the
10 Department of Health and Human Services, Division of Health Benefits (DHB), shall transfer to
11 DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars
12 (\$30,000,000), whichever is less.

13 **SECTION 9F.3.(d)** If, on or after June 1, 2023, OSBM certifies a Medicaid and NC
14 Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations
15 for the 2022-2023 fiscal year, then DHB shall transfer to DMH/DD/SAS funds not to exceed the
16 amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.
17

18 **ADDICTION TREATMENT FUNDS**

19 **SECTION 9F.3A.** Of the funds appropriated to the Department of Health and
20 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
21 Services (DMH/DD/SAS), the sum of five hundred thousand dollars (\$500,000) in nonrecurring
22 funds for the 2021-2022 fiscal year shall be allocated to Partners Health Management to be used
23 to address the needs of individuals in Surry County that have a substance use disorder or are
24 otherwise struggling with addiction.
25

26 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

27 **SECTION 9F.4.(a)** Use of Funds. – Funds appropriated in this act to the Department
28 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
29 Substance Abuse Services, shall continue to be used for the purchase of local inpatient psychiatric
30 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to
31 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
32 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds
33 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of
34 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall
35 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In
36 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated
37 to LME/MCOs for community-based mental health, developmental disabilities, and substance
38 abuse services may be used to purchase additional local inpatient psychiatric beds or bed days.

39 **SECTION 9F.4.(b)** Distribution and Management of Beds or Bed Days. – DHHS
40 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
41 with this section are utilized solely for individuals who are medically indigent, except that DHHS
42 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health
43 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
44 Abuse Services, for the purchase of local inpatient psychiatric beds or bed days to pay for
45 facility-based crisis services and nonhospital detoxification services for individuals in need of
46 these services, regardless of whether the individuals are medically indigent. For the purposes of
47 this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable
48 to obtain private insurance coverage, as determined by DHHS, and (ii) are not eligible for
49 government-funded health coverage such as Medicare or Medicaid.

50 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or
51 bed days purchased in accordance with this section are distributed across the State and according

1 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with
2 higher acuity levels are distributed across the State and according to greatest need based on
3 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local
4 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these
5 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and
6 control these local inpatient psychiatric beds or bed days, including the determination of the
7 specific local hospital or State psychiatric hospital to which an individual should be admitted
8 pursuant to an involuntary commitment order.

9 **SECTION 9F.4.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in
10 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be
11 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
12 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the
13 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
14 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital
15 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

16 **SECTION 9F.4.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
17 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for
18 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
19 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the
20 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may
21 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other
22 provision of law to the contrary, may pay the hospital directly.

23 **SECTION 9F.4.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to
24 report to DHHS regarding the utilization of these beds or bed days.

25 **SECTION 9F.4.(f)** Reporting by DHHS. – By no later than December 1, 2022, and
26 by no later than December 1, 2023, DHHS shall report to the Joint Legislative Oversight
27 Committee on Health and Human Services and the Fiscal Research Division on all of the
28 following:

- 29 (1) A uniform system for beds or bed days purchased during the preceding fiscal
30 year from (i) existing State appropriations and (ii) local funds.
- 31 (2) An explanation of the process used by DHHS to ensure that, except as
32 otherwise provided in subsection (a) of this section, local inpatient psychiatric
33 beds or bed days purchased in accordance with this section are utilized solely
34 for individuals who are medically indigent, along with the number of
35 medically indigent individuals served by the purchase of these beds or bed
36 days.
- 37 (3) The amount of funds used to pay for facility-based crisis services, along with
38 the number of individuals who received these services and the outcomes for
39 each individual.
- 40 (4) The amount of funds used to pay for nonhospital detoxification services, along
41 with the number of individuals who received these services and the outcomes
42 for each individual.
- 43 (5) Other DHHS initiatives funded by State appropriations to reduce State
44 psychiatric hospital use.

45 **FUNDS FOR OVERDOSE MEDICATIONS**

46 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health
47 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
48 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each
49 fiscal year of the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists, as
50 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:
51

- 1 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of
2 the 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to
3 be distributed at no charge to the North Carolina Harm Reduction Coalition
4 to serve individuals at risk of experiencing an opioid-related drug overdose or
5 to the friends and family members of an at-risk individual.
- 6 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the
7 2021-2023 fiscal biennium shall be used to purchase opioid antagonists to be
8 distributed at no charge to North Carolina law enforcement agencies.
- 9

10 YOUTH TOBACCO ENFORCEMENT FUNDING

11 **SECTION 9F.6.** Of the funds appropriated in this act to the Department of Health
12 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
13 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each
14 year of the 2021-2023 fiscal biennium shall be transferred to the Alcohol Law Enforcement
15 Division of the Department of Public Safety. The Alcohol Law Enforcement Division shall
16 allocate these funds for the performance of statewide compliance checks to enforce G.S. 14-313,
17 the State's youth tobacco access law.

18

19 INCREASE FUNDING FOR TRAUMATIC BRAIN INJURY SERVICES

20 **SECTION 9F.7A.** Of the funds appropriated in this act to the Department of Health
21 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
22 Abuse Services, for traumatic brain injury (TBI) services, the sum of three million nine hundred
23 seventy-three thousand eighty-six dollars (\$3,973,086) in recurring funds for each year of the
24 2021-2023 fiscal biennium shall be used exclusively to support TBI services as follows:

- 25 (1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars
26 (\$559,218) in recurring funds for each year of the fiscal biennium shall be
27 used to fund contracts with the Brain Injury Association of North Carolina,
28 Carolinas Rehabilitation, or appropriate service providers to assist families in
29 accessing the continuum of care and to provide educational programs on brain
30 injury prevention, intervention, and care.
- 31 (2) The sum of three million four hundred thirteen thousand eight hundred
32 sixty-eight dollars (\$3,413,868) in recurring funds for each year of the fiscal
33 biennium shall be used to provide TBI services and supports established by
34 the Division of Mental Health, Developmental Disabilities, and Substance
35 Abuse Services in its operating processes, including residential services, day
36 programs, transportation, respite services, and home modification, to
37 individuals with TBI statewide.
- 38

39 USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR NEW LICENSED 40 INPATIENT BEHAVIORAL HEALTH BEDS

41 **SECTION 9F.9.(a)** Funds for the Purchase of Additional Beds. – It is the intent of
42 the General Assembly to increase inpatient behavioral health bed capacity in rural areas of the
43 State with the highest need. To that end, of the funds appropriated in this act from the Dorothea
44 Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health
45 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
46 Abuse Services, the sum of four million two hundred sixty-one thousand four hundred forty-four
47 dollars (\$4,261,444) in nonrecurring funds for the 2021-2022 fiscal year shall be used to pay for
48 any renovation or building costs associated with (i) the construction of new licensed inpatient
49 behavioral health beds, (ii) the conversion of existing inpatient acute care beds into licensed
50 inpatient behavioral health beds, or (iii) a combination of these options as follows:

- 1 (1) One million four hundred twenty thousand four hundred eighty-one dollars
2 (\$1,420,481) in nonrecurring funds shall be used to pay for the construction
3 of new licensed inpatient behavioral health beds at Good Hope Hospital in
4 Harnett County.
- 5 (2) One million four hundred twenty thousand four hundred eighty-one dollars
6 (\$1,420,481) in nonrecurring funds shall be used to create a new behavioral
7 health unit in Betsy Johnson Hospital, a part of Harnett County Health
8 Systems, in Dunn, North Carolina. A minimum of 12 of the beds in the new
9 unit shall be reserved for children under the age of 18.
- 10 (3) One million four hundred twenty thousand four hundred eighty-two dollars
11 (\$1,420,482) in nonrecurring funds shall be used to construct new licensed
12 inpatient behavioral beds by Johnston Health Enterprises, Inc., in Johnston
13 County.

14 **SECTION 9F.9.(b)** Certificate of Need Exemption for Certain Facilities. –
15 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General
16 Statutes, or any other provision of law to the contrary, each facility that receives funds allocated
17 under subsection (a) of this section is exempt from certificate of need review for the
18 establishment or expansion of behavioral health services at the facility at which the constructed
19 or converted beds will be brought into operation, including any combination of the following:

- 20 (1) The establishment or expansion of outpatient therapy services or substance
21 use disorder treatment services, or both.
- 22 (2) The replacement or relocation of a behavioral health facility, defined as a
23 psychiatric facility, a facility-based crisis center, or any facility that is
24 primarily engaged in providing services for the diagnosis and treatment of
25 behavioral health issues.
- 26 (3) Changes in inpatient behavioral health bed capacity.

27 **SECTION 9F.9.(c)** Applicability of Licensure Laws. – The establishment or
28 expansion of behavioral health services, including any of the items described in subdivisions (1)
29 through (3) of subsection (b) of this section, are subject to existing licensure laws and
30 requirements.

31
32 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS REMAIN AVAILABLE FOR**
33 **PROJECTS**

34 **SECTION 9F.10.** Any funds allocated under Section 12F.4 of S.L. 2016-94, Section
35 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
36 to the Department of Health and Human Services, Division of Mental Health, Developmental
37 Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund that
38 are not expended or encumbered as of June 30, 2022, shall remain in the Dorothea Dix Hospital
39 Property Fund until those funds are expended or encumbered for the purposes specified under
40 Section 12F.4 of S.L. 2016-94, Section 11F.5 of S.L. 2017-57, as amended by Section 11F.2 of
41 S.L. 2018-5, and Section 9F.9 of this act, as applicable.

42
43 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

44 **SECTION 9F.12.(a)** As used in this section, "group home" means any facility that
45 (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised
46 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves
47 minors or adults whose primary diagnosis is mental illness or a developmental disability but may
48 also have other diagnoses.

49 **SECTION 9F.12.(b)** Of the funds appropriated in this act to the Department of
50 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
51 Substance Abuse Services (DMH/DD/SAS), the sum of one million eight hundred thousand

1 dollars (\$1,800,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to provide
2 temporary, short-term financial assistance in the form of a monthly payment to group homes on
3 behalf of each resident who meets all of the following criteria:

- 4 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to
5 January 1, 2013, but was determined to be ineligible for PCS on or after
6 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria
7 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of
8 S.L. 2012-145 and Section 70 of S.L. 2012-194.

- 9 (2) Has continuously resided in a group home since December 31, 2012.

10 **SECTION 9F.12.(c)** These monthly payments shall be subject to all of the following
11 requirements and limitations:

- 12 (1) The amount of the monthly payments authorized by this section shall not
13 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month
14 for each resident who meets all criteria specified in subsection (b) of this
15 section.

- 16 (2) A group home that receives the monthly payments authorized by this section
17 shall not, under any circumstances, use these payments for any purpose other
18 than providing, as necessary, supervision and medication management for a
19 resident who meets all criteria specified in subsection (b) of this section.

- 20 (3) The Department shall make monthly payments authorized by this section to a
21 group home on behalf of each resident who meets all criteria specified in
22 subsection (b) of this section only for the period commencing July 1, 2021,
23 and ending June 30, 2022, or upon depletion of the one million eight hundred
24 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act
25 to DMH/DD/SAS for supplemental short-term assistance for group homes for
26 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.
- 27 (4) The Department shall make monthly payments authorized by this section only
28 to the extent sufficient funds are available from the one million eight hundred
29 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act
30 to DMH/DD/SAS for supplemental short-term assistance for group homes for
31 the 2021-2022 fiscal year for the purpose of this section.

- 32 (5) The Department shall not make monthly payments authorized by this section
33 to a group home on behalf of a resident during the pendency of an appeal by
34 or on behalf of the resident under G.S. 108A-70.9A.

- 35 (6) The Department shall terminate all monthly payments pursuant to this section
36 on June 30, 2022, or upon depletion of the one million eight hundred thousand
37 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to
38 DMH/DD/SAS for supplemental short-term assistance for group homes for
39 the 2021-2022 fiscal year for the purpose of this section, whichever is earlier.

- 40 (7) Each group home that receives the monthly payments authorized by this
41 section shall submit to the Department a list of all funding sources for the
42 operational costs of the group home for the preceding two years, in accordance
43 with the schedule and format prescribed by the Department.

44 **SECTION 9F.12.(d)** The Department shall use an existing mechanism to administer
45 these funds in the least restrictive manner that ensures compliance with this section and timely
46 and accurate payments to group homes. The Department shall not, under any circumstances, use
47 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds
48 appropriated in this act to DMH/DD/SAS for supplemental short-term assistance for group
49 homes for the 2021-2022 fiscal year for any other purpose than the purpose specified in this
50 section.

1 **SECTION 9F.12.(e)** Nothing in this section shall be construed as an obligation by
2 the General Assembly to appropriate funds for the purpose of this section or as an entitlement by
3 any group home, resident of a group home, or other person to receive temporary, short-term
4 financial assistance under this section.

5 **SECTION 9F.12.(f)** No later than December 1, 2021, DMH/DD/SAS shall provide
6 to the Fiscal Research Division the number of group home residents that meet the criteria under
7 subsection (b) of this section.

8
9 **TEMPORARY ADDITIONAL FUNDING ASSISTANCE FOR INTERMEDIATE CARE**
10 **FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

11 **SECTION 9F.13.** Of the funds appropriated in this act from the State Fiscal
12 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,
13 Developmental Disabilities, and Substance Abuse Services, the sum of twelve million six
14 hundred thousand dollars (\$12,600,000) in nonrecurring funds for the 2021-2022 fiscal year shall
15 be used to distribute a one-time payment to each local management entity/managed care
16 organization (LME/MCO) for the purposes of providing temporary additional funding assistance
17 for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) services
18 on a per diem basis.

19
20 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

21 **SECTION 9F.14.(a)** Of the funds appropriated to the Department of Health and
22 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
23 Services, the sum of fifteen million dollars (\$15,000,000) in recurring funds for each year of the
24 2021-2023 fiscal biennium shall be used for the following purposes only:

- 25 (1) Incentivizing local management entities/managed care organizations
26 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other
27 Medicaid-funded services, to support the residential needs of Medicaid
28 recipients living in licensed, community-based group homes.
- 29 (2) Establishing new rate models and rate methodologies to replace the currently
30 inadequate and insufficient State-funded rates supporting residents of
31 licensed, community-based group homes. DHHS shall identify any vacant
32 beds and eligible individuals to fill those beds under the new rate models and
33 rate methodologies and assist with the orderly transition of the eligible
34 individuals into the vacant beds.
- 35 (3) Increasing the existing per member per month payments to LME/MCOs to
36 quickly enable and facilitate the transition to a more appropriate and
37 sustainable service-funding model for licensed, community-based group
38 homes by July 1, 2022. Funds expended under this subdivision shall be
39 allocated in per person amounts, to be determined by DHHS, to individuals
40 with intellectual or other developmental disabilities who received State
41 funding prior to July 1, 2022, and who reside in licensed, community-based
42 group homes for eligible individuals with intellectual and other developmental
43 disabilities.
- 44 (4) Continuing the existing rate structure at the per person amounts for the
45 2021-2023 biennium to offset the loss of bridge funds and maintain the current
46 financial conditions of licensed, community-based group homes that serve
47 children or adults whose primary diagnosis is mental illness or an intellectual
48 or developmental disability.

49 Group homes with only residents who are supported by the North Carolina
50 Innovations Waiver are not eligible to receive any funding under this subsection.

1 **SECTION 9F.14.(b)** DHHS shall develop a more appropriate and sustainable
2 service model for residents of licensed, community-based group homes. In developing this
3 service model, DHHS shall do all of the following:

- 4 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,
5 needs-based rate models and rate methodologies for new "in-lieu-of" services,
6 or other Medicaid-funded services, that will be specific to the residential
7 support services needed in group homes serving Medicaid recipients with
8 intellectual or other developmental disabilities and to residential support
9 services needed in group homes serving Medicaid recipients with a primary
10 diagnosis of mental illness. The rate methodologies shall be comparable to, or
11 a percentage of, existing rates for similar services currently provided through
12 the North Carolina Innovations Waiver. The new rate structures shall include
13 wage and hour increases for direct support personnel working in these group
14 homes.
- 15 (2) In cooperation with stakeholders and LME/MCOs, develop new model
16 service definitions specific to the residential support services needed by
17 Medicaid recipients with mental health needs living in licensed,
18 community-based group homes. The new service definitions shall require the
19 delivery of new habilitation or rehabilitation support services in the residential
20 setting.
- 21 (3) Develop a process whereby all, or a portion of, the State funds used to support
22 Medicaid recipients with mental illness or intellectual or other developmental
23 disabilities living in licensed, community-based group homes prior to the
24 implementation of the new rate structure are used for the new "in-lieu-of"
25 services or other Medicaid services developed pursuant to this subsection. The
26 policy shall ensure an orderly home-by-home transition process. The policy
27 shall ensure that residents who are found to be ineligible for Medicaid services
28 or who do not meet medical necessity criteria for the new "in-lieu-of" services,
29 or other Medicaid-funded services, shall continue to be served using State
30 funds at a need-based rate comparable to the North Carolina Innovations
31 Waiver rate. No resident shall be displaced as a result of being found ineligible
32 for Medicaid services after the implementation of the new "in-lieu-of"
33 services or other Medicaid-funded services. DHHS may use a regional
34 phased-in approach to achieve the goals set forth in this subdivision.
- 35 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or
36 other Medicaid-funded services for all eligible residents with mental illness or
37 intellectual or other developmental disabilities living in licensed,
38 community-based group homes receiving State funds and (ii) transition
39 eligible residents to these more sustainable and appropriate Medicaid services.
- 40 (5) No later than March 1, 2022, report to the Joint Legislative Oversight
41 Committee on Health and Human Services and the Joint Legislative Oversight
42 Committee on Medicaid and NC Health Choice on the service model for
43 residents of licensed, community-based group homes that has been developed.

44 **SECTION 9F.14.(c)** The more appropriate and sustainable service model for
45 residents of licensed, community-based group homes developed in accordance with subsection
46 (b) of this section shall be implemented by July 1, 2022. Once the model is implemented, the
47 State funds that were used to support residents of licensed, community-based group homes prior
48 to implementation shall be reinvested in their entirety in both the new funding model and
49 increased rates to support and equalize wages of direct support personnel serving the residents.

50

1 **SUPPORT COUNTY CRISIS BEHAVIORAL HEALTH PROGRAM JOINT**
2 **PARTNERSHIPS**

3 **SECTION 9F.15.** Of the funds appropriated in this act from the State Fiscal
4 Recovery Fund to the Department of Health and Human Services, Division of Mental Health,
5 Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of
6 twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2021-2022 fiscal year is
7 to be allocated, in a manner determined by DMH/DD/SAS, to Forsyth and Mecklenburg Counties
8 to be used for each county's crisis behavioral health program partnership with the applicable
9 county's local hospital system, local behavioral health crisis centers, local emergency services
10 providers, and the local management entities/managed care organizations (LME/MCOs) serving
11 the county. These crisis behavioral health programs shall continue to aid in assisting individuals
12 who are experiencing a behavioral health crisis by diverting the individuals from the local
13 hospitals, which are under pressure from the COVID-19 pandemic, to more appropriate settings
14 to address those individuals' needs.

15
16 **STUDY PSYCHIATRIST SHORTAGE AT STATE OPERATED HEALTHCARE**
17 **FACILITIES**

18 **SECTION 9F.16.** The Department of Health and Human Services, Division of State
19 Operated Healthcare Facilities (DSOHF), shall partner with the Cecil G. Sheps Center for Health
20 Services Research to study the staffing of licensed psychiatrists at the State operated psychiatric
21 hospitals. The study shall include all of the following and shall break out the information by
22 facility where applicable:

- 23 (1) Detailed information regarding the psychiatrist position vacancies over the
24 last decade, including the number of vacant positions throughout that time
25 frame.
- 26 (2) The turnover in psychiatrist positions over the past decade.
- 27 (3) Methods used to recruit and retain psychiatrists in State operated facilities.
- 28 (4) A comparison of the salaries and benefits offered to psychiatrists in the State
29 operated facilities and those offered to psychiatrists practicing in private
30 settings.
- 31 (5) Whether increased salary, bonuses, geographically-differentiated
32 compensation, or other financial incentives may be beneficial for the
33 recruitment and retention of psychiatrists in State operated facilities.
- 34 (6) Additional recruitment tools for State operated facility psychiatrist vacancies
35 in rural areas of the State.
- 36 (7) The amount of funding required to support the recruitment and retention
37 activities identified in the report.

38 No later than April 1, 2022, DSOHF shall submit a report to the Joint Legislative
39 Oversight Committee on Health and Human Services and the Fiscal Research Division that
40 contains the findings and recommendations, including any recommended legislative changes,
41 related to the study required under this section.

42
43 **STUDY ABILITY TO USE OLD BROUGHTON HOSPITAL FOR THREE-WAY BEDS**

44 **SECTION 9F.17.** The Department of Health and Human Services, Division of State
45 Operated Healthcare Facilities, shall study the potential use of the historic Broughton Hospital
46 by private entities, such as hospitals or other healthcare facilities, for three-way beds and shall
47 explore the possibility of leasing, contracting out, or otherwise entering into agreement for use
48 of the hospital, or any portion thereof, for three-way mental health beds. No later than March 1,
49 2022, DSOHF shall report to the Joint Legislative Oversight Committee on Health and Human
50 Services with recommendations resulting from the study requirement under this section.

FUNDS FOR TWO GIGI'S PLAYHOUSE LOCATIONS

SECTION 9F.18.(a) Notwithstanding the Committee Report referenced in Section 43.2 of this act, funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for a directed grant to Gigi's Playhouse, Inc., for the location in Charlotte, are decreased by the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for the 2021-2022 fiscal year.

SECTION 9F.18.(b) Notwithstanding the Committee Report referenced in Section 43.2 of this act, funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, there is appropriated the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for a directed grant to Gigi's Playhouse, Inc., for the location in Raleigh, North Carolina.

PART IX-G. PUBLIC HEALTH**LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH**

SECTION 9G.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

- (1) Improve North Carolina's birth outcomes.
- (2) Improve the overall health status of children in this State from birth to age 5.
- (3) Lower the State's infant mortality rate.

SECTION 9G.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

- (1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
- (2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.
- (3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.
- (4) Allows grants to be awarded to local health departments for up to two years.

SECTION 9G.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of persons served by each grantee, broken down by program or initiative.

1 **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health
2 department receiving funding pursuant to this section in the respective fiscal year shall submit to
3 the Division of Public Health a written report of all activities funded by State appropriations. The
4 report shall include the following information about the fiscal year preceding the year in which
5 the report is due:

- 6 (1) A description of the types of programs, services, and activities funded by State
7 appropriations.
- 8 (2) Statistical and demographical information on the number of persons served by
9 these programs, services, and activities, including the counties in which
10 services are provided.
- 11 (3) Outcome measures that demonstrate the impact and effectiveness of the
12 programs, services, and activities based on the evaluation protocols developed
13 by the Division, in collaboration with the University of North Carolina
14 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
15 2015-241, and reported to the Joint Legislative Oversight Committee on
16 Health and Human Services on April 1, 2016.
- 17 (4) A detailed program budget and list of expenditures, including all positions
18 funded, matching expenditures, and funding sources.

19 20 **LIMITATION ON USE OF STATE FUNDS**

21 **SECTION 9G.2.** The limitation on the use of State funds as stated in Section 12E.13
22 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and
23 Human Services for each fiscal year of the 2021-2023 fiscal biennium.
24

25 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 26 **ASSISTANCE PROGRAM**

27 **SECTION 9G.3.** Upon a determination by the Department of Health and Human
28 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
29 operate the health insurance premium assistance program implemented within the North Carolina
30 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
31 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
32 Committee on Health and Human Services notifying the Committee of this determination along
33 with supporting documentation and a proposed course of action with respect to health insurance
34 premium assistance program participants.
35

36 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

37 **SECTION 9G.4.(a)** Of the funds appropriated in this act to the Department of Health
38 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Carolina
39 Pregnancy Care Fellowship, a nonprofit corporation, no more than five percent (5%) of the funds
40 allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for
41 administrative purposes. The balance of these funds shall be used for direct services.

42 **SECTION 9G.4.(b)** Carolina Pregnancy Care Fellowship shall report to the Joint
43 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
44 Division on the use of the funds appropriated in this act as follows:

- 45 (1) By July 1, 2022, on the use of funds received for the 2021-2022 fiscal year,
46 including the use of any funds awarded as subgrants.
- 47 (2) By July 1, 2023, on the use of funds received for the 2022-2023 fiscal year,
48 including the use of any funds awarded as subgrants.

49 50 **CAROLINA PREGNANCY CARE FELLOWSHIP/GRANTS FOR DURABLE** 51 **MEDICAL EQUIPMENT AND TRAINING**

1 **SECTION 9G.4A.(a)** Of the funds appropriated in this act to the Department of
2 Health and Human Services, Division of Public Health, for the Carolina Pregnancy Care
3 Fellowship, a nonprofit corporation, the sum of five hundred thousand dollars (\$500,000) in
4 nonrecurring funds for the 2021-2022 fiscal year and the sum of five hundred thousand dollars
5 (\$500,000) in nonrecurring funds for the 2022-2023 fiscal year shall be allocated as a directed
6 grant to the Carolina Pregnancy Care Fellowship to be used to provide the following to clinics
7 that apply to the Carolina Pregnancy Care Fellowship:

8 (1) Grants to purchase durable medical equipment.

9 (2) Grants to pay for training on the use of durable medical equipment.

10 **SECTION 9G.4A.(b)** No more than five percent (5%) of the funds allocated for the
11 purposes of this section for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be
12 used for administrative purposes.

13 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

14 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health
15 and Human Services, Division of Public Health, for the 2021-2023 fiscal biennium for Mountain
16 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the
17 funds allocated for the 2021-2022 fiscal year and for the 2022-2023 fiscal year shall be used for
18 administrative purposes. The balance of these funds shall be used for direct services.

19 **EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM INTO A** 20 **STATEWIDE PROGRAM**

21 **SECTION 9G.6.(a)** Of the funds appropriated in this act to the Department of Health
22 and Human Services, Division of Public Health, the sum of three million two hundred thousand
23 dollars (\$3,200,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of three
24 million two hundred thousand dollars (\$3,200,000) in nonrecurring funds for the 2022-2023
25 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, as provided in
26 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes
27 only.

28 **SECTION 9G.6.(b)** The Human Coalition shall use funds allocated pursuant to
29 subsection (a) of this section to expand the continuum of care pilot program authorized by Section
30 11E.13(b) of S.L. 2017-57 into a statewide program. The purpose of the statewide continuum of
31 care program includes expansion and operation of the Human Coalition Pregnancy Support
32 Program to provide community outreach, consultations, and support and care coordination for
33 women experiencing under-supported pregnancies. The program is designed to (i) encourage
34 healthy childbirth, (ii) support childbirth as an alternative to abortion, (iii) promote family
35 formation, (iv) assist in establishing successful parenting techniques, and (v) increase the
36 economic self-sufficiency of families. The continuum of care program shall consist of existing
37 locations of the pilot program authorized by Section 11E.13(b) of S.L. 2017-57 and other
38 locations around the State to be determined by the Human Coalition. All providers rendering
39 services under the program for which they are compensated with funds allocated pursuant to
40 subsection (a) of this section shall be physically located in the State of North Carolina. The
41 continuum of care program shall provide direct services, supports, social services case
42 management, and referrals to biological parents of unborn children and biological or adoptive
43 parents of children under the age of 2 and shall consist of at least all of the following components:

44 (1) Outreach to at-risk populations eligible for the program.

45 (2) The use of licensed nurses to perform the following functions:

46 a. Assessment and evaluation of needs related to pregnancy or parenting.

47 b. Provision of medically accurate, pregnancy-related medical
48 information to program participants.
49
50

- 1 (3) The use of licensed social workers, or other individuals of equivalent
2 experience, to perform the following functions:
3 a. Development of a care plan, resources, and supports for program
4 participants to address identified needs.
5 b. Referrals to appropriate local resources, including State and federal
6 benefits programs and local charitable organizations.
7 c. Assistance in applying for State and federal benefits programs.
8 d. Assistance in accomplishing elements of the care plan.

9 **SECTION 9G.6.(c)** In order to be eligible to receive services under the continuum
10 of care program, an individual shall, at the time of initial contact with the program, be (i) a
11 resident of North Carolina and (ii) a biological parent of an unborn child or a biological or
12 adoptive parent of a child under the age of 2. Participants of the original pilot program authorized
13 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible
14 to continue to receive continuum of care program services for a period of six months from the
15 date of termination of pregnancy.

16 **SECTION 9G.6.(d)** The Human Coalition may use up to ten percent (10%) of the
17 funds allocated for each year of the 2021-2023 fiscal biennium for administrative purposes.

18 **SECTION 9G.6.(e)** By December 1, 2021, and every six months thereafter, the
19 Human Coalition shall report to the Department of Health and Human Services on the status and
20 operation of the continuum of care program authorized by subsection (b) of this section. The
21 report shall include at least all of the following:

- 22 (1) A detailed breakdown of expenditures for the program.
23 (2) The number of individuals served by the program, and for the individuals
24 served, the types of services provided to each.
25 (3) Any other information requested by the Department of Health and Human
26 Services as necessary for evaluating the success of the program.

27 **SECTION 9G.6.(f)** By April 1, 2023, the Department of Health and Human Services
28 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the
29 Fiscal Research Division on the status and operation of the continuum of care program.

30 **TIMELY UPDATES TO NEWBORN SCREENING PROGRAM**

31 **SECTION 9G.6A.(a)** G.S. 130A-125(b) reads as rewritten:

32 "(b) The Commission shall adopt rules necessary to implement the Newborn Screening
33 Program. The rules shall include, but shall not be limited to, the conditions for which screening
34 is required. The Commission shall amend the rules as necessary to ensure that each condition
35 listed on the Recommended Uniform Screening Panel developed by the Secretary of the United
36 States Department of Health and Human Services and the Advisory Committee on Heritable
37 Disorders of Newborns and Children (the RUSP) is included in the Newborn Screening ~~Program,~~
38 Program within three years after being added to the RUSP, except that the Commission is exempt
39 from rule making with respect to adding screening tests for Pompe disease,
40 Mucopolysaccharidosis Type I (MPS I), and X-Linked Adrenoleukodystrophy (X-ALD). The
41 Department of Health and Human Services shall provide a report to the Joint Legislative
42 Oversight Committee on Health and Human Services 18 months after a condition is added to the
43 RUSP. When a delay adding an RUSP-identified condition to the Newborn Screening Program
44 exceeds three years, the Department shall provide a report on the status and reasons for the delay
45 to the Joint Legislative Oversight Committee on Health and Human Services every six months
46 following the three-year delay.

47 Screening is not required when the parents or the guardian of the infant object to such
48 screening. If the parents or guardian object to the screening, the objection shall be presented in
49 writing to the physician or other person responsible for administering the test, who shall place
50 the written objection in the infant's medical record."
51

1 SECTION 9G.6A.(b) This section becomes effective January 1, 2022.

2
3 **CONFORMING CHANGES RELATED TO THE TRANSFER OF THE WELL**
4 **CONTRACTORS CERTIFICATION COMMISSION FROM THE DEPARTMENT**
5 **OF ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF HEALTH AND**
6 **HUMAN SERVICES**

7 SECTION 9G.7.(a) G.S. 87-98.2 reads as rewritten:

8 **"§ 87-98.2. Definitions.**

9 The definitions in G.S. 87-85 and the following definitions apply in this Article:

- 10 (1) Commission. – The Well Contractors Certification ~~Commission, as~~
11 ~~established by G.S. 143B-301.11.~~Commission established in Article 7B of
12 this Chapter.
- 13 (2) Department. – The Department of ~~Environmental Quality.~~Health and Human
14 Services.
- 15 (3) Person. – A natural person.
- 16 (4) Secretary. – The Secretary of ~~Environmental Quality.~~Health and Human
17 Services.
- 18 (5) Well contractor. – A person in trade or business who undertakes to perform a
19 well contractor activity or who undertakes to personally supervise or
20 personally manage the performance of a well contractor activity on the
21 person's own behalf or for any person, firm, or corporation.
- 22 (6) Well contractor activity. – The construction, installation, repair, alteration, or
23 abandonment of any well."

24 SECTION 9G.7.(b) Part 9A of Article 7 of Chapter 143B of the General Statutes
25 (G.S. 143B-301.10 through G.S. 143B-301.12) is recodified as Article 7B of Chapter 87 of the
26 General Statutes (G.S. 87-99 through G.S. 87-99.2) and reads as rewritten:

27 "Article 7B.

28 "Well Contractors Certification Commission.

29 **"§ 87-99. Definitions.**

30 ~~The~~Unless the context clearly requires otherwise, the definitions in G.S. 87-85 and
31 G.S. 87-98.2 apply in this Part.

32 **"§ 87-99.1. Creation, powers, and duties of the Commission.**

33 (a) Creation and Duties. – ~~The~~There is established within the Department of Health and
34 Human Services, Division of Public Health, the Well Contractors Certification Commission
35 ~~is created within the Department.~~Commission. The Commission shall:

- 36 (1) Adopt rules with respect to the certification of well contractors as provided by
37 Article 7A of Chapter 87 of the General Statutes.
- 38 (2) Exercise quasi-judicial powers in accordance with the provisions of Chapter
39 150B of the General Statutes. The Commission shall make the final agency
40 decision on any matter involving the certification of well contractors pursuant
41 to Article 7A of Chapter 87 of the General Statutes and on civil penalties
42 assessed for violations of that Article or rules adopted pursuant to that Article.
- 43 (3) Adopt rules as may be required to secure a federal grant-in-aid for a program
44 concerned with the certification of well contractors. This subdivision is to be
45 liberally construed in order that the State and its citizens may benefit from
46 federal grants-in-aid.

47 (b) Delegation. – The Commission may, by rule, delegate to the Secretary of Health and
48 Human Services any of its powers, other than the power to adopt rules.

49 **"§ 87-99.2. Membership of Commission.**

50 (a) Appointments. – The Commission shall consist of seven members appointed as
51 follows:

- 1 (1) One member appointed by the General Assembly upon recommendation of
2 the Speaker of the House of Representatives who, at the time of appointment,
3 is (i) engaged in well contractor activities, (ii) certified as a well contractor
4 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily
5 in the construction, installation, repair, alteration, or abandonment of domestic
6 water supply wells, and (iv) a resident of a county that is located east of or is
7 traversed by Interstate 95.
- 8 (2) One member appointed by the General Assembly upon recommendation of
9 the Speaker of the House of Representatives who, at the time of appointment,
10 is (i) engaged in well contractor activities, (ii) certified as a well contractor
11 under Article 7A of Chapter 87 of the General Statutes, (iii) engaged primarily
12 in the construction, installation, repair, alteration, or abandonment of domestic
13 water supply wells, and (iv) a resident of a county that is located wholly west
14 of Interstate 95.
- 15 (3) One member appointed by the General Assembly upon recommendation of
16 the President Pro Tempore of the Senate who, at the time of appointment, is
17 (i) engaged in well contractor activities, (ii) certified as a well contractor under
18 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily
19 in the construction, installation, repair, alteration, or abandonment of
20 industrial, municipal, or other large capacity water supply wells.
- 21 (4) One member appointed by the General Assembly upon recommendation of
22 the President Pro Tempore of the Senate who, at the time of appointment, is
23 (i) engaged in well contractor activities, (ii) certified as a well contractor under
24 Article 7A of Chapter 87 of the General Statutes, and (iii) engaged primarily
25 in the construction, installation, repair, alteration, or abandonment of
26 nonwater supply wells, such as monitoring or recovery wells.
- 27 (5) One member appointed by the General Assembly upon recommendation of
28 the Speaker of the House of Representatives who, at the time of appointment,
29 is (i) employed by a local county health department and (ii) actively engaged
30 in well inspection and permitting.
- 31 (6) One member appointed by the General Assembly upon recommendation of
32 the President Pro Tempore of the Senate who, at the time of appointment, is
33 (i) employed by a local county health department and (ii) actively engaged in
34 well inspection and permitting.
- 35 (7) One member appointed by the Governor who is (i) appointed from the public
36 at large, (ii) not engaged in well contractor activities, and (iii) not an employee
37 of a firm or corporation engaged in well contractor activities or a State or
38 county governmental agency.

39 (b) Additional Qualifications. – Appointment of members to fill positions (1), (2), (3),
40 and (4) shall be made from among all those persons who are recommended for appointment to
41 the Commission by any person who is engaged in well contractor activities and who is certified
42 as a well contractor under Article 7A of Chapter 87 of the General Statutes. No person shall be
43 appointed to the Commission who is a resident of, or has a principal place of business in, the
44 same county as another member of the Commission.

45 (c) Terms. – Appointments to the Commission shall be for terms of three years. The terms
46 of members appointed to fill positions (1), (2), and (7) shall expire on 30 June of years evenly
47 divisible by three. The terms of members appointed to fill positions (3) and (4) shall expire on
48 30 June of years that follow by one year those years that are evenly divisible by three. The terms
49 of members appointed to fill positions (5) and (6) shall expire on 30 June of years that precede
50 by one year those years that are evenly divisible by three. Members shall serve until their
51 successors are appointed and qualified. No member shall serve more than two consecutive terms.

1 (d) Officers. – The Commission shall elect a Chair and a Vice-Chair from among its
2 members. These officers shall serve from the time of their election until 30 June of the following
3 year, or until a successor is elected.

4 (e) Vacancies. – An appointment to fill a vacancy on the Commission created by the
5 resignation, dismissal, disability, or death of a member shall be for the balance of the unexpired
6 term. Vacancies in appointments made by the General Assembly shall be filled as provided in
7 G.S. 120-122.

8 (f) Removal. – The Governor may remove any member of the Commission from office
9 for misfeasance, malfeasance, or nonfeasance, as provided in G.S. 143B-13.

10 (g) Compensation. – The members of the Commission shall receive per diem and
11 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

12 (h) Quorum. – A majority of the membership of the Commission constitutes a quorum
13 for the transaction of business.

14 (i) Services. – All clerical and other services required by the Commission shall be
15 supplied by the Secretary.

16 "§§ 87-99.3 through 87-99.9: Reserved for future codification purposes."

17 **SECTION 9G.7.(c)** G.S. 93B-1(3) reads as rewritten:

18 "(3) State agency licensing board. – Any State agency staffed by full-time State
19 employees, which as part of their regular functions issue licenses. This section
20 does not apply to the North Carolina Criminal Justice Education and Training
21 Standards Commission, the North Carolina Sheriffs' Education and Training
22 Standards Commission, and the North Carolina Department of Revenue. The
23 following is a nonexclusive list of State agency licensing boards and the
24 profession or occupation for which the board, agency, or officer may issue
25 licenses:

26 ...

27 ~~b. The Department of Environmental Quality.~~

28 ~~1. Well Contractors Certification Commission.~~

29 ~~I. Well Contractor. Article 7A of Chapter 87 of the~~
30 ~~General Statutes.~~

31 c. The Department of Health and Human Services.

32 1. North Carolina Medical Care Commission.

33 I. Ambulance Attendant, Emergency Medical
34 Technician. Article 7 of Chapter 131E of the General
35 Statutes.

36 2. Well Contractors Certification Commission.

37 I. Well Contractor. Article 7A of Chapter 87 of the
38 General Statutes.

39"

40 **SECTION 9G.7.(d)** G.S. 143B-138.1(d) is amended by adding a new subdivision to
41 read:

42 "(7) Well Contractors Certification Commission."

44 **LEAD AND ASBESTOS REMEDIATION IN PUBLIC SCHOOL UNITS, CHILD CARE**
45 **FACILITIES, AND RESIDENTIAL HOUSING UNITS**

46 **SECTION 9G.8.(a)** Of the funds appropriated in this act from the State Fiscal
47 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the
48 sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022
49 fiscal year shall be allocated as follows for lead and asbestos remediation and abatement
50 programs to benefit public school units, child care facilities, and in residential housing units for
51 children and pregnant women with elevated blood lead levels:

- 1 (1) \$30,812,500 in nonrecurring funds shall be used to fund a program for the
2 testing and remediation of lead levels in drinking water at public school units
3 and child care facilities. As part of this program, public school units shall be
4 required to test for lead levels in drinking water at their facilities, to the extent
5 feasible and practical, following the same model for testing conducted in child
6 care facilities pursuant to 15A NCAC 18A .2816. In addition, the program
7 shall include at least the following components:
- 8 a. The Department of Health and Human Services (DHHS) and the
9 Department of Public Instruction (DPI) shall develop a mechanism for
10 providing funding for the testing and mitigation of lead in drinking
11 water that meets the lead poisoning hazard level, as set forth in
12 G.S. 130A-131.7, that is identified in public school units and child care
13 facilities, including the replacement of service lines, pipes, and
14 fixtures, as needed, or for the installation of filters at affected faucets
15 within public school units and child care facilities that test positive for
16 lead in drinking water.
- 17 b. The Commission for Public Health, Child Care Commission, and State
18 Board of Education shall adopt rules as necessary to implement this
19 subdivision.
- 20 (2) \$109,187,500 in nonrecurring funds shall be used to fund a program for lead
21 paint abatement and asbestos abatement in public school units and child care
22 facilities. As part of the program, public school units and child care facilities
23 shall be required to conduct inspections for lead paint and asbestos hazards in
24 their facilities. The program shall include at least the following components:
- 25 a. DHHS and DPI shall develop a mechanism for providing funding for
26 lead paint abatement, asbestos inspection and abatement, or both in
27 public school units and child care facilities; provided, however, that
28 the following conditions are met:
- 29 1. A professional accredited in accordance with G.S. 130A-447
30 or certified in accordance with G.S. 130A-453.03 determines
31 that action must be taken in response to an inspection report.
- 32 2. Lead paint, asbestos, or both are detected as part of an
33 inspection or as part of a capital, renovation, or repair project
34 that meets the lead-based paint hazard level, as set forth in
35 G.S. 130A-131.7, or that meets the definition of asbestos
36 containing material, as set forth in G.S. 130A-444. Capital
37 projects may include HVAC, window, or other ventilation
38 projects related to COVID-19 mitigation, or other capital,
39 renovation, or repair projects undertaken during calendar years
40 2021 through 2024.
- 41 b. A requirement that public school unit recipients of funds allocated
42 under this subdivision shall provide matching funds in the amount of
43 one dollar (\$1.00) of local funds for every two dollars (\$2.00) of State
44 funds.
- 45 c. The Commission for Public Health, Child Care Commission, and State
46 Board of Education shall adopt rules as needed to implement this
47 subdivision.
- 48 (3) \$10,000,000 in nonrecurring funds shall be used to fund a program for lead
49 poisoning hazard remediation in the residential housing units and
50 supplemental addresses of children and pregnant women with elevated blood

1 lead levels, as defined at G.S. 130A-131.7. The program shall include at least
2 the following components:

- 3 a. DHHS shall conduct investigations to identify the lead poisoning
4 hazards to children and pregnant women as set forth in
5 G.S. 130A-131.9A.
6 b. DHHS shall develop a mechanism for providing funding for lead
7 poisoning hazard remediation in residential housing units and child
8 occupied facilities identified during investigations. Remediation shall
9 be conducted in accordance with G.S. 130A-131.9C.
10 c. The Commission for Public Health shall adopt rules as necessary to
11 implement this subdivision.

12 **SECTION 9G.8.(b)** The Department of Health and Human Services, Division of
13 Public Health (DPH), shall serve as the lead agency responsible for administering the programs
14 authorized by subsection (a) of this section. In serving in this capacity, the DPH shall collaborate
15 with (i) the Department of Public Instruction regarding administration of these programs for the
16 benefit of public school units and charter schools and (ii) its Division of Child Development and
17 Early Education regarding administration of these programs for the benefit of child care facilities.
18 The DPH shall transfer funds to the Department of Public Instruction and to the Division of Child
19 Development and Early Education as necessary to accomplish the goals of these programs in an
20 efficient and cost-effective manner.

21 **SECTION 9G.8.(c)** Not later than six months after all funds appropriated in this act
22 for the purposes of this section have been expended, the Department of Health and Human
23 Services, Division of Public Health, and the Department of Public Instruction shall report to the
24 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative
25 Education Oversight Committee, and the Fiscal Research Division on the following lead and
26 asbestos remediation and abatement activities authorized by this section, broken down by county:

- 27 (1) The number of public school units and child care facilities tested for lead in
28 drinking water, for lead paint or asbestos in the buildings or facilities, or a
29 combination of these.
30 (2) The number of public school units and child care facilities determined to be
31 in need of remediation for lead in drinking water, for lead paint or asbestos
32 abatement, or a combination of these.
33 (3) The number of public school units and child care facilities that have requested
34 assistance from the Department of Health and Human Services or the
35 Department of Public Instruction with remediation for lead in drinking water,
36 for lead paint or asbestos abatement, or for a combination of these.
37 (4) The number of residential housing units and supplemental addresses of
38 children and pregnant women with elevated blood lead levels determined to
39 be in need of remediation of lead poisoning hazards.
40 (5) The number of residential housing units and supplemental addresses of
41 children and pregnant women with elevated blood lead levels for which
42 assistance has been requested from the DHHS for remediation of lead
43 poisoning hazards.
44 (6) The number of remediation or abatement projects completed under the
45 programs authorized by subsection (a) of this section and the total amount of
46 funds expended for each project, broken down by each category of
47 remediation and abatement.

48 **SECTION 9G.8.(d)** The funds allocated under this section shall remain available
49 until depleted or on the date federal law requires the funds to be fully expended, whichever is
50 earlier.
51

HUNTERSVILLE OCULAR MELANOMA STUDY

SECTION 9G.9.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars (\$150,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to the Town of Huntersville to study and abate the cause of frequent cases of ocular melanoma in the area.

SECTION 9G.9.(b) By December 1, 2021, the Town of Huntersville shall provide a report to the Department of Environmental Quality and the Department of Health and Human Services on the budget plan for the funds allocated in this section.

USE OF JUUL SETTLEMENT FUNDS

SECTION 9G.10.(a) There is created and established within the Department of Health and Human Services, Division of Public Health, a nonreverting special fund to be known as the Youth Electronic Nicotine Dependence Abatement Fund (Fund). The Fund shall consist of moneys received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Juul Labs, Inc., in the General Court of Justice, Superior Court Division, Durham County. Moneys in the Fund shall be expended only upon an act of appropriation by the General Assembly and for the following purposes in accordance with the final consent judgment:

- (1) Tobacco cessation media campaigns, resources, and programs to help both youth and young adults who have become addicted to nicotine using e-cigarettes and other tobacco/nicotine products quit.
- (2) Evidence-based media and education campaigns to prevent the initiation of tobacco use, especially e-cigarettes and other new and emerging tobacco/nicotine products.
- (3) Data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk, and independent evaluation of the reach and effectiveness of the State's tobacco prevention and cessation programs with respect to evidence-based programs designed to help youth addicted to nicotine through e-cigarettes and other new and emerging tobacco and nicotine products quit.
- (4) Staff, projects, and systems to educate partners and stakeholders about evidence-based policy, systems, and environmental change to help youth quit and prevent tobacco/nicotine initiation, including to track compliance with the conduct provisions of the consent decree.

SECTION 9G.10.(b) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund to the Department of Health and Human Services, Division of Public Health, the sum of thirteen million dollars (\$13,000,000) in nonrecurring funds for the 2021-2022 fiscal year to be used as follows:

- (1) Forty percent (40%) for the allowable uses described in subdivision (a)(1) of this section.
- (2) Thirty percent (30%) for the allowable uses described in subdivision (a)(2) of this section.
- (3) Ten percent (10%) for the allowable uses described in subdivision (a)(3) of this section.
- (4) Twenty percent (20%) for the allowable uses described in subdivision (a)(4) of this section.

SECTION 9G.10.(c) Annually on September 1, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Fund during the

1 preceding fiscal year. The report shall identify each expenditure and shall indicate the authority
2 under this section for the expenditure.
3

4 **FUNDS TO EXPAND LOCAL COMMUNICABLE DISEASE PROGRAMS TO**
5 **ADDRESS THE IMPACTS OF THE COVID-19 PUBLIC HEALTH EMERGENCY**

6 **SECTION 9G.11.(a)** Of the funds appropriated in this act from the State Fiscal
7 Recovery Fund to the Department of Health and Human Services, Division of Public Health, the
8 sum of thirty-six million dollars (\$36,000,000) in nonrecurring funds for the 2021-2022 fiscal
9 year shall be allocated to local health departments to expand communicable disease surveillance,
10 detection, control, and prevention activities to address the COVID-19 public health emergency
11 and other communicable disease challenges impacted by the COVID-19 public health
12 emergency. The Division of Public Health shall expend up to eighteen million dollars
13 (\$18,000,000) of these allocated funds during the 2021-2022 fiscal year and any remaining funds
14 during the 2022-2023 fiscal year. In the distribution of these funds to local health departments
15 under this section, for each year of the 2021-2023 fiscal biennium, the Division of Public Health
16 shall divide nine million dollars (\$9,000,000) equally among the local health departments based
17 on the number of counties served by each local health department. The Division of Public Health
18 shall distribute the remaining nine million dollars (\$9,000,000) to local health departments based
19 upon the percentage of the State population served by each of the local health departments. The
20 Division shall begin distributing the funds allocated under this section no later than 60 days after
21 this act becomes law. In utilizing these funds, local health departments shall comply with
22 applicable federal rules and guidance governing the State Fiscal Recovery Fund.

23 **SECTION 9G.11.(b)** By February 1, 2022, the Department of Health and Human
24 Services, Division of Public Health, shall report to the Joint Legislative Oversight Committee on
25 Health and Human Services on the funding appropriated by this section. The report shall include
26 the elements below:

- 27 (1) The amount of funding pursuant to this section that each county received for
28 surveillance, detection, control, and prevention of communicable diseases.
- 29 (2) An explanation if the sum of the funding received by all counties under this
30 section is not equivalent to the total funds appropriated each year.
- 31 (3) Information on how the local health departments plan to use and subsequently
32 did use these funds to address surveillance, detection, control, and prevention
33 of communicable diseases.
- 34 (4) Consistent with the supplement and not supplant intent of this section, the
35 report shall delineate funds other than those distributed in accordance with
36 this section that were received by each county to address surveillance,
37 detection, control, and prevention of communicable diseases.
- 38 (5) Additional information as may be requested by the Joint Legislative Oversight
39 Committee on Health and Human Services.

40
41 **FIREARM SAFE STORAGE AWARENESS INITIATIVE**

42 **SECTION 9G.12.(a)** Appropriation. – Of the funds appropriated in this act to the
43 Department of Health and Human Services, Division of Public Health, the sum of eighty-six
44 thousand five hundred dollars (\$86,500) in nonrecurring funds for the 2021-2022 fiscal year and
45 the sum of sixty-nine thousand two hundred dollars (\$69,200) in nonrecurring funds for the
46 2022-2023 fiscal year shall be used to cover any costs associated with launching the firearm safe
47 storage awareness initiative required by this section, including the purchase and distribution of
48 gun locks.

49 **SECTION 9G.12.(b)** Firearm Safe Storage Awareness Initiative. – The Department
50 of Health and Human Services (Department) shall launch a two-year statewide firearm safe
51 storage awareness initiative to educate the public about the importance of the safe storage of

1 firearms and to facilitate the distribution of gun locks. The initiative required under this section
2 shall include the development of (i) the internet website and toolkit required under subsection (c)
3 of this section and (ii) the outreach process required under subsection (d) of this section.

4 **SECTION 9G.12.(c)** Development of Website and Toolkit. – The Department shall
5 develop an internet website to provide information to the public about (i) the importance of the
6 safe storage of a firearm, especially with respect to access by children and youth; (ii) methods
7 for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available;
8 (iv) information on State laws related to the safe storage of firearms; (v) links to internet
9 webpages for various resources related to firearm safety such as resources addressing domestic
10 violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that
11 local communities may use to launch firearm safe storage initiatives at the local level. The toolkit
12 shall provide materials and resources that may be tailored to a community's needs and used for
13 launching local education and awareness campaigns, events, and local groups focused on firearm
14 safe storage and the distribution of free or discounted gun locks. The Department shall develop
15 the internet website and toolkit required under this subsection by July 1, 2020.

16 **SECTION 9G.12.(d)** Development of State-Coordinated Outreach. – Upon
17 development of the internet website and toolkit required under subsection (c) of this section, the
18 Department shall develop and implement an outreach process for (i) disseminating the internet
19 website information and toolkit to the public and to local communities and (ii) the provision of
20 technical assistance to local communities on utilizing the toolkit to launch local initiatives.

21 **SECTION 9G.12.(e)** Use of Third-Party Entity. – The Department may contract
22 with a third-party entity with relevant expertise related to public health and injury prevention to
23 launch the firearm safe storage awareness initiative required by this section.

24 **SECTION 9G.12.(f)** Prohibition on Advocacy. – The firearm safe storage awareness
25 initiative required by this section, and any State funds used to launch and maintain the initiative,
26 shall not be used to advocate, promote, or lobby for the creation of new, or the revision of
27 existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State
28 funds used to launch or maintain the initiative, shall only be used for the purposes set forth in
29 this section and only to explain and promote existing laws regulating firearms and best practices
30 for firearm storage and safety.

31 **SECTION 9G.12.(g)** Report. – By September 1, 2022, the Department of Health and
32 Human Services shall submit a report to the Joint Legislative Oversight Committee on Health
33 and Human Services detailing the Department's progress in meeting the requirement set forth in
34 this section.

35 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

36 **PART IX-I. SOCIAL SERVICES**

37 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT** 38 **STATE-COUNTY SPECIAL ASSISTANCE**

39 **SECTION 9I.1.(a)** The following definitions apply in this section:

- 40 (1) Facility licensed to accept State-County Special Assistance payments or
41 facility. – Any residential care facility that is (i) licensed by the Department
42 of Health and Human Services and (ii) authorized to accept State-County
43 Special Assistance payments from its residents.

- 44 (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

45 **SECTION 9I.1.(b)** Of the funds appropriated in this act from the State Fiscal
46 Recovery Fund to the Department of Health and Human Services, Division of Social Services,
47 the sum of forty-eight million dollars (\$48,000,000) in nonrecurring funds for the 2021-2022
48 fiscal year shall be allocated for facilities licensed to accept State-County Special Assistance.
49
50
51

1 The Division of Social Services shall expend up to twenty-four million dollars (\$24,000,000) of
2 these allocated funds during the 2021-2022 fiscal year and any remaining funds during the
3 2022-2023 fiscal year to provide temporary financial assistance in the form of a monthly payment
4 to these facilities to offset the increased costs of serving residents who are recipients of
5 State-County Special Assistance during the public health emergency. For the period commencing
6 July 1, 2021, and ending when the funds allocated under this section are depleted or on the date
7 federal law requires these funds to be fully expended, whichever is earlier, the amount of the
8 monthly payment authorized by this section shall be equal to one hundred twenty-five dollars
9 (\$125.00) per month for each resident of the facility as of the first day of the month who is a
10 recipient of State-County Special Assistance. The DSS shall not make monthly payments
11 authorized by this section to a facility on behalf of a resident whose eligibility determination for
12 State-County Special Assistance is pending. The DSS shall terminate all monthly payments
13 pursuant to this subsection when the funds allocated under this section are depleted or on the date
14 federal law requires these funds to be fully expended, whichever is earlier. The counties are not
15 responsible for paying any portion of these monthly payments. Nothing in this section shall be
16 construed as an obligation by the General Assembly to appropriate funds for the purpose of this
17 section or as an entitlement by any facility, resident of a facility, or other person to receive
18 financial assistance under this section.

19 20 **TANF BENEFIT IMPLEMENTATION**

21 **SECTION 91.2.(a)** The General Assembly approves the plan titled "North Carolina
22 Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the
23 Department of Health and Human Services and presented to the General Assembly. The North
24 Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019,
25 through September 30, 2022. The Department shall submit the State Plan, as revised in
26 accordance with subsection (b) of this section, to the United States Department of Health and
27 Human Services.

28 **SECTION 91.2.(b)** The counties approved as Electing Counties in the North
29 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by
30 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

31 **SECTION 91.2.(c)** Counties that submitted the letter of intent to remain as an
32 Electing County or to be redesignated as an Electing County and the accompanying county plan
33 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing
34 County budget requirements effective July 1, 2021. For programmatic purposes, all counties
35 referred to in this subsection shall remain under their current county designation through
36 September 30, 2022.

37 **SECTION 91.2.(d)** For each year of the 2021-2023 fiscal biennium, Electing
38 Counties shall be held harmless to their Work First Family Assistance allocations for the
39 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance
40 and Work First Diversion Assistance are sufficient for payments made by the Department on
41 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

42 **SECTION 91.2.(e)** In the event that departmental projections of Work First Family
43 Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023
44 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and
45 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the
46 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work
47 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite
48 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain
49 approval by the Office of State Budget and Management. If the Department adjusts the allocation
50 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative
51 Oversight Committee on Health and Human Services and the Fiscal Research Division.

1
2 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE**
3 **ENHANCEMENTS, AND REPORT**

4 **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
5 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
6 children and families in cases of abuse, neglect, and dependency where a child is at imminent
7 risk of removal from the home and to children and families in cases of abuse where a child is not
8 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.
9 The IFPS shall ensure the application of standardized assessment criteria for determining
10 imminent risk and clear criteria for determining out-of-home placement.

11 **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that
12 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
13 provide information and data that allows for the following:

- 14 (1) An established follow-up system with a minimum of six months of follow-up
15 services.
- 16 (2) Detailed information on the specific interventions applied, including
17 utilization indicators and performance measurement.
- 18 (3) Cost-benefit data.
- 19 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
20 by tracking families through the intervention process.
- 21 (5) The number of families remaining intact and the associated interventions
22 while in IFPS and 12 months thereafter.
- 23 (6) The number and percentage, by race, of children who received IFPS compared
24 to the ratio of their distribution in the general population involved with Child
25 Protective Services.

26 **SECTION 9I.3.(c)** The Department shall continue implementing a
27 performance-based funding protocol and shall only provide funding to those programs and
28 entities providing the required information specified in subsection (b) of this section. The amount
29 of funding shall be based on the individual performance of each program.

30 **SECTION 9I.3.(d)** The Department shall submit an annual report to the Joint
31 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
32 Division by December 1 of each year that provides the information and data collected pursuant
33 to subsection (b) of this section.

34
35 **CHILD CARING INSTITUTIONS**

36 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting
37 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
38 maximum reimbursement for child caring institutions shall not exceed the rate established for the
39 specific child caring institution by the Department of Health and Human Services, Office of the
40 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
41 reimbursements.

42
43 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

44 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the
45 Department of Health and Human Services, Division of Social Services, may continue to provide
46 for the financial support of children who are deemed to be (i) in a permanent family placement
47 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
48 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
49 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include
50 provisions for extending guardianship services for individuals and youth who exited foster care
51 through the Guardianship Assistance Program after 16 years of age or who have attained the age

1 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
2 the individual is (i) completing secondary education or a program leading to an equivalent
3 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
4 participating in a program or activity designed to promote, or remove barriers to, employment,
5 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
6 employment requirements of this section due to a medical condition or disability. The
7 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
8 and be set at the same rate as the foster care room and board rates in accordance with rates
9 established under G.S. 108A-49.1.

10 11 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

12 **SECTION 91.6.(a)** Funds appropriated in this act from the General Fund to the
13 Department of Health and Human Services for the child welfare postsecondary support program
14 shall be used to continue providing assistance with the "cost of attendance" as that term is defined
15 in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system,
16 youth who exit foster care to a permanent home through the Guardianship Assistance Program
17 (GAP), or special needs children adopted from foster care after age 12. These funds shall be
18 allocated by the State Education Assistance Authority.

19 **SECTION 91.6.(b)** Of the funds appropriated in this act from the General Fund to
20 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for
21 each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State
22 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform
23 administrative functions necessary to manage and distribute scholarship funds under the child
24 welfare postsecondary support program.

25 **SECTION 91.6.(c)** Of the funds appropriated in this act from the General Fund to
26 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand
27 four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall
28 be used to contract with an entity to administer the child welfare postsecondary support program
29 described under subsection (a) of this section, which administration shall include the performance
30 of case management services.

31 **SECTION 91.6.(d)** Funds appropriated in this act to the Department of Health and
32 Human Services for the child welfare postsecondary support program shall be used only for
33 students attending public institutions of higher education in this State.

34 35 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

36 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support
37 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social
38 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
39 receives from the federal government to enhance centralized child support services. To
40 accomplish this requirement, NCCSS shall do the following:

- 41 (1) In consultation with representatives from county child support services
42 programs, identify how federal incentive funding could improve centralized
43 services.
- 44 (2) Use federal incentive funds to improve the effectiveness of the State's
45 centralized child support services by supplementing and not supplanting State
46 expenditures for those services.
- 47 (3) Continue to develop and implement rules that explain the State process for
48 calculating and distributing federal incentive funding to county child support
49 services programs.

50 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall
51 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it

1 receives from the federal government to county child support services programs to improve
2 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
3 do the following:

- 4 (1) In consultation with representatives from county child support services
5 programs, examine the current methodology for distributing federal incentive
6 funding to the county programs and determine whether an alternative formula
7 would be appropriate. NCCSS shall use its current formula for distributing
8 federal incentive funding until an alternative formula is adopted.
- 9 (2) Upon adopting an alternative formula, develop a process to phase in the
10 alternative formula for distributing federal incentive funding over a four-year
11 period.

12 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –
13 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
14 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
15 child support services programs to comply with each of the following:

- 16 (1) Submit an annual plan describing how federal incentive funding would
17 improve program effectiveness and efficiency as a condition of receiving
18 federal incentive funding.
- 19 (2) Report annually on the following: (i) how federal incentive funding has
20 improved program effectiveness and efficiency and been reinvested into their
21 programs, (ii) provide documentation that the funds were spent according to
22 their annual plans, and (iii) explain any deviations from their plans.

23 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
24 child support incentive funding to the Joint Legislative Oversight Committee on Health and
25 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
26 describe how federal incentive funds enhanced centralized child support services to benefit
27 county child support services programs and improved the effectiveness and efficiency of county
28 child support services programs. The report shall further include any changes to the State process
29 the NCCSS used in calculating and distributing federal incentive funding to county child support
30 services programs and any recommendations for further changes.

31 32 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

33 **SECTION 91.8.(a)** The Foster Care Transitional Living Initiative Fund shall
34 continue to fund and support transitional living services that demonstrate positive outcomes for
35 youth, attract significant private sector funding, and lead to the development of evidence-based
36 programs to serve the at-risk population described in this section. The Fund shall continue to
37 support a demonstration project with services provided by Youth Villages to (i) improve
38 outcomes for youth ages 17-21 years who transition from foster care through implementation of
39 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
40 juvenile and adult correction services associated with the provision of Transitional Living
41 Services to youth aging out of foster care, and (iii) take necessary steps to establish an
42 evidence-based transitional living program available to all youth aging out of foster care. In
43 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall
44 support the following strategies:

- 45 (1) Transitional Living Services, which is an outcome-based program that follows
46 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
47 participants have been tracked since the program's inception. The program has
48 been evaluated through an independent randomized controlled trial. Results
49 indicate that the Youth Villages Transitional Living Model had positive
50 impacts in a variety of areas, including housing stability, earnings, economic

1 hardship, mental health, and intimate partner violence in comparison to the
2 control population.

3 (2) Public-Private Partnership, which is a commitment by private-sector funding
4 partners to match at least twenty-five percent (25%) of the funds appropriated
5 to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal
6 biennium for the purposes of providing Transitional Living Services through
7 the Youth Villages Transitional Living Model to youth aging out of foster
8 care.

9 (3) Impact Measurement and Evaluation, which are services funded through
10 private partners to provide independent measurement and evaluation of the
11 impact the Youth Villages Transitional Living Model has on the youth served,
12 the foster care system, and on other programs and services provided by the
13 State which are utilized by former foster care youth.

14 (4) Advancement of Evidence-Based Process, which is the implementation and
15 ongoing evaluation of the Youth Villages Transitional Living Model for the
16 purposes of establishing the first evidence-based transitional living program
17 in the nation. To establish the evidence-based program, additional randomized
18 controlled trials may be conducted to advance the model.

19 **SECTION 9L.8.(b)** No more than fifteen percent (15%) of the total State funds
20 appropriated in this act for the Foster Care Transitional Living Initiative Fund in accordance with
21 this section shall be used for administrative costs.
22

23 PERMANENCY INNOVATION INITIATIVE

24 **SECTION 9L.9.(a)** G.S. 131D-10.9B reads as rewritten:

25 "§ 131D-10.9B. Permanency Innovation Initiative Fund.

26 (a) There is created the Permanency Innovation Initiative Fund that will support a
27 ~~demonstration~~-project with services provided by Children's Home Society of North Carolina to
28 (i) improve permanency outcomes for children living in foster care through reunification with
29 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve
30 engagement with biological relatives of children in or at risk of entering foster care, and (iii)
31 reduce costs associated with maintaining children in foster care. In implementing these goals, the
32 Permanency Innovation Initiative Fund shall support the following strategies:

33 ...

34 (a1) No more than fifteen percent (15%) of the State funds appropriated for this program
35 shall be used for administrative costs.

36"

37 **SECTION 9L.9.(b)** Funds appropriated in this act to the Department of Health and
38 Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for
39 the Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all
40 available federal matching funds.
41

42 REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

43 **SECTION 9L.10.(a)** Funds appropriated in this act to the Department of Health and
44 Human Services, Division of Social Services (Division), for each year of the 2021-2023 fiscal
45 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and
46 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor
47 costs to generate the data regarding expenditures of those programs. The vendor shall generate
48 data to be submitted to the Division that includes, at a minimum, each of the following:

49 (1) The dollar amount and number of transactions accessed or expended
50 out-of-state, by state, for both SNAP benefits and TANF benefits.

- 1 (2) The amount of benefits expended out-of-state, by state, from active cases for
2 both SNAP and TANF.
- 3 (3) The dollar amount and number of transactions of benefits accessed or
4 expended in this State, by types of retailers or institutions, for both SNAP and
5 TANF.

6 **SECTION 9L.10.(b)** Upon receiving the expenditures data for SNAP and TANF
7 from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the
8 Division shall submit a report on its analysis of the data by June 30 and December 31 of each
9 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
10 Research Division. The Division shall post its report required by this subsection on its website
11 and otherwise make the data available by June 30 and December 31 of each year. In the first
12 report required by this section, the Division shall report how this data is used to investigate fraud
13 and abuse in both SNAP and TANF. The Division shall also report on other types of data and
14 how that data is utilized in the detection of fraud and abuse.

15 **SECTION 9L.10.(c)** The Division shall maintain the confidentiality of information
16 not public under Chapter 132 of the General Statutes. The Division shall properly redact any
17 information subject to reporting under this section to prevent identification of individual
18 recipients of SNAP or TANF benefits.

19 **INCREASE FOSTER CARE AND ADOPTION ASSISTANCE RATES**

20 **SECTION 9L.11.(a)** Effective December 1, 2021, G.S. 108A-49.1 reads as rewritten:
21 "**§ 108A-49.1. Foster care and adoption assistance payment rates.**

22 (a) The maximum rates for State participation in the foster care assistance program are
23 established on a graduated scale as follows:

- 24 (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five
25 years of age.
26 (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.
27 (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21
28 years of age.

29 (b) The maximum rates for the State adoption assistance program are established
30 consistent with the foster care rates as follows:

- 31 (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five
32 years of age.
33 (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.
34 (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21
35 years of age.
36

37"

38 **SECTION 9L.11.(b)** Notwithstanding G.S. 108A-49.1(d), for the 2021-2022 fiscal
39 year only, the Department of Health and Human Services, Division of Social Services, shall use
40 a portion of the funds allocated in this act for foster care and adoption assistance rate increases
41 to cover the county share of the cost of care for the rate increases under this section.
42

43 **REGIONAL SUPERVISION AND SUPPORT OF CHILD WELFARE SERVICES**

44 **SECTION 9L.13.(a)** In accordance with the plan submitted by the Social Services
45 Regional Supervision and Collaboration Working Group (SSWG) in its report on March 31,
46 2019, to the Joint Legislative Oversight Committee on Health and Human Services as required
47 by S.L. 2017-41 (Rylan's Law), the Department of Health and Human Services (Department)
48 shall establish seven regions for regional supervision of child welfare and social services and
49 begin providing oversight and support within those regions through State regional staff and the
50 central office team by March 1, 2022. To that end, the Department shall continue, pursuant to
51 existing authority, with (i) redeploying positions identified in the report to support regionalization

1 and all managerial staff needed to support regionalization in the central office and (ii) repurposing
2 corresponding operating expenses. The Department shall pursue procurement of physical offices
3 within each of the seven regions beginning in March 2023 and shall prioritize staffing to improve
4 the child welfare system. The Department shall move towards full implementation of a regional
5 model, with offices, by March 1, 2024. The Department shall use existing funds or reclassify
6 positions to provide staff to improve regional supervision and support of child welfare services
7 pursuant to the plan as described in this subsection.

8 **SECTION 9L.13.(b)** The Department of Health and Human Services, Division of
9 Social Services (Division), and the North Carolina Association of Regional Councils of
10 Governments (Councils of Governments) shall explore entering into a memorandum of
11 agreement to (i) utilize Councils of Governments' physical office space and office-related needs
12 for Division staff and (ii) facilitate cooperation between regions and evaluate the estimated costs
13 by region for the office space and sample agreements between the Division and the Councils of
14 Governments.

15 **SECTION 9L.13.(c)** The Division of Social Services shall submit a report to the
16 chairs of the Senate Appropriations Committee on Health and Human Services and the House
17 Appropriations Committee on Health and Human Services by January 1, 2022, on the estimated
18 costs, by region, for office space and sample agreements as described in subsection (b) of this
19 section.

20 **DEPLOY CHILD WELFARE COMPONENT OF NC FAST**

21 **SECTION 9L.15.(a)** Funds allocated in Section 9B.2 of this act shall be used by the
22 Department of Health and Human Services, Division of Social Services (Division), to resume
23 deployment of the North Carolina Families Accessing Services through Technology (NC FAST)
24 system as it relates to case management functionality for child welfare. The Division shall deploy
25 the child welfare case management component of the NC FAST system statewide before October
26 1, 2022, as recommended in the Department of Health and Human Services' "Child Welfare
27 Request for Information and Child Welfare Case Management Legislative Report," dated
28 September 14, 2020, and the Program Evaluation Division's Report, "NC FAST Child Welfare
29 Case Management Software Demonstrates Adequate Functionality but Poor Usability," dated
30 June 12, 2020.

31 **SECTION 9L.15.(b)** The Division of Social Services (Division) shall release a
32 request for proposal (RFP) for at least one significant augmentation to the child welfare
33 component of the NC FAST system within 30 days from the date the Division receives federal
34 approval of its procurement plan. The Division shall enter into a contract to augment and enhance
35 the child welfare case management component of the NC FAST system within 150 days of
36 releasing the RFP. The contract shall align with the recommendations developed by the Executive
37 Advisory Committee within the Department, with consideration given to software currently
38 deployed by county departments of social services.

39 **SECTION 9L.15.(c)** Upon enactment of this section, Part III-N of S.L. 2019-240 is
40 repealed.
41

42 **FUNDS FOR CABARRUS COOPERATIVE CHRISTIAN MINISTRY**

43 **SECTION 9L.16.** Of the funds appropriated in this act to the Department of Health
44 and Human Services, Division of Social Services, the sum of forty thousand dollars (\$40,000) in
45 nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a directed grant to Cabarrus
46 Cooperative Christian Ministry, an organization that provides immediate assistance and support
47 to members of the community experiencing crisis in the areas of food, housing, or finances. These
48 funds shall be used to provide services in Cabarrus County only.
49

50 **CHILD ADVOCACY CENTER FUNDS**

51

1 **SECTION 9I.17.** Of the funds appropriated in this act to the Department of Health
2 and Human Services, Division of Social Services, the sum of five million dollars (\$5,000,000)
3 in recurring funds for each year of the 2021-2023 fiscal biennium and the sum of five million
4 dollars (\$5,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated to the
5 Children's Advocacy Centers of North Carolina, Inc., (CACNC) a nonprofit organization. At
6 least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in
7 this State that are in good standing with CACNC.

8
9 **FUNDS FOR TANF/WORK FIRST FAMILIES**

10 **SECTION 9I.18.(a)** Of the funds appropriated in this act from the Pandemic
11 Emergency Assistance Fund to the Department of Health and Human Services, Division of Social
12 Services (Division), the sum of sixteen million seven hundred eighty-two thousand eight hundred
13 seventy-five dollars (\$16,782,875) in nonrecurring funds shall be used to provide two payments
14 to families enrolled in the Temporary Assistance for Needy Families (TANF)/Work First Cash
15 Assistance program with one or more children to mitigate the negative impacts of the COVID-19
16 pandemic. Payments made pursuant to this section shall be distributed as follows:

17 (1) Families enrolled in the Work First Cash Assistance program with one or more
18 children 0 to 5 years of age shall receive one payment of five hundred dollars
19 (\$500.00) per child in the Fall of 2021 and a second payment of five hundred
20 dollars (\$500.00) per child, based on the availability of funds, in the Summer
21 of 2022. These funds shall be distributed via an electronic benefit transfer
22 (EBT) card, and it is the intent of the General Assembly that these funds be
23 used for the following types of expenditures:

- 24 a. Extra cash assistance to cover added costs caused by the COVID-19
25 pandemic.
- 26 b. Clothing.
- 27 c. School supplies.
- 28 d. Personal protective equipment.

29 (2) Families enrolled in the Work First Cash Assistance program with one or more
30 children 6 to 17 years of age shall receive one payment of five hundred dollars
31 (\$500.00) per child in the Fall of 2021 and a second payment of five hundred
32 dollars (\$500.00) per child, based on the availability of funds, in the Summer
33 of 2022. The Division of Social Services (Division) shall transfer funds to the
34 State Education Assistance Authority (SEAA) to provide payments under this
35 subdivision. These funds shall be distributed via an e-wallet platform
36 established through SEAA. SEAA may select a vendor to provide the platform
37 for distributing the funds. The Division shall coordinate with the SEAA to
38 provide the SEAA with a list of recipients eligible for payments under this
39 subdivision. Payments distributed under this subdivision shall be used for any
40 of the following:

- 41 a. School supplies.
- 42 b. Limited snacks, as specified by the vendor.
- 43 c. Clothing.

44 The Division may allocate up to seventy-five thousand dollars (\$75,000) of
45 the funds described in this section to the SEAA for administrative costs,
46 including contracting with outside organizations in accordance with
47 subsection (b) of this section.

48 **SECTION 9I.18.(b)** In implementing the provisions of subdivision (a)(2) of this
49 section, the State Education Assistance Authority (SEAA) may contract with outside
50 organizations to administer the payments, including a vendor that provides a virtual e-wallet
51 platform and an e-commerce marketplace. The outside organizations may also include vendors,

1 auditing firms, or financial institutions who can restrict the use of funds to allowable expenditures
2 or firms that preauthorize allowable expenditures. The SEAA shall adopt any necessary rules for
3 the administration of payments pursuant to this section.

4 **SECTION 9I.18.(c)** The Division of Social Services and the State Education
5 Assistance Authority, as applicable, are authorized to adjust the second payments distributed
6 under subsection (a) of this section based on the availability of funds.

7 **SECTION 9I.18.(d)** All funds provided under this section shall be expended by the
8 deadline established by federal law and in accordance with federal law and guidelines.

9 10 **PART IX-J. VOCATIONAL REHABILITATION SERVICES**

11 12 **FUNDS FOR NATIONAL MULTIPLE SCLEROSIS SOCIETY/HOME** 13 **MODIFICATION PROGRAM**

14 **SECTION 9J.2.** Of the funds appropriated in this act to the Department of Health
15 and Human Services, Division of Vocational Rehabilitation, the sum of three hundred thousand
16 dollars (\$300,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as a
17 directed grant to the National Multiple Sclerosis (MS) Society for home modification services
18 and home modification assistance grants to help residents in this State who have multiple
19 sclerosis remain in their homes.

20 21 **PART IX-K. HHS MISCELLANEOUS**

22 23 **IMPROVING ACCESS TO CARE THROUGH TELEHEALTH**

24 **SECTION 9K.3.(a)** Part 7 of Article 50 of Chapter 58 of the General Statutes is
25 amended by adding a new section to read as follows:

26 **"§ 58-50-305. Coverage for the delivery of health care services through telehealth.**

27 (a) For the purposes of this section, the following definitions shall apply:

28 (1) Health benefit plan. – As defined in G.S. 58-3-167.

29 (2) Telehealth. – The delivery of health care services by a health care provider
30 who is licensed in this State through (i) an encounter conducted through
31 real-time interactive audio and video technology, (ii) store and forward
32 services that are provided by asynchronous technologies as the standard
33 practice of care where medical information is sent to a provider for evaluation,
34 or (iii) a communication in which the provider has access to the patient's
35 medical history prior to the telehealth encounter. Any requirement for a
36 face-to-face, in-person encounter shall be satisfied with the use of
37 asynchronous telecommunications technologies in which the health care
38 provider has access to the patient's medical history prior to the telehealth
39 encounter. Telehealth shall include audio communication only if additional
40 medical history and clinical information is communicated electronically
41 between the provider and patient. Telehealth shall not include the delivery of
42 services solely through electronic mail, text chat, or fax.

43 (b) All of the following shall apply to all health benefit plans offered in this State:

44 (1) A health benefit plan may not exclude from coverage a health care service or
45 procedure delivered by a health care professional to an insured through
46 telehealth solely because the health care service or procedure is not provided
47 through an in-person, face-to-face consultation. This includes reimbursement
48 for patient monitoring using telehealth.

49 (2) A health benefit plan shall reimburse for provider-to-provider consultations
50 that are conducted using telehealth if the health benefit plan would provide
51 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.

WORKERS' COMPENSATION/PSYCHOLOGICAL TRAUMA-RELATED INJURIES

SECTION 9K.5. G.S. 97-53 reads as rewritten:

"§ 97-53. Occupational diseases enumerated; when due to exposure to chemicals.

The following diseases and conditions only shall be deemed to be occupational diseases within the meaning of this Article:

- ...
- (30) Special provisions for employment-related occupational diseases of first responders. – The following provisions apply in determining eligibility of a first responder for compensation benefits under this Article:
 - a. The term "first responder," as used in this section, means a law enforcement officer, a firefighter, a 911 dispatcher, or an emergency medical technician or paramedic employed by State or local government. The term also includes a volunteer firefighter meeting the requirements of G.S. 58-84-5(3a).
 - b. For the purposes of this section, posttraumatic stress disorder, as described in the Diagnostic and Statistical Manual of Mental Disorders, Current Edition, published by the American Psychiatric Association, suffered by a first responder is a compensable occupational disease if the first responder is examined and subsequently diagnosed with such disorder by a health care provider who establishes within a reasonable degree of medical certainty that the posttraumatic stress disorder is caused by activities of employment as a first responder.
 - c. An employing agency of a first responder, including volunteer first responders, shall provide educational training related to mental health awareness, prevention, mitigation, and treatment.

...."

DIGNITY FOR WOMEN WHO ARE INCARCERATED

SECTION 9K.6.(a) Chapter 15A of the General Statutes is amended by adding a new Article to read:

"Article 83A.

"Dignity for Women Who are Incarcerated Act.

"§ 15A-1360.2. Definitions.

1 As used in this Article, the following definitions apply:

- 2 (1) Body cavity searches. – The probing of body orifices in search of contraband.
3 (2) Correctional facility. – Any unit of the State prison system, local confinement
4 facility, juvenile detention facility, or other entity under the authority of any
5 State or local law enforcement agency that has the power to detain or restrain
6 a person under the laws of this State.
7 (3) Correctional facility employee. – Any person who is employed by a State or
8 local government agency or unit and who works at or in a correctional facility.
9 (4) Escape risk. – An incarcerated person who is determined to be at high risk for
10 escape based on an individualized risk assessment.
11 (5) Important circumstance. – There has been an individualized determination
12 that there are reasonable grounds to believe that the female incarcerated
13 person presents a threat of harming herself, the fetus, or any other person, or
14 an escape risk that cannot be reasonably contained by other means, including
15 the use of additional personnel.
16 (6) Incarcerated person. – Any person incarcerated or detained in any facility who
17 is accused of, convicted of, sentenced for, or adjudicated delinquent for
18 violations of criminal law or the terms and conditions of parole, probation,
19 pretrial release, or a diversionary program.
20 (7) Menstrual products. – Products that women use during their menstrual cycle.
21 These include tampons and sanitary napkins.
22 (8) Postpartum recovery. – The six-week period following delivery, or longer, as
23 determined by the health care professional responsible for the health and
24 safety of the female incarcerated person.
25 (9) Restraints. – Any physical or mechanical device used to restrict or control the
26 movement of an incarcerated person's body, limbs, or both.
27 (10) Restrictive housing. – Any type of detention that involves removal from
28 general population and an inability to leave a room or cell for the vast majority
29 of the day. This term shall not include any of the following:
30 a. Single-cell accommodations in facilities that provide those
31 accommodations to all incarcerated persons.
32 b. Single-cell accommodations in facilities that provide those
33 accommodations to all persons of a certain sex or gender.
34 c. Single-cell accommodations provided for medical reasons, except
35 when pregnancy alone is the medical reason for the single-cell
36 accommodations.
37 d. Single-cell accommodations provided when an individualized
38 determination has been made that there are reasonable grounds to
39 believe that there exists a threat of harm to the female incarcerated
40 person or the fetus.
41 e. Single-cell accommodations provided at the request of the
42 incarcerated person.
43 (11) State of undress. – A situation when an incarcerated person is partially or fully
44 naked, either in the shower, toilet areas, a medical examination room, or while
45 having a body cavity search conducted.

46 **"§ 15A-1360.3. Care for female incarcerated persons related to pregnancy and childbirth.**

47 (a) Limitation on Use of Restraints. – Except as otherwise provided in this subsection,
48 the Department of Public Safety and correctional facility employees shall not apply the following
49 restraints on a pregnant female incarcerated person during the second and third trimester of
50 pregnancy, during labor and delivery, and during the six-week postpartum recovery period:

- 51 (1) Leg restraints.

- 1 (2) Handcuffs or other wrist restraints.
- 2 (3) Restraints connected to other incarcerated persons.
- 3 (4) Waist shackles.

4 A female incarcerated person who is in the postpartum recovery period may only be
5 restrained if a correctional facility employee makes an individualized determination that an
6 important circumstance exists. In this case, only wrist handcuffs held in front of the female
7 incarcerated person's body may be used and only when she is ambulatory. The correctional
8 facility employee ordering use of restraints on any female incarcerated person while in the
9 postpartum recovery period shall submit a written report to the warden or administrator of the
10 correctional facility within five days following the use of restraints. The report shall contain the
11 justification for restraining the female incarcerated person during postpartum recovery.

12 Nothing in this subsection shall prohibit the use of handcuffs or wrist restraints held in front
13 of the female incarcerated person's body when in transport outside of the correctional facility,
14 except that these restraints shall not be used in transport when the female incarcerated person is
15 in labor or is suspected to be in labor.

16 Nothing in this subsection shall prohibit the use of medical restraints by a licensed health
17 care professional to ensure the medical safety of a pregnant female incarcerated person.

18 (b) Body Cavity Searches. – No correctional facility employee, other than a certified
19 health care professional, shall conduct body cavity searches of a female incarcerated person who
20 is pregnant or in the postpartum recovery period unless the correctional facility employee has
21 probable cause to believe that the female incarcerated person is concealing contraband that
22 presents a threat of harm to the female incarcerated person, the fetus, or another person. In this
23 case, the correctional facility employee shall submit a written report to the warden or
24 administrator of the correctional facility within five days following the body cavity search
25 containing the justification for the body cavity search and the presence or absence of any
26 contraband.

27 (c) Nutrition. – The Department of Public Safety and the administrator of the correctional
28 facility shall ensure that pregnant female incarcerated persons are provided sufficient food and
29 dietary supplements and are provided access to food at appropriate times of day, as ordered by a
30 physician, a physician staff member, or a correctional facility nutritionist to meet generally
31 accepted prenatal nutritional guidelines for pregnant female incarcerated persons. While in the
32 hospital, pregnant female incarcerated persons and female incarcerated persons in the postpartum
33 recovery period shall have access to the full range of meal options provided by the hospital to
34 ensure that each meal meets the female incarcerated person's nutritional needs.

35 (d) Restrictive Housing. – The Department of Public Safety and the administrator of the
36 correctional facility shall not place any pregnant female incarcerated person, or any female
37 incarcerated person who is in the six-week postpartum recovery period, in restrictive housing
38 unless a correctional facility employee makes an individualized determination that an important
39 circumstance exists. In this case, the correctional facility employee authorizing the placement of
40 the female incarcerated person in restrictive housing shall submit a written report to the warden
41 or administrator of the correctional facility within five days following the transfer. The report
42 shall contain the justification for confining the female incarcerated person in restrictive housing.

43 (e) Bed Assignments. – The Department of Public Safety and the administrator of the
44 correctional facility shall not assign any female incarcerated person who is pregnant or in
45 postpartum recovery to any bed that is elevated more than 3 feet from the floor of the correctional
46 facility.

47 (f) Cost of Care. – While a pregnant female incarcerated person is incarcerated, the
48 pregnant female incarcerated person shall be provided necessary prenatal, labor, and delivery
49 care as needed at no cost to the pregnant female incarcerated person.

50 (g) Reporting. – The warden or administrator of the correctional facility shall compile a
51 monthly summary of all written reports received pursuant to this section and G.S. 15A-1360.6.

1 The warden or administrator of the correctional facility shall submit the summary to the Chief
2 Deputy Secretary of Adult Correction and Juvenile Justice.

3 **"§ 15A-1360.4. Postpartum recovery of female incarcerated persons.**

4 (a) Bonding Period. – Following the delivery of a newborn by a female incarcerated
5 person, the Department of Public Safety or the administrator of the correctional facility shall
6 permit the newborn to remain with the female incarcerated person while the female incarcerated
7 person is in the hospital, unless the medical provider has a reasonable belief that remaining with
8 the female incarcerated person poses a health or safety risk to the newborn.

9 (b) Nutritional and Hygiene Products During the Postpartum Period. – During the period
10 of postpartum recovery, the Department of Public Safety and the administrator of the correctional
11 facility shall make available the necessary nutritional and hygiene products, including sanitary
12 napkins, underwear, and hygiene products for the postpartum female incarcerated person. The
13 products shall be provided at no cost to the female incarcerated person.

14 **"§ 15A-1360.5. Family considerations; placement of female incarcerated person; visitation.**

15 (a) Placement. – To the greatest extent practicable, after accounting for security and
16 capacity, the Department of Public Safety shall place a female incarcerated person who is in the
17 custody of the State prison system and who is the mother of a minor child under the age of 1
18 within 250 miles of the child's permanent address of record.

19 (b) Visitation. – The Department of Public Safety shall authorize visitation of
20 incarcerated mothers held in State prisons with low- or minimum-security classifications, who
21 are mothers of a minor child under the age of 1, by the incarcerated mother's minor child under
22 the age of 1. These visitations shall be allowed at least twice per week unless a correctional
23 facility employee has a reasonable belief that the child may be harmed during visitation. These
24 visitations shall be allowed by contact visit.

25 **"§ 15A-1360.6. Inspection by correctional facility employees.**

26 (a) Inspections When a Female Incarcerated Person is in the State of Undress. – To the
27 greatest extent practicable and consistent with safety and order in a correctional facility, there
28 shall be a limitation on inspections by male correctional facility employees when a female
29 incarcerated person is in a state of undress. Nothing in this section shall limit the ability of a male
30 correctional facility employee from conducting inspections when a female incarcerated person
31 may be in a state of undress if no female correctional facility employees are available within a
32 reasonable period of time.

33 (b) Documentation Requirement. – If a male correctional facility employee deems it is
34 appropriate to conduct an inspection or search while a female incarcerated person is in a clear
35 state of undress in an area such as the shower, the medical examination room, toilet areas, or
36 while a female incarcerated person is having a body cavity search, the male correctional facility
37 employee shall submit a written report to the warden or administrator of the correctional facility
38 within five days following the inspection or search, containing the justification for a male
39 correctional facility employee to inspect the female incarcerated person while in a state of
40 undress.

41 **"§ 15A-1360.7. Access to menstrual products.**

42 The Department of Public Safety and the administrator of the correctional facility shall ensure
43 that sufficient menstrual products are available at the correctional facility for all female
44 incarcerated persons who have an active menstrual cycle. Female incarcerated persons who
45 menstruate shall be provided menstrual products as needed at no cost to the female incarcerated
46 person.

47 **"§ 15A-1360.8. Training and technical assistance.**

48 (a) Correctional Facility Employee Training. – The Department of Public Safety shall
49 develop, in consultation with the Department of Health and Human Services, Divisions of Public
50 Health and Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall
51 provide to all State prison employees who have significant regular contact with pregnant female

1 incarcerated persons training related to the physical and mental health of pregnant female
 2 incarcerated persons and fetuses, including:

- 3 (1) General care of pregnant women.
- 4 (2) The impact of restraints on pregnant female incarcerated persons and fetuses.
- 5 (3) The impact of being placed in restrictive housing on pregnant female
 6 incarcerated persons.
- 7 (4) The impact of body cavity searches on pregnant female incarcerated persons.

8 Training materials and curricula developed pursuant to this subsection shall be made
 9 available to administrators of local confinement facilities.

10 (b) Educational Programming for Pregnant Female Incarcerated Persons. – The
 11 Department of Public Safety shall develop and provide educational programming to pregnant
 12 female incarcerated persons held in State prisons related to:

- 13 (1) Prenatal care.
- 14 (2) Pregnancy-specific hygiene.
- 15 (3) Parenting skills.
- 16 (4) The impact of alcohol and drugs on the fetus.
- 17 (5) General health of children.

18 Training materials and curricula developed pursuant to this subsection shall be made
 19 available to administrators of local confinement facilities."

20 **SECTION 9K.6.(b)** G.S. 143B-702 reads as rewritten:

21 **"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public**
 22 **Safety – rules and regulations.**

23 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
 24 Safety shall adopt rules and regulations related to the conduct, supervision, rights and privileges
 25 of persons in its custody or under its supervision. Such rules and regulations shall be filed with
 26 and published by the office of the Attorney General and shall be made available by the Division
 27 for public inspection. The rules and regulations shall include a description of the organization of
 28 the Division. A description or copy of all forms and instructions used by the Division, except
 29 those relating solely to matters of internal management, shall also be filed with the office of the
 30 Attorney General.

31 (b) The rules and regulations adopted under this section shall be subject to the
 32 requirements of Article 83A of Chapter 15A of the General Statutes."

33 **SECTION 9K.6.(c)** Article 10 of Chapter 153A of the General Statutes is amended
 34 by adding a new section to read:

35 **"§ 153A-221.2. Treatment of pregnant prisoners; female prisoners.**

36 A local confinement facility established pursuant to this Part shall be subject to the
 37 requirements of Article 83A of Chapter 15A of the General Statutes."

38 **SECTION 9K.6.(d)** This section becomes effective October 1, 2021.

40 PART IX-L. DHHS BLOCK GRANTS

42 DHHS BLOCK GRANTS

43 **SECTION 9L.1.(a)** Except as otherwise provided, appropriations from federal Block
 44 Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the
 45 following schedule:

47 **TEMPORARY ASSISTANCE FOR NEEDY**
 48 **FAMILIES (TANF) FUNDS**

FY 2021-2022

FY 2022-2023

50 **Local Program Expenditures**
 51

1	Division of Social Services		
2			
3	01. Work First Family Assistance	\$36,997,163	\$36,866,447
4			
5	02. Work First County Block Grants	80,093,566	80,093,566
6			
7	03. Work First Electing Counties	2,378,213	2,378,213
8			
9	04. Adoption Services – Special Children		
10	Adoption Fund	3,474,126	3,343,410
11			
12	05. Child Protective Services – Child Welfare		
13	Workers for Local DSS	10,859,640	10,728,924
14			
15	06. Child Welfare Program Improvement Plan	775,176	775,176
16			
17	07. Child Welfare Collaborative	400,000	400,000
18			
19	08. Child Welfare Initiatives	1,400,000	1,400,000
20			
21	Division of Child Development and Early Education		
22			
23	09. Subsidized Child Care Program	45,813,694	45,813,694
24			
25	10. Swap-Child Care Subsidy	12,600,000	12,600,000
26			
27	11. NC Pre-K Services	68,300,000	68,300,000
28			
29	Division of Public Health		
30			
31	12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
32			
33	DHHS Administration		
34			
35	13. Division of Social Services	2,482,260	2,482,260
36			
37	14. Office of the Secretary	34,042	34,042
38			
39	15. Eligibility Systems – Operations and		
40	Maintenance	792,978	713,662
41			
42	16. NC FAST Implementation	443,940	836,088
43			
44	17. Division of Social Services – Workforce		
45	Innovation & Opportunity Act (WIOA)	93,216	93,216
46			
47	18. Division of Social Services TANF Modernization	2,000,000	2,000,000
48			
49	Transfers to Other Block Grants		
50			
51	Division of Child Development and Early Education		

1			
2	19. Transfer to the Child Care and		
3	Development Fund	21,773,001	21,773,001
4			
5	Division of Social Services		
6			
7	20. Transfer to Social Services Block		
8	Grant for Child Protective Services –		
9	Training	285,612	285,612
10			
11	21. Transfer to Social Services Block		
12	Grant for Child Protective Services	5,040,000	5,040,000
13			
14	22. Transfer to Social Services Block		
15	Grant for County Departments of		
16	Social Services for Children's Services	13,097,783	13,097,783
17			
18	23. Transfer to Social Services Block		
19	Grant – Foster Care Services	3,422,219	3,422,219
20			
21	24. Transfer to Social Services Block	1,582,000	1,582,000
22	Grant – Child Advocacy Centers		
23			
24	TOTAL TEMPORARY ASSISTANCE FOR		
25	NEEDY FAMILIES (TANF) FUNDS	\$317,588,628	\$317,509,312
26			
27	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
28	EMERGENCY CONTINGENCY FUNDS		
29			
30	Local Program Expenditures		
31			
32	Division of Child Development and Early Education		
33			
34	01. Subsidized Child Care	\$30,043,764	\$30,043,764
35			
36	TOTAL TEMPORARY ASSISTANCE FOR		
37	NEEDY FAMILIES (TANF) EMERGENCY		
38	CONTINGENCY FUNDS	\$30,043,764	\$30,043,764
39			
40	SOCIAL SERVICES BLOCK GRANT		
41			
42	Local Program Expenditures		
43			
44	Divisions of Social Services and Aging and Adult Services		
45			
46	01. County Departments of Social Services	\$19,905,849	\$19,905,849
47			
48	02. County Departments of Social Services		
49	(Nonrecurring)	1,300,000	1,300,000
50			
51	03. County Departments of Social Services		

1	(Transfer From TANF)	\$13,097,783	\$13,097,783
2			
3	04. EBCI Tribal Public Health and Human Services	244,740	244,740
4			
5	05. Child Protective Services		
6	(Transfer From TANF)	5,040,000	5,040,000
7			
8	06. State In-Home Services Fund	1,943,950	1,943,950
9			
10	07. Adult Protective Services	2,138,404	2,138,404
11			
12	08. State Adult Day Care Fund	1,994,084	1,994,084
13			
14	09. Child Protective Services/CPS		
15	Investigative Services – Child Medical		
16	Evaluation Program	901,868	901,868
17			
18	10. Special Children Adoption Incentive Fund	462,600	462,600
19			
20	11. Child Protective Services – Child		
21	Welfare Training for Counties		
22	(Transfer From TANF)	285,612	285,612
23			
24	12. Home and Community Care Block		
25	Grant (HCCBG)	2,696,888	2,696,888
26			
27	13. Child Advocacy Centers		
28	(Transfer from TANF \$1,582,000)	1,582,000	1,582,000
29			
30	14. Guardianship – Division of Social Services	1,802,671	1,802,671
31			
32	15. Foster Care Services		
33	(Transfer From TANF)	3,422,219	3,422,219
34			
35	Division of Central Management and Support		
36			
37	16. DHHS Competitive Block Grants		
38	for Nonprofits	4,774,525	4,774,525
39			
40	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
41			
42	17. Mental Health Services – Adult and		
43	Child/Developmental Disabilities Program/		
44	Substance Abuse Services – Adult	4,149,595	4,149,595
45			
46	DHHS Program Expenditures		
47			
48	Division of Services for the Blind		
49			
50	18. Independent Living Program	3,603,793	3,603,793
51			

1	Division of Health Service Regulation		
2			
3	19. Adult Care Licensure Program	557,598	557,598
4			
5	20. Mental Health Licensure and		
6	Certification Program	266,158	266,158
7			
8	Division of Aging and Adult Services		
9			
10	21. Guardianship	3,825,443	3,825,443
11			
12	DHHS Administration		
13			
14	22. Division of Aging and Adult Services	715,422	715,422
15			
16	23. Division of Social Services	1,019,764	1,019,764
17			
18	24. Office of the Secretary/Controller's Office	636,920	636,920
19			
20	25. Legislative Increases/Fringe Benefits	293,655	293,655
21			
22	26. Division of Child Development and		
23	Early Education	13,878	13,878
24			
25	27. Division of Mental Health, Developmental		
26	Disabilities, and Substance Abuse Services	27,446	27,446
27			
28	28. Division of Health Service Regulation	133,620	133,620
29			
30	29. Division of Services for the Blind and Services		
31	for the Deaf and Hard of Hearing	127,010	127,010
32			
33	TOTAL SOCIAL SERVICES BLOCK GRANT	\$76,963,495	\$76,963,495
34			
35	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
36			
37	Local Program Expenditures		
38			
39	Division of Social Services		
40			
41	01. Low-Income Energy Assistance		
42	Program (LIEAP)	\$49,582,017	\$49,257,600
43			
44	02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
45			
46	Local Administration		
47			
48	Division of Social Services		
49			
50	03. County DSS Administration	6,769,114	6,724,735
51			

1 **DHHS Administration**

2

3 **Division of Central Management and Support**

4

5 04. Division of Social Services 10,000 10,000

6

7 05. Office of the Secretary/DIRM (Accountable Results for
8 Community Action (AR4CA) Replacement System) 50,000 166,750

9

10 06. Office of the Secretary/DIRM 278,954 278,954

11

12 07. Office of the Secretary/Controller's Office 18,378 18,378

13

14 08. NC FAST Development 650,388 1,224,912

15

16 09. NC FAST Operations and Maintenance 1,571,780 1,414,567

17

18 **Transfers to Other State Agencies**

19

20 **Department of Environmental Quality**

21

22 10. Weatherization Program 8,751,347 8,693,972

23

24 11. Heating Air Repair and Replacement
25 Program (HARRP) 5,830,717 5,792,490

26

27 12. Local Residential Energy Efficiency Service
28 Providers – Weatherization 527,190 523,733

29

30 13. Local Residential Energy Efficiency Service
31 Providers – HARRP 284,682 282,816

32

33 14. DEQ – Weatherization Administration 527,190 523,733

34

35 15. DEQ – HARRP Administration 284,682 282,816

36

37 **Department of Administration**

38

39 16. N.C. Commission on Indian Affairs 87,736 87,736

40

41 **TOTAL LOW-INCOME ENERGY**
42 **ASSISTANCE BLOCK GRANT****\$108,205,156 \$108,047,943**

43

44 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

45

46 **Local Program Expenditures**

47

48 **Division of Child Development and Early Education**

49

50 01. Child Care Services \$241,041,643 \$240,907,680

51

1	02. Smart Start Subsidy	7,392,654	7,392,654
2			
3	03. Transfer from TANF Block Grant		
4	for Child Care Subsidies	21,773,001	21,773,001
5			
6	04. Quality and Availability Initiatives		
7	(TEACH Program \$3,800,000)	51,808,870	52,143,470
8			
9	DHHS Administration		
10			
11	Division of Child Development and Early Education		
12			
13	05. DCDEE Administrative Expenses	9,376,286	9,376,286
14			
15	06. Direct Deposit for Child Care Payments	5,000	5,000
16			
17	Division of Social Services		
18			
19	07. Local Subsidized Child Care		
20	Services Support	18,780,355	18,780,355
21			
22	Division of Central Management and Support		
23			
24	08. NC FAST Operations and Maintenance	1,201,697	1,201,697
25			
26	09. DHHS Central Administration – DIRM		
27	Technical Services	979,762	979,762
28			
29	10. DHHS Central Administration	7,346	7,346
30			
31	Division of Public Health		
32			
33	11. Child Care Health Consultation Contracts	62,205	62,205
34			
35	TOTAL CHILD CARE AND DEVELOPMENT		
36	FUND BLOCK GRANT	\$352,428,819	\$352,629,456
37			
38	MENTAL HEALTH SERVICES BLOCK GRANT		
39			
40	Local Program Expenditures		
41			
42	01. Mental Health Services – Child	\$5,460,328	\$4,432,011
43			
44	02. Mental Health Services – Adult/Child	26,858,142	17,126,399
45			
46	03. Mental Health Services – First		
47	Psychotic Symptom Treatment	4,205,369	2,615,497
48			
49	DHHS Administration		
50			
51	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		

1			
2	04. Crisis Services	1,569,298	1,307,749
3			
4	05. Administration	323,120	323,120
5			
6	06. Adult/Child Mental Health Services	350,150	350,150
7			
8	TOTAL MENTAL HEALTH SERVICES		
9	BLOCK GRANT	\$38,766,407	\$26,154,926
10			
11	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
12			
13	Local Program Expenditures		
14			
15	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
16			
17	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
18			
19	02. Substance Abuse Prevention	16,594,705	10,999,983
20			
21	03. Substance Abuse Services – Treatment for		
22	Children/Adults		
23	(First Step Farm of WNC, Inc. \$100,000)	59,798,396	37,419,510
24			
25	04. Crisis Solutions Initiatives – Collegiate		
26	Wellness/Addiction Recovery	1,085,000	1,085,000
27			
28	05. Crisis Solutions Initiatives – Community		
29	Paramedic Mobile Crisis Management	20,000	20,000
30			
31	DHHS Program Expenditures		
32			
33	Division of Central Management and Support		
34			
35	06. Competitive Grants	1,600,000	1,600,000
36			
37	DHHS Administration		
38			
39	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
40			
41	07. Administration	1,320,452	1,320,452
42			
43	08. Controlled Substance Reporting System		
44	Enhancement	427,655	427,655
45			
46	09. Veterans Initiatives	250,000	250,000
47			
48	10. Substance Abuse Prevention	344,390	344,390
49			
50	11. Substance Abuse Treatment	703,960	703,960
51			

1	TOTAL SUBSTANCE ABUSE PREVENTION		
2	AND TREATMENT BLOCK GRANT	\$84,695,473	\$56,721,865
3			
4	MATERNAL AND CHILD HEALTH BLOCK GRANT		
5			
6	Local Program Expenditures		
7			
8	Division of Public Health		
9			
10	01. Women's and Children's Health Services		
11	(Safe Sleep Campaign \$45,000; Sickle Cell		
12	Centers \$100,000; Prevent Blindness \$575,000;		
13	March of Dimes \$350,000; Teen Pregnancy		
14	Prevention Initiatives \$650,000;		
15	Nurse-Family Partnership \$950,000;		
16	Perinatal & Neonatal Outreach		
17	Coordinator Contracts \$440,000;		
18	Mountain Area Pregnancy Services \$50,000)	\$14,778,973	\$14,778,973
19			
20	02. Oral Health	48,227	48,227
21			
22	03. Evidence-Based Programs in Counties		
23	With Highest Infant Mortality Rates	1,575,000	1,575,000
24			
25	DHHS Program Expenditures		
26			
27	04. Children's Health Services	1,427,323	1,427,323
28			
29	05. Women's Health – Maternal Health	169,864	169,864
30			
31	06. Women's and Children's Health – Perinatal		
32	Strategic Plan Support Position	73,920	73,920
33			
34	07. State Center for Health Statistics	158,583	158,583
35			
36	08. Health Promotion – Injury and		
37	Violence Prevention	87,271	87,271
38			
39	DHHS Administration		
40			
41	09. Division of Public Health Administration	552,571	552,571
42			
43	TOTAL MATERNAL AND CHILD		
44	HEALTH BLOCK GRANT	\$18,871,732	\$18,871,732
45			
46	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
47			
48	Local Program Expenditures		
49			
50	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
51			

1	02. Injury and Violence Prevention		
2	(Services to Rape Victims – Set-Aside)	160,000	160,000
3			
4	DHHS Program Expenditures		
5			
6	Division of Public Health		
7			
8	03. HIV/STD Prevention and		
9	Community Planning	137,648	137,648
10			
11	04. Oral Health Preventive Services	150,000	150,000
12			
13	05. Laboratory Services – Testing,		
14	Training, and Consultation	21,000	21,000
15			
16	06. Injury and Violence Prevention		
17	(Services to Rape Victims – Set-Aside)	53,206	53,206
18			
19	07. Performance Improvement and		
20	Accountability	592,123	592,123
21			
22	08. State Center for Health Statistics	82,505	82,505
23			
24	DHHS Administration		
25			
26	Division of Public Health		
27			
28	09. Division of Public Health	65,000	65,000
29			
30	TOTAL PREVENTIVE HEALTH		
31	SERVICES BLOCK GRANT	\$4,291,598	\$4,342,924
32			
33	COMMUNITY SERVICES BLOCK GRANT		
34			
35	01. Community Action Agencies	\$20,916,673	\$20,916,673
36			
37	02. Limited Purpose Agencies/Discretionary Funding	616,599	355,321
38			
39	03. Office of Economic Opportunity	1,004,543	1,004,543
40			
41	04. Office of the Secretary/DIRM (Accountable Results for		
42	Community Action (AR4CA) Replacement System)	327,944	589,222
43			
44	05. Office of Economic Opportunity – Workforce		
45	Investment Opportunities Act (WIOA)	60,000	60,000
46			
47	TOTAL COMMUNITY SERVICES		
48	BLOCK GRANT	\$22,925,759	\$22,925,759
49			
50	GENERAL PROVISIONS		

1 **SECTION 9L.1.(b)** Information to Be Included in Block Grant Plans. – The
2 Department of Health and Human Services shall submit a separate plan for each Block Grant
3 received and administered by the Department, and each plan shall include the following:

- 4 (1) A delineation of the proposed allocations by program or activity, including
5 State and federal match requirements.
- 6 (2) A delineation of the proposed State and local administrative expenditures.
- 7 (3) An identification of all new positions to be established through the Block
8 Grant, including permanent, temporary, and time-limited positions.
- 9 (4) A comparison of the proposed allocations by program or activity with two
10 prior years' program and activity budgets and two prior years' actual program
11 or activity expenditures.
- 12 (5) A projection of current year expenditures by program or activity.
- 13 (6) A projection of federal Block Grant funds available, including unspent federal
14 funds from the current and prior fiscal years.
- 15 (7) The required amount of maintenance of effort and the amount of funds
16 qualifying for maintenance of effort in the previous year delineated by
17 program or activity.

18 **SECTION 9L.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
19 United States increases the federal fund availability for any of the Block Grants or contingency
20 funds and other grants related to existing Block Grants administered by the Department of Health
21 and Human Services from the amounts appropriated in this act, the Department shall allocate the
22 increase proportionally across the program and activity appropriations identified for that Block
23 Grant in this section. In allocating an increase in federal fund availability, the Office of State
24 Budget and Management shall not approve funding for new programs or activities not
25 appropriated in this act.

26 If the Congress of the United States decreases the federal fund availability for any of
27 the Block Grants or contingency funds and other grants related to existing Block Grants
28 administered by the Department of Health and Human Services from the amounts appropriated
29 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced
30 federal funding.

31 Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and
32 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy
33 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
34 program to pay for child care in four- or five-star rated facilities for 4 year old children and shall
35 not be used to supplant State funds.

36 Prior to allocating the change in federal fund availability, the proposed allocation
37 must be approved by the Office of State Budget and Management. If the Department adjusts the
38 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
39 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
40 Research Division.

41 **SECTION 9L.1.(d)** Except as otherwise provided, appropriations from federal
42 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according
43 to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule
44 is enacted by the General Assembly.

45 **SECTION 9L.1.(e)** All changes to the budgeted allocations to the Block Grants or
46 contingency funds and other grants related to existing Block Grants administered by the
47 Department of Health and Human Services that are not specifically addressed in this section shall
48 be approved by the Office of State Budget and Management. The Office of State Budget and
49 Management shall not approve funding for new programs or activities not appropriated in this
50 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and
51 Management shall not approve any reduction of funds designated for subrecipients in subsection

(a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9L.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those Block Grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9L.1.(h) The sum of ten million eight hundred fifty-nine thousand six hundred forty dollars (\$10,859,640) for the 2021-2022 fiscal year and the sum of ten million seven hundred twenty-eight thousand nine hundred twenty-four dollars (\$10,728,924) for the 2022-2023 fiscal year appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9L.1.(i) The sum of three million four hundred seventy-four thousand one hundred twenty-six dollars (\$3,474,126) for the 2021-2022 fiscal year and the sum of three million three hundred forty-three thousand four hundred ten dollars (\$3,343,410) for the 2022-2023 fiscal year appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

1 **SECTION 9L.1.(j)** The sum of one million four hundred thousand dollars
2 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
3 Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall
4 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
5 outcomes for families and children involved in child welfare and (ii) enhance the provision of
6 services to families in their homes in the least restrictive setting.

7 **SECTION 9L.1.(k)** Of the three million four hundred fifty thousand dollars
8 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human
9 Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen
10 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each
11 year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care
12 or the juvenile justice system.

13 **SOCIAL SERVICES BLOCK GRANT**

14 **SECTION 9L.1.(l)** The sum of nineteen million nine hundred five thousand eight
15 hundred forty-nine dollars (\$19,905,849) for each year of the 2021-2023 fiscal biennium and the
16 sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each
17 year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant
18 to the Department of Health and Human Services, Division of Social Services, and the sum of
19 thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for each
20 year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block
21 Grant shall be used for county Block Grants. The Division shall certify these funds in the
22 appropriate State-level services based on prior year actual expenditures. The Division has the
23 authority to realign the authorized budget for these funds, as well as State Social Services Block
24 Grant funds, among the State-level services based on current year actual expenditures.

25 **SECTION 9L.1.(m)** The sum of two hundred eighty-five thousand six hundred
26 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the
27 Department of Health and Human Services, Division of Social Services, for each fiscal year of
28 the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as
29 follows:
30

- 31 (1) Provide a regional training center in southeastern North Carolina.
- 32 (2) Provide training for residential child caring facilities.
- 33 (3) Provide for various other child welfare training initiatives.

34 **SECTION 9L.1.(n)** The Department of Health and Human Services is authorized,
35 subject to the approval of the Office of State Budget and Management, to transfer Social Services
36 Block Grant funding allocated for departmental administration between divisions that have
37 received administrative allocations from the Social Services Block Grant.

38 **SECTION 9L.1.(o)** Social Services Block Grant funds appropriated for the Special
39 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

40 **SECTION 9L.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
41 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023
42 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
43 Social Services. The Division shall allocate these funds to local departments of social services to
44 replace the loss of Child Protective Services State funds that are currently used by county
45 governments to pay for Child Protective Services staff at the local level. These funds shall be
46 used to maintain the number of Child Protective Services workers throughout the State. These
47 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
48 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

49 **SECTION 9L.1.(q)** The sum of four million seven hundred seventy-four thousand
50 five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium
51 appropriated in this act in the Social Services Block Grant to the Department of Health and

1 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
2 competitive Block Grants pursuant to Section 9B.9 of this act. These funds are exempt from the
3 provisions of 10A NCAC 71R .0201(3).

4 **SECTION 9L.1.(r)** The sum of one million five hundred eighty-two thousand
5 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
6 year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division
7 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds
8 are exempt from the provisions of 10A NCAC 71R .0201(3).

9 **SECTION 9L.1.(s)** The sum of three million eight hundred twenty-five thousand
10 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2021-2023 fiscal
11 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
12 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used
13 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
14 expend funds allocated in this section to support existing corporate guardianship contracts during
15 the 2021-2022 and 2022-2023 fiscal years.

16 **SECTION 9L.1.(t)** Of the funds appropriated in the Social Services Block Grant to
17 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
18 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult
19 Protective Services workers where these funds can be the most effective. These funds shall be
20 used to pay for salaries and related expenses and shall not be used to supplant any other source
21 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
22 match of twenty-five percent (25%).

23 24 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

25 **SECTION 9L.1.(u)** The Division of Social Services shall have the authority to
26 realign appropriated funds between the State-level services Low Income Energy Assistance
27 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative
28 Oversight Committee on Health and Human Services to ensure needs are effectively met without
29 exceeding the total amount appropriated for these State-level service items. Additional
30 emergency contingency funds received may be allocated for Energy Assistance Payments or
31 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight
32 Committee on Health and Human Services. Additional funds received shall be reported to the
33 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
34 Division upon notification of the award. The Department of Health and Human Services shall
35 not allocate funds for any activities, including increasing administration, other than assistance
36 payments, without prior consultation with the Joint Legislative Oversight Committee on Health
37 and Human Services.

38 **SECTION 9L.1.(v)** The sum of forty-nine million five hundred eighty-two thousand
39 seventeen dollars (\$49,582,017) for the 2021-2022 fiscal year and the sum of forty-nine million
40 two hundred fifty-seven thousand six hundred dollars (\$49,257,600) for the 2022-2023 fiscal
41 year appropriated in this act in the Low-Income Energy Assistance Block Grant to the
42 Department of Health and Human Services, Division of Social Services, shall be used for Energy
43 Assistance Payments for the households of (i) elderly persons age 60 and above with income up
44 to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
45 for services funded through the Division of Aging and Adult Services.

46 County departments of social services shall submit to the Division of Social Services
47 an outreach plan for targeting households with 60 year old household members no later than
48 August 1 of each year. The outreach plan shall comply with the following:

- 49 (1) Ensure that eligible households are made aware of the available assistance,
50 with particular attention paid to the elderly population age 60 and above and

1 disabled persons receiving services through the Division of Aging and Adult
2 Services.

- 3 (2) Include efforts by the county department of social services to contact other
4 State and local governmental entities and community-based organizations to
5 (i) offer the opportunity to provide outreach and (ii) receive applications for
6 energy assistance.
- 7 (3) Be approved by the local board of social services or human services board
8 prior to submission.

9 **SECTION 9L.1.(w)** The Department of Health and Human Services shall develop
10 and implement a centralized system to collect, track, analyze, monitor, and disseminate
11 performance, outputs, and outcome data for the Community Services Block Grant Program and
12 the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace
13 the current software solution, Accountable Results for Community Action (AR4CA). The project
14 shall not proceed until the business case has been approved by the Office of State Budget and
15 Management and the State Chief Information Officer in the Enterprise Project Management
16 Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars
17 (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code
18 24410 for information technology projects for the 2021-2022 fiscal year.

19 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

20 **SECTION 9L.1.(x)** Payment for subsidized child care services provided with federal
21 TANF funds shall comply with all regulations and policies issued by the Division of Child
22 Development and Early Education for the subsidized child care program.

23 **SECTION 9L.1.(y)** If funds appropriated through the Child Care and Development
24 Fund Block Grant for any program cannot be obligated or spent in that program within the
25 obligation or liquidation periods allowed by the federal grants, the Department may move funds
26 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
27 to use the federal funds fully.

28 **MENTAL HEALTH SERVICES BLOCK GRANT**

29 **SECTION 9L.1.(z)** The sum of four million two hundred five thousand three
30 hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of two million
31 six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for the 2022-2023
32 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department
33 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
34 Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom
35 Treatment.

36 **SECTION 9L.1.(z1)** Of the funds allocated in the Mental Health Services Block
37 Grant to the Department of Health and Humans Services, Division of Mental Health,
38 Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 fiscal biennium,
39 the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be used to
40 establish three positions and cover operating costs focused on developing pilot programs and
41 implementing policy to improve services to transition-aged youth and adults with serious mental
42 illness or serious emotional disturbance.

43 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

44 **SECTION 9L.1.(z2)** Of the funds allocated in the Substance Abuse Prevention and
45 Treatment Block Grant for the 2021-2023 fiscal biennium to the Department of Health and
46 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
47 Services, the sum of one million forty-eight thousand three hundred fifty dollars (\$1,048,350)
48 shall be used to establish nine positions and operating costs. These funds shall be used to provide
49
50
51

1 oversight, technical support, training, coordination, monitoring, and other functions necessary to
2 expand and support substance use services to ensure strategic planning and development of
3 prevention, treatment, and recovery supports leading towards a comprehensive recovery-oriented
4 system of care.

6 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

7 **SECTION 9L.1.(aa)** If federal funds are received under the Maternal and Child
8 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
9 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall
10 be transferred to the State Board of Education to be administered by the Department of Public
11 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
12 until marriage education program consistent with G.S. 115C-81.30. The Department of Public
13 Instruction shall carefully and strictly follow federal guidelines in implementing and
14 administering the abstinence education grant funds.

15 **SECTION 9L.1.(bb)** The sum of one million five hundred seventy-five thousand
16 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the
17 Department of Health and Human Services, Division of Public Health, for each year of the
18 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the
19 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the
20 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,
21 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings
22 to the House of Representatives Appropriations Committee on Health and Human Services, the
23 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
24 Division no later than December 31 of each year.

25 **SECTION 9L.1.(cc)** The sum of seventy-three thousand nine hundred twenty dollars
26 (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the
27 Department of Health and Human Services, Division of Public Health, Women and Children's
28 Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant
29 existing State or federal funds. This allocation shall be used for a Public Health Program
30 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
31 Plan and provide staff support for the stakeholder work group.

32 **SECTION 9L.1.(dd)** The sum of one hundred thousand dollars (\$100,000) allocated
33 in this section in the Maternal and Child Health Block Grant to the Department of Health and
34 Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for
35 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

36 **SECTION 9L.1.(ee)** No more than fifteen percent (15%) of the funds allocated for
37 the designated subrecipients in subsection (a) of this section under Item 01 of the Maternal and
38 Child Health Block Grant shall be used for administrative costs, unless otherwise required by
39 federal law.

41 **APPROPRIATION OF CERTAIN FEDERAL BLOCK GRANT FUNDS FOR DHHS** 42 **UNDER THE AMERICAN RESCUE PLAN ACT**

43 **SECTION 9L.2.(a)** Of the funds appropriated in this act from federal Low Income
44 Home Energy Assistance Program Block Grant funds received pursuant to ARPA to the
45 Department of Health and Human Services, Division of Social Services, the sum of eighty-six
46 million nine hundred seventy thousand four hundred sixty dollars (\$86,970,460) in nonrecurring
47 funds shall be used for energy assistance in accordance with federal requirements in response to
48 the COVID-19 pandemic.

49 **SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care
50 and Development Block Grant funds received pursuant to ARPA to the Department of Health
51 and Human Services, Division of Child Development and Early Education, the sum of five

1 hundred two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars
2 (\$502,777,789) in nonrecurring funds shall be allocated for the following in response to the
3 COVID-19 pandemic:

- 4 (1) Two hundred seventy-four million dollars (\$274,000,000) of the funds shall
5 be used as follows:
 - 6 a. A minimum of two hundred six million dollars (\$206,000,000) but no
7 more than two hundred fifteen million dollars (\$215,000,000) to (i)
8 reduce the waitlist for children eligible for subsidized child care who
9 are in foster care and (ii) after addressing the waitlist under item (i) of
10 this sub-subdivision, work towards reducing the waitlist for children
11 eligible for subsidized child care.
 - 12 b. A minimum of fifty million dollars (\$50,000,000) but no more than
13 fifty-nine million dollars (\$59,000,000) to modernize and improve
14 early childhood technology infrastructure.
- 15 (2) Up to thirty million dollars (\$30,000,000) of the funds shall be used to
16 continue to cover all copays for families eligible for subsidized child care
17 through the end of the 2021 calendar year.
- 18 (3) Up to two hundred seven million seven hundred seventy-seven thousand
19 seven hundred eighty-nine dollars (\$207,777,789) of the funds shall be used
20 to build the supply of qualified child care teachers with staff bonuses and other
21 teacher pipeline programs, including apprenticeship, stackable courses, and
22 fast-track programs. The Division of Child Development and Early Education
23 shall provide staff bonuses under this subdivision based on the number of
24 months the teacher or staff person has worked at the child care facility, with
25 the maximum bonus being provided to a teacher or staff person who has
26 worked at least 12 months at the teacher or staff person's current child care
27 facility.
- 28 (4) Of the funds allocated under subdivision (3) of this subsection, the sum of
29 thirty-five million dollars (\$35,000,000) shall be allocated to the North
30 Carolina Partnership for Children, Inc., for the Child Care WAGE\$ (WAGE\$)
31 program, which provides salary supplements for early childhood educators.
32 The North Carolina Partnership for Children, Inc., shall use these funds to
33 increase access to the WAGE\$ program, with the intent that, upon full
34 implementation, access to the program shall be statewide and available in
35 every county. These funds shall not be subject to the child care subsidy
36 expansion requirements under G.S. 143B-168.15(g) or the match
37 requirements under Section 9C.6(d) of this act. The Division of Child
38 Development and Early Education shall report on the impact of the WAGE\$
39 program, including any recommendations, to the Joint Legislative Oversight
40 Committee on Health and Human Services by December 1, 2024.

41 **SECTION 9L.2.(c)** Of the funds appropriated in this act from federal Community
42 Mental Health Services Block Grant funds received pursuant to ARPA to the Department of
43 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
44 Substance Abuse Services, the sum of forty-one million five hundred thirty-five thousand two
45 hundred forty-six dollars (\$41,535,246) in nonrecurring funds shall be used for mental health
46 services and supports in response to the COVID-19 pandemic.

47 **SECTION 9L.2.(d)** Of the funds appropriated in this act from federal Substance
48 Abuse Prevention and Treatment Block Grant funds received pursuant to ARPA to the
49 Department of Health and Human Services, Division of Mental Health, Developmental
50 Disabilities, and Substance Abuse Services, the sum of thirty-six million four hundred twenty
51 thousand six hundred fifty-one dollars (\$36,420,651) in nonrecurring funds shall be used to

1 provide substance abuse prevention and treatment services across the State to those in need due
2 to the COVID-19 pandemic. From funds appropriated under this subsection, the Division of
3 Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate funds
4 as follows:

- 5 (1) Ten million six hundred thousand dollars (\$10,600,000) to the Department of
6 Public Safety (DPS) for the following:
- 7 a. Four million six hundred thousand dollars (\$4,600,000) to provide two
8 years of funding to expand the Reentry Medication Assisted Treatment
9 (MAT) pilot program to the other nine minimum security prisons in
10 this State that are designated reentry facilities. DPS shall collaborate
11 with the Division of Mental Health, Developmental Disabilities, and
12 Substance Abuse Services on expansion of the pilot program under
13 this subdivision, as needed.
- 14 b. Six million dollars (\$6,000,000) to expand the MAT Community
15 Supervision pilot program, a program for individuals recently released
16 from prison and on probation. DPS, in collaboration with the Division
17 of Mental Health, Developmental Disabilities, and Substance Abuse
18 Services, shall select five counties to participate in the expanded pilot
19 program that represent tier one or tier two counties with the highest
20 need. For purposes of this sub-subdivision, tier one and tier two
21 counties shall have the same designations as those established by the
22 North Carolina Department of Commerce's 2021 County Tier
23 Designations.

24 DPS and the Division of Mental Health, Developmental Disabilities, and
25 Substance Abuse Services shall report on the results of both pilot programs
26 described in this subdivision to the Joint Legislative Oversight Committee on
27 Health and Human Services and the Joint Legislative Oversight Committee
28 on Justice and Public Safety by November 1, 2023.

- 29 (2) Two million two hundred thousand dollars (\$2,200,000) to Addiction
30 Recovery Care Association, Inc., for substance abuse treatment and recovery
31 services.
- 32 (3) Four million seven hundred thousand dollars (\$4,700,000) to Addiction
33 Professionals of North Carolina, Inc., (i) to establish a Center for Community
34 Innovation and Emerging Best Practice in response to the mental and
35 behavioral health impacts of the COVID-19 crisis and opioid overdose
36 resurgence and (ii) for dedicated substance abuse prevention, treatment,
37 recovery, and harm reduction capacity support for students in communities
38 and on university and college campuses. The Division of Mental Health,
39 Developmental Disabilities, and Substance Abuse Services shall seek
40 approval to use these funds for these purposes.
- 41 (4) Fifty-three thousand seven hundred dollars (\$53,700) to AYA House, Inc., a
42 nonprofit organization, for substance abuse treatment and recovery services.
- 43 (5) Four million one hundred thousand dollars (\$4,100,000) for substance abuse
44 prevention efforts.
- 45 (6) Seven million six hundred thousand dollars (\$7,600,000) to implement the
46 Systemic, Therapeutic, Assessment, Resources, and Treatment (START)
47 model in 10 counties.
- 48 (7) Two million seven hundred thousand dollars (\$2,700,000) for start-up
49 supports to help substance use disorder providers contract with local
50 management entities/managed care organizations (LME/MCOs).

- 1 (8) Two million eight hundred thousand dollars (\$2,800,000) to expand the
2 EMS-based MAT Bridge program from two to 10 counties.
3 (9) The balance of any remaining funds for treatment services, including the
4 purchase of naloxone to assist in overdose treatment.

5 **SECTION 9L.2.(e)** Funds allocated in subdivisions (d)(1) through (d)(9) of this
6 section are provided as one-time, nonrecurring allocations for the purposes described in that
7 subsection.

8 **PART X. AGRICULTURE AND CONSUMER SERVICES**

9 **FEE AUTHORITY FOR STATE PHYTOSANITARY CERTIFICATE**

10 **SECTION 10.2.(a)** G.S. 106-420 reads as rewritten:

11 "**§ 106-420. Authority of Board of Agriculture to adopt regulations.**

12 The Board of Agriculture is hereby authorized to adopt reasonable regulations to implement
13 and carry out the purposes of this Article as to eradicate, repress and prevent the spread of plant
14 pests (i) within the State, (ii) from within the State to points outside the State, and (iii) from
15 outside the State to points within the State. The Board of Agriculture shall adopt regulations for
16 eradicating such plant pests as it may deem capable of being economically eradicated, for
17 repressing such as cannot be economically eradicated, and for preventing their spread within the
18 State. Regulations may provide for quarantine of areas. It may also adopt reasonable regulations
19 for preventing the introduction of dangerous plant pests from without the State, and for governing
20 common carriers in transporting plants, articles or things liable to harbor such pests into, from
21 and within the State. The Board is authorized, in order to control plant pests, to adopt regulations
22 governing the inspection, certification and movement of nursery stock, (i) into the State from
23 outside the State, (ii) within the State, and (iii) from within the State to points outside the State.
24 The Board is further authorized to prescribe and collect a schedule of fees to be collected for its
25 nursery inspection, nursery dealer certification, narcissus bulb inspection, plant pest inspection,
26 phytosanitary certification, and plant pest certification activities."

27 **SECTION 10.2.(b)** G.S. 150B-1(d) reads as rewritten:

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

30 ...

- 31 (26) The Board of Agriculture in the Department of Agriculture and Consumer
32 Services with respect to the following:

33 ...

- 34 d. Fees for State phytosanitary certificates.

35"

36 **HEMLOCK RESTORATION REPORT**

37 **SECTION 10.3.** The North Carolina Forest Service shall report on the hemlock
38 restoration initiatives funded by this act. The report shall include the following with respect to
39 each hemlock restoration initiative funded during the 2021-2023 fiscal biennium:

- 40 (1) Identification of goals and outcomes for the initiative.
41 (2) A description of the measures used or data collected to evaluate the efficiency
42 and effectiveness of the initiative in reaching its desired goals and outcomes.
43 (3) The performance of each initiative with respect to the identified goals and
44 outcomes.

45 The Forest Service shall provide its report to the chairs of the Joint Legislative
46 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
47 Research Division no later than October 1 following the completion of each fiscal year in the
48 2021-2023 fiscal biennium.
49
50
51

TIMBER SALES/RETENTION AND USE OF PROCEEDS

SECTION 10.4.(a) G.S. 146-30(d)(6) reads as rewritten:

"(6) The following provisions apply with respect to land owned by or under the supervision and control of the Department of Agriculture and Consumer Services:

- a. The net proceeds derived from the sale of land ~~or timber from land owned by or under the supervision and control of the Department of Agriculture and Consumer Services~~ shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services, to be used for such specific capital improvement projects or other purposes as are provided by transfer of funds from those accounts in ~~the Capital Improvement Appropriations Act~~ an act of the General Assembly.
- b. The net proceeds derived from the sale of timber and other products of land shall be deposited in accounts at the Department of Agriculture and Consumer Services to be used for operational expenses of the Department incurred for restoration and stewardship of the land."

SECTION 10.4.(b) G.S. 106-6.3 reads as rewritten:

"§ 106-6.3. Create special revenue fund for research stations.

The Research Stations Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Division of Research Stations. This Fund shall consist of receipts from the sale of timber and other commodities produced on the Department's research stations and any gifts, bequests, or grants for the benefit of this Fund. No General Fund appropriations shall be credited to this Fund. Any balance exceeding one million dollars (\$1,000,000) in this Fund at the end of any fiscal year shall revert to the General Fund. The Department shall use this Fund only to develop, improve, repair, maintain, operate, or otherwise invest in research stations operated by the Department's Research Stations Division."

GO GLOBAL NC PROGRAM

SECTION 10.5. Funds appropriated in this act to the Department of Agriculture and Consumer Services for international marketing may be used by the Department to rebrand the Department's international marketing section as Go Global NC.

AGRICULTURAL MARKETING FACILITIES SPECIAL FUND

SECTION 10.5A. Article 1 of Chapter 106 of the General Statutes is amended by adding a new section to read:

"§ 106-6.4. Create special revenue fund for certain facilities.

The Agricultural Marketing Facilities Fund is established as a special revenue fund within the Department of Agriculture and Consumer Services, Marketing Division. This Fund shall consist of receipts from the lease or rental of property or facilities, admissions, fees, and any gifts, bequests, or grants collected at the Department's farmers markets and agricultural centers. The Department shall use this Fund to develop, improve, repair, maintain, operate, expand, or otherwise invest in the Department's farmers markets and agricultural centers."

ANIMAL SHELTER SUPPORT FUND AMENDMENTS

SECTION 10.5B. Article 5A of Chapter 19A of the General Statutes reads as rewritten:

"Article 5A.

"Animal Shelter Support Fund.

"§ 19A-67. Animal Shelter Support Fund.

1 (a) Creation. – The Animal Shelter Support Fund is established as a special fund in the
2 Department of Agriculture and Consumer Services. The Fund consists of appropriations by the
3 General Assembly or contributions and grants from public or private sources.

4 (b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of
5 Agriculture and Consumer Services to ~~reimburse~~ provide grants to local governments for
6 expenses related to their operation of a registered animal shelter due to any of the following:

7 (1) The denial, suspension, or revocation of the shelter's ~~registration~~ registration,
8 or compliance with new or newly applicable requirements for maintenance of
9 registration.

10 (2) An unforeseen catastrophic disaster at an animal shelter.

11 (c) Rules. – The Board of Agriculture shall issue rules detailing eligible expenses and
12 application guidelines that comply with the requirements of this Article.

13 ~~(d) Reversion.—Any appropriated and unencumbered funds remaining at the end of each~~
14 ~~fiscal year in excess of two hundred fifty thousand dollars (\$250,000) shall revert to the General~~
15 ~~Fund.~~

16 **"§ 19A-68. ~~Distributions~~ Grants to counties and cities from Animal Shelter Support Fund.**

17 (a) ~~Reimbursable-Eligible~~ Costs. – ~~Local~~ Except as otherwise provided in this subsection,
18 governments eligible for distributions from the Animal Shelter Support Fund may receive
19 ~~reimbursement~~ funding only for the direct operational costs of the animal shelter following an
20 event described in G.S. 19A-67(b). For purposes of this subsection, direct operational costs shall
21 include veterinary services, sanitation services and needs, animal sustenance and supplies, and
22 temporary housing and sheltering. Counties and cities shall not ~~be reimbursed~~ receive funding
23 for administrative costs or capital expenditures for facilities and equipment equipment, unless
24 those costs are required in order to restore or maintain a shelter's registration.

25 ~~(b) Cost Share.—A local government requesting distributions from the Animal Shelter~~
26 ~~Support Fund must provide a local match based on their most recent development tier designation~~
27 ~~as defined in G.S. 143B-437.08. Local governments located in development tier one counties~~
28 ~~must provide a match equivalent to one dollar (\$1.00) for every three dollars (\$3.00) distributed~~
29 ~~from the Fund. Local governments located in development tier two counties must provide a~~
30 ~~match equivalent to one dollar (\$1.00) for every two dollars (\$2.00) distributed from the Fund.~~
31 ~~Local governments located in development tier three counties must provide a match equivalent~~
32 ~~to one dollar (\$1.00) for every one dollar (\$1.00) distributed from the Fund.~~

33 (c) Application. – A county or city eligible for ~~reimbursement~~ a grant from the Animal
34 Shelter Support Fund shall apply to the Department of Agriculture and Consumer Services ~~within~~
35 ~~60 days of when the reimbursable cost has been incurred.~~ Services. The application shall be
36 submitted in the form required by the Department and shall include an itemized listing of the
37 costs for which ~~reimbursement~~ funding is sought.

38 ~~(d) Distribution.—The Department shall make payments from the Animal Shelter~~
39 ~~Support Fund to eligible counties and cities that have made timely application for reimbursement~~
40 ~~within 30 days of receipt of requests.~~

41 ~~(e) Limitation. – Grants from the Animal Shelter Support Fund are limited to fifty~~
42 ~~thousand dollars (\$50,000) per grantee in any fiscal year.~~

43"

44
45 **DUPONT STATE RECREATIONAL FOREST FUNDS**

46 **SECTION 10.5C.(a)** Nonrecurring funds appropriated in this act to the Department
47 of Agriculture and Consumer Services for creation and implementation of a master recreational
48 facility plan for the DuPont State Recreational Forest (Forest) shall be allocated as follows:

49 (1) Two hundred thousand dollars (\$200,000) for the 2021-2022 fiscal year for
50 the creation of a master recreational facility plan that includes planning for the
51 recreational infrastructure and network of trails within the Forest with input

1 from potential user groups, desired experiences for those groups, trail density
2 analyses, and other Forest, wildlife management, and natural resource
3 preservation objectives. The plan will also include recommendations for trail
4 system management, new and extended trail segments, improvements, trail
5 consolidation, and trail sustainability measures, and management measures
6 for purpose-built trail systems and for mitigation of trail impacts due to high
7 visitation.

- 8 (2) One hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year and
9 four hundred fifty thousand dollars (\$450,000) for the 2022-2023 fiscal year
10 for the implementation of the facility plan, including engineering, design,
11 maintenance, and construction activities for new and existing trails, trail
12 support facilities, and recreational facilities. Of these funds, the Department
13 may use no more than two hundred twenty-five thousand dollars (\$225,000)
14 for the planning, design, and implementation of a trail spur connecting the
15 Forest to the French Broad River Paddle Trail and to the Palmetto Trail and
16 other trails in South Carolina.

17 **SECTION 10.5C.(b)** The Department shall enter into a Memorandum of
18 Understanding (MOU) with Friends of Dupont Forest, a nonprofit organization, to implement
19 and maintain the trails funded in subsection (a) of this section.
20

21 **OVERSIGHT COMMITTEE STUDY OF DACS FEES**

22 **SECTION 10.5D.** The Joint Legislative Oversight Committee on Agriculture and
23 Natural and Economic Resources shall study the existing fee structure for permitting,
24 compliance, and oversight services performed by the Department of Agriculture and Consumer
25 Services with the goal of identifying areas where fee income does not adequately support the
26 services provided. The Committee shall identify, with respect to each service identified as having
27 an insufficient fee, the amount of the fee that was or could have been charged, the cost incurred
28 by the Department of Agriculture and Consumer Services in performing the service, and, if
29 applicable, the reason for not charging the fee or for the fee shortfall. The Committee shall
30 provide its report to the 2022 Regular Session of the 2021 General Assembly upon its convening.
31

32 **FOOD BANK AND FOOD ASSISTANCE PROGRAM FUNDS**

33 **SECTION 10.6.** Funds appropriated in this act from the State Fiscal Recovery Fund
34 to the Department of Agriculture and Consumer Services for support of North Carolina food
35 banks shall be allocated as follows:

- 36 (1) Forty million dollars (\$40,000,000) to distribute to North Carolina food banks.
37 These funds may be used for the purchase and distribution of food,
38 infrastructure and equipment, capacity-building for the food banks and their
39 partner agencies, benefits counseling, partnerships with community
40 workforce development organizations, and any other use consistent with the
41 rules implementing the State Fiscal Recovery Fund.
42 (2) Five million dollars (\$5,000,000) to Reinvestment Partners, a nonprofit
43 organization, for its Produce Prescription Program, which provides a monthly
44 forty dollar (\$40.00) per household benefit for each eligible Food and
45 Nutrition Services recipient enrolled by the recipient's health care provider, to
46 serve individuals impacted by the COVID-19 emergency. Individuals
47 receiving assistance pursuant to this subdivision are limited to three months
48 of food assistance.
49

50 **MEAT AND SEAFOOD PROCESSING GRANTS**

1 **SECTION 10.7.(a)** Findings. – The General Assembly finds that the COVID-19
2 pandemic of 2020-2021 resulted in serious and substantial impacts on the food supply chain and
3 revealed bottlenecks and lack of capacity among the small and independent meat processors who
4 serve small livestock producers. These bottlenecks and lack of capacity have a substantial
5 negative impact on the ability of these small livestock producers to have their livestock
6 slaughtered and processed. In addition, seafood processors lack capacity to meet increased and
7 altered consumer demand for seafood products due to supply chain disruptions and other
8 long-term changes in the market for seafood and seafood products. The General Assembly further
9 finds that financial assistance to these processors for expansion, facility improvements, and
10 workforce development is necessary to reduce disruptions in the supply chain for fresh meat and
11 seafood and to help small producers get their products to market.

12 **SECTION 10.7.(b)** Use of Funds and Limitation. – The funds appropriated in this
13 act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services
14 for grants to meat and seafood processors shall be used to provide grants as specified in this
15 section to reduce or prevent impacts on the supply chain for fresh meat in the State and to improve
16 the resiliency of the fresh meat and seafood supply chain to future disruptions. The following
17 limitations and reservations apply:

- 18 (1) No more than thirty-five percent (35%) of the funds allocated in this section
19 may be used for grants to seafood processors.
- 20 (2) No more than two million dollars (\$2,000,000) of the funds allocated in this
21 section may be used to supplement grants previously awarded to reflect
22 construction cost inflation.

23 **SECTION 10.7.(c)** Grant Types and Criteria. – The Department shall develop
24 policies and procedures for the disbursement of the grants authorized by this section that include,
25 at a minimum, the following:

- 26 (1) The Department may provide three categories of grants:
 - 27 a. Capacity enhancement grant. – This grant is available to an eligible
28 meat or seafood processing facility that is experiencing slowdowns in
29 production or has limited capacity to accommodate increased demand
30 for meat or seafood processing. A capacity enhancement grant may be
31 used for expansion of an existing eligible facility and for fixtures or
32 equipment at an existing eligible facility that will expand animal
33 throughput, processing capacity, the amount or type of products
34 produced, or processing speed. A grant under this sub-subdivision may
35 not exceed five hundred thousand dollars (\$500,000).
 - 36 b. Workforce development grant. – This grant is available to an eligible
37 meat or seafood processing facility that is experiencing slowdowns in
38 production or has limited capacity to accommodate increased demand
39 for meat or seafood processing due to workforce limitations or
40 reductions due to a pandemic or other natural disaster. A workforce
41 development grant may be used for educational and workforce training
42 provided either by the facility or by an accredited institution of higher
43 education. A grant under this sub-subdivision may not exceed one
44 hundred thousand dollars (\$100,000).
 - 45 c. Planning grant. – This grant is available to a nonprofit entity or
46 institution of higher education to complete feasibility or siting studies
47 for a new eligible meat processing facility. No more than five percent
48 (5%) of funds allocated by this section may be used for grants under
49 this sub-subdivision.

- 1 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood
2 processing facility is a food processing facility that meets both of the
3 following requirements:
4 a. The plant contracts with independent livestock producers or seafood
5 harvesters to process animals or seafood.
6 b. The United States Department of Agriculture (USDA) contracts with
7 Department inspectors to conduct federal inspection activities
8 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at
9 the plant, the plant is otherwise regulated by the USDA or the United
10 States Food and Drug Administration, or the plant is a State-inspected
11 facility.
12 (3) Prioritization. – The Department may prioritize projects that will create
13 additional jobs.
14 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under this
15 section in the amount of one dollar (\$1.00) from nongrant sources for every
16 two dollars (\$2.00) provided by the grant.
17 (5) Clawback. – If fixtures or equipment purchased with grant funds provided
18 under this Article are disposed of during a period of time as the Department
19 shall specify following the date the fixtures or equipment funded by this act
20 are placed in service, the grant recipient shall repay to the Department a
21 proportionate share of the grant funding received as the Department shall
22 specify. As used in this subdivision, the term "disposed of" means disposed
23 of, taken out of service, or moved out of State.
24

25 SWINE AND DAIRY ASSISTANCE PROGRAM

26 **SECTION 10.8.(a)** The General Assembly makes the following findings:

- 27 (1) The impact of COVID-19 on the global supply chain has been widespread
28 across industries, especially within our country's food supply chain.
29 (2) Due to COVID-19, at least two swine integrators ended operations resulting
30 in the loss of contracts and income for many family farmers. Dairy producers
31 and processors in the State lost more than half of their market with COVID-19
32 related shutdowns of the school systems and food service industries, and these
33 markets may never fully recover.
34 (3) Significant numbers of swine farms have lost contracts, and dairies have been
35 forced out of business due to the COVID-19 pandemic.
36 (4) The continuous and future pressures on the food supply chain will remain an
37 issue for North Carolina's number one industry, agriculture, as a result of
38 COVID-19.
39 (5) The most effective program for administration of financial assistance to the
40 swine and dairy industries is a three-fold approach based on verifiable
41 documentation from producers as specified in this section.

42 **SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from
43 the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for
44 emergency support of swine and dairy producers shall be allocated by the Department to provide
45 financial assistance as specified in subsection (e) of this section to compensate eligible swine and
46 dairy producers for losses incurred as a result of termination of contracts or ceased production
47 due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the
48 rules implementing the Coronavirus State Fiscal Recovery Fund established under the American
49 Rescue Plan Act.

50 **SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this
51 section:

- 1 (1) Dairy producer. – A Grade A milk producer who can demonstrate to the
2 satisfaction of the Department that the producer is or was in compliance with
3 federal Grade A milk regulations during the time period specified in
4 sub-subdivision (2)a. of subsection (d) of this section.
- 5 (2) Department. – The Department of Agriculture and Consumer Services.
- 6 (3) Swine integrator. – A person, other than a grower, who provides 250 or more
7 animals to a swine farm and who either has an ownership interest in the
8 animals or otherwise establishes management and production standards for
9 the permit holder for the maintenance, care, and raising of the animals. An
10 ownership interest includes a right or option to purchase the animals.
- 11 (4) Swine producer. – A person who holds or held a permit for an animal waste
12 management system under Part 1A of Article 21 of Chapter 143 of the General
13 Statutes during the time period specified in sub-subdivision (1)a. of subsection
14 (d) of this section.

15 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must
16 provide to the Department the following information in order to demonstrate the producer's
17 eligibility for financial assistance pursuant to this section:

- 18 (1) For swine producers, all of the following:
19 a. A contract termination letter from a swine integrator or other
20 documentation of contract termination between March 1, 2020, and
21 June 30, 2022.
22 b. Proof that the swine operation is permitted by the State.
23 c. Any other information deemed appropriate by the Department.
- 24 (2) For dairy producers, all of the following:
25 a. Milk production records, showing ceased production during any time
26 between March 1, 2020, and June 30, 2022.
27 b. Proof that the dairy operation was permitted as a Grade A milk
28 producer by the Food and Drug Protection Division of the Department
29 during the time that production was ceased as documented under
30 sub-subdivision a. of this subdivision.
31 c. Any other information deemed appropriate by the Department.

32 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award
33 financial assistance based on the following procedures:

- 34 (1) The Department shall award a one-time financial assistance relief payment of
35 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.
- 36 (2) In addition to the financial assistance awarded under subdivision (1) of this
37 subsection, the Department shall award either, but not both, of the following
38 to a qualifying eligible applicant:
39 a. Financial assistance to be administered as follows:
40 1. A cost share for closure of swine lagoons for swine operations
41 that will not secure a contract with another swine integrator and
42 will cease swine production, or for closure of dairy waste
43 structures associated with dairy operations that will cease milk
44 production. These cost shares shall be limited to ninety percent
45 (90%) of the lagoon closure cost, not to exceed one hundred
46 thousand dollars (\$100,000) per operation.
47 2. If an applicant who receives a cost share pursuant to this
48 sub-subdivision demonstrates a need for additional water
49 supply for agricultural uses, then the applicant may request an
50 additional cost share to convert the decommissioned lagoon to
51 an agricultural water supply pond. These cost shares shall be

- 1 limited to ninety percent (90%) of the actual cost, not to exceed
2 thirty thousand dollars (\$30,000) per operation.
- 3 b. Financial assistance to swine producers for a fixed dollar amount per
4 head space for producers who are able to secure a production contract
5 with another swine integrator but must invest in upgrades to existing
6 barns or completely rebuild animal housing. The maximum award
7 under this sub-subdivision for renovations shall be ten dollars (\$10.00)
8 per head space for renovation to animal housing or twenty dollars
9 (\$20.00) per head space for rebuilt animal housing, but no award under
10 this sub-subdivision may exceed ninety percent (90%) of the actual
11 cost of the renovation or construction. A swine producer shall produce
12 documentation of a new contract or letter of intent with a swine
13 integrator to establish eligibility for this financial assistance.
- 14 c. The financial assistance provided under sub-subdivision b. of this
15 subdivision is available to the purchaser of a swine operation, provided
16 that the seller otherwise meets the eligibility requirements of this
17 section on the date of the sale.
- 18 (3) In determining the amount of financial assistance awarded to applicants
19 pursuant to this section and in reviewing and approving funded activities, the
20 Department shall comply with applicable federal rules and guidance
21 governing the State Fiscal Recovery Fund. If the Department determines that
22 a person who received financial assistance provided inaccurate information to
23 the Department, then the recipient shall refund the entire amount of the
24 financial assistance. If the recipient does not refund the appropriate amount,
25 the North Carolina Department of Revenue shall utilize the provisions of
26 G.S. 105-242 to collect the money from the recipient.
- 27 (4) Applicants for financial assistance awarded pursuant to this subsection shall
28 submit the eligibility documents required by subsection (d) of this section no
29 later than June 30, 2023.
- 30 (5) All swine or dairy producers who receive financial assistance pursuant to this
31 section shall provide a signed affidavit, under penalty of perjury, certifying
32 that each fact of the loss presented by the producer is accurate.
- 33 (6) The Department may audit the financial and other records of each recipient of
34 funds in order to ensure that the funds are used in accordance with the
35 provisions of this program. The Department may require any documentation
36 or proof it deems necessary to efficiently administer this program, including
37 the ownership structure of each entity and the social security numbers of each
38 applicant. The Department may require the submission of dated, signed, and
39 continuous records.

40 **SECTION 10.8.(f)** Administrative Costs. – The Department may use up to five
41 percent (5%) of the total funds allocated in this section for technical and administrative support.
42

43 **PART XI. COMMERCE**

44 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

45 **SECTION 11.1.(a)** Of the funds appropriated in this act for federal block grant
46 funds, the following allocations are made for the fiscal years ending June 30, 2022, and June 30,
47 2023, according to the following schedule:
48

49 **COMMUNITY DEVELOPMENT BLOCK GRANT**

50
51

1	1. State Administration	\$1,560,286
2		
3	2. Neighborhood Revitalization	15,419,796
4		
5	3. Economic Development	21,696,109
6		
7	4. Infrastructure	5,000,000
8		
9	5. Rural Community Development	5,000,000
10		
11	TOTAL COMMUNITY DEVELOPMENT	
12	BLOCK GRANT – 2020 Program Year	\$48,676,191
13	2021 Program Year	\$48,676,191
14		

15 **SECTION 11.1.(b)** If federal funds are reduced below the amounts specified in this
 16 section after the effective date of this act, then every program in each of these federal block grants
 17 shall be reduced by the same percentage as the reduction in federal funds.

18 **SECTION 11.1.(c)** Any block grant funds appropriated by the Congress of the
 19 United States in addition to the funds specified in this section shall be expended as follows: each
 20 program category under the Community Development Block Grant shall be increased by the
 21 same percentage as the increase in federal funds.

22 **SECTION 11.1.(d)** The Department of Commerce shall consult with the Joint
 23 Legislative Commission on Governmental Operations prior to reallocating Community
 24 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
 25 the Director of the Budget finds either of the following conditions exist:

- 26 (1) If a reallocation is required because of an emergency that poses an imminent
 27 threat to public health or public safety, then the Director of the Budget may
 28 authorize the reallocation without consulting the Commission. The
 29 Department of Commerce shall report to the Commission on the reallocation
 30 no later than 30 days after it was authorized and shall identify in the report the
 31 emergency, the type of action taken, and how it was related to the emergency.
 32 (2) If the State will lose federal block grant funds or receive less federal block
 33 grant funds in the next fiscal year unless a reallocation is made, then the
 34 Department of Commerce shall provide a written report to the Commission
 35 on the proposed reallocation and shall identify the reason that failure to take
 36 action will result in the loss of federal funds. If the Commission does not hear
 37 the issue within 30 days of receipt of the report, the Department may take the
 38 action without consulting the Commission.

39 **SECTION 11.1.(e)** By September 1, 2021, and September 1, 2022, the Department
 40 of Commerce shall report to the chairs of the House of Representatives Appropriations
 41 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate
 42 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint
 43 Legislative Economic Development and Global Engagement Oversight Committee; and the
 44 Fiscal Research Division on the use of Community Development Block Grant Funds
 45 appropriated in the prior fiscal year. The report shall include the following:

- 46 (1) A discussion of each of the categories of funding, including information on
 47 the statewide need in each category.
 48 (2) Information on the number of applications that were received in each category
 49 and the total dollar amount requested in each category.

- 1 (3) A list of grantees, including the grantee's name, county, category under which
2 the grant was funded, the amount awarded, and a narrative description of the
3 project.

4 **SECTION 11.1.(f)** Funds allocated to the Economic Development Category in
5 subsection (a) of this section shall be made available as grants for eligible activities listed in this
6 subsection. The funds available for grants under this Category may be used for all of the
7 following, subject to the national objectives and eligible activities allowed under guidance issued
8 by the United States Department of Housing and Urban Development:

- 9 (1) Acquisition of real property.
10 (2) Demolition and rehabilitation of buildings and improvements.
11 (3) Removal of material and architectural barriers.
12 (4) Public improvements, including parks, streets, sidewalks, and water and sewer
13 lines.
14 (5) Loans and grants to public or private nonprofit entities for construction and
15 rehabilitation activities.
16 (6) Assistance to private, for-profit entities for economic development.
17 (7) Technical assistance to public or nonprofit entities for neighborhood
18 revitalization or economic development activities.
19 (8) Assistance to for-profit and nonprofit entities to facilitate economic
20 development activities.

21 **SECTION 11.1.(g)** Funds allocated to the Neighborhood Revitalization Category in
22 subsection (a) of this section shall be made available as grants for eligible activities listed in this
23 subsection. The funds available for grants under this Category may be used for all of the
24 following, subject to the national objectives and eligible activities allowed under guidance issued
25 by the United States Department of Housing and Urban Development:

- 26 (1) Essential repairs to prevent abandonment and deterioration of housing in
27 low- and moderate-income neighborhoods.
28 (2) Demolition and rehabilitation of buildings and improvements.
29 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
30 lines.

31 **SECTION 11.1.(h)** Funds allocated for the Rural Community Development
32 Category in subsection (a) of this section shall be made available as grants for eligible activities
33 listed in this subsection. These funds shall provide grants that support community development
34 and comprehensive growth projects to be awarded by the North Carolina Department of
35 Commerce. The Rural Community Development Category will provide grants to units of local
36 government in development tier one and development tier two areas, as defined in
37 G.S. 143B-437.08, and rural census tracts, as defined in G.S. 143B-472.127(a)(2), of
38 development tier three areas to support projects that promote broad-based community
39 development activities, increased local investment and economic growth, and stronger and more
40 viable rural neighborhoods. In awarding grants under this section, preference shall be given to
41 projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for
42 grants under this category may be used for all of the following, subject to the national objectives
43 and eligible activities allowed under guidance issued by the United States Department of Housing
44 and Urban Development:

- 45 (1) Essential repairs to prevent abandonment and deterioration of housing in
46 low- and moderate-income neighborhoods.
47 (2) Public improvements, including parks, streets, sidewalks, and water and sewer
48 lines.
49 (3) Public facilities, including neighborhood and community facilities and
50 facilities for individuals with special needs.

- 1 (4) Public services, including employment, crime prevention, and energy
2 conservation.
- 3 (5) Assistance to private, for-profit entities for economic development.
- 4 (6) Technical assistance to public or nonprofit entities for neighborhood
5 revitalization or economic development activities.
- 6 (7) Assistance to for-profit and nonprofit entities to facilitate economic
7 development activities.

8 **SECTION 11.1.(i)** For purposes of this section, eligible activities under the category
9 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State
10 Administered Community Development Block Grant definition of the term "infrastructure."
11 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the
12 Infrastructure Category in subsection (a) of this section shall not be reallocated to any other
13 category.

14 **SECTION 11.1.(j)** Throughout each year, deobligated funds arise in the various
15 funding categories and program years of the Community Development Block Grant (CDBG)
16 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)
17 projects being required to repay funds. Surplus federal administrative funds in the CDBG
18 program may vary from year to year based upon the amount of State-appropriated funds allocated
19 and the amount of eligible in-kind funds identified.

20 **SECTION 11.1.(k)** To allow the Department of Commerce and the Department of
21 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as
22 they are identified throughout the program year, the following shall apply to the use of
23 deobligated CDBG funds and surplus federal administrative funds:

- 24 (1) All surplus federal administrative funds shall be divided equally between the
25 Departments of Commerce and Environmental Quality and shall be used as
26 provided in subdivisions (2) and (3) of this subsection.
- 27 (2) All deobligated funds allocated to the Department of Commerce and any
28 surplus federal administrative funds, as provided for in subdivision (1) of this
29 subsection, may be used by the Department for all of the following:
 - 30 a. To issue grants in the CDBG Economic Development or
31 Neighborhood Revitalization Program Category.
 - 32 b. For providing training and guidance to local governments relative to
33 the CDBG program, its management, and administrative requirements.
 - 34 c. For any other purpose consistent with the Department's administration
35 of the CDBG program if an equal amount of State matching funds is
36 available.
- 37 (3) All deobligated funds allocated to the Department of Environmental Quality
38 and any surplus federal administrative funds, as provided for in subdivision
39 (1) of this subsection, may be used by the Department for all of the following:
 - 40 a. To issue grants in the CDBG infrastructure program category.
 - 41 b. For any other purpose consistent with the Department's administration
42 of the CDBG program if an equal amount of State matching funds is
43 available.

44 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

45 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the
46 following for each year that State funds are expended:

- 47 (1) By September 1 of each year, and more frequently as requested, report to the
48 chairs of the Joint Legislative Oversight Committee on Agriculture and
49 Natural and Economic Resources; the chairs of the House of Representatives
50 Appropriations Committee on Agriculture and Natural and Economic
51

1 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
2 Natural, and Economic Resources; and the Fiscal Research Division on prior
3 State fiscal year program activities, objectives, and accomplishments and prior
4 State fiscal year itemized expenditures and fund sources. If State funds are
5 used to provide matching funds for competitive grants from the federal
6 government or a nongovernmental entity, the report should include a list and
7 description of the grants that are awarded.

- 8 (2) Provide to the chairs of the Joint Legislative Oversight Committee on
9 Agriculture and Natural and Economic Resources; the chairs of the House of
10 Representatives Appropriations Committee on Agriculture and Natural and
11 Economic Resources; the chairs of the Senate Appropriations Committee on
12 Agriculture, Natural, and Economic Resources; and the Fiscal Research
13 Division a copy of the entity's annual audited financial statement within 30
14 days of issuance of the statement.

15 **SECTION 11.2.(b)** The following entities shall comply with the requirements of
16 subsection (a) of this section:

- 17 (1) North Carolina Biotechnology Center.
18 (2) High Point Market Authority.
19 (3) RTI International.
20

21 NC BIOTECHNOLOGY CENTER

22 **SECTION 11.3.(a)** Recurring funds appropriated in this act to the Department of
23 Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the
24 2021-2023 biennium shall be allocated for the following purposes in the following proportions:

- 25 (1) Job creation: AgBiotech Initiative, economic and industrial development, and
26 related activities: twenty-one percent (21%) of the funding.
27 (2) Science and commercialization: science and technology development, Centers
28 of Innovation, business and technology development, education and training,
29 and related activities: sixty-five percent (65%) of the funding.
30 (3) Center operations: administration, professional and technical assistance and
31 oversight, corporate communications, human resource management, financial
32 and grant administration, legal, and accounting: fourteen percent (14%) of the
33 funding.

34 **SECTION 11.3.(b)** The nonrecurring funds appropriated in this act to the
35 Department of Commerce for the Center for each fiscal year in the 2021-2023 biennium may be
36 used for the following purposes:

- 37 (1) Expand the NC BIONEER Venture Challenge start-up competition statewide.
38 (2) Expand NCBiotech grant and loan program funding.
39 (3) Train new workers statewide to meet biomanufacturing job growth.
40 (4) Recruit new life sciences companies to the State.
41 (5) Five hundred thousand dollars (\$500,000) of the nonrecurring funds in each
42 fiscal year of the biennium shall be used to support funding for early stage
43 loans to North Carolina agricultural technology companies.

44 **SECTION 11.3.(c)** The Center shall not use any of the nonrecurring funds allocated
45 in subsection (b) of this section for administrative costs and shall report on the expenditure of
46 those funds each year pursuant to Section 11.2 of this act.

47 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over
48 funding and distribution of grants.

49 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in
50 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this

1 section if, in the judgment of Center management, the reallocation will advance the mission of
2 the Center.

4 STATE SMALL BUSINESS CREDIT INITIATIVE FUNDS

5 **SECTION 11.5.** Of the funds appropriated in this act from the State Small Business
6 Credit Initiative funds received pursuant to ARPA to the Department of Commerce, the sum of
7 one hundred twenty million four hundred sixty-one thousand nine hundred twenty-seven dollars
8 (\$120,461,927) in nonrecurring funds shall be used to provide a grant to the North Carolina Rural
9 Center, Inc., a nonprofit corporation, to be used in accordance with the State Small Business
10 Credit Initiative Act of 2010, P.L. 111-240, as amended by section 3301 of ARPA.

12 MODIFY FILM GRANT

13 **SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

14 "§ 143B-437.02A. The Film and Entertainment Grant Fund.

15 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a
16 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide
17 funds to encourage the production of motion pictures, television shows, movies for television,
18 productions intended for on-line distribution, and commercials and to develop the filmmaking
19 industry within the State. The Department of Commerce shall adopt guidelines providing for the
20 administration of the program. Those guidelines may provide for the Secretary to award the grant
21 proceeds over a period of time, not to exceed three years. Those guidelines shall include the
22 following provisions, which shall apply to each grant from the account:

23 (1) The funds are reserved for a production on which the production company has
24 qualifying expenses of at least the following:

25 a. For a feature-length film:

26 1. ~~Three million dollars (\$3,000,000),~~ One million five hundred
27 thousand dollars (\$1,500,000), if for theatrical viewing.

28 2. ~~One million dollars (\$1,000,000),~~ Five hundred thousand
29 dollars (\$500,000), if a movie for television.

30 b. For a television series, ~~one million dollars (\$1,000,000)~~ five hundred
31 thousand dollars (\$500,000) per episode.

32 c. For a commercial for theatrical or television viewing or on-line
33 distribution, two hundred fifty thousand dollars (\$250,000).

34 (2) The funds are not used to provide a grant in excess of any of the following:

35 ...

36 b. An amount more than seven million dollars (\$7,000,000) for a
37 feature-length film, more than ~~twelve~~ fifteen million dollars
38 ~~(\$12,000,000)~~ (\$15,000,000) for a single season of a television series,
39 or two hundred fifty thousand dollars (\$250,000) for a commercial for
40 theatrical or television viewing or on-line distribution.

41"

42 **SECTION 11.6.(b)** This section becomes effective July 1, 2021, and applies to
43 grants made on or after that date.

45 ONE NC SMALL BUSINESS PROGRAM CHANGES

46 **SECTION 11.7.(a)** G.S. 143B-437.80 reads as rewritten:

47 "§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.

48 (a) Program. – There is established the North Carolina SBIR/STTR Incentive Program
49 to be administered by the North Carolina Board of Science, Technology, and Innovation. In order
50 to foster job creation and economic development ~~in~~ throughout the State, the Board may provide
51 grants to eligible businesses to offset costs associated with applying ~~to the United States Small~~

~~Business Administration~~ for federal Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse an eligible business ~~for up to fifty percent (50%) for a percentage of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three twelve thousand dollars (\$3,000)-(\$12,000). The maximum percentage for reimbursement is one hundred percent (100%) for an eligible business located in a development tier one or two area, as defined in G.S. 143B-437.08, and is fifty percent (50%) for any other eligible business. A business may receive only one grant two grants under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission.~~ Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, educational programs, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees. A grant to a business partnered with a public institution of higher education in this State does not count toward the maximum grant limitation provided in this section.

...

(e) Education and Outreach. – The North Carolina Board of Science, Technology, and Innovation may use up to ten percent (10%) of funds appropriated for grants under this section to provide education and outreach, including training, materials, and location and other associated costs, to aid in the awareness and successful completion of SBIR/STTR Phase I proposals."

SECTION 11.7.(b) G.S. 143B-437.81(c) reads as rewritten:

"(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of ~~one two hundred thousand dollars (\$100,000)-(\$200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section per year.~~ A business may receive only one grant under this section with respect to each federal proposal ~~submission-award.~~ Over its lifetime, a business may receive a maximum of ~~five~~ 10 awards under this section. An award to a business partnered with a public institution of higher education in this State does not count toward the maximum award limitation provided in this section."

TIER THREE ONE NC ALLOTMENT

SECTION 11.8.(a) G.S. 143B-437.71 reads as rewritten:

"§ 143B-437.71. One North Carolina Fund established as a special revenue fund.

(a) Establishment. – The One North Carolina Fund is established as a special revenue fund in the Department of Commerce.

(b) Purposes. – Moneys in the One North Carolina Fund may only be allocated pursuant to this subsection. Moneys may be allocated to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and existing businesses and to the One North Carolina Small Business Account created pursuant to subsection (c) of this section in an amount not to exceed three million dollars (\$3,000,000). Moneys in the One North Carolina Fund allocated to local governments shall be used for the following purposes only:

- 1 (1) Installation or purchase of equipment.
 2 (2) Structural repairs, improvements, or renovations to existing buildings to be
 3 used for expansion.
 4 (3) Construction of or improvements to new or existing water, sewer, gas, or
 5 electric utility distribution lines or equipment for existing buildings.
 6 (4) Construction of or improvements to new or existing water, sewer, gas, or
 7 electric utility distribution lines or equipment for new or proposed buildings
 8 to be used for manufacturing and industrial operations.
 9 (5) Any other purposes specifically provided by an act of the General Assembly.
 10 (b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal
 11 ~~biennium~~ year may not exceed ~~twenty eight~~ seventeen million dollars
 12 ~~(\$28,000,000).~~ (\$17,000,000). Of the amount authorized in this subsection, three million dollars
 13 (\$3,000,000) is reserved for agreements with local governments located in development tier three
 14 areas, as defined in G.S. 143B-437.08, with total employment of 115,000 or less, using the data
 15 specified in G.S. 143B-437.52(c)(3).

16 (c) There is created in the One North Carolina Fund a special account, the One North
 17 Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive
 18 Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I
 19 of Article 10 of Chapter 143B of the General Statutes."

20 **SECTION 11.8.(b)** This section becomes effective July 1, 2021.
 21

22 RURAL READY SITES REPORT CHANGE

23 **SECTION 11.9.** Section 15.7A(d) of S.L. 2017-57 reads as rewritten:

24 "**SECTION 15.7A.(d)** Report. – The Department of Commerce shall submit a report
 25 detailing its use of State funds appropriated by this section. The report shall be submitted to the
 26 chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
 27 Resources, the chairs of the Joint Legislative Economic Development and Global Engagement
 28 Oversight Committee, the chairs of the House of Representatives Appropriations on Agriculture
 29 and Natural and Economic Resources, the chairs of the Senate Appropriations on Agriculture,
 30 Natural, and Economic Resources, and the Fiscal Research Division by September 1, ~~2017, 2021,~~
 31 and by September 1 of each subsequent year ~~State funds are received, and more frequently as~~
 32 ~~requested.~~ until all funding appropriated by this section is expended and eligible projects are
 33 completed. The Department shall report on each existing eligible project, including any new
 34 agreements entered into and the amount of funds utilized or encumbered for each. The report
 35 shall include the information required by this section for the most recently ended fiscal year. The
 36 report shall include all of the following:

- 37 (1) For projects that are not completed:
 38 a. The name of the project.
 39 b. Total amount of funds awarded for each project.
 40 c. Amount expended to date for each project.
 41 d. A summary and description of each project.
 42 e. An expected date of completion for each project.
 43 f. An anticipated number of jobs created by each project.
 44 g. The current status of the project, including any issues resulting in a
 45 delay.
 46 (2) For projects that are completed:
 47 a. Whether the site of the project is occupied.
 48 b. How many jobs were created by the project."
 49

50 EDPNC MARKETING FUNDS

1 **SECTION 11.11.** Of the funds appropriated in this act to the Department of
2 Commerce for the nonprofit corporation with which the Department contracts pursuant to
3 G.S. 143B-431.01(b), the sum of sixty million dollars (\$60,000,000) shall be used for the
4 following purposes in the following amounts:

5 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing in the
6 State.

7 (2) Thirty million dollars (\$30,000,000) for business marketing in the State.

8 Of the funds allocated in subdivisions (1) and (2) of this section, the nonprofit
9 corporation shall use no more than ten million dollars (\$10,000,000) for each purpose in each of
10 the next three fiscal years.

11 12 **NORTH CAROLINA RURAL TOURISM RECOVERY PILOT PROGRAM**

13 **SECTION 11.11A.(a)** Allocation. – Of the funds appropriated from the State Fiscal
14 Recovery Fund to the Department of Commerce (Department) in this act, the sum of one million
15 five hundred thousand dollars (\$1,500,000) shall be allocated to the North Carolina nonprofit
16 corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) for the
17 establishment of a pilot program in accordance with this section. The funds allocated in this
18 section shall be used as follows:

19 (1) One million two hundred eighty-five thousand dollars (\$1,285,000) for
20 marketing expenses.

21 (2) Seventy-five thousand dollars (\$75,000) for administrative costs.

22 (3) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent
23 position in Visit NC.

24 (4) Seventy thousand dollars (\$70,000) for one temporary full-time equivalent
25 position in the nonprofit corporation with which the Department contracts
26 pursuant to G.S. 143B-431.01(b).

27 **SECTION 11.11A.(b)** Program. – The North Carolina Rural Tourism Recovery Pilot
28 Program (Program) is established. The Program shall initially be conducted and administered in
29 the following counties: Chowan, Edgecombe, Gates, Graham, Halifax, Haywood, Hertford,
30 Madison, Martin, Mitchell, Perquimans, Tyrrell, Vance, Warren, Washington, and Yancey. The
31 Program shall begin in those counties on October 1, 2021, and terminate on September 30, 2022.

32 **SECTION 11.11A.(c)** Administration. – The nonprofit corporation with which the
33 Department contracts pursuant to G.S. 143B-431.01(b) shall administer the Program. The
34 nonprofit corporation shall coordinate with the Department and other interested public and
35 private stakeholders to ensure the coordination of State efforts to develop a robust Program for
36 the selected counties in subsection (b) of this section.

37 **SECTION 11.11A.(d)** Reports. – The Department, in coordination with the
38 nonprofit corporation and Visit NC, shall provide a report no later than December 1, 2021, to the
39 chairs of the Joint Legislative Economic Development and Global Engagement Oversight
40 Committee and the Fiscal Research Division on the implementation of the Program and
41 information reported by participating counties, Tourism Development Authorities, destination
42 marketing organizations, and local businesses. The report shall include, at a minimum, all of the
43 following:

44 (1) Recommendations on expansion of the Program to other counties in the State.

45 (2) Recommendations regarding legislative proposals or additional funding
46 needed to execute or expand the Program and whether the Program should be
47 expanded.

48 The Department, in coordination with the nonprofit corporation and Visit NC, shall
49 submit a report no later than February 1, 2023, to the chairs of the House Appropriations
50 Committee, the chairs of the Senate Appropriations/Base Budget Committee, and the Fiscal
51 Research Division containing, at a minimum, all of the following:

- 1 (1) Data on outcomes related to the implementation of the Program.
- 2 (2) The expenditure of funds provided for in this section.
- 3 (3) Recommendations on modification or expansion of the Program, including
- 4 the need for continued support with State funds.

6 **RURAL DOWNTOWN TRANSFORMATION GRANT PROGRAM**

7 **SECTION 11.12.(a)** Allocation. – Of the funds appropriated in this act from the
8 State Fiscal Recovery Fund for Rural Downtown Transformation grants, the sum of fifty million
9 dollars (\$50,000,000) shall be allocated to the Department of Commerce, Rural Economic
10 Developmental Division (REDD), to administer a rural downtown transformation grant program
11 pursuant to this section. The program shall enable eligible units of local government to fully
12 leverage resources toward enhancing their communities' prospects for economic growth. Of the
13 funds allocated in this section, twenty-five million dollars (\$25,000,000) shall be used for
14 neighborhood revitalization grants and twenty-five million dollars (\$25,000,000) shall be used
15 for community development enhancement grants, consistent with this section.

16 **SECTION 11.12.(b)** Program. – There is created the Rural Downtown
17 Transformation Grant Program (Program) to be administered by REDD to provide neighborhood
18 revitalization and community development enhancement grants to eligible units of local
19 government.

20 **SECTION 11.12.(c)** Neighborhood Revitalization Grants. – Neighborhood
21 revitalization grants shall be used to support public improvement projects that complement
22 affordable housing investments and help pandemic-impacted neighborhoods retain downtown
23 businesses. Eligible projects for a neighborhood revitalization grant include all of the following:

- 24 (1) Sidewalks and walkways.
- 25 (2) Parks and playgrounds.
- 26 (3) Signage and lighting.
- 27 (4) Benches and planter boxes.
- 28 (5) Public restrooms.
- 29 (6) Public venues, public parking, and infrastructure.

30 **SECTION 11.12.(d)** Community Development Enhancement Grants. – Community
31 development enhancement grants shall be used for any of the following:

- 32 (1) Support the acquisition of land and buildings.
- 33 (2) Preparation and development of neighborhood properties and business sites.
- 34 (3) Removal of structural and physical barriers to enhance community growth and
- 35 economic development opportunities.

36 In addition, community development enhancement grant funds may be used by the
37 Department of Commerce in partnership with the Department of Environmental Quality to assess
38 environmental hazards on potentially contaminated eligible property or business sites and to
39 conduct necessary environmental removal or remedial activities to allow the property or business
40 sites to be permitted for development.

41 **SECTION 11.12.(e)** Training; Technical Assistance. – Program funds may be used
42 to deliver training and technical assistance for local government units to effectively leverage
43 State and federal assistance.

44 **SECTION 11.12.(f)** Eligibility. – A unit of local government is eligible for a Rural
45 Downtown Transformation Grant under this section if it is either (i) a community negatively
46 impacted by the COVID-19 pandemic at a disproportionate level when compared to the rest of
47 the State or (ii) located in a qualified census tract, as defined by the United States Department of
48 Housing and Urban Development.

49 **SECTION 11.12.(g)** Application. – An applicant for a Rural Downtown
50 Transformation Grant must show a reasonable expectation that the funding will yield private

1 sector investment and job creation, community development projects, or neighborhood
2 revitalization.

3 **SECTION 11.12.(h)** Administration. – REDD may use up to three percent (3%) of
4 the funds allocated in this section to administer the Program.

5
6 **ESPORTS INDUSTRY GRANT FUND**

7 **SECTION 11.13.(a)** Article 10 of Chapter 143B of the General Statutes is amended
8 by adding a new section to read:

9 **"§ 143B-437.02B. The Esports Industry Grant Fund.**

10 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a
11 special, nonreverting account to be known as the Esports Industry Grant Fund to provide funds
12 to encourage esports events to be held within the State. The Department of Commerce shall adopt
13 guidelines providing for the administration of the program. The guidelines may provide for the
14 Secretary to award the grant proceeds over a period of time, not to exceed three years. The
15 guidelines shall include the following provisions, which shall apply to each grant from the
16 account:

- 17 (1) The funds are reserved for a production for which a production company has
18 qualifying expenses of at least two hundred fifty thousand dollars (\$250,000)
19 with respect to a single production.
- 20 (2) The funds may not be used to provide a grant in excess of an amount more
21 than twenty-five percent (25%) of the qualifying expenses for a single
22 production.
- 23 (3) The funds shall not be used to provide a grant to more than one production
24 company for a single production.
- 25 (4) The funds shall not be used to provide a grant for a production that meets one
26 or more of the following:
- 27 a. It contains material that is "obscene," as defined in G.S. 14-190.1, or
28 that is "harmful to minors," as defined in G.S. 14-190.13.
- 29 b. It has the primary purpose of political advertising, fundraising, or
30 marketing, other than by commercial, a product, or service.
- 31 c. It consists of live sporting event programming, including pre-event
32 and post-event coverage and scripted sports entertainment. For
33 purposes of this exception, a live sporting event is a scheduled sporting
34 competition, game, or race that is originated solely by an amateur,
35 collegiate, or professional organization, institution, or association for
36 live or tape-delayed television or satellite broadcast. The term does not
37 include commercial advertising, an episodic television series, a
38 television pilot, a music video, a motion picture, or a documentary
39 production in which sporting events are presented through archived
40 historical footage or similar footage taken at least 30 days before it is
41 used.
- 42 d. It fails to display a promotional logo, website link, statement, or some
43 combination thereof that has been approved by the Department
44 indicating that the production was recorded in or broadcast from North
45 Carolina. The production company shall offer additional marketing
46 opportunities to be evaluated by the Department that offer promotional
47 value to the State.
- 48 (5) Priority for the use of funds shall be given to productions that are reasonably
49 anticipated to maximize the benefit to the State, in consideration of at least the
50 following factors:
- 51 a. Percentage of employees that are permanent residents in the State.

- 1 b. The anticipated number of in-person spectators.
2 c. The extent to which the production invests in permanent
3 improvements to open public spaces, commercial districts, traditional
4 downtown areas, public landmarks, residential areas, or similar
5 properties or areas or in programs that develop the esports industry in
6 the State.
7 d. The duration of the production activities in the State.
- 8 (b) Definitions. – The following definitions apply in this section:
9 (1) Department. – The Department of Commerce.
10 (2) Employee. – A person who is employed for consideration and whose wages
11 are subject to withholding under Article 4A of Chapter 105 of the General
12 Statutes.
13 (3) Esports event. – A scheduled form of multiplayer video game competition,
14 particularly between professional players, individually or as teams, organized
15 by an amateur, collegiate, or professional organization, institution, or
16 association that is broadcast live or in a recorded format. An esports event
17 does not include a live sporting event.
18 (4) Highly compensated individual. – An individual who directly or indirectly
19 receives compensation in excess of one million dollars (\$1,000,000) for
20 personal services with respect to an esports event. An individual receives
21 compensation indirectly when a production company pays a personal service
22 company or an employee leasing company that pays the individual.
23 (5) Loan-out company. – A personal service corporation that employs an
24 individual who is hired by a production company.
25 (6) Production. – An esports event held in this State with in-person spectators, in
26 addition to participants or competitors, that is intended for commercial
27 distribution on television, websites, the internet, or other digital platforms.
28 (7) Production company. – A person engaged in the business of producing esports
29 productions.
30 (8) Qualifying expenses. – The sum of the amounts listed in this subdivision,
31 substantiated pursuant to subsection (d) of this section, and spent in this State
32 by a production company in connection with a production, less the amount
33 paid in excess of one million dollars (\$1,000,000) to a highly compensated
34 individual:
35 a. Goods and services leased or purchased in this State from a North
36 Carolina vendor. For goods with a purchase price of twenty-five
37 thousand dollars (\$25,000) or more, the amount included in qualifying
38 expenses is the purchase price less the fair market value of the good at
39 the time the production is completed. Goods and services include the
40 cost of tangible and intangible property used for, and services
41 performed primarily and customarily in, production, including
42 preproduction and postproduction and other direct costs of producing
43 the production in accordance with generally accepted entertainment
44 industry practices. Goods and services exclude costs for development,
45 marketing, and distribution; costs of financing for the event, of
46 bonding related to the event, of production-related insurance coverage
47 obtained on the event; and expenses for insurance coverage purchased
48 from a related member.
49 b. Compensation and wages and payments on which withholding
50 payments are remitted to the Department of Revenue under Article 4A
51 of Chapter 105 of the General Statutes. Payments made to a loan-out

1 company for services provided in North Carolina shall be subject to
2 gross income tax withholding at the applicable rate under Article 4 of
3 Chapter 105 of the General Statutes.

4 c. Employee fringe contributions, including health, pension, and welfare
5 contributions.

6 d. Per diems, stipends, and living allowances paid for work being
7 performed in this State.

8 (9) Related member. – Defined in G.S. 105-130.7A.

9 (10) Secretary. – The Secretary of Commerce.

10 (11) Video game. – A game that employs electronics to create an interactive system
11 between one or more players and a user interface or input device to generate
12 visual feedback on a video display device for the player or players.

13 (c) Application. – A production company shall apply to the Secretary for a grant on a
14 form prescribed by the Secretary. The Secretary shall evaluate the applications to ensure the
15 production is created for entertainment purposes. The notification must include the title of the
16 production, the name of the production company, a financial contact for the production company,
17 the proposed dates on which the production company plans to hold the event, the proposed
18 location of the event, and any other information required by the Department. The application
19 shall include all documentation and information the Secretary deems necessary to evaluate the
20 grant application.

21 (d) Award. – The amounts committed for grants allowed under this section in a single
22 fiscal year may not exceed five million dollars (\$5,000,000).

23 (e) Substantiation. – The Secretary shall work with the North Carolina Division of
24 Tourism, Film, and Sports Development to adopt guidelines to provide a process to verify the
25 actual qualifying expenses of a certified production. The Secretary may not release grant funds
26 until the substantiation process required by this subsection is complete and the final verified
27 amount of qualified expenses is determined. The process shall require each of the following:

28 (1) The production company shall submit all the qualifying expenses for the
29 production and data substantiating the qualifying expenses, including
30 documentation on the net expenditure on equipment and other tangible
31 personal property to an independent certified public accountant licensed in
32 this State.

33 (2) The accountant shall conduct a compliance audit, at the certified production's
34 expense, pursuant to guidelines established by the Secretary and submit the
35 results as a report, along with the required substantiating data, to the
36 production company and the North Carolina Division of Tourism, Film, and
37 Sports Development.

38 (3) The North Carolina Division of Tourism, Film, and Sports Development shall
39 review the report and advise the Department on the final verified amount of
40 qualifying expenses made by the certified production.

41 (f) Report. – The Department shall provide to the Department of Revenue, and the
42 Department of Revenue must include in the economic incentives report required by
43 G.S. 105-256, the following information, itemized by production company:

44 (1) The location of the site used in the production for which a grant was awarded.

45 (2) The qualifying expenses, classified by whether the expenses were for goods,
46 services, or compensation paid by the production company.

47 (3) The number of people employed in the State with respect to grants awarded,
48 including the number of residents of the State employed.

49 (4) The total number of in-person attendees at the event, including both
50 participants and observers.

51 (5) The total cost of the grants awarded.

1 (g) Guidelines. – The Department of Commerce shall develop guidelines related to the
2 administration of the Esports Industry Grant Fund and to the selection of events that will receive
3 grants from the Fund. At least 20 days before the effective date of any guidelines or nontechnical
4 amendments to the guidelines, the Department of Commerce shall publish the proposed
5 guidelines on the Department's website and provide notice to persons who have requested notice
6 of proposed guidelines. In addition, the Department must accept oral and written comments on
7 the proposed guidelines during the 15 business days beginning on the first day that the
8 Department has completed these notifications."

9 **SECTION 11.13.(b)** This section is effective when it becomes law.

10 11 **MOTORSPORT INDUSTRY SUPPORT**

12 **SECTION 11.14.(a)** Of the funds appropriated in this act from the State Fiscal
13 Recovery Fund to the Office of State Budget and Management, the sum of forty-five million
14 dollars (\$45,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be allocated as
15 follows:

- 16 (1) Ten million dollars (\$10,000,000) to Richmond County for water and sewer
17 and related infrastructure projects for service to the Rockingham Speedway.
- 18 (2) Twenty million dollars (\$20,000,000) to Wilkes County to coordinate with
19 relevant local government units for water and sewer and related infrastructure
20 projects for service to the North Wilkesboro Speedway.
- 21 (3) Fifteen million dollars (\$15,000,000) to the City of Concord for water and
22 sewer projects and related infrastructure for service to the Charlotte Motor
23 Speedway.

24 **SECTION 11.14.(b)** Of the funds appropriated in this act from the State Fiscal
25 Recovery Fund to the Office of State Budget and Management, the sum of five million dollars
26 (\$5,000,000) shall be allocated to the Department of Commerce to be provided, in collaboration
27 with the North Carolina Motorsports Association, a nonprofit organization, in the form of grants
28 to local governments to enhance amenities and increase opportunities for events at motorsport
29 venues in recognition of the impact those events have on local tourism, travel, and hospitality
30 industries. To be eligible for a grant under this subsection, a motorsport venue must be located
31 in this State and must be either (i) presently sanctioned by the National Association for Stock
32 Car Auto Racing, LLC (NASCAR), the National Hot Rod Association, or the International Hot
33 Rod Association or (ii) have hosted a NASCAR Cup Series race on or after September 29, 1996.
34 An eligible sanctioned motorsport venue must apply to the Department of Commerce for grant
35 funds under this subsection before December 30, 2021, to be eligible. Funds received pursuant
36 to this subsection shall be used to offset negative economic impacts of the COVID-19 pandemic,
37 support safe reopening, and aid planned expansions or upgrades delayed due to the COVID-19
38 pandemic. The local government unit shall select a qualifying use approved by the motorsport
39 venue. Local governments receiving funds under this subsection shall ensure that uses for the
40 funds comporting with this subsection are expeditiously undertaken. The Department of
41 Commerce shall disburse funds in equal amounts among the eligible applicants. The Department
42 of Commerce may use up to three percent (3%) of funds allocated in this subsection for
43 administration of the motorsports grant program described in this subsection.

44 **SECTION 11.14.(c)** Small Venue Support. – Of the funds appropriated in this act
45 from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of
46 one million dollars (\$1,000,000) shall be allocated to the Department of Commerce to be
47 provided, in collaboration with applicant small motorsports venues, in the form of grants to local
48 governments for such venues. The following shall apply to grants awarded under this subsection:

- 49 (1) Eligibility. – A motorsports venue is eligible to apply for a grant on behalf of
50 the county in which the small venue is located if it qualifies under subsection

- 1 (a) or (b) of this section or if it is a small motorsports venue, which is a venue
2 that meets all of the following requirements:
- 3 a. For calendar years 2017, 2018, 2019, and 2021, the venue annually
4 held at least two racing events for motorsports vehicles powered by
5 engines with at least four cylinders, for which event admissions were
6 charged for spectators, and for which participants received prize
7 money for winning, points in a points standing scheme used for
8 comparing competitors participating across multiple motorsports
9 racing events, or both.
- 10 b. For calendar years 2017, 2018, 2019, and 2021, the venue maintained
11 continuous and uninterrupted track general liability insurance and
12 participant or competitor insurance.
- 13 c. For calendar year 2020, the venue shows economic loss. For purposes
14 of this subsection, economic loss means a reduction in gross receipts
15 from reported gate admissions when compared to the yearly average
16 gross receipts from reported gate admissions from calendar years
17 2017, 2018, and 2019.
- 18 (2) Application. – A venue eligible under this subsection may apply to the
19 Department for a grant on a form prescribed by the Department and must
20 include any supporting documentation required by the Department. The
21 application must be filed with the Department on or before December 30,
22 2021. The Department may not accept late applications.
- 23 (3) Award. – The Department may award a grant to the county in which an
24 applicant venue is located in an amount equal to the economic loss the
25 applicant venue shows. The total of all funds granted under this subsection
26 may not exceed the amount of the appropriation referenced in this section. The
27 Department must calculate the total amounts of grants requested from the
28 applications timely filed under this subsection. If the total amount of grants
29 requested exceeds the maximum amount of funds available, the Department
30 must (i) first, proportionately reduce or eliminate grants under this subsection
31 to recipient venues receiving grants under subsections (a) and (b) of this
32 section and (ii) second, if grants requested still exceed the maximum amount
33 of funds available, reduce each grant award on a proportionate basis. The
34 Department's grant determinations based on applications timely filed are final.
- 35 (4) Use. – Grants are provided under this subsection in recognition of the impact
36 motorsport venues and motorsports events have on local tourism, travel, and
37 hospitality industries. Funds received by a county pursuant to this subsection
38 shall be used to enhance amenities and increase opportunities at applicant
39 venues, to offset negative economic impacts of the COVID-19 pandemic,
40 support safe reopening, and aid planned but COVID-19 delayed expansions
41 or upgrades at such venues. The county shall select a qualifying use approved
42 by the applicant venue. Counties receiving funds under this subsection shall
43 ensure that uses for the funds comporting with this subsection are
44 expeditiously undertaken. The Department may use up to one and one-half
45 percent (1.5%) of the funds allocated in this subsection for administration of
46 the grant program described in this subsection.
- 47 (5) Clawback. – If a county received a grant under this program for which the
48 applicant submitted incorrect information or was otherwise ineligible to apply,
49 the county must forfeit the grant awarded under this subsection and is liable
50 for the amounts received.

1 **SECTION 11.14.(d)** Funds allocated in this section shall remain available until
2 expended or until December 31, 2024, whichever is later.

3 4 **CREATE NORTH CAROLINA GOLF COUNCIL**

5 **SECTION 11.15.(a)** Article 10 of Chapter 143B of the General Statutes is amended
6 by adding a new Part to read:

7 "Part 23. Promotion of Golf.

8 **"§ 143B-472.130. Golf Council; creation; membership; purpose.**

9 (a) There is established in the Department of Commerce the North Carolina Golf Council
10 (Council) to promote and cultivate the game of golf in this State.

11 (b) The Council is charged with the promotion and cultivation of the game of golf in this
12 State and with fostering the economic development, tourism, recreation, and community
13 involvement that the growth of the sport can bring. The Council shall advise the Secretary with
14 recommendations on fostering economic growth and advancing the growth of recreational, high
15 school, collegiate, and professional golf.

16 (c) The Council shall be composed of seven members, all with a reasonable level of
17 experience or knowledge related to the game of golf, as follows:

18 (1) Three individuals appointed by the Governor.

19 (2) Two individuals appointed by the Speaker of the House of Representatives.

20 (3) Two individuals appointed by the President Pro Tempore of the Senate.

21 (d) Members of the Council shall serve four-year terms. The Governor shall select the
22 chair from among the appointed members. Any vacancy on the Council shall be filled by the
23 appointing authority. A member of the Council may be removed by the appointing authority for
24 misfeasance, malfeasance, or nonfeasance.

25 (e) The Council shall meet at least quarterly and at other times upon the call of the chair.
26 A quorum of the Council shall be four members.

27 (f) No current member of the General Assembly or other person holding elected office,
28 or any members of that person's immediate family, may serve on the Council.

29 (g) Members of the Council shall receive per diem and necessary travel and subsistence
30 expenses in accordance with the provisions of G.S. 138-5. All clerical and other services required
31 by the Council shall be supplied by the Secretary."

32 **SECTION 11.15.(b)** G.S. 120-123 is amended by adding a new subdivision to read:

33 "(84) The North Carolina Golf Council of the Department of Commerce."

34 35 **PART XII. ENVIRONMENTAL QUALITY**

36 37 **GREAT COHARIE TIMBER SALES**

38 **SECTION 12.1.** The Department of Environmental Quality shall deposit revenue
39 generated from timber harvesting on the Great Coharie property managed by the Department's
40 Stewardship Program in the Conservation Grant Endowment Interest Fund (Fund Code:
41 64307-6705) for the purpose of restoration and stewardship of that property.

42 43 **REVISE STEWARDSHIP PROGRAM DIRECTIVES**

44 **SECTION 12.1A.** G.S. 143-214.15 reads as rewritten:

45 **"§ 143-214.15. Compensatory mitigation for diverse habitats.**

46 ...

47 (d) The Office of Land and Water Stewardship Program of the Department of
48 Environmental Quality shall catalog maintain an inventory of all its land holdings and determine
49 how many of those holdings are potential wildlife habitats, either as currently held or with some
50 modification. The Wildlife Resources Commission shall conduct a third-party review of this
51 inventory, and the Commission and the Office of Land and Water Stewardship shall both report

1 ~~their findings to the Environmental Review Commission as part of the report required under~~
2 ~~subsection (f) of this section.~~

3 (e) If private individuals, corporations, or other nongovernmental entities wish to
4 purchase any of the inventory of land suitable for wildlife habitat, then the ~~Office of Land and~~
5 ~~Water Stewardship Program~~ of the Department of Environmental Quality shall issue a request
6 for proposal to all interested respondents for the purchase of the ~~land, and the land.~~ The State
7 shall accept a proposal and proceed to dispose of the land only if the Department determines that
8 the proposal meets both of the following requirements:

9 (1) The proposal provides for the maintenance in perpetuity of management
10 measures listed in the original mitigation instrument or otherwise needed on
11 an ongoing or periodic basis to maintain the functions of the mitigation site.

12 (2) Where the functions of the mitigation site include provision of recreation or
13 hunting opportunities to members of the general public, the proposal includes
14 measures needed to continue that level of access.

15 The instrument conveying a property interest in a mitigation site shall be executed in the
16 manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the
17 requirements of this subsection.

18 (f) The Department of Environmental Quality shall report to the Environmental Review
19 Commission by March 1 of each year ~~on its progress in complying with~~ on changes in inventory
20 during the preceding year under the provisions of this section."

21 **OVERSIGHT COMMITTEE STUDY OF DEQ FEES**

22 **SECTION 12.2.** The Joint Legislative Oversight Committee on Agriculture and
23 Natural and Economic Resources shall study the existing fee structure for permitting,
24 compliance, and oversight services performed by the Department of Environmental Quality with
25 the goal of identifying areas where fee income does not adequately support the services provided.
26 The Committee shall identify, with respect to each service identified as having an insufficient
27 fee, the amount of the fee that was or could have been charged, the cost incurred by the
28 Department of Environmental Quality in performing the service, and, if applicable, the reason
29 for not charging the fee or for the fee shortfall. The Committee shall provide its report to the
30 2022 Regular Session of the 2021 General Assembly upon its convening.

31 **EXTEND SHELLFISH LEASING MORATORIA**

32 **SECTION 12.3.(a)** Section 7 of S.L. 2019-37 reads as rewritten:

33 **"SECTION 7.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new
34 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all
35 those waters enclosed by a line beginning at 34° 13.10221' N -77° 48.79544' W on the mainland
36 side near Wrightsville Beach Bridge; running southeasterly to a point at 34° 12.51584' N -77°
37 47.81847' W on Wrightsville Beach; following the shoreline southwesterly to a point at 34°
38 11.121' N -77° 48.848' W at Masonboro Inlet; running southwesterly to a point at 34° 10.927'
39 N -77° 48.771' W at Masonboro Inlet; continuing southwesterly to a point at 34° 05.04108' N -77°
40 52.08324' W near IWW marker #159 continuing running southwesterly to a point at 34°
41 03.64140' N -77° 53.41338' W on the mainland adjacent to the eastern mouth of Snow's Cut;
42 running northeasterly along the shoreline to the point of beginning. The moratorium shall expire
43 ~~July 1, 2021.~~ July 1, 2026. For purposes of this section, a new shellfish cultivation lease or water
44 column lease shall include applications for either type of lease received by the Secretary, but not
45 granted as of July 1, 2019."

46 **SECTION 12.3.(b)** Section 8 of S.L. 2019-37 reads as rewritten:

47 **"SECTION 8.** Notwithstanding G.S. 113-202 and G.S. 113-202.1, a moratorium on new
48 shellfish cultivation leases and new water column leases for aquaculture shall be imposed for all
49 those waters enclosed by a line beginning at 34° 43.24641' N -76° 41.68436' W; running easterly
50
51

1 following the Highway 70 High Rise Bridge to a point at 34° 43.27819' N -76° 41.22259' W;
2 running southerly to a point 34° 42.375275' N -76° 40.80078' W on the southern tip of Radio
3 Island; running southerly to a point 34° 41.98273' N -76° 40.81929' W; following the shoreline
4 westerly to the Emerald Isle Bridge at a point 34° 40.05410' N -77° 03.80531' W; running
5 northwesterly following the bridge to a point 34° 40.77658' N -77° 04.02674' W on the mainland
6 near the Emerald Isle High Rise Bridge; running easterly following the shoreline to the point of
7 beginning. The moratorium shall expire ~~July 1, 2021~~ July 1, 2026. For purposes of this section,
8 a new shellfish cultivation lease or water column lease shall include applications for either type
9 of lease received by the Secretary, but not granted as of July 1, 2019."

10 11 **COMMERCIAL FISHING LICENSE BUYBACK**

12 **SECTION 12.4.(a)** Funds appropriated in this act to the Division of Marine Fisheries
13 of the Department of Environmental Quality for a commercial fishing license buyback program
14 shall be used by the Division to implement a voluntary fisheries license buyback program for
15 holders of underutilized Standard Commercial Fishing Licenses (SCFLs). The program shall
16 include the following requirements:

- 17 (1) SCFLs repurchased with funds provided by this section shall revert to the pool
18 of available commercial fishing licenses established by Section 5.2 of S.L.
19 1997-400, as amended by Section 4.24 of S.L. 1998-225.
- 20 (2) Any holder of an SCFL who sells the license back through the program funded
21 by this section shall not be eligible to receive an SCFL or a Retired Standard
22 Commercial Fishing License for three years following the date of sale through
23 the buyback program.

24 **SECTION 12.4.(b)** The Division of Marine Fisheries shall report to the chairs of the
25 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and
26 the Fiscal Research Division as follows:

- 27 (1) No later than December 1, 2021, on its plan for the voluntary license buyback
28 program with consideration of a reverse auction model.
- 29 (2) No later than April 15, 2022, an interim report on progress in implementing
30 the buyback program, including any required legislative changes.
- 31 (3) No later than September 1, 2022, a final report on activities and results of the
32 buyback program.

33 34 **NORTHERN SHELLFISH LAB FACILITY STUDY**

35 **SECTION 12.4A.** The Department of Environmental Quality shall investigate and
36 report on relocating the Division of Marine Fisheries' northern shellfish sanitation laboratory to
37 space located within facilities allocated to other State agencies or entities, including facilities
38 allocated to The University of North Carolina or any of its constituent institutions. The report
39 shall include estimates of net costs or savings associated with collocation compared to leasing
40 privately owned space. The Department shall report no later than April 1, 2022, to the chairs of
41 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources
42 and the Fiscal Research Division.

43 44 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED 45 FUND AMENDMENTS**

46 **SECTION 12.5.** G.S. 143-215.73F(b) reads as rewritten:

47 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- 48 (1) To provide the State's share of the costs associated with any dredging project
49 designed to keep shallow draft navigation channels located in State waters or
50 waters of the ~~state~~ State located within lakes navigable and safe.

- 1 (2) For aquatic weed control projects in waters of the State under Article 15 of
 2 Chapter 113A of the General Statutes. Funding for aquatic weed control
 3 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 4 (3) ~~For the compensation of a beach and inlet management project manager with~~
 5 ~~the Division of Coastal Management of the Department of Environmental~~
 6 ~~Quality for the purpose of overseeing all~~ For administrative support of
 7 activities related to beach and inlet management in the State. Funding for the
 8 position is limited to ninety nine thousand dollars (\$99,000) in each fiscal
 9 year. State, limited to one hundred thousand dollars (\$100,000) in each fiscal
 10 year.
- 11 (3a) For administrative support of Fund operations, limited to one hundred
 12 thousand dollars (\$100,000) in each fiscal year.
- 13 (4) To provide funding for siting and acquisition of dredged disposal easement
 14 sites associated with the maintenance of the Atlantic Intracoastal Waterway
 15 between the border with the state of South Carolina and the border with the
 16 Commonwealth of Virginia, under a Memorandum of Agreement between the
 17 State and the federal government.
- 18 (5) For assessments and data collection regarding dredge material disposal sites
 19 located in the State."

21 COMMERCIAL LEAKING UNDERGROUND STORAGE TANK CLEANUP FUND 22 CHANGES

23 **SECTION 12.6.** G.S. 143-215.94B(i) reads as rewritten:

24 "(i) During each fiscal year, the Department shall use up to ~~one million dollars~~
 25 ~~(\$1,000,000)~~ two million dollars (\$2,000,000) of the funds in the Commercial Fund to fund
 26 necessary assessment and cleanup to be conducted by the Department of discharges or releases
 27 for which a responsible party has been identified but for which the responsible party can
 28 demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial
 29 hardship. Any portion of the ~~\$1,000,000~~ two million dollars (\$2,000,000) designated each fiscal
 30 year, which is not used during that fiscal year to address situations of severe financial hardship,
 31 shall revert to the Commercial Fund for the uses otherwise provided by this section. The
 32 Commission shall adopt rules to define severe financial hardship; establish criteria for assistance
 33 due to severe financial hardship pursuant to this section; and establish a process for evaluation
 34 and determinations of eligibility with respect to applications for assistance due to severe financial
 35 hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil
 36 Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility
 37 under this subsection."
 38

39 BERNARD ALLEN MEMORIAL DRINKING WATER FUND CLARIFICATION

40 **SECTION 12.7.** G.S. 87-98 reads as rewritten:

41 "**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

42 ...

43 (c) The Department shall disburse monies from the Fund based on financial need and on
 44 the risk to public health posed by groundwater contamination and shall give priority to the
 45 provision of services under this section to instances when an alternative source of funds is not
 46 available. The Fund shall not be used to provide alternative water supply to households with
 47 incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level,
 48 provided that this income limitation shall not apply in cases of contamination that includes
 49 per-fluoroalkyl or poly-fluoroalkyl substances. The Fund may be used to provide alternative
 50 drinking water supplies if the Department determines that the concentration of one or more
 51 contaminants in the private drinking water well or improved spring exceeds the federal maximum

1 contaminant level, or the federal drinking water action level as defined in 40 Code of Federal
 2 Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3
 3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking
 4 water action level has not been established, the State groundwater standard established by the
 5 Environmental Management Commission for the concentration of that ~~contaminant~~ contaminant,
 6 a health goal established by the North Carolina Department of Health and Human Services, or a
 7 health advisory standard established by the United States Environmental Protection Agency shall
 8 be used to determine whether the Fund may be used to provide alternative drinking water
 9 supplies. The Fund may also be used to provide alternative drinking water supplies as provided
 10 in this section if the Department determines that the concentration of one or more contaminants
 11 in a private drinking water well is increasing over time and that there is a significant risk that the
 12 concentration of a contaminant will exceed the federal maximum contaminant level or drinking
 13 water action level, or the State groundwater standard. A determination of the concentration of a
 14 contaminant shall be based on a sample of water collected from the private drinking water well
 15 within the past 12 months.

16 ...

17 ~~(c4) The Department may use up to one hundred thousand dollars (\$100,000) annually of~~
 18 ~~the monies in the Fund to pay the personnel and other direct costs associated with the~~
 19 ~~implementation of this section.~~

20"

21 **ROCKINGHAM/GUILFORD COUNTY FUNDS EXTENSION**

22 **SECTION 12.8.** Subsection 14.20A(b) of S.L. 2016-94, as amended by Section 1 of
 23 S.L. 2017-17 and Section 2 of S.L. 2019-75, reads as rewritten:

24 "SECTION 14.20A.(b) Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds
 25 allocated by this section shall be held in reserve by the Office of State Budget and Management
 26 and the allocations to each County shall be released when the County and one or more of the
 27 municipalities specified in subsection (a) of this section reach agreement on the funds allocated
 28 to that County by this section through interlocal agreements or the formation of regional water
 29 and sewer authorities or a combination of interlocal agreements and regional water and sewer
 30 authorities. Funds not spent or encumbered by June 30, ~~2021, 2023,~~ shall be returned by the local
 31 governments or regional water and sewer authority to the Office of State Budget and
 32 Management and revert to the General Fund."
 33

34 **DAM SAFETY EMERGENCY FUND**

35 **SECTION 12.10.(a)** Part 3 of Article 21 of Chapter 143 of the General Statutes is
 36 amended by adding a new section to read:

37 **"§ 143-215.32A. Dam Safety Emergency Fund.**

38 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund
 39 within the Department, as set forth in this section. The Fund shall be used to defray expenses
 40 incurred by the Department in developing and implementing an emergency dam safety remedial
 41 plan.

42 (b) Eligible Expenses. – The Fund may be used for expenses incurred in developing and
 43 implementing an emergency dam safety remedial plan that has been approved by the Department,
 44 including expenses incurred to contract with any third party for services related to plan
 45 development or implementation.

46 (c) Conditions for Use. – These funds shall be used upon the Department's determination
 47 that sufficient funds or corrective action cannot be obtained from other sources without incurring
 48 a delay that would significantly increase the threat to life or risk of damage to property or the
 49 environment.
 50

1 (d) Cost Recovery. – Costs of site investigation and the development and implementation
2 of an emergency dam safety remedial plan, including attorney's fees and other expenses of
3 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate
4 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to
5 reimburse the Dam Safety Emergency Fund.

6 (e) Standards for Funded Activities. – Emergency dam safety remedial plan development
7 and implementation activities shall be conducted in accordance with standards set forth in
8 G.S. 143-215.29."

9 **SECTION 12.10.(b)** G.S. 143-215.29(a) reads as rewritten:

10 "(a) Any project for which the Commission's approval is required under G.S. 143-215.26,
11 143-215.27, and 143-215.28, and any project undertaken pursuant to an order of the Commission
12 issued pursuant to this section or G.S. 143-215.32 or funded from the Fund established in
13 G.S. 143-215.32A shall be designed and supervised by an engineer legally qualified in the State
14 of North Carolina."

15 **EROSION AND SEDIMENTATION FEE CHANGES**

16 **SECTION 12.10A.(a)** G.S. 113A-54.2(a) reads as rewritten:

17 "(a) An application and compliance fee of sixty five dollars (\$65.00) one hundred fifty
18 dollars (\$150.00) per acre of disturbed land shown on an erosion and sedimentation control plan
19 or of land actually disturbed during the life of the project shall be charged for the review of an
20 erosion and sedimentation control plan and related compliance activities under this Article."

21 **SECTION 12.10A.(b)** G.S. 113A-60(d) reads as rewritten:

22 "(d) A local government may submit to the Commission for its approval a limited erosion
23 and sedimentation control program for its jurisdiction that grants the local government the
24 responsibility only for the assessment and collection of fees and for the inspection of
25 land-disturbing activities within the jurisdiction of the local government. The Commission shall
26 be responsible for the administration and enforcement of all other components of the erosion and
27 sedimentation control program and the requirements of this Article. The local government may
28 adopt ordinances and regulations necessary to establish a limited erosion and sedimentation
29 control program. An ordinance adopted by a local government that establishes a limited program
30 shall conform to the minimum requirements regarding the inspection of land-disturbing activities
31 of this Article and the rules adopted pursuant to this Article regarding the inspection of
32 land-disturbing activities. The local government shall establish and collect a fee to be paid by
33 each person who submits an erosion and sedimentation control plan to the local government. The
34 amount of the fee shall be an amount equal to eighty percent (80%) of the amount established by
35 the Commission pursuant to G.S. 113A-54.2(a) plus any amount that the local government
36 requires to cover the cost of inspection and program administration activities by the local
37 government. The total fee shall not exceed one hundred dollars (\$100.00) two hundred thirty
38 dollars (\$230.00) per acre. A local government that administers a limited erosion and
39 sedimentation control program shall pay to the Commission the portion of the fee that equals
40 eighty percent (80%) of the fee established pursuant to G.S. 113A-54.2(a) to cover the cost to the
41 Commission for the administration and enforcement of other components of the erosion and
42 sedimentation control program. Fees paid to the Commission by a local government shall be
43 deposited in the Sedimentation Account established by G.S. 113A-54.2(b). A local government
44 that administers a limited erosion and sedimentation control program and that receives an erosion
45 control plan and fee under this subsection shall immediately transmit the plan to the Commission
46 for review. A local government may create or designate agencies or subdivisions of the local
47 government to administer the limited program. Two or more units of local government may
48 establish a joint limited program and enter into any agreements necessary for the proper
49 administration of the limited program. The resolutions establishing any joint limited program
50 must be duly recorded in the minutes of the governing body of each unit of local government
51

1 participating in the limited program, and a certified copy of each resolution must be filed with
2 the Commission. Subsections (b) and (c) of this section apply to the approval and oversight of
3 limited programs."

4 **SECTION 12.10A.(c)** This section is effective when it becomes law.
5

6 **VOLKSWAGEN SETTLEMENT**

7 **SECTION 12.11.(a)** Section 10(b) of S.L. 2020-79 reads as rewritten:

8 "**SECTION 10.(b)** In accordance with Section 13.2 of S.L. 2017-57, as amended by Section
9 13.11 of S.L. 2018-5 (the Settlement Directives), there is appropriated from the Volkswagen
10 Litigation Environmental Mitigation Fund (Fund) the sum of thirty million six hundred
11 eighty-one thousand eight hundred eighty-six dollars (\$30,681,886) to fund Phase 1 of the August
12 28, 2018, Beneficiary Mitigation Plan (Plan) prepared as set forth in the Trust agreement and
13 submitted by the Department of Environmental Quality to the General Assembly pursuant to the
14 Settlement Directives. The funds appropriated in this act shall be allocated for the following
15 purposes set forth in Phase 1 of the Plan:

- 16 (1) Diesel bus and vehicle replacements or upgrades.
- 17 (2) Zero emissions vehicle infrastructure – Level 2 charging stations.
- 18 (3) Zero emissions vehicle infrastructure – DC fast charging stations.

19 The Department of Environmental Quality in its capacity as the lead agency designated under
20 the procedures set forth in the Trust agreement may transfer and use up to one million five
21 hundred thirty-four thousand ninety-four dollars (\$1,534,094) for administrative purposes in
22 executing the Plan.

23 Funds remaining from Phase 1 of the Plan that are unobligated and unencumbered at the end
24 of the 2019-2021 fiscal biennium shall ~~be returned to the Trustee by the Department of~~
25 ~~Environmental Quality as set forth in the Trust agreement.~~remain available until expended."

26 **SECTION 12.11.(b)** This section is effective June 30, 2021.
27

28 **WATER INFRASTRUCTURE FUND ENHANCEMENT**

29 **SECTION 12.12.(a)** G.S. 159G-22 is amended by adding a new subsection to read:

30 "(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Department
31 for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide
32 State matching funds that are in excess of the amount required to draw down all available federal
33 capitalization grant funds may also be used for water and wastewater infrastructure grants
34 awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility
35 Reserve."

36 **SECTION 12.12.(b)** G.S. 159G-39 reads as rewritten:

37 "**§ 159G-39. Review of applications and award of loan or grant.**

38 ...

39 (e) ~~Viable Utility Reserve Terms-Approval.~~ – The Department shall not award a grant
40 from the Viable Utility Reserve Fund unless the Local Government Commission approves the
41 award of the grant and the terms of the grant. Any emergency grant application submitted under
42 G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon
43 submission.

44 (f) Grant Terms. –

45 (1) Viable Utility Reserve. – The Department and the Local Government
46 Commission may, in their discretion, impose specific performance measures
47 or conditions on any grant awarded from the Viable Utility Reserve, including
48 any grant submitted under G.S. 159G-31(e).

49 (2) Drinking Water Reserve or Wastewater Reserve. – The Department may
50 impose specific performance measures or conditions on any grant awarded
51 from the Drinking Water Reserve or Wastewater Reserve to ensure an

1 adequately funded program for the repair, maintenance, and management of
2 the water or wastewater infrastructure."

3 **SECTION 12.12.(c)** G.S. 159G-45(d) reads as rewritten:

4 "(d) The Authority and the Local Government Commission shall establish the frequency
5 of the cycle for assessment and review of local government units under this ~~section, which shall~~
6 ~~be no less than every two years.~~section. The frequency of the cycle shall be not less than once
7 every two years."

8 9 **BIRD ISLAND FUNDS**

10 **SECTION 12.12B.** Funds appropriated by S.L. 2018-5 for acquisition of the Sunset
11 Beach West tract for the Bird Island Coastal Reserve may be used by the Department to complete
12 various acquisition-related activities related to incorporation of the tract into the reserve, such as
13 the purchase and installation of signage, updates to printed materials, property stewardship, and
14 the planning and implementation of walking and kayak trails. These funds may also be used for
15 outreach supplies and temporary staff to support public programs and activities.

16 17 **WATER AND SEWER INFRASTRUCTURE FUNDS**

18 **SECTION 12.13.(a)** Allocation. – Funds appropriated in this act from the State
19 Fiscal Recovery Fund to the Department of Environmental Quality for the Water Infrastructure
20 Fund shall be allocated for water and sewer infrastructure as follows:

- 21 (1) Five hundred million dollars (\$500,000,000) for the Viable Utility Reserve to
22 be used for the purposes set forth in subdivisions (1) through (5) of
23 G.S. 159G-32(d).
- 24 (2) Three hundred million dollars (\$300,000,000) for the Drinking Water Reserve
25 and the Wastewater Reserve to provide project construction grants for public
26 water systems and wastewater systems that the Department categorizes as
27 at-risk. The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants
28 awarded from funds allocated by this subdivision.
- 29 (3) Six hundred million dollars (\$600,000,000) for the Drinking Water Reserve
30 and the Wastewater Reserve to provide project construction grants for public
31 water systems and wastewater systems not eligible for funding under
32 subdivisions (1) and (2) of this subsection. The limits set forth in
33 G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by
34 this subdivision.
- 35 (4) Eighty million dollars (\$80,000,000) to the Water Infrastructure Fund for the
36 Drinking Water Reserve and the Wastewater Reserve for any of the following
37 grants:
- 38 a. Asset inventory and assessment grants, as defined in
39 G.S. 159G-33(a)(3a) and G.S. 159G-34(a)(3a).
- 40 b. Rate study grants intended to determine a rate structure that will enable
41 a public water system or wastewater system to generate sufficient
42 revenues to adequately fund management and operations, personnel,
43 appropriate levels of maintenance, and reinvestment to facilitate the
44 provision of reliable water or wastewater services.
- 45 c. Merger/regionalization feasibility grants, as defined in
46 G.S. 159G-33(a)(3) and G.S. 159G-34(a)(3).
- 47 d. Training grants to increase the capacity of a public water system or
48 wastewater system to operate efficiently and maintain adequate
49 maintenance and revenue collection practices.
- 50 e. Planning grants to conduct project engineering, design, or other
51 preconstruction activities.

1 **SECTION 12.13.(b)** Limitation on Certain Grants. – Notwithstanding
2 G.S. 159G-36(c), the amount of grants awarded under subdivision (a)(4) of this section may not
3 exceed four hundred thousand dollars (\$400,000) to the same grant recipient for the 2021-2023
4 fiscal biennium.

5 **SECTION 12.13.(c)** Reversion of Unneeded Funds. – Funds in excess of the
6 amounts needed for the projects listed in subsections (d), (e), and (f) of this section may be used
7 by the Department for other water and sewer infrastructure projects subject to applicable law and
8 the applicable directives and limitations set forth in subdivision (a)(1), (a)(2), or (a)(3) of this
9 section. The unused funds from projects listed in subsection (d) of this section may be used for
10 projects eligible for funding from the Viable Utility Reserve, and the unused funds from projects
11 listed in subsections (e) and (f) of this section may be used for projects eligible for funding from
12 the Drinking Water Reserve or the Wastewater Reserve.

13 **SECTION 12.13.(d)** VUR Directed Projects. – Of the funds allocated by subdivision
14 (a)(1) of this section, the following sums shall be granted to the indicated local governments and
15 public entities for water and wastewater infrastructure projects:

- 16 (1) One million ninety-one thousand seven hundred ninety-seven dollars
17 (\$1,091,797) to the Town of Andrews.
- 18 (2) Five million dollars (\$5,000,000) to the Town of Bailey.
- 19 (3) Five million dollars (\$5,000,000) to the Town of Bath.
- 20 (4) Twenty-three million three hundred forty-nine thousand fifty-one dollars
21 (\$23,349,051) to the Town of East Spencer.
- 22 (5) One hundred fifty thousand dollars (\$150,000) to the Town of Ellerbe.
- 23 (6) One million dollars (\$1,000,000) to the Town of Hot Springs.
- 24 (7) Eight million three hundred fifty thousand dollars (\$8,350,000) to the Town
25 of Madison.
- 26 (8) Five million dollars (\$5,000,000) to the Town of Maysville.
- 27 (9) One million five hundred thousand dollars (\$1,500,000) to the Town of
28 Middlesex.
- 29 (10) Ten million dollars (\$10,000,000) to Rockingham County.
- 30 (11) One million four hundred thousand dollars (\$1,400,000) to the City of
31 Southport.
- 32 (12) Five million nine hundred ninety-four thousand dollars (\$5,994,000) to the
33 City of Trinity.
- 34 (13) Four hundred twenty-five thousand dollars (\$425,000) to the Town of Tryon.
- 35 (14) Six hundred thousand dollars (\$600,000) to the Town of Walstonburg.

36 **SECTION 12.13.(e)** At-Risk Directed Projects. – Of the funds allocated by
37 subdivision (a)(2) of this section, the following sums shall be granted to the indicated local
38 governments and public entities for water and wastewater infrastructure projects:

- 39 (1) Twenty-two million seven hundred thirty-three thousand seven hundred
40 dollars (\$22,733,700) to the Town of Benson.
- 41 (2) Six million dollars (\$6,000,000) to the Town of Blowing Rock.
- 42 (3) Three hundred thousand dollars (\$300,000) to Burke County.
- 43 (4) Five million three hundred thousand dollars (\$5,300,000) to Davidson
44 County.
- 45 (5) Five hundred thousand dollars (\$500,000) to the Town of Denton.
- 46 (6) Two million six hundred thousand dollars (\$2,600,000) to the Town of Four
47 Oaks.
- 48 (7) Sixteen million ninety thousand dollars (\$16,090,000) to the Town of Kenly.
- 49 (8) Eleven million dollars (\$11,000,000) to McDowell County.
- 50 (9) Nine hundred fifty thousand dollars (\$950,000) to the Town of Micro.
- 51 (10) Two million dollars (\$2,000,000) to the Town of Mount Gilead.

- 1 (11) One million nine hundred ninety-five thousand dollars (\$1,995,000) to the
- 2 Town of Pine Level.
- 3 (12) Two million eight hundred twenty-four thousand two hundred dollars
- 4 (\$2,824,200) to the Town of Ranlo.
- 5 (13) Three million one hundred thousand dollars (\$3,100,000) to the Town of Red
- 6 Springs.
- 7 (14) One hundred thousand dollars (\$100,000) to the Town of Robbinsville.
- 8 (15) One million five hundred thousand dollars (\$1,500,000) to the Town of
- 9 Roseboro.
- 10 (16) Seven million dollars (\$7,000,000) to the Town of Rosman.
- 11 (17) Nine hundred thousand dollars (\$900,000) to the Town of Salemburg.
- 12 (18) One hundred sixty thousand dollars (\$160,000) to the City of Saluda.
- 13 (19) Six million five hundred thousand dollars (\$6,500,000) to the Town of Selma.
- 14 (20) One million three hundred thousand dollars (\$1,300,000) to the Town of
- 15 Sparta.
- 16 (21) One million two hundred five thousand one hundred thirty dollars
- 17 (\$1,205,130) to the Town of Taylorsville.
- 18 (22) One hundred thousand dollars (\$100,000) to the Town of Winton.
- 19 (23) Three million dollars (\$3,000,000) to the Town of Boonville.
- 20 **SECTION 12.13.(f)** Other Directed Projects. – Of the funds allocated by subdivision
- 21 (a)(3) of this section for project construction grants, the following sums shall be granted to the
- 22 indicated local governments and public entities for water and wastewater infrastructure projects:
- 23 (1) Three hundred fifteen thousand dollars (\$315,000) to the Village of
- 24 Alamance.
- 25 (2) Three million six hundred nineteen thousand dollars (\$3,619,000) to
- 26 Alexander County.
- 27 (3) Two million three hundred thousand dollars (\$2,300,000) to the Town of
- 28 Angier.
- 29 (4) Ten million dollars (\$10,000,000) to the City of Burlington.
- 30 (5) Thirty million dollars (\$30,000,000) to the Water and Sewer Authority of
- 31 Cabarrus County.
- 32 (6) Eight million eight hundred thousand dollars (\$8,800,000) to Catawba
- 33 County.
- 34 (7) One million dollars (\$1,000,000) to Clay County.
- 35 (8) Twenty-four million dollars (\$24,000,000) to the Town of Clayton to be
- 36 allocated as follows:
- 37 a. Four million dollars (\$4,000,000) for improvements to the Town's
- 38 water storage infrastructure.
- 39 b. Twenty million dollars (\$20,000,000) for a wastewater treatment
- 40 facility.
- 41 (9) Nineteen million dollars (\$19,000,000) to Cleveland County Water.
- 42 (10) Five hundred thousand dollars (\$500,000) to the Town of Clyde.
- 43 (11) Three million dollars (\$3,000,000) to Davie County.
- 44 (12) Four hundred fifty thousand dollars (\$450,000) to the Town of Dunn.
- 45 (13) Two million four hundred thousand dollars (\$2,400,000) to the Town of Elon.
- 46 (14) Three hundred twenty thousand dollars (\$320,000) to the Town of Faison.
- 47 (15) One hundred seventy-five thousand dollars (\$175,000) to the Town of
- 48 Franklin.
- 49 (16) Nine million seven hundred three thousand dollars (\$9,703,000) to Gaston
- 50 County.

- 1 (17) Ten million four thousand dollars (\$10,004,000) to the City of Gastonia to be
2 allocated as follows:
- 3 a. Four million four hundred twenty-five thousand dollars (\$4,425,000)
4 for wastewater outfalls.
- 5 b. Five million five hundred seventy-nine thousand dollars (\$5,579,000)
6 for rehabilitation of a supervisory control and data acquisition system.
- 7 (18) Three million seven hundred fifty thousand dollars (\$3,750,000) to the Town
8 of Graham.
- 9 (19) One hundred fifty thousand dollars (\$150,000) to the Town of Granite Falls.
- 10 (20) Four hundred one thousand four hundred forty-seven dollars (\$401,447) to the
11 Town of Green Level.
- 12 (21) Ten million dollars (\$10,000,000) to the City of Greensboro, for the extension
13 of water and sewer lines to the National Guard site on Camp Burton Road.
- 14 (22) Two million dollars (\$2,000,000) to the Handy Sanitary District.
- 15 (23) Ten million dollars (\$10,000,000) to Henderson County.
- 16 (24) Four million two hundred thousand dollars (\$4,200,000) to the City of
17 Hendersonville. These funds shall be used for the Edneyville High School line
18 extension.
- 19 (25) One hundred thousand dollars (\$100,000) to the Town of Highlands.
- 20 (26) Twenty-two million dollars (\$22,000,000) to the City of King.
- 21 (27) Thirty-nine million dollars (\$39,000,000) to the City of Kings Mountain for a
22 wastewater expansion project southwest of the City.
- 23 (28) Ten million two hundred eighty thousand dollars (\$10,280,000) to the Town
24 of LaGrange.
- 25 (29) Eight million dollars (\$8,000,000) to the Town of Lake Lure.
- 26 (30) Two hundred thousand dollars (\$200,000) to Lincoln County.
- 27 (31) Eight hundred thousand dollars (\$800,000) to the Town of Locust.
- 28 (32) Twelve million dollars (\$12,000,000) to Madison County.
- 29 (33) One million dollars (\$1,000,000) to the Town of Midland.
- 30 (34) Two million five hundred thousand dollars (\$2,500,000) to Montgomery
31 County.
- 32 (35) Eight million dollars (\$8,000,000) to the Town of Mt. Pleasant.
- 33 (36) Two hundred thirty thousand dollars (\$230,000) to the City of New Bern.
- 34 (37) Five hundred thousand dollars (\$500,000) to the Town of North Wilkesboro.
- 35 (38) Eight million seven hundred thousand dollars (\$8,700,000) to the Town of
36 Pembroke.
- 37 (39) Seven hundred fifty thousand dollars (\$750,000) to Richmond County.
- 38 (40) One million seven hundred seventeen thousand dollars (\$1,717,000) to
39 Sampson County.
- 40 (41) Thirty-four million dollars (\$34,000,000) to the City of Sanford.
- 41 (42) Seven million four hundred thousand dollars (\$7,400,000) to the City of
42 Shelby.
- 43 (43) Three million dollars (\$3,000,000) to the Town of Smithfield.
- 44 (44) Thirty million dollars (\$30,000,000) to the South Granville Water and Sewer
45 Authority.
- 46 (45) Seven hundred fifty thousand dollars (\$750,000) to the Southern Wayne
47 Sanitation District.
- 48 (46) Three million seven hundred thousand dollars (\$3,700,000) to the Town of
49 Spring Hope.
- 50 (47) Twenty million dollars (\$20,000,000) to the City of Statesville.
- 51 (48) Eight hundred thousand dollars (\$800,000) to the Town of Stedman.

- 1 (49) Two million dollars (\$2,000,000) to the Town of Surf City.
2 (50) Five hundred thousand dollars (\$500,000) to the Town of Swepsonville.
3 (51) Five hundred thousand dollars (\$500,000) to the City of Thomasville.
4 (52) Two million four hundred forty-five thousand dollars (\$2,445,000) to the
5 Town of Troutman.
6 (53) Four million dollars (\$4,000,000) to Union County for design, permitting, and
7 construction of an expansion of the Poplin Road pump station and the Twelve
8 Mile Creek Water Reclamation Facility to provide expanded service and
9 capacity for wastewater.
10 (54) Thirty-five million dollars (\$35,000,000) to Union County for the Yadkin
11 Regional Water Supply Project.
12 (55) Eight hundred one thousand nine hundred eighty-three dollars (\$801,983) to
13 the Town of Valdese, for the extension of water and sewer lines to serve
14 proposed residential and commercial development on Lake Rhodhiss.
15 (56) Eighty thousand dollars (\$80,000) to the Town of Walkertown for a sewer
16 extension along Sullivantown Road.
17 (57) Thirteen million dollars (\$13,000,000) to Yancey County.

18 **SECTION 12.13.(g)** Economic Development Projects. – Of the funds allocated by
19 subdivision (a)(3) of this section for project construction grants, the Department of
20 Environmental Quality shall transfer the sum of forty-two million four hundred eleven thousand
21 four hundred forty-four dollars (\$42,411,444) to the Department of Commerce to provide the
22 following grants for water and sewer infrastructure projects intended to advance economic
23 development or affordable housing objectives for the recipients:

- 24 (1) One million one hundred sixty-five thousand four hundred forty-four dollars
25 (\$1,165,444) to Alexander County.
26 (2) Four million dollars (\$4,000,000) to the Anson Economic Development
27 Corporation.
28 (3) Five million eight hundred seventy-one thousand dollars (\$5,871,000) to the
29 City of Burlington.
30 (4) Two hundred fifty thousand dollars (\$250,000) to Habitat for Humanity of
31 Gaston County.
32 (5) Eight million dollars (\$8,000,000) to the Town of Holly Springs. This
33 allocation shall be conditional upon the provision of seven million dollars
34 (\$7,000,000) in matching funds from non-State sources, including no less than
35 two million dollars (\$2,000,000) from the Town.
36 (6) One million one hundred twenty-five thousand dollars (\$1,125,000) to the
37 Town of Mocksville.
38 (7) Twenty-two million dollars (\$22,000,000) to the Wayne County Development
39 Alliance for Project Butter.

40 The Department of Commerce may use one and one-half percent (1.5%) of the funds
41 allocated by this subsection for administrative costs.

42 **SECTION 12.13.(h)** National Guard Project Planning. – Of the funds allocated by
43 subdivision (a)(3) of this section for project construction grants, the Department of
44 Environmental Quality shall transfer the sum of five hundred thousand dollars (\$500,000) to the
45 Department of Public Safety to provide a planning grant to the North Carolina National Guard
46 for a water and sewer infrastructure project at the site formerly known as Fountain Correctional
47 Center for Women.

48 **SECTION 12.13.(i)** Highly Treated Wastewater Pilot. - Of the funds allocated by
49 subdivision (a)(3) of this section for project construction grants, the Department of
50 Environmental Quality shall use twenty million dollars (\$20,000,000) for the Innovative Highly
51 Treated Wastewater Pilot Program established in Section 12.13A of this act.

1 **SECTION 12.13.(j)** Administrative Costs. – The Department may use one and
2 one-half percent (1.5%) of the funds allocated by this section, other than the funds transferred in
3 subsections (g), (h), and (i) of this section, for administrative costs. The Department shall not
4 charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set
5 aside of administrative costs authorized by this subsection.
6

7 **HIGHLY TREATED WASTEWATER PILOT PROGRAM**

8 **SECTION 12.13A.(a)** For purposes of this section, "highly treated wastewater
9 legislation" refers to House Bill 916, Second Edition, 2021 Regular Session, or other legislation
10 substantially similar to Sections 1, 3, and 4 of that bill. If the highly treated wastewater legislation
11 becomes law by June 30, 2023, then the Department shall use funds allocated to it by Section
12 12.13(i) of this act to establish an Innovative Highly Treated Wastewater Pilot Program within
13 the Division of Water Infrastructure. To implement the Program, the Department shall do the
14 following:

- 15 (1) Review and qualify wastewater systems meeting the standards set forth in
16 G.S. 143-215(f), as enacted by the highly treated wastewater legislation, either
17 as a single unit or as a combination of treatment devices. The Department shall
18 require the manufacturer of the wastewater system within five days of the
19 qualification under this subdivision to file with the Department a performance
20 bond or other surety with a minimum term of five years to be executed in favor
21 of the permittee in the amount sufficient to cover system replacement.
22 Operation, maintenance, abuse, or change in hydraulic flows or wastewater
23 characteristics shall not be attached to the performance bond or surety.
- 24 (2) Identify local governments, sanitary districts, or public authorities considered
25 distressed, as defined by G.S. 159G-20, or that include residential or
26 commercial developments or subdivisions that are unable to be served by
27 existing wastewater systems.
- 28 (3) Work with the entities identified under subdivision (2) of this subsection to
29 select, permit, and install at least four wastewater systems producing highly
30 treated wastewater, as defined in the highly treated wastewater legislation.

31 **SECTION 12.13A.(b)** If the highly treated wastewater legislation does not become
32 law by June 30, 2023, then the funds allocated by this section shall revert to the Wastewater
33 Reserve to be used for any of the purposes authorized in G.S. 159G-32(b).
34

35 **STORMWATER INFRASTRUCTURE FUNDS**

36 **SECTION 12.14.(a)** Establishment of the Fund. – Funds appropriated in this act
37 from the State Fiscal Recovery Fund to the Department of Environmental Quality for stormwater
38 infrastructure shall be used by the Department to establish the Local Assistance for Stormwater
39 Infrastructure Investments Fund (Fund) as a special fund in the Department. The Fund shall be
40 used to provide grants to eligible entities as defined in this section for projects that will improve
41 or create infrastructure for controlling stormwater quantity and quality.

42 **SECTION 12.14.(b)** Directed Projects. – Of the funds allocated by this section, the
43 following sums shall be granted to the indicated local governments and public entities for
44 stormwater projects:

- 45 (1) Four hundred thousand dollars (\$400,000) to the Town of Angier.
- 46 (2) Seven hundred thousand dollars (\$700,000) to the City of Brevard.
- 47 (3) Five hundred thousand dollars (\$500,000) to the Town of Dunn.
- 48 (4) Nine million eight hundred thousand dollars (\$9,800,000) to the Fayetteville
49 Public Works Commission.
- 50 (5) One million five hundred thousand dollars (\$1,500,000) to the Town of Four
51 Oaks.

- 1 (6) Three hundred fifty thousand dollars (\$350,000) to the City of Hope Mills.
2 (7) One million five hundred thousand dollars (\$1,500,000) to the City of
3 Mooresville.
4 (8) Seventy-five thousand dollars (\$75,000) to the City of New Bern.

5 **SECTION 12.14.(c)** Allocation of Undirected Funds. – The Department shall use
6 seventy percent (70%) of the funds allocated in this section for construction grants as specified
7 in subdivision (e)(1) of this section and thirty percent (30%) of the funds allocated in this section
8 for planning grants as specified in subdivision (e)(2) of this section.

9 **SECTION 12.14.(d)** Eligible Entity. – An eligible entity for a grant under this
10 section shall be a city or county that (i) documents in a form and manner as the Department may
11 specify a stormwater quality or quantity issue and (ii) demonstrates that it would experience a
12 significant hardship raising the revenue necessary to finance stormwater management activities
13 within its jurisdiction based on income and unemployment data, population trends, and any other
14 data determined relevant by the Department.

15 **SECTION 12.14.(e)** Grant Types. – The Department shall make the following types
16 of grants from the Fund:

- 17 (1) Construction grants. – A construction grant is available for the development
18 and implementation of a new stormwater utility or stormwater control
19 measure (SCM), the rehabilitation of existing SCMs, the retrofitting of
20 existing stormwater conveyances to provide SCMs for quantity and quality
21 control purposes, or the installation of innovative technologies or nature-based
22 solutions for flood control.
23 (2) Planning grants. – A planning grant is available for research or investigative
24 studies, alternatives analyses, the preparation of engineering concept plans or
25 engineering designs, and similar activities intended to help an eligible entity
26 determine the best solutions for the entity's stormwater quality or quantity
27 issue and to engineer and permit the solutions.

28 **SECTION 12.14.(f)** Limitation. – The following limits apply to grants from the
29 Fund:

- 30 (1) Construction grants may not exceed fifteen million dollars (\$15,000,000).
31 (2) Planning grants may not exceed five hundred thousand dollars (\$500,000).

32 **SECTION 12.14.(g)** Administration. – The Department may adopt any policies or
33 procedures regarding the application process, applicant record keeping and reporting, and any
34 other administrative details not inconsistent with this section. The Department may use up to one
35 and one-half percent (1.5%) of the funds allocated by this section for the administrative costs of
36 establishing and implementing the program.

37 **SECTION 12.14.(h)** Report. – The Department shall submit a report no later than
38 September 1, 2022, and annually thereafter to the chairs of the Joint Legislative Oversight
39 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research
40 Division on the projects and activities funded by this section until all funds have been expended
41 by grant recipients. The Department shall include in its initial report and may include in
42 subsequent reports recommendations regarding legislative changes or additional funding needed
43 to assist small and financially distressed communities to comply with stormwater standards and
44 requirements and to mitigate the adverse impacts of extreme weather events on
45 stormwater-related flood events. The reports shall also include, at a minimum, the following:

- 46 (1) The beginning and ending balance of the Fund for the quarter.
47 (2) A listing of grant recipients, amount provided to each recipient, and the grant
48 type funded.
49 (3) An overview of the use of funds by grant recipients, including a description
50 of projects constructed or planning milestones achieved.
51

CLARIFY LOCAL AUTHORITY FOR STORMWATER ORDINANCES

SECTION 12.16.(a) G.S. 160D-925 reads as rewritten:

"§ 160D-925. Stormwater control.

(a) A local government may adopt and enforce a stormwater control regulation to protect water quality and control water quantity. A local government may adopt a stormwater management regulation pursuant to this Chapter, its charter, other applicable laws, or any combination of these powers.

(a1) Notwithstanding the authority granted under subsection (a) of this section, a local government may not enact, implement, or enforce a local government stormwater control regulation that establishes a stormwater control requirement that exceeds stormwater control requirements necessary to comply with or implement (i) federal or State law, (ii) a condition of a permit, certificate, or other approval issued by a federal agency, or (iii) a condition of a permit, certificate, or other approval issued by a State agency, which condition is required to comply with federal or State law governing stormwater standards. Further, any local government stormwater control regulation that includes a riparian buffer requirement for the protection of water quality shall be subject to the limitations established in G.S. 143-214.23A. Local stormwater control regulations in effect on the date of this act in violation of the limitations of this subsection are void and unenforceable.

(b) A federal, State, or local government project shall comply with the requirements of a local government stormwater control regulation unless the federal, State, or local government agency has a National Pollutant Discharge Elimination System (NPDES) stormwater permit that applies to the project. A local government may take enforcement action to compel a State or local government agency to comply with a stormwater control regulation that implements the NPDES stormwater permit issued to the local government. To the extent permitted by federal law, including Chapter 26 of Title 33 of the United States Code, a local government may take enforcement action to compel a federal government agency to comply with a stormwater control regulation.

(c) A local government may implement illicit discharge detection and elimination controls, construction site stormwater runoff controls, and post-construction runoff controls through an ordinance or other regulatory mechanism to the extent allowable under State law.

(d) A local government that holds an NPDES permit issued pursuant to G.S. 143-214.7 may adopt a regulation, applicable within its planning and development regulation jurisdiction, to establish the stormwater control program necessary for the local government to comply with the permit. A local government may adopt a regulation that bans illicit discharges within its planning and development regulation jurisdiction. A local government may adopt a regulation, applicable within its planning and development regulation jurisdiction, that requires (i) deed restrictions and protective covenants to ensure that each project, including the stormwater management system, will be maintained so as to protect water quality and control water quantity and (ii) financial arrangements to ensure that adequate funds are available for the maintenance and replacement costs of the project.

(e) Unless the local government requests the permit condition in its permit application, the Environmental Management Commission may not require as a condition of an NPDES stormwater permit issued pursuant to G.S. 143-214.7 that a city implement the measure required by 40 Code of Federal Regulations § 122.34(b)(3)(1 July 2003 Edition) in its extraterritorial jurisdiction."

SECTION 12.16.(b) G.S. 143-214.7 reads as rewritten:

"§ 143-214.7. Stormwater runoff rules and programs.

...

(c) The Commission shall develop model stormwater management programs that may be implemented by State agencies and units of local government. Model stormwater management programs shall be developed to protect existing water uses and assure compliance with water

1 quality standards and classifications. A State agency or unit of local government may submit to
 2 the Commission for its approval a stormwater control program for implementation within its
 3 jurisdiction. To this end, State agencies may adopt rules, and units of local government are
 4 authorized to adopt ordinances and regulations necessary to establish and enforce stormwater
 5 control ~~programs.~~ programs; provided, however, ordinances and regulations adopted hereunder
 6 shall be subject to the same limitations set forth in G.S. 160D-925. Units of local government are
 7 authorized to create or designate agencies or subdivisions to administer and enforce the programs.
 8 Two or more units of local government are authorized to establish a joint program and to enter
 9 into any agreements that are necessary for the proper administration and enforcement of the
 10 program.

11 ...

12 (d) The Commission shall review each stormwater management program submitted by a
 13 State agency or unit of local government and shall notify the State agency or unit of local
 14 government that submitted the program that the program has been approved, approved with
 15 modifications, or disapproved. The Commission shall approve a program only if it finds that the
 16 standards of the program ~~equal~~ equal, but do not exceed, those of the model program adopted by
 17 the Commission pursuant to this section.

18"

19 **SECTION 12.16.(c)** G.S. 143-214.23A reads as rewritten:

20 **"§ 143-214.23A. Limitations on local government riparian buffer requirements.**

21 (a) As used in this section:

- 22 (1) "Local government ordinance" means any action by a local government
 23 carrying the effect of law approved before or after October 1, 2015, whether
 24 by ordinance, comprehensive plan, policy, resolution, or other measure.
 25 (2) "Protection of water quality" means nutrient removal, pollutant removal,
 26 stream bank protection, or protection of an endangered species as required by
 27 federal law.
 28 (3) "Riparian buffer area" means an area subject to a riparian buffer requirement.
 29 (4) "Riparian buffer requirement" means a landward setback from surface waters.

30 (b) Except as provided in this section, a local government may not enact, implement, or
 31 enforce a local government ordinance that establishes a riparian buffer requirement that exceeds
 32 riparian buffer requirements necessary to comply with or ~~implement~~ implement (i) federal or
 33 State ~~law or law,~~ (ii) a condition of a permit, certificate, or other approval issued by a federal or
 34 ~~State agency-agency,~~ or (iii) a condition of a permit, certificate, or other approval issued by a
 35 State agency, which condition is required to comply with federal or State law governing
 36 stormwater standards.

37 ...

38 (d) A local government may request from the Commission the authority to enact,
 39 implement, and enforce a local government ordinance that establishes a riparian buffer
 40 requirement for the protection of water quality that exceeds riparian buffer requirements for the
 41 protection of water quality necessary to comply with or ~~implement~~ implement (i) federal or State
 42 ~~law or law,~~ (ii) a condition of a permit, certificate, or other approval issued by a federal or
 43 ~~agency-agency,~~ or (iii) a condition of a permit, certificate, or other approval issued by a
 44 agency, which condition is required to comply with federal or State law governing stormwater
 45 standards. To do so, a local government shall submit to the Commission an application requesting
 46 this authority that includes the local government ordinance, including the riparian buffer
 47 requirement for the protection of water quality, scientific studies of the local environmental and
 48 physical conditions that support the necessity of the riparian buffer requirement for the protection
 49 of water quality, and any other information requested by the Commission. Within 90 days after
 50 the Commission receives a complete application, the Commission shall review the application
 51 and notify the local government whether the application has been approved, approved with

1 modifications, or disapproved. The Commission shall not approve a local government ordinance
2 that establishes a riparian buffer requirement for the protection of water quality unless the
3 Commission finds that the scientific evidence presented by the local government supports the
4 necessity of the riparian buffer requirement for the protection of water quality.

5"
6

7 **RECONCILE TITLE V AIR QUALITY RULE EFFECTIVE DATE**

8 **SECTION 12.17.** Notwithstanding the time lines set forth in G.S. 150B-21.3 for the
9 effective date of rules, or any other provision of law pertaining to procedures for the adoption of
10 rules, 15A NCAC 02Q .0203 (Permit and Application Fees), as adopted by the Environmental
11 Management Commission on January 14, 2021, and approved by the Rules Review Commission
12 on February 18, 2021, shall take effect when this act becomes law.
13

14 **SOUTHERN STATES ENERGY BOARD FUNDS**

15 **SECTION 12.18.(a)** G.S. 104D-3 reads as rewritten:

16 **"§ 104D-3. Submission of budgets of Board.**

17 (a) Pursuant to Article III(a) of the compact, the Board shall submit its budgets of
18 estimated expenditures to the Director of the Budget for presentation to the General Assembly.

19 (b) Each fiscal year, the Office of State Budget and Management shall pay the amount
20 necessary to cover the State's responsibility for the budgets of the Board as required by Article
21 III(b) of the compact. The Office shall transfer funds from the agency that administratively
22 houses the State Energy Office to meet the requirements prescribed under this section."

23 **SECTION 12.18.(b)** The Office of State Budget and Management (Office) shall
24 determine if arrears exist as to the amount owed to the Southern States Energy Board. If the
25 Office determines any arrears exist, then the Office shall pay the State's share owed for that fiscal
26 year and transfer funds from the agency that administratively housed the State Energy Office or
27 its equivalent during the fiscal year for which the arrearage is owed.

28 **SECTION 12.18.(c)** This section is effective July 1, 2021.
29

30 **CLARIFY EQIP FUNDING REQUIREMENTS**

31 **SECTION 12.19.(a)** Subsection 11(f) of S.L. 2020-79 reads as rewritten:

32 **"SECTION 11.(f) Maximum Share.** – Notwithstanding any provision of law to the contrary,
33 funds appropriated for a water resources development project shall be used to provide no more
34 than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies
35 to funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium
36 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds
37 for water resources development projects. The limitation on fund usage contained in this
38 subsection applies only to projects in which a local government or local governments participate.
39 This subsection shall not apply to, and there shall be no local match required for, the
40 Environmental Quality Incentives Program (EQIP). Furthermore, Section 36.3(e) of S.L.
41 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply
42 to funds made available as part of EQIP in any fiscal year, including prior years. For purposes of
43 this subsection, a single project shall consist of all the landowners and other participants under a
44 project design contract approved by the Natural Resource Conservation Service under the EQIP
45 program along a contiguous stretch of stream."

46 **SECTION 12.19.(b)** This section is effective when it becomes law.
47

48 **CARTERET WATER ACCESS DREDGING**

49 **SECTION 12.20.** Notwithstanding G.S. 143-215.73F, there shall be no match
50 required for funds appropriated by this act from the Shallow Draft Navigation Channel Dredging

1 and Aquatic Weed Fund to Carteret County for dredging at the Highway 24 Boat Ramp park in
2 Carteret County.

3 4 **AMEND DAM SAFETY EXEMPTION**

5 **SECTION 12.21.** G.S. 143-215.25A reads as rewritten:

6 **"§ 143-215.25A. Exempt dams.**

7 (a) Except as otherwise provided in this Part, this Part does not apply to any dam:

8 ...

9 (8) That is less than 20 feet in height or that has an impoundment capacity of less
10 than 15 acre-feet, when a qualified engineer who demonstrates to the
11 satisfaction of the Department experience in dam design conducts dam failure
12 analyses based on both storm-induced failure and normal weather geologic,
13 structural, or seismic failure scenarios and determines that the dam is not a
14 high hazard dam.

15"

16 17 **LAKE JUNALUSKA DREDGING FUNDS**

18 **SECTION 12.22.** Of the funds appropriated in this act to the Shallow Draft
19 Navigation Channel Dredging and Aquatic Weed Fund, the sum of one million five hundred
20 thousand dollars (\$1,500,000) in nonrecurring funds for the 2021-2022 fiscal year is allocated to
21 Haywood County for the dredging of Lake Junaluska. Notwithstanding G.S. 143-215.73F, there
22 shall be no match required for these funds.

23 24 **PART XIII. LABOR**

25 26 **BE PRO BE PROUD**

27 **SECTION 13.1.(a)** Program Established; Purpose. – The Department of Labor shall
28 use the funds allocated in this act for the Be Pro Be Proud program to create, implement, operate,
29 and support the Be Pro Be Proud initiative, a three-year mobile statewide workforce development
30 pilot program. The program shall focus on generating student, parent, and educator interest in
31 technical professions within the construction, manufacturing, transportation, and utility
32 industries by emphasizing the high-tech, high-wage potential of these student career paths. The
33 program shall also support progress towards North Carolina's postsecondary attainment goals to
34 increase postsecondary degrees and certificates in the skilled trade professions.

35 **SECTION 13.1.(b)** Components of the Program. – In meeting the goals of the pilot
36 program, Be Pro Be Proud shall provide for at least the following:

- 37 (1) A custom-built mobile workshop that brings elements of up to 12 skilled
38 professions to middle and high school students through simulators and virtual
39 reality experiences. Students will learn about various careers, job
40 responsibilities, and average statewide wages for each career while stepping
41 virtually into these professions. Students may engage directly with partners
42 and will be invited to sign up to learn more about one or more professions of
43 interest.
- 44 (2) Information and data collection for students by setting up a digital profile on
45 Be Pro Be Proud's national "Join the Movement" partnership. With the
46 consent of parents and students participating in the mobile workshops, the data
47 collected shall be shared with the Community Colleges System Office,
48 Department of Public Instruction, Department of Commerce, myFutureNC
49 Commission, industry associations, and companies that are prompted to
50 connect with the potential student recruits. The database management system

1 shall provide a connection for student internships, scholarships,
2 apprenticeships, full-time jobs, and other opportunities.

3 (3) Follow-up opportunities for interested students to pursue their interests
4 through hands-on leadership opportunities, including gaining onsite learning
5 experiences, volunteering, and participating in networking opportunities with
6 potential job and postsecondary school recruiters.

7 (4) Motivation for interested educators to stay engaged through a combination of
8 outreach and professional development opportunities.

9 (5) Operation of the pilot program to coincide with the public school instructional
10 calendar and various events for students that take place throughout the
11 summer. A Be Pro Be Proud team shall operate the day-to-day functions of
12 the statewide tour and engage with students. Additional volunteers shall be
13 recruited to assist with the pilot program, including partner associations,
14 companies, and schools, as well as teachers, parents, and students.

15 (6) In collaboration with the N.C. Trucking Association, the operation,
16 implementation, and support for a workforce development program to
17 increase operators with commercial drivers licenses, transportation
18 dispatchers, and technicians across the State.

19 **SECTION 13.1.(c) Administration.** – The Department of Labor shall administer the
20 program from funds available to the Department and shall coordinate with other interested public
21 and private stakeholders to ensure the coordination of State efforts to develop a skilled trades
22 workforce.

23 **SECTION 13.1.(d) Retention of Funds.** – Notwithstanding G.S. 143C-1-2(b), funds
24 allocated in this act for the purposes set forth in this section shall not revert but shall remain
25 available for nonrecurring expenditures for the purposes of this section until June 30, 2024.

26 **SECTION 13.1.(e) Report.** – The Department of Labor shall submit a report by April
27 1 of each year in which it spends State funds appropriated by this act on the Be Pro Be Proud
28 initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural
29 and Economic Resources and the Fiscal Research Division regarding the activities undertaken
30 with the funds appropriated by this section.

31 **PART XIV. NATURAL AND CULTURAL RESOURCES**

32 **DISPOSITION OF LAND AT CERTAIN HISTORIC SITES**

33 **SECTION 14.1.(a) G.S. 146-30 reads as rewritten:**

34 **"§ 146-30. Application of net proceeds.**

35 (a) The net proceeds of any disposition made in accordance with this Subchapter shall be
36 handled in accordance with the following priority:

37 (1) First, in accordance with the provisions of any trust or other instrument of title
38 whereby title to real property was acquired.

39 (2) Second, as provided by any other act of the General Assembly.

40 (3) Third, by depositing the net proceeds with the State Treasurer.

41 Nothing in this section, however, prohibits the disposition of any State lands by exchange for
42 other lands, but if the appraised value in fee simple of any property involved in the exchange is
43 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without
44 consultation with the Joint Legislative Commission on Governmental Operations.

45 ...

46 (d) Notwithstanding any other provision of this Subchapter, the following exceptions
47 apply:

48 ...
49
50

- 1 (11) Except as otherwise provided in this subsection, the net proceeds derived from
2 the sale of real property donated to the State and allocated to the Division of
3 State Historic Sites or the Division of State History Museums in the
4 Department of Natural and Cultural Resources shall be deposited in the State
5 Historic Sites and Museums Fund, created in G.S. 121-7.7, and shall be used
6 in accordance with that section.
- 7 (12) The net proceeds derived from the sale of real property donated to the State
8 and allocated to the Tryon Palace Historic Site and Gardens in the Department
9 of Natural and Cultural Resources shall be deposited in the Tryon Palace
10 Historic Sites and Gardens Fund, created in G.S. 121-21.1, and shall be used
11 in accordance with that section.
- 12 (13) The net proceeds derived from the sale of real property from the Bentonville
13 Battlefield State Historic Site donated to the State and allocated to the
14 Division of State Historic Sites in the Department of Natural and Cultural
15 Resources shall be deposited in the Bentonville Battlefield Fund, created in
16 G.S. 121-7.5, and shall be used in accordance with that section.
- 17 (14) The net proceeds derived from the sale of real property from the North
18 Carolina Transportation Museum donated to the State and allocated to the
19 Department of Natural and Cultural Resources shall be deposited in the North
20 Carolina Transportation Museum Fund, created in G.S. 121-7.6, and shall be
21 used in accordance with that section."

22 **SECTION 14.1.(b)** G.S. 121-7.7(a) reads as rewritten:

23 "(a) Fund. – The State Historic Sites and Museums Fund is created as a special,
24 interest-bearing revenue fund in the Division of State Historic Sites and the Division of State
25 History Museums. The Fund consists of all receipts derived from the lease or rental of property
26 or facilities, disposition of structures or products of the land, donations, gifts, devises, and
27 admissions and fees collected at the State Historic Sites, State History Museums, and Maritime
28 Museums. The Fund also consists of the net proceeds derived from the sale of real property
29 pursuant to G.S. 146-30(d)(11). The revenues in the Fund may be used only for the operation,
30 interpretation, maintenance, preservation, development, and expansion of the individual State
31 Historic Site, State History Museum, and Maritime Museum where the receipts are generated.
32 The respective Division and the staff from each State Historic Site, State History Museum, and
33 Maritime Museum shall determine how the funds shall be used at that Historic Site, State History
34 Museum, and Maritime Museum."

35 **SECTION 14.1.(c)** G.S. 121-21.1 reads as rewritten:

36 "**§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.**

37 (a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a
38 special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites
39 and Gardens. The Fund shall be treated as a special trust ~~fund and shall be credited with interest~~
40 ~~by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund fund and~~ shall be
41 used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon
42 Palace Historic Sites and Gardens.

43 (b) ~~Disposition of Fees. — All entrance fee receipts shall be credited to the Tryon Palace~~
44 ~~Historic Sites and Gardens Fund.~~ Fund Sources. – The Fund consists of (i) all revenues derived
45 from donations, gifts, devises, grants, admissions, and fees collected at the Tryon Palace Historic
46 Sites and Gardens, (ii) the net proceeds derived from the sale of real property pursuant to
47 G.S. 146-30(d)(12), and (iii) interest on funds in the Fund credited by the State Treasurer
48 pursuant to G.S. 147-69.2 and G.S. 147-69.3.

49 (c) Report. – The Tryon Palace Commission shall submit to the Joint Legislative
50 Oversight Committee on Agriculture and Natural and Economic Resources, the House of
51 Representatives Appropriations Committee on Agriculture and Natural and Economic

1 ~~Resources, the Senate Appropriations Committee on Natural and Economic Resources,~~
2 ~~Resources~~ and the Fiscal Research Division by September 30 of each year a report on the Tryon
3 Palace Historic Sites and Gardens Fund that shall include the source and ~~amounts~~ amount of all
4 funds credited to the Fund and the purpose and amount of all expenditures from the Fund during
5 the prior fiscal year."

6 **SECTION 14.1.(d)** G.S. 121-7.5 reads as rewritten:

7 "**§ 121-7.5. Bentonville Battlefield Fund.**

8 (a) Fund. – The Bentonville Battlefield Fund is created as a ~~special~~ special,
9 ~~interest-bearing, and nonreverting~~ interest-bearing, and nonreverting fund in the Department of Natural and Cultural Resources,
10 Division of State Historic Sites. The ~~interest earned by the Fund shall be credited to the Fund by~~
11 ~~the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be treated as a~~
12 ~~special trust fund and~~ shall be used for operation, interpretation, maintenance, preservation,
13 development, and expansion at Bentonville Battlefield State Historic Site.

14 (b) ~~Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes, all~~
15 ~~receipts derived from donations or the lease, rental, or other disposition of structures or products~~
16 ~~of the land owned by or under the supervision or control of the Division of Historic Sites in~~
17 ~~Johnston County shall be credited to the Fund.~~ Fund Sources. – Notwithstanding Chapter 146 of
18 the General Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises,
19 grants, admissions, and fees collected for the benefit of the Bentonville Battlefield State Historic
20 Site, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(13),
21 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2
22 and G.S. 147-69.3.

23 (c) ~~The monies credited to this Fund pursuant to this section are annually appropriated to~~
24 ~~the Department of Natural and Cultural Resources.~~

25 (d) Report. – The Division of State Historic Sites shall submit to the Joint Legislative
26 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
27 Research Division by September 30 of each year a report on the Bentonville Battlefield Fund
28 that shall include the source and amount of all funds credited to the Fund and the purpose and
29 amount of all expenditures from the Fund during the prior fiscal year."

30 **SECTION 14.1.(e)** G.S. 121-7.6 reads as rewritten:

31 "**§ 121-7.6. North Carolina Transportation Museum special fund.**

32 (a) Fund Established. – The North Carolina Transportation Museum Fund is created as a
33 ~~special~~ special, interest-bearing, nonreverting enterprise fund in the Department of Natural and
34 Cultural Resources. The Fund shall be treated as a special trust fund and shall be used to pay all
35 costs associated with the operation, interpretation, development, expansion, preservation, and
36 maintenance of the North Carolina Transportation Museum.

37 (b) ~~Monies Credited to the Fund. – Notwithstanding Chapter 146 of the General Statutes,~~
38 ~~all receipts derived from the lease, rental, or other disposition of structures or products of the~~
39 ~~land, as well as all admissions and fees, gifts, donations, grants, and bequests, shall be credited~~
40 ~~to the Fund. The Fund shall be credited with interest by the State Treasurer pursuant to~~
41 ~~G.S. 147-69.2 and G.S. 147-69.3.~~ Fund Sources. – Notwithstanding Chapter 146 of the General
42 Statutes, the Fund consists of (i) all revenues derived from donations, gifts, devises, grants,
43 admissions, and fees collected by or for the benefit of the North Carolina Transportation Museum
44 Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(14),
45 and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2
46 and G.S. 147-69.3.

47 (c) Emergency Reserve. – The Department of Natural and Cultural Resources shall
48 establish, out of existing unobligated funds including lapsed salaries and unobligated special
49 funds, an emergency reserve fund in the amount of three hundred thousand dollars (\$300,000).
50 Any use of the emergency reserve will require reimbursement from museum receipts.

1 (d) Audit. – The Fund shall be subject to the oversight of the State Auditor pursuant to
2 Article 5A of Chapter 147 of the General Statutes. The Fund shall reimburse the State Auditor
3 for the cost of any audit.

4 (e) Report. – The Department of Natural and Cultural Resources shall submit to the Joint
5 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the
6 Fiscal Research Division by September 30 of each year a report on the North Carolina
7 Transportation Museum Fund that shall include the source and amount of all funds credited to
8 the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal
9 year."

10
11 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**
12 **CONFORMING CHANGE AND DNCR ATTRACTION RULEMAKING**
13 **EXEMPTIONS**

14 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

15 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

16 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department
17 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules
18 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out
19 the provisions and purposes of this ~~Part.~~ Part, including the following:

20 (1) The U.S.S. North Carolina Battleship Commission is authorized and
21 empowered to adopt such rules ~~and regulations~~ not inconsistent with the
22 management responsibilities of the Secretary of the Department provided by
23 Chapter 143A of the General Statutes and laws of this State and this Chapter
24 that may be necessary and desirable for the operation and maintenance of the
25 U.S.S. North Carolina as a permanent memorial and exhibit commemorating
26 the heroic participation of the men and women of North Carolina in the
27 prosecution and victory of the Second World War and for the faithful
28 performance and fulfillment of its duties and obligations.

29 (2) The U.S.S. North Carolina Battleship Commission shall have the power and
30 duty to charge reasonable admission and related activity fees for admission to
31 the ship and to establish standards and adopt rules ~~and regulations: (i)~~
32 ~~establishing and providing for a proper charge for admission to the ship; and~~
33 ~~(ii) for the maintenance and operation of the ship as a permanent memorial~~
34 ~~and exhibit.~~

35 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the
36 provisions of this Chapter. The Commission is exempt from the requirements
37 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,
38 amending, or repealing rules for operating hours and admission fees or related
39 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~
40 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~
41 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~
42 ~~amount and purpose of a fee change within 30 days following its effective~~
43 ~~date."~~

44 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

45 "**§ 150B-1. Policy and scope.**

46 ...
47 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
48 following:
49 ...

- 1 (23) The Department of Natural and Cultural Resources with respect to operating
 2 hours, admission fees—fees, or related activity fees at historic sites and
 3 museums pursuant to G.S. 121-7.3.
 4 (24) Tryon Palace Commission with respect to operating hours, admission fees
 5 fees, or related activity fees pursuant to G.S. 143B-71.
 6 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees
 7 fees, or related activity fees pursuant to G.S. 143B-73.
 8"
 9

10 ADD MARKETING AS PERMISSIBLE USE OF ZOO AND AQUARIUM FUNDS

11 **SECTION 14.3.(a)** G.S. 143B-135.188(b) reads as rewritten:

12 "(b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The
 13 North Carolina Aquariums Fund shall be used for the following purposes with respect to the
 14 aquariums and the pier operated by the Division of North Carolina Aquariums:

- 15 (1) Repair, renovation, expansion, maintenance, and educational exhibit
 16 construction. Funds used for repair, renovation, and expansion projects may
 17 be transferred to a capital projects fund to account for use of the funds for each
 18 project.
 19 (2) Payment of the debt service and lease payments related to the financing of
 20 facility expansions, subject to G.S. 143B-135.190.
 21 (3) Matching of private funds that are raised for these purposes.
 22 (4) Marketing the North Carolina Aquariums."

23 **SECTION 14.3.(b)** G.S. 143B-135.209(a) reads as rewritten:

24 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina
 25 Zoo Fund shall be used for the following types of projects and activities at the North Carolina
 26 Zoological Park and to match private funds raised for these ~~types of projects~~projects and
 27 activities:

- 28 (1) Repair, renovation, expansion, maintenance, and educational exhibit
 29 construction. Funds used for repair, renovation, and expansion projects may
 30 be transferred to a capital projects fund to account for use of the funds for each
 31 project.
 32 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
 33 support facilities (including greenhouses and temporary animal holding
 34 areas).
 35 (3) The acquisition, maintenance, or replacement of tram equipment as required
 36 to maintain adequate service to the public.
 37 (4) Marketing the North Carolina Zoological Park."
 38

39 INCREASE REPAIR AND RENOVATION PROJECT SPENDING CAP

40 **SECTION 14.3A.(a)** G.S. 143B-135.188(d) reads as rewritten:

41 "(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums
 42 Fund for repair and renovation projects at the aquariums-related facilities that comply with the
 43 following:

- 44 (1) The total project cost is less than ~~three hundred thousand dollars~~
 45 ~~(\$300,000)~~five hundred thousand dollars (\$500,000).

46"

47 **SECTION 14.3A.(b)** G.S. 143B-135.209(c) reads as rewritten:

48 "(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
 49 repair and renovation projects at the North Carolina Zoological Park recommended by the
 50 Council 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

5 **NC TRANSPORTATION MUSEUM ROLLING STOCK**

6 **SECTION 14.3B.** No later than June 30, 2022, and notwithstanding Part 1 of Article
7 3A of Chapter 143 of the General Statutes, the Department of Natural and Cultural Resources
8 shall transfer to the North Carolina Transportation Museum Foundation any ownership interest
9 in the caboose marked RNCX 400500 currently located at the North Carolina Transportation
10 Museum.
11

12 **SYMPHONY CHALLENGE GRANT**

13 **SECTION 14.6.(a)** Of the funds appropriated in this act to the Office of State Budget
14 and Management – Special Appropriations, the sum of two million dollars (\$2,000,000) in
15 recurring funds for each year of the 2021-2023 fiscal biennium shall be allocated to the North
16 Carolina Symphony as provided in this section. It is the intent of the General Assembly that the
17 North Carolina Symphony raise at least five million dollars (\$5,000,000) in non-State funds for
18 the 2021-2022 fiscal year and five million dollars (\$5,000,000) in non-State funds for the
19 2022-2023 fiscal year. The North Carolina Symphony cannot use funds transferred from the
20 organization's endowment to its operating budget to achieve the fundraising targets set out in
21 subsections (b) and (c) of this section.

22 **SECTION 14.6.(b)** For the 2021-2022 fiscal year, the North Carolina Symphony
23 shall receive allocations from the Office of State Budget and Management as follows:

- 24 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
25 funding, the North Carolina Symphony shall receive the sum of six hundred
26 thousand dollars (\$600,000).
27 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
28 non-State funding for a total amount of four million dollars (\$4,000,000) in
29 non-State funds, the North Carolina Symphony shall receive the sum of seven
30 hundred thousand dollars (\$700,000).
31 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in
32 non-State funding for a total amount of five million dollars (\$5,000,000) in
33 non-State funds, the North Carolina Symphony shall receive the final sum of
34 seven hundred thousand dollars (\$700,000) in the 2021-2022 fiscal year.

35 **SECTION 14.6.(c)** For the 2022-2023 fiscal year, the North Carolina Symphony
36 shall receive allocations from the Office of State Budget and Management as follows:

- 37 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
38 funding, the North Carolina Symphony shall receive the sum of six hundred
39 thousand dollars (\$600,000).
40 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
41 non-State funding for a total amount of four million dollars (\$4,000,000) in
42 non-State funds, the North Carolina Symphony shall receive the sum of seven
43 hundred thousand dollars (\$700,000).
44 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in
45 non-State funding for a total amount of five million dollars (\$5,000,000) in
46 non-State funds, the North Carolina Symphony shall receive the final sum of
47 seven hundred thousand dollars (\$700,000) in the 2022-2023 fiscal year.
48

49 **SUPPORT FOR NC TRAILS**

50 **SECTION 14.7.(a)** Fund Created. – The Complete the Trails Fund (CTF) is
51 established as a special fund within the Department of Natural and Cultural Resources. The Fund

1 consists of appropriations or allocations directed by the General Assembly to the Fund,
2 contributions, and grants from public or private sources. The CTF shall be administered by the
3 North Carolina Trails Program within the Division of Parks and Recreation. Funds appropriated
4 in this act to the Department for support of the North Carolina Trails System shall be allocated
5 to the CTF for the purpose of planning, construction, promotion, and maintenance of component
6 trails of the North Carolina Trails System. It is the intent of the General Assembly that, where
7 practicable, these activities be carried out through partnerships with local governments or
8 nonprofit organizations.

9 **SECTION 14.7.(b)** Eligible Activities. – Except as otherwise specified, funds
10 distributed under this section may be used for any of the following:

- 11 (1) Planning, design, and related environmental assessment or permitting
12 activities for natural surface trails and paddle trail facilities.
- 13 (2) Land and easement acquisition for natural surface and paddle trails.
- 14 (3) Construction or rehabilitation of natural surface trails, bridges and
15 boardwalks, and trail facilities such as trailheads and camping sites.
- 16 (4) Trail signage.
- 17 (5) Maintenance activities, including the installation of water bars, relocation of
18 eroded trail segments, and other activities that will mitigate or prevent future
19 erosion or deterioration of trails.
- 20 (6) Matching funds for federal grants provided to a local government or nonprofit
21 organization for any of the purposes set forth in this subsection.

22 **SECTION 14.7.(c)** Directive. – Wherever possible and appropriate, bridges,
23 boardwalks, signage, and other trail facilities shall follow standard designs and specifications as
24 the Department may specify.

25 **SECTION 14.7.(d)** Funding Requirements. – Funds appropriated by this act to the
26 State Capital and Infrastructure Fund and allocated to the Department of Natural and Cultural
27 Resources for the CTF shall be distributed as set forth in this subsection.

- 28 (1) Capacity building funds. – The sum of six hundred thousand dollars
29 (\$600,000) shall be used for capacity building grants to partner local
30 governments and nonprofit organizations. The Department shall identify
31 partners for activities identified in subsection (b) of this section and enter into
32 Memoranda of Understanding (MOUs) with those partners. Upon signing an
33 MOU with one or more partners for a component of the North Carolina Trails
34 System, the Department shall distribute fifty thousand dollars (\$50,000)
35 among the local governments or nonprofit organizations that have signed
36 MOUs for that component. Where there is more than one partner organization
37 for a trail component, the Department shall apportion the funds under this
38 subdivision based on relative scope of activity for which each partner
39 organization assumes responsibility in the MOU. Funds allocated by this
40 subdivision that are not spent or encumbered by June 30, 2023, shall be
41 reallocated at the Department's discretion among the uses described in
42 subdivisions (2) and (5) of this subsection.
- 43 (2) Development funds for land-based trails. – The sum of twenty-five million
44 one hundred thousand dollars (\$25,100,000) shall be distributed by the
45 Department in accordance with the partner organization MOUs developed
46 under subdivision (1) of this subsection for each component of the State Trail
47 System that is land-based, or has significant land-based components as
48 follows:
 - 49 a. The Department shall distribute fifteen million one hundred thousand
50 dollars (\$15,100,000) to the partner organizations for each land-based
51 trail in proportion to the number of miles of that trail not yet

1 constructed. These funds may be used for any of the purposes
2 described in subsection (b) of this section, provided that no more than
3 fifteen percent (15%) of the funds may be used for the purpose set out
4 in subdivision (b)(1) of this section.

5 b. The Department shall use ten million dollars (\$10,000,000) to provide
6 grants for land or easement acquisition to partner organizations
7 identified as set forth in subdivision (1) of this subsection.

8 Funds provided under this subdivision will be used only for trail development
9 activities in North Carolina.

10 (3) Funds for new paddle trails. – The sum of one million twenty-five thousand
11 dollars (\$1,025,000) shall be distributed by the Department in equal amounts
12 to the partner organizations for the Roanoke River Paddle Trail authorized by
13 subsection (g) of this section and for the Dan River Trail under the MOUs
14 developed under subdivision (1) of this subsection. With respect to segments
15 of the Dan River Trail that cross the boundary between the State and the
16 Commonwealth of Virginia, the partner organizations for the Dan River Trail
17 may expend trail development funds for the portions of those segments located
18 within the State if the Commonwealth of Virginia or other non-State of North
19 Carolina funding sources provide funding proportionate to the mileage of
20 those segments located in the Commonwealth of Virginia. Trails funded under
21 this subdivision are not eligible for funding under sub-subdivision (2)a. of this
22 subsection, but may apply for funds under sub-subdivision (2)b. of this
23 subsection.

24 (4) Development funds for existing paddle trails. – The sum of four hundred
25 twenty-five thousand dollars (\$425,000) shall be distributed by the
26 Department in equal amounts to the partners for the Yadkin River Paddle Trail
27 and the French Broad River Paddle Trail. These trails are not eligible for
28 additional funding under subdivision (2) of this subsection.

29 (5) Funds for connecting trails. – The sum of two million one hundred fifty
30 thousand dollars (\$2,150,000) shall be used to provide grants for planning and
31 development of connecting trails to eligible local governments. For purposes
32 of this subdivision, an "eligible local government" is a municipality that is (i)
33 less than 25,000 in population and (ii) is located within 6 miles of an existing
34 or planned segment of a component of the State Trails System. Two-thirds of
35 the funds allocated by this subdivision shall be reserved for municipalities
36 with a population less than 5,000 with no match required. The remaining funds
37 allocated by this subdivision shall be reserved for other eligible local
38 governments and shall be matched dollar for dollar with non-State funds.

39 (6) Saluda Grade study. – The Department shall use no more than two hundred
40 thousand dollars (\$200,000) of the funds allocated by subdivision (5) of this
41 subsection to contract with Conserving Carolina, a nonprofit corporation, to
42 study the feasibility and cost of conversion of the Saluda Grade rail corridor
43 in Polk County to provide a connecting trail from the Ecusta Trail to the
44 French Broad River Paddle Trail. Any funds remaining after completion of
45 the contract shall be used for the purposes described in subdivision (2) of this
46 subsection.

47 **SECTION 14.7.(e)** Administrative Expenses. – Of the funds appropriated to the CTF
48 by this act, the Department may use up to one percent (1%) for operating and administrative
49 expenses.

50 **SECTION 14.7.(f)** Reports. – The Department shall provide a report no later than
51 March 1, 2022, to the chairs of the Joint Legislative Oversight Committee on Agriculture and

1 Natural Resources and the Fiscal Research Division regarding any adjustments to the funding
2 allocations in this section needed to maximize progress towards completion of the State Trails
3 System. The Department shall also report annually no later than October 1 to the chairs of the
4 Joint Legislative Oversight Committee on Agriculture and Natural Resources and the Fiscal
5 Research Division on projects funded during the prior fiscal year. The report shall include a list
6 of projects grouped by State Trail System components and shall also include, at a minimum, the
7 project location, the amount of funding awarded, and project metrics such as feet of trail, number
8 of bridges, other trail facilities, or boardwalks constructed, acres of land acquired, or easements
9 obtained.

10 **SECTION 14.7.(g)** Authorize Roanoke River Paddle Trail. – The General Assembly
11 authorizes the Department of Natural and Cultural Resources to add the Roanoke River Paddle
12 Trail in Halifax, Northampton, Bertie, Martin, and Washington Counties to the State Parks
13 System as a State trail, as provided in G.S. 143B-135.54(b). The Department shall support,
14 promote, encourage, and facilitate the establishment of trail segments and facilities on State park
15 lands and on lands of other federal, State, local, and private landowners. On segments of the
16 Roanoke River Paddle Trail that cross or abut property controlled by agencies or owners other
17 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those
18 agencies or owners shall govern the use of the property. The State may receive donations of
19 appropriate land and may purchase other needed lands for the Roanoke River Paddle Trail with
20 existing funds in the Land and Water Fund, the Parks and Recreation Trust Fund, the federal
21 Land and Water Conservation Fund, and other available sources of funding.

22 23 **GRANTS TO ADAPT OR CONSTRUCT PARKS FACILITIES FOR PERSONS WITH** 24 **DISABILITIES**

25 **SECTION 14.8.(a)** Grant Purposes. – Funds allocated in this act from the State
26 Capital and Infrastructure Fund to the Parks and Recreation Trust Fund to provide matching
27 grants to local parks facilities for children with disabilities and veterans with disabilities shall be
28 used exclusively for grants to local government units or public authorities, as defined in
29 G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the
30 unique needs of children with disabilities and veterans with disabilities or that enable them to
31 participate in recreational and sporting activities, regardless of their abilities.

32 **SECTION 14.8.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56
33 to the contrary, a local government unit or public authority receiving a grant under this section
34 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five
35 dollars (\$5.00) of State funds.

36 **SECTION 14.8.(c)** Limitation. – Grants made under this section shall not exceed
37 five hundred thousand dollars (\$500,000) per project.

38 39 **CLARIFY PARKS FUNDING**

40 **SECTION 14.8A.(a)** Notwithstanding any provision of this act or of Section H of
41 the committee report described in Section 43.2 of this act to the contrary, funds provided to the
42 Foothills Conservancy for facility development shall be used for the planning and development
43 of Oak Hill Community Park.

44 **SECTION 14.8A.(b)** Notwithstanding any provision of this act or of Section H of
45 the committee report described in Section 43.2 of this act to the contrary, funds provided to the
46 Towns of Connelly Springs, Drexel, Glen Alpine, Longview, and Rutherford College shall be
47 allocated in a manner that provides ten thousand dollars (\$10,000) to the Town of Long View,
48 and twenty-five thousand dollars (\$25,000) to each of the other four towns. These funds may be
49 used for developing trails and connecting trails in addition to parks and recreation purposes.

1 **SECTION 14.8A.(c)** Notwithstanding any provision of this act or of Section H of
2 the committee report described in Section 43.2 of this act to the contrary, funds provided to the
3 Western Piedmont Council of Governments for trail development shall be allocated as follows:

- 4 (1) Three hundred twenty-five thousand dollars (\$325,000) for the development,
5 planning, and construction of a proposed trail along the south side of the
6 Catawba River connecting the eastern terminus of the Fonta Flora Trail near to
7 the western terminus of the Hickory Trail, including connecting trails and
8 spurs to local communities and tourist attractions.
9 (2) Sixty thousand dollars (\$60,000) for development of a trail connecting the
10 Town of Rhodhiss to the trail described in subdivision (a) of this section.
11 (3) Eighty thousand dollars (\$80,000) to assist the Town of Hildebran in planning
12 and development of one or more trails connecting the Town to (i) the trail
13 funded by subdivision (1) of this Section, or (ii) the future route of the
14 Wilderness Gateway Trail authorized by Section 2 of S.L. 2019-20.
15

16 **AMERICAN INDIAN HERITAGE COMMISSION**

17 **SECTION 14.9.(a)** Article 2 of Chapter 143B of the General Statutes is amended by
18 adding a new Part to read:

19 "Part 30A. American Indian Heritage Commission.

20 **"§ 143B-135.5. American Indian Heritage Commission established.**

21 (a) Creation and Duties. – There is created the American Indian Heritage Commission in
22 the Department of Natural and Cultural Resources. The Commission shall advise and assist the
23 Secretary of Natural and Cultural Resources in the preservation, interpretation, and promotion of
24 American Indian history, arts, customs, and culture. The Commission shall have the following
25 powers and duties:

- 26 (1) Assist in the coordination of American Indian cultural events.
27 (2) Advise the Secretary of Natural and Cultural Resources on the oversight and
28 management of all State-managed American Indian historic sites.
29 (3) Promote public awareness of the annual American Indian Heritage Month
30 Celebration.
31 (4) Encourage American Indian cultural tourism throughout the State of North
32 Carolina.
33 (5) Advise the Secretary of Natural and Cultural Resources upon any matter the
34 Secretary may refer to it.

35 (b) Members. – The Commission shall consist of 12 members. The initial board shall be
36 selected on or before October 1, 2021, as follows:

- 37 (1) One representative recommended by each of the following tribes: Coharie,
38 Eastern Band of Cherokee Nation, Haliwa-Saponi, Lumbee, Meherrin,
39 Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan.
40 (2) One representative recommended by each of the following organizations:
41 Cumberland County Association for Indian People, Guilford Native American
42 Association, Metrolina Native American Association, and the Triangle Native
43 American Society.

44 (c) Terms. – The members recommended by the Coharie, Eastern Band of Cherokee
45 Nation, Haliwa-Saponi, and Lumbee Tribes and the members recommended by the Cumberland
46 County Association for Indian People and the Guilford Native American Association shall serve
47 initial terms of two years expiring on June 30, 2023. The members recommended by the
48 Meherrin, Occaneechi Band of the Saponi Nation, Sappony, and Waccamaw-Siouan Tribes and
49 the members recommended by the Metrolina Native American Association and the Triangle
50 Native American Society shall serve initial terms of three years expiring on June 30, 2024. Upon

1 the expiration of the terms of the initial members of the Commission, each member shall be
2 appointed to terms for three years and shall serve until a successor is appointed.

3 (d) Vacancies. – A vacancy shall be filled in the same manner as the original appointment.
4 Appointees to fill vacancies shall serve the remainder of the unexpired term and until their
5 successors have been duly appointed and qualified.

6 (e) Removal. – The Commission may remove a member for misfeasance, malfeasance,
7 nonfeasance, or neglect of duty.

8 (f) Officers. – The chair shall be elected from among the membership. The Commission
9 shall select its other officers from among the membership as it deems necessary. All officers
10 serve for one year or until successors are qualified.

11 (g) Meetings; Quorum. – The Commission shall meet at least semiannually to conduct
12 business. The Commission shall establish the procedures for calling, holding, and conducting
13 regular and special meetings. A majority of Commission members shall constitute a quorum. The
14 Department of Natural and Cultural Resources shall provide space for the Commission to meet.

15 (h) Compensation. – The Commission members shall receive no salary as a result of
16 servicing on the Commission but shall receive per diem, subsistence, and travel expenses in
17 accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable.

18 (i) Staffing. – The Secretary of the Department of Natural and Cultural Resources shall
19 be responsible for staffing the Commission."

20 **SECTION 14.9.(b)** This section is effective when it becomes law.

21 **AUTHORIZE BAKERS LAKE STATE NATURAL AREA**

22 **SECTION 14.10.(a)** The General Assembly authorizes the Department of Natural
23 and Cultural Resources to add Bakers Lake State Natural Area in Bladen County to the State
24 Parks System, as provided in G.S. 143B-135.54(b). The requirement of G.S. 143B-135.54(b) that
25 additions be accompanied by adequate appropriations for land acquisition, development, and
26 operations shall not apply to the authorization set forth in this section; provided, however, that
27 the State may receive donations of appropriate land and may purchase other needed lands for the
28 Bakers Lake State Natural Area with existing funds in the Land and Water Fund, the Parks and
29 Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available
30 sources of funding.

31 **SECTION 14.10.(b)** This section is effective when it becomes law.

32 **NC LAND AND WATER FUND ADMINISTRATIVE COST ALLOWANCE**

33 **SECTION 14.11.** The Department may use up to three percent (3%) of the funds
34 transferred from the State Capital and Infrastructure Fund and the State Emergency Response
35 and Disaster Relief Reserve to the North Carolina Land and Water Fund in this act for
36 administrative costs for the purposes as prescribed in G.S. 143B-135.234(c).
37
38
39

40 **PART XV. WILDLIFE RESOURCES COMMISSION**

41 **ABANDONED AND DERELICT VESSELS**

42 **SECTION 15.1.(a)** Funds appropriated in this act to the Wildlife Resources
43 Commission and allocated for removal of abandoned and derelict vessels shall be used by the
44 Commission in the manner set forth in subdivision (10) of Section 2.1 of S.L. 2019-224, as
45 amended by Section 4 of S.L. 2020-74.

46 **SECTION 15.1.(b)** The Joint Legislative Oversight Committee on Agriculture and
47 Natural and Economic Resources shall assess the problem of abandoned and derelict vessels in
48 the waters of the State and upon the lands of the State and determine measures needed (i) to
49 facilitate the identification of owners or other responsible persons for abandoned or derelict
50 vessels for the purpose of requiring those persons to take responsibility for their vessels and (ii)
51

1 in cases where no responsible owner may be found, to provide the State with adequate authority
2 and funding to expeditiously remove or otherwise dispose of the abandoned and derelict vessels.
3 In its study, the Committee shall also consider the efficacy and need for new or revised insurance
4 requirements for private vessel owners and for enhancement to civil or criminal remedies with
5 respect to owners of abandoned or derelict vessels. The Committee shall provide its report to the
6 2022 Regular Session of the 2021 General Assembly upon its convening.

7 8 **FUNDING FOR CHRONIC WASTING DISEASE**

9 **SECTION 15.2.** Notwithstanding the Committee Report referenced in Section 43.2
10 of this act and any other provision of this act to the contrary, of the funds appropriated to the
11 Department of Commerce for the Job Maintenance and Capital Development Fund, the sum of
12 five hundred thousand dollars (\$500,000) shall be transferred to the Wildlife Resources
13 Commission for Chronic Wasting Disease surveillance and response.

14 15 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

16 17 **COLLECTION OF WORTHLESS CHECKS**

18 **SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
19 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
20 30, 2021, for the purchase or repair of office or information technology equipment during the
21 2021-2022 fiscal year and may use any balance remaining in the Collection of Worthless Checks
22 Fund on June 30, 2022, for the purchase or repair of office or information technology equipment
23 during the 2022-2023 fiscal year. Prior to using any funds under this section, the Judicial
24 Department shall report to the chairs of the House of Representatives and Senate Appropriations
25 Committees on Justice and Public Safety and the Office of State Budget and Management on the
26 equipment to be purchased or repaired and the reasons for the purchases.

27 28 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

29 **SECTION 16.2.(a)** Notwithstanding the minimum staffing number in
30 G.S. 7A-133(c), the clerk of superior court in a county, with the written or emailed consent of
31 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate
32 positions allocated to that county. To provide accessibility for law enforcement and citizens, the
33 clerk of superior court's office shall provide some of the services traditionally provided by the
34 magistrates' office during some or all of the regular courthouse hours.

35 **SECTION 16.2.(b)** The Administrative Office of the Courts shall report by March
36 1, 2022, to the chairs of the House of Representatives Appropriations Committee on Justice and
37 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding
38 all hires made pursuant to subsection (a) of this section.

39 40 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS**

41 **SECTION 16.3.** No Transfer of Funds. – For each year of the 2021-2023 fiscal
42 biennium, no funds may be transferred from Fund Code 12000-1600 (Office – District Attorney)
43 without the consent of the Conference of District Attorneys as communicated by the Conference's
44 Executive Director to the Administrative Office of the Courts.

45 46 **WAIVE EXPUNCTION COSTS FOR VICTIMS OF HUMAN TRAFFICKING**

47 **SECTION 16.4.(a)** G.S. 15A-145.9 is amended by adding a new subsection to read:
48 "(k) Costs Waived. – The costs of expunging the records shall not be taxed against the
49 petitioner."

50 **SECTION 16.4.(b)** This section becomes effective December 1, 2021, and applies
51 to expunction costs incurred on or after that date.

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 Pasquotank Perquimans
2	4 3	Martin Beaufort Tyrrell Hyde Washington
3A	6	Pitt
3B	6	Craven Pamlico Carteret
4	9	Sampson Duplin Jones Onslow
5	9	New Hanover Pender
6	4	Northampton Bertie Hertford
7	7	Halifax Nash Edgecombe Wilson

1	8	6	Wayne
2			Greene
3			Lenoir
4	9	5	Granville
5			(part of Vance
6			see subsection
7			(b))
8			Franklin
9			Person
10	9B	2	Warren
11			(part of Vance
12			see subsection (b))
13	10A	3	(part of Wake
14			see subsection (b))
15	10B	3	(part of Wake
16			see subsection (b))
17	10C	3	(part of Wake
18			see subsection (b))
19	10D	5	(part of Wake
20			see subsection (b))
21	10E	3	(part of Wake
22			see subsection (b))
23	10F	3	(part of Wake
24			see subsection (b))
25	11	11	Harnett
26			Johnston
27			Lee
28	12	10	Cumberland
29	13	6	Bladen
30			Brunswick
31			Columbus
32	14	7	Durham
33	15A	4	Alamance
34	15B	5	Orange
35			Chatham
36	16A	4	Scotland
37			Anson
38			Richmond
39	16B	6	Robeson
40	17A	4	Caswell
41			Rockingham
42	17B	4	Stokes
43			Surry
44	18	14	Guilford
45	19A	6	Cabarrus
46	19B	5	Randolph
47	19C	5	Rowan
48	19D	4	Hoke
49			Moore
50	20A	3	Montgomery
51			Stanly

1	20B	1	(part of Union
2			see subsection
3			(b))
4	20C	2	(part of Union
5			see subsection
6			(b))
7	20D	2	Union
8	21	11	Forsyth
9	22A	6	Alexander
10			Iredell
11	22B	6	Davidson
12			Davie
13	23	4	Alleghany
14			Ashe
15			Wilkes
16			Yadkin
17	24	4	Avery
18			Madison
19			Mitchell
20			Watauga
21			Yancey
22	25	10	Burke
23			Caldwell
24			Catawba
25	26	21	Mecklenburg
26	27A	7	Gaston
27	27B	6	Cleveland
28			Lincoln
29	28	7	Buncombe
30	29A	4	McDowell
31			Rutherford
32	29B	4 5	Henderson
33			Polk
34			Transylvania
35	30	6	Cherokee
36			Clay
37			Graham
38			Haywood
39			Jackson
40			Macon
41			Swain."

SECTION 16.7.(b) G.S. 7A-133, as amended by subsection (a) of this section, reads as rewritten:

"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.

(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

1			Dare
2			Gates
3			Pasquotank
4			Perquimans
5	2	3	Martin
6			Beaufort
7			Tyrrell
8			Hyde
9			Washington
10	3A	6	Pitt
11	3B	6	Craven
12			Pamlico
13			Carteret
14	4	9	Sampson
15			Duplin
16			Jones
17			Onslow
18	5	9	New Hanover
19			Pender
20	6	4	Northampton
21			Bertie
22			Hertford
23			Halifax
24	7	7	Nash
25			Edgecombe
26			Wilson
27	8	6	Wayne
28			Greene
29			Lenoir
30	9	5	Granville
31			(part of Vance
32			see subsection
33			(b))
34			Franklin
35			Person
36	9B	2	Warren
37			(part of Vance
38			see subsection (b))
39	10A	3	(part of Wake
40			see subsection (b))
41	10B	3	(part of Wake
42			see subsection (b))
43	10C	3	(part of Wake
44			see subsection (b))
45	10D	5	(part of Wake
46			see subsection (b))
47	10E	3	(part of Wake
48			see subsection (b))
49	10F	3	(part of Wake
50			see subsection (b))
51	11	11	Harnett

1			Johnston
2			Lee
3	12	10	Cumberland
4	13	6	Bladen
5			Brunswick
6			Columbus
7	14	7	Durham
8	15A	4	Alamance
9	15B	5	Orange
10			Chatham
11	16A	4	Scotland
12			Anson
13			Richmond
14	16B	6	Robeson
15	17A	4	Caswell
16			Rockingham
17	17B	4	Stokes
18			Surry
19	18	14	Guilford
20	19A	6	Cabarrus
21	19B	5	Randolph
22	19C	5	Rowan
23	19D	4	Hoke
24			Moore
25	20A	3	Montgomery
26			Stanly
27	20B	4	(part of Union
28			see subsection
29			(b))
30	20C	2	(part of Union
31			see subsection
32			(b))
33	20D <u>20B</u>	25	Union
34	21	11	Forsyth
35	22A	6	Alexander
36			Iredell
37	22B	6	Davidson
38			Davie
39	23	4	Alleghany
40			Ashe
41			Wilkes
42			Yadkin
43	24	4	Avery
44			Madison
45			Mitchell
46			Watauga
47			Yancey
48	25	10	Burke
49			Caldwell
50			Catawba
51	26	21	Mecklenburg

1	27A	7	Gaston
2	27B	6	Cleveland
3			Lincoln
4	28	7	Buncombe
5	29A	4	McDowell
6			Rutherford
7	29B	5	Henderson
8			Polk
9			Transylvania
10	30	<u>6</u>	Cherokee
11			Clay
12			Graham
13			Haywood
14			Jackson
15			Macon
16			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- 19 ...
- 20 (3) ~~District Court District 20C consists of the remainder of Union County not in~~
- 21 ~~District Court District 20B.~~
- 22 (4) ~~District Court District 20B consists of Precinct 01: Tract 204.01: Block Group~~
- 23 ~~2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062,~~
- 24 ~~Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block~~
- 25 ~~2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block~~
- 26 ~~2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block~~
- 27 ~~2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block~~
- 28 ~~2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block~~
- 29 ~~2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3:~~
- 30 ~~Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007,~~
- 31 ~~Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013,~~
- 32 ~~Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019,~~
- 33 ~~Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025,~~
- 34 ~~Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031,~~
- 35 ~~Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037,~~
- 36 ~~Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043,~~
- 37 ~~Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block~~
- 38 ~~4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block~~
- 39 ~~1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block~~
- 40 ~~1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block~~
- 41 ~~1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block~~
- 42 ~~1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block~~
- 43 ~~1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099,~~
- 44 ~~Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036,~~
- 45 ~~Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block~~
- 46 ~~4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1:~~
- 47 ~~Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018,~~
- 48 ~~Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block~~
- 49 ~~2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block~~
- 50 ~~2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block~~
- 51 ~~2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct~~

~~08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.~~

...

The names and boundaries of voting tabulation districts specified for Wake County, and Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files.

...

(b8) The qualified voters of District Court District 30 shall elect all judges established for District 30 in subsection (a) of this section, but only persons who reside in Cherokee, Clay, Graham, or Macon County may be candidates for one of the judgeships.

...."

SECTION 16.7.(c) G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
Camden	3	
Chowan	3	
Currituck	3	
Dare	4	
Gates	2	
Pasquotank	4	
Perquimans	3	
Martin	3	
Beaufort	4	
Tyrrell	3	
Hyde	3.5	
Washington	3	
Pitt	10.5	Farmville Ayden
Craven	8	Havelock
Pamlico	3	
Carteret	6	
Sampson	5	
Duplin	4	
Jones	2	
Onslow	11	
New Hanover	11	
Pender	3.8	
Halifax	7	Roanoke Rapids, Scotland Neck
Northampton	3	
Bertie	3	
Hertford	3	
Nash	9	Rocky Mount
Edgecombe	7	Rocky Mount
Wilson	7	

1	Wayne	9	Mount Olive
2	Greene	3	
3	Lenoir	7	La Grange
4	Granville	5	
5	Vance	6	
6	Warren	3	
7	Franklin	4	
8	Person	4	
9	Caswell	3	
10	Wake	18.5	Apex, Wendell,
11			Fuquay-Varina,
12			Wake Forest
13	Harnett	8	Dunn
14	Johnston	10	Benson,
15			Clayton,
16			Selma
17	Lee	5	
18	Cumberland	19	
19	Bladen	3	
20	Brunswick	8	
21	Columbus	5	Tabor City
22	Durham	13	
23	Alamance	12	Burlington
24	Orange	7	Chapel Hill
25	Chatham	4	Siler City
26	Scotland	5	
27	Hoke	3	
28	Robeson	12	Fairmont,
29			Maxton,
30			Pembroke,
31			Red Springs,
32			Rowland,
33			St. Pauls
34	Rockingham	7	Reidsville,
35			Eden,
36			Madison
37	Stokes	3	
38	Surry	6	Mt. Airy
39	Guilford	24.4	High Point
40	Cabarrus	9	Kannapolis
41	Montgomery	3	
42	Randolph	9	Liberty
43	Rowan	9	
44	Stanly	5	
45	Union	<u>79</u>	
46	Anson	3	
47	Richmond	5	Hamlet
48	Moore	5	Southern
49			Pines
50	Forsyth	15	Kernersville
51	Alexander	3	

1	Davidson	8	Thomasville
2	Davie	3	
3	Iredell	9	Mooreville
4	Alleghany	2	
5	Ashe	3	
6	Wilkes	6	
7	Yadkin	3	
8	Avery	3	
9	Madison	3	
10	Mitchell	3	
11	Watauga	4	
12	Yancey	3	
13	Burke	5.6	
14	Caldwell	6	
15	Catawba	10	Hickory
16	Mecklenburg	26.50	
17	Gaston	17	
18	Cleveland	7	
19	Lincoln	5	
20	Buncombe	15	
21	Henderson	6.5	
22	McDowell	3	
23	Polk	3	
24	Rutherford	6	
25	Transylvania	3	
26	Cherokee	3	
27	Clay	2	
28	Graham	2	
29	Haywood	5	Canton
30	Jackson	3	
31	Macon	3	
32	Swain	3."	

33 **SECTION 16.7.(d)** The judicial residency requirement for District Court District 30
 34 created in subsection (b) of this section shall apply to the judgeship added to District Court
 35 District 30 in subsection (b) of this section.

36 **SECTION 16.7.(e)** Subsection (a) of this section becomes effective January 1, 2023,
 37 and elections conducted in 2022 shall be held accordingly. Subsection (c) of this section becomes
 38 effective January 1, 2022. The remainder of this section becomes effective January 1, 2025, and
 39 elections conducted in 2024 shall be held accordingly.

40
 41 **MODIFY ASSISTANT DISTRICT ATTORNEY ALLOCATION**

42 **SECTION 16.8.** G.S. 7A-60(a1) reads as rewritten:

43 "(a1) **(Effective January 1, 2021 through December 31, 2022)** The counties of the State
 44 are organized into prosecutorial districts, and each district has the counties and the number of
 45 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>
46 47 48 49 50 51	1 Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12

1	2	Beaufort, Hyde, Martin,	8
2		Tyrrell, Washington	
3	3	Pitt	42 <u>13</u>
4	4	Carteret, Craven, Pamlico	13 <u>14</u>
5	5	Duplin, Jones, Onslow,	20
6		Sampson	
7	6	New Hanover, Pender	20
8	7	Bertie, Halifax, Hertford,	11
9		Northampton	
10	8	Edgecombe, Nash, Wilson	19 <u>20</u>
11	9	Greene, Lenoir, Wayne	15 <u>16</u>
12	10	Wake	42 <u>43</u>
13	11	Franklin, Granville, Person	15 <u>16</u>
14		Vance, Warren	
15	12	Harnett, Lee	12
16	13	Johnston	11 <u>12</u>
17	14	Cumberland	25
18	15	Bladen, Brunswick, Columbus	15
19	16	Durham	18
20	17	Alamance	12
21	18	Orange, Chatham	10
22	20	Robeson	13
23	21	Anson, Richmond, Scotland	9 <u>10</u>
24	22	Caswell, Rockingham	9
25	23	Stokes, Surry	8
26	24	Guilford	35 <u>38</u>
27	25	Cabarrus	10
28	26	Mecklenburg	58
29	27	Rowan	9
30	29	Hoke, Moore	9
31	28	Montgomery, Stanly	6
32	30	Union	11
33	31	Forsyth	27
34	32	Alexander, Iredell	13 <u>14</u>
35	33	Davidson, Davie	12 <u>13</u>
36	34	Alleghany, Ashe, Wilkes,	9
37		Yadkin	
38	35	Avery, Madison, Mitchell,	8
39		Watauga, Yancey	
40	36	Burke, Caldwell, Catawba	20 <u>21</u>
41	37	Randolph	10
42	38	Gaston	16 <u>17</u>
43	39	Cleveland,	13
44		Lincoln	
45	40	Buncombe	14
46	41	McDowell, Rutherford	8
47	42	Henderson, Polk, Transylvania	9 <u>10</u>
48	43	Cherokee, Clay, Graham,	13 <u>14</u>
49		Haywood, Jackson, Macon,	
50		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>
1	Camden, Chowan, Currituck,	12
2	Dare, Gates, Pasquotank,	
3	Perquimans	
4	2	8
5	Beaufort, Hyde, Martin,	
6	Tyrrell, Washington	
7	3	13
8	Pitt	
9	4	14
10	Carteret, Craven, Pamlico	
11	5	20
12	Duplin, Jones, Onslow,	
13	Sampson	
14	6	20
15	New Hanover, Pender	
16	7	11
17	Bertie, Halifax, Hertford,	
18	Northampton	
19	8	20
20	Edgecombe, Nash, Wilson	
21	9	16
22	Greene, Lenoir, Wayne	
23	10	43
24	Wake	
25	11	16
26	Franklin, Granville, Person	
27	Vance, Warren	
28	12	12
29	Harnett, Lee	
30	13	12
31	Johnston	
32	14	25
33	Cumberland	
34	15	15
35	Bladen, Brunswick, Columbus	
36	16	18
37	Durham	
38	17	12
39	Alamance	
40	18	10
41	Orange, Chatham	
42	20	13
43	Robeson	
44	21	10
45	Anson, Richmond, Scotland	
46	22	9
47	Caswell, Rockingham	
48	23	8
49	Stokes, Surry	
50	24	38
51	Guilford	
	25	10
	Cabarrus	
	26	58
	Mecklenburg	
	27	9
	Rowan	
	29	9
	Hoke, Moore	
	28	6
	Montgomery, Stanly	
	30	11
	Union	
	31	27
	Forsyth	
	32	14
	Alexander, Iredell	
	33	13
	Davidson, Davie	
	34	9
	Alleghany, Ashe, Wilkes,	
	Yadkin	
	35	8
	Avery, Madison, Mitchell,	
	Watauga, Yancey	
	36	21
	Burke, Caldwell, Catawba	
	37	10
	Randolph	
	38	17
	Gaston	

1	39	Cleveland,	13
2		Lincoln	
3	40	Buncombe	14
4	41	McDowell, Rutherford	8
5	42	Henderson, Polk, Transylvania	10
6	43	Cherokee, Clay, Graham,	14
7		Haywood, Jackson, Macon,	
8		Swain."	

TECHNICAL CORRECTION OF CONFLICTING LANGUAGE REGARDING CONTINUANCES IN COURT CASES

SECTION 16.9.(a) Section 2 of S.L. 2020-72 is repealed.

SECTION 16.9.(b) This section is effective when it becomes law.

JUDICIAL DEPARTMENT/USE OF OUTSIDE COUNSEL

SECTION 16.10.(a) G.S. 7A-343 is amended by adding a new subdivision to read:

"(17) Review requests for private counsel for the defense of a Judicial Department official or employee. The Director may approve the expenditure of lapsed salary savings to retain private counsel to provide litigation services for the defense of an official or employee of the Judicial Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services. For purposes of this subdivision, the terms "litigation services" and "private counsel" are as defined in G.S. 147-17 and G.S. 114-2.3."

SECTION 16.10.(b) G.S. 143C-6-9(b) reads as rewritten:

"(b) Lapsed salary savings shall not be used to pay for litigation services provided by private counsel. As used in this subsection, litigation services and private counsel are as defined in G.S. 147-17(c1) and G.S. 114-2.3(d). This subsection does not apply to litigation services provided by private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(c) G.S. 114-2.3(a) reads as rewritten:

"(a) Every agency, institution, department, bureau, board, or commission of the State, authorized by law to retain private counsel, shall obtain written permission from the Attorney General prior to employing private counsel. This section does not apply to counties, cities, towns, other municipal corporations or political subdivisions of the State, or any agencies of these municipal corporations or political subdivisions, or to county or city boards of education. This subsection does not apply to private counsel retained by the Judicial Department for the defense of an official or employee of the Department in any action arising from conduct undertaken in the course of the official's or employee's official duties and in which the Attorney General has declined to provide the litigation services."

SECTION 16.10.(d) G.S. 147-17(a) reads as rewritten:

"(a) No department, officer, agency, institution, commission, bureau or other organized activity of the State which receives support in whole or in part from the State shall employ private counsel, except with the approval of the Governor. The Governor shall give his approval only if the Attorney General has advised him, as provided in subsection (b) of this section, that it is impracticable for the Attorney General to render the legal services. In any case or proceeding, civil or criminal, in or before any court or agency of this State or any other state or the United States, or in any other matter in which the State of North Carolina is interested, the Governor

1 may employ private counsel as he may deem proper or necessary to represent the interest of the
2 State, and may fix the compensation for their services, subject to the provisions of subsection
3 (c1) of this section. This subsection does not apply to private counsel retained by the Judicial
4 Department for the defense of an official or employee of the Department in any action arising
5 from conduct undertaken in the course of the official's or employee's official duties and in which
6 the Attorney General has declined to provide the litigation services."

7 **SECTION 16.10.(e)** This section is effective when it becomes law.

8 9 **COURTHOUSE RESPONSIVENESS RESOURCES**

10 **SECTION 16.11.** Of the funds appropriated in this act from the State Fiscal
11 Recovery Fund to the Administrative Office of the Courts for temporary court personnel to
12 address a backlog in cases due to the COVID-19 pandemic, up to seven hundred ninety-nine
13 thousand one hundred seventy dollars (\$799,170) may be used to support up to 12.25 time-limited
14 positions in the 2021-2022 fiscal year. Beginning in the 2022-2023 fiscal year, any remaining
15 funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office
16 of the Courts for temporary court personnel to address a backlog in cases due to the COVID-19
17 pandemic may be used to support up to 24.5 time-limited positions until the funds are expended.

18 19 **CLARIFYING DUTIES OF COURT OF APPEALS DOCUMENT MANAGEMENT** 20 **SHOP**

21 **SECTION 16.12.(a)** G.S. 7A-20(b) reads as rewritten:

22 "(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from
23 time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the
24 State Treasurer. Charges to litigants for document management and the reproduction of appellate
25 records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate
26 Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of
27 the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A
28 of Chapter 147 of the General Statutes."

29 **SECTION 16.12.(b)** G.S. 7A-343.3 reads as rewritten:

30 **"§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

31 The Appellate Courts Printing and Computer Operations Fund is established within the
32 Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly,
33 interest and other investment income earned by the Fund shall be credited to it. All moneys
34 collected through charges to litigants for document management and the reproduction of
35 appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State
36 Treasurer and held in this Fund. Moneys in the Fund shall be used to support the ~~print shop~~
37 document management shop operations of the Supreme Court and the Court of Appeals,
38 including personnel, maintenance, and capital costs. The Judicial Department may create and
39 maintain receipt-supported positions for these purposes but shall report to the Chairs of the Senate
40 and House of Representatives Appropriations Subcommittees on Justice and Public Safety prior
41 to creating such new positions."

42 **SECTION 16.12.(c)** This section becomes effective October 1, 2021, and applies to
43 services rendered on or after that date.

44 45 **MODIFY TRIAL COURT COSTS**

46 **SECTION 16.15.(a)** G.S. 7A-304(a) reads as rewritten:

47 "(a) In every criminal case in the superior or district court, wherein the defendant is
48 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the
49 prosecuting witness, the following costs shall be assessed and collected. No costs may be
50 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of
51 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs

1 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),
 2 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or
 3 costs without providing notice and opportunity to be heard by all government entities directly
 4 affected. The court shall provide notice to the government entities directly affected of (i) the date
 5 and time of the hearing and (ii) the right to be heard and make an objection to the remission or
 6 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be
 7 made to the government entities affected by first-class mail to the address provided for receipt of
 8 court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

- 9 ...
- 10 (3b) ~~For the services, staffing, and operations of the Criminal Justice Education~~
 11 ~~and Training Standards Commission, the sum of three dollars (\$3.00) to be~~
 12 ~~remitted to the Department of Justice.~~
 - 13 (3c) For legal representation to indigent defendants and others entitled to counsel
 14 under North Carolina law, the sum of ~~two five~~ dollars ~~(\$2.00) (\$5.00)~~ to be
 15 remitted to the Office of Indigent Defense ~~Services.~~Services for the Private
 16 Assigned Counsel Fund.

17"

18 **SECTION 16.15.(b)** This section becomes effective December 1, 2021, and applies
 19 to costs assessed on or after that date.

20
 21 **ADD TRIAL COURT ADMINISTRATORS/COORDINATORS AND JUDICIAL**
 22 **ASSISTANTS/MODIFY RELATED PROVISIONS**

23 **SECTION 16.16.(a)** Article 29A of Chapter 7A of the General Statutes reads as
 24 rewritten:

25 "Article 29A.
 26 "Trial Court Administrators.

27 **"§ 7A-355. Trial court administrators.**

28 The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court
 29 administrators: ~~Set of districts 10A, 10B, 10C, 10D; District 22 and District 28, and such other~~
 30 ~~districts or sets of districts as may be designated by the Administrative Office of the~~
 31 ~~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>

1		<u>Hoke</u>
2		<u>Moore</u>
3	<u>Districts 20A and 20B</u>	<u>Montgomery</u>
4		<u>Stanly</u>
5		<u>Union</u>
6	<u>Districts 21A, 21B, 21C, and 21D</u>	<u>Forsyth</u>
7	<u>Districts 22A and 22B</u>	<u>Alexander</u>
8		<u>Iredell</u>
9		<u>Davidson</u>
10		<u>Davie</u>
11	<u>Districts 25A and 25B</u>	<u>Burke</u>
12		<u>Caldwell</u>
13		<u>Catawba</u>
14	<u>Districts 26A, 26B, 26C, 26D, 26E, 26F, 26G, and 26H</u>	<u>Mecklenburg</u>
15	<u>Districts 27A and 27B</u>	<u>Gaston</u>
16		<u>Cleveland</u>
17		<u>Lincoln</u>
18	<u>District 28</u>	<u>Buncombe</u>
19	<u>Districts 29A and 29B</u>	<u>McDowell</u>
20		<u>Rutherford</u>
21		<u>Henderson</u>
22		<u>Polk</u>
23		<u>Transylvania</u>

24 **"§ 7A-355.1. Selection.**

25 Trial court administrators shall be selected by the most tenured senior resident superior court
 26 judge within the district or set of districts within which a trial court administrator has been
 27 assigned under G.S. 7A-355, in consultation with the most tenured chief district court judge
 28 serving within that district or set of districts.

29 **"§ 7A-356. Duties.**

30 (a) The duties of each trial court administrator shall be to assist in managing civil dockets,
 31 to improve jury utilization and to perform such duties tasks as may be assigned by the senior
 32 resident superior court judge of his the trial court administrator's district or set of districts as
 33 defined in G.S. 7A-41.1(a) or by other judges designated by that senior resident superior court
 34 judge. G.S. 7A-41.1(a). The senior resident superior court judge may designate other judges of
 35 the General Court of Justice, including the chief district court judge of the trial court
 36 administrator's district or set of districts, the authority to assign duties to the trial court
 37 administrator.

38 (b) The duties of each trial court administrator shall equally serve the needs of each court
 39 of general jurisdiction and county within the district or set of districts that the trial court
 40 administrator serves.

41 (c) The duties assigned to each trial court administrator shall at a minimum include the
 42 following:

- 43 (1) Serving as the local courts appointee to committees, projects, and meetings at
 44 the local, State, and national level.
- 45 (2) Working directly with local court officials to initiate and coordinate
 46 discussion, identify district-wide problems, and recommend solutions when
 47 issues affecting a local court arise.
- 48 (3) Tracking, developing, and implementing national court trends to lead to a
 49 more efficient and effective local and statewide court system.
- 50 (4) Managing court facilities.
- 51 (5) Establishing and managing local court policies and rules.

- 1 (6) Planning and statistical reporting.
- 2 (7) Managing personnel.
- 3 (8) Serving as the local court's liaison with other governmental and private
- 4 organizations, the press, and the public.

5 (d) No later than April 1 and October 1 of each year, each trial court administrator shall
 6 report to the Director of the Administrative Office of the Courts regarding the current state and
 7 needs of the trial court administrator's district or set of districts. The reports required by this
 8 subsection shall begin in the year 2022.

9 **"§ 7A-357. Minimum requirements.**

10 Trial court administrators shall at a minimum meet each of the following requirements:

- 11 (1) Possess a bachelor's degree or have equivalent years of judicial branch service
- 12 in the field of court management.
- 13 (2) Complete 15 hours of continuing judicial education or continuing legal
- 14 education biannually."

15 **SECTION 16.16.(b)** Chapter 7A of the General Statutes is amended by adding a
 16 new Article to read:

17 "Article 29B.

18 "Trial Court Coordinators.

19 **"§ 7A-366. Trial court coordinators.**

20 (a) The following court management positions shall be allocated as a trial court
 21 coordinator pursuant to this section:

- 22 (1) Trial Court Coordinator.
- 23 (2) Family Court Administrator I.
- 24 (3) Family Court Administrator II.
- 25 (4) Family Court Case Coordinators.
- 26 (5) Any court manager classified as a Project Coordinator whose direct hiring
- 27 authority is a senior resident superior court judge or chief district court judge
- 28 in any judicial district of this State.

29 (b) All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a)
 30 shall have court management positions in an amount that is consistent at a minimum with the
 31 ratio of judge to court management position in the following table:

32 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>

37 (c) All district court districts shall have court management positions in an amount that is
 38 consistent at a minimum with the ratio of judge to court management position in the following
 39 table:

40 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>

44 (d) Superior court districts and sets of districts and district court districts that have more
 45 judges than are listed in the tables of subsections (b) and (c) of this section, respectively, shall be
 46 allocated an additional court management position for every three judges above the highest ratio
 47 provided in those subsections.

48 (e) Notwithstanding any other provision in this section, a superior court district or set of
 49 districts comprised of two or more counties shall at a minimum have two trial court coordinator
 50 positions allocated to the superior courts of that superior court district.

1 (f) Notwithstanding any other provision in this section, a district court district comprised
 2 of two or more counties shall at a minimum have two trial court coordinator positions allocated
 3 to the district courts of that judicial district.

4 (g) For purposes of this section, a "court management position" shall include the positions
 5 listed in subsection (a) of this section and subsection (a) of G.S. 7A-369.

6 **"§ 7A-367. Duties.**

7 (a) The duties of each trial court coordinator shall be to perform tasks as assigned or
 8 designated by the senior resident superior court judge for superior court, the chief district court
 9 judge for district court, and the trial court administrator, if any, serving in the same superior court
 10 district or set of districts or district court district as the trial court coordinator.

11 (b) The duties assigned to each trial court coordinator shall at a minimum include the
 12 following:

- 13 (1) Managing and supporting court programs such as mediation, arbitration, and
 14 more.
 15 (2) Managing the judge's office in the absence of the senior resident superior court
 16 judge, chief district court judge, or trial court administrator.
 17 (3) Serving as the point of contact to the public and counsel on behalf of any
 18 superior court or district court judge for whom the trial court coordinator
 19 serves.
 20 (4) Serving as the point of contact for specific case information and
 21 documentation regarding cases presided over by superior court or district
 22 court judges for whom the trial court coordinator serves.
 23 (5) Performing case management and calendaring functions as necessary to
 24 maintain the status of all cases within the superior courts and district courts
 25 served."

26 **SECTION 16.16.(c)** Chapter 7A of the General Statutes is amended by adding a new
 27 Article to read:

28 "Article 29C.

29 "Judicial Assistants.

30 **"§ 7A-369. Judicial assistants.**

31 (a) The following judicial assistant positions shall be allocated pursuant to this section:

- 32 (1) Judicial Assistant I.
 33 (2) Judicial Assistant II.

34 (b) All superior court judicial districts and sets of districts as defined in G.S. 7A-41.1(a)
 35 shall have court management positions in an amount that is consistent at a minimum with the
 36 ratio of judge to court management position under G.S. 7A-366.

37 (c) All district court districts shall have court management positions in an amount that is
 38 consistent at a minimum with the ratio of judge to court management position under G.S. 7A-366.

39 (d) For purposes of this section, a "court management position" shall include the positions
 40 listed in subsection (a) of this section and subsection (a) of G.S. 7A-366.

41 **"§ 7A-370. Duties.**

42 The duties of each judicial assistant shall be to perform tasks as assigned or designated by
 43 the senior resident superior court judge for superior court and the chief district court judge for
 44 district court."

45 **EVIDENCE AND DISTRICT COURT SPEEDY TRIALS**

46 **SECTION 16.17.(a)** The General Assembly finds all of the following:

- 47 (1) All criminal defendants have the right to court proceedings free from
 48 unreasonable delay, a right that is in jeopardy due to a perpetual district court
 49 case backlog, one which has been exacerbated by the COVID-19 pandemic.
 50

- 1 (2) All criminal defendants have the right to court proceedings free from
2 unreasonable delay, a right that is jeopardized when a district court case
3 backlog exists.
- 4 (3) The North Carolina court system is bifurcated into the district and superior
5 courts, and due to this bifurcation, the district courts function essentially as a
6 preliminary proceeding that assures that the prosecution of a criminal
7 defendant proceeds without the unreasonable delay that would be unavoidable
8 if the district courts did not exist.
- 9 (4) The bifurcation of the North Carolina court system provides a criminal
10 defendant with the unique opportunity to a "second bite of the apple" in the
11 defendant's case.
- 12 (5) In superior court a defendant may exercise the defendant's right to a trial by
13 jury, along with other rights, the exercise of which is unavailable in district
14 court.
- 15 (6) The legal protections from being placed twice in jeopardy for the same
16 conduct preclude the State from appealing an unfavorable outcome at trial in
17 district court.
- 18 (7) A criminal defendant in a case before the district court may request, prior to
19 trial, to have the case transferred to the superior court and may appeal to the
20 superior court for a trial de novo following a final disposition in district court,
21 retaining all rights that had previously been afforded the criminal defendant
22 in district court.
- 23 (8) Though preliminary in nature, a district court can issue a final and binding
24 disposition in a case before it.
- 25 (9) In a criminal proceeding in district court, the finder of fact is the district court
26 judge presiding over the proceeding, who is legally trained to weigh the
27 credibility, relevance, and veracity of evidence, including witness testimony.
- 28 (10) Simultaneous, two-way audio and video remote testimony in real time using
29 state of the art technology allows a defendant to observe and cross-examine a
30 witness, a district court judge to observe and question a witness to weigh the
31 credibility and veracity of the witness's testimony, and a witness to observe a
32 defendant against whom the witness is testifying.
- 33 (11) A witness in any court proceeding is one who, being duly sworn or affirmed,
34 testifies as to the witness's knowledge of specific facts relevant to the case for
35 which the witness testifies.
- 36 (12) A forensic or chemical analyst, and each person in the chain of custody of
37 evidence produced by the analyst, does not play a role in initiating a criminal
38 charge against a criminal defendant or in deciding whether or not to prosecute
39 a criminal defendant.
- 40 (13) The testimony of a forensic or chemical analyst is based upon objective,
41 scientifically based testing that allows the analyst to reach dispassionate
42 conclusions that may be presumed reliable and trustworthy.
- 43 (14) The testimony of a witness called to establish the chain of custody of evidence
44 is not adversarial in nature and merely conveys the fact of a ministerial
45 function performed by the witness in the course of the witness's work.
- 46 (15) In order to safeguard a criminal defendant's right to proceedings free from
47 unreasonable delay, it is reasonable and prudent to allow forensic and
48 chemical analysts, and each person in the chain of custody of evidence
49 produced by the analysts, to provide real-time, remote, two-way audio and
50 video testimony before the district courts of this State using state of the art
51 technology and equipment that enable the criminal defendant, the judge, and

1 the attorneys in the case to observe the demeanor of the forensic analyst
2 throughout the direct examination and cross-examination of the forensic
3 analyst and that enable the forensic analyst to likewise observe the demeanor
4 of the criminal defendant.

5 **SECTION 16.17.(b)** G.S. 8-58.20 reads as rewritten:

6 **"§ 8-58.20. Forensic analysis admissible as evidence.**

7 (a) In any criminal prosecution, a laboratory report of a written forensic analysis,
8 including an analysis of the defendant's DNA, or a forensic sample alleged to be the defendant's
9 DNA, as that term is defined in G.S. 15A-266.2(2), that states the results of the analysis and that
10 is signed and sworn to by the person performing the analysis ~~may~~shall be admissible in evidence
11 without the testimony of the analyst who prepared the report in accordance with the requirements
12 of this section.

13 ...

14 (g) Procedure for Establishing Chain of Custody of Evidence Subject to Forensic
15 Analysis Without Calling Unnecessary Witnesses. –

16 ...

17 Nothing in this subsection precludes the right of any party to call any ~~witness or witness,~~
18 except an analyst regarding the results of forensic testing and the testimony of each person in the
19 associated chain of custody made available via remote testimony in real time in district court
20 pursuant to G.S. 15A-1225.3. Nothing in this subsection precludes the right of any party to
21 introduce any evidence supporting or contradicting the evidence contained in the statement.

22"

23 **SECTION 16.17.(c)** G.S. 15A-1225.3 reads as rewritten:

24 **"§ 15A-1225.3. Forensic analyst remote testimony.**

25 (a) Definitions. – The following definitions apply to this section:

26 (1) Criminal proceeding. – Any hearing or trial in superior court in a prosecution
27 of a person charged with violating a criminal law of this State and any hearing
28 or proceeding conducted under Subchapter II of Chapter 7B of the General
29 Statutes where a juvenile is alleged to have committed an offense that would
30 be a criminal offense if committed by an adult.

31 (1a) District court proceeding. – Any hearing or trial in district court in a
32 prosecution of a person charged with violating a criminal law of this State.

33 (2) Remote testimony. – A method by which a forensic analyst testifies from a
34 location other than the location where the hearing or trial is being conducted
35 and outside the physical presence of a party or parties.

36 (b) ~~Remote Testimony Authorized in Real Time~~ Authorized for Criminal Proceeding. –
37 In any criminal proceeding, the testimony of an analyst regarding the results of forensic testing
38 admissible pursuant to G.S. 8-58.20, and reported by that analyst, shall be permitted by remote
39 testimony if all of the following occur:

40 (1) The State has provided a copy of the report to the attorney of record for the
41 defendant, or to the defendant if that person has no attorney, as required by
42 G.S. 8-58.20(d). For purposes of this subdivision, "report" means the full
43 laboratory report package provided to the district attorney.

44 (2) The State notifies the attorney of record for the defendant, or the defendant if
45 that person has no attorney, at least 15 business days before the proceeding at
46 which the evidence would be used of its intention to introduce the testimony
47 regarding the results of forensic testing into evidence using remote testimony.

48 (3) The defendant's attorney of record, or the defendant if that person has no
49 attorney, fails to file a written objection with the court, with a copy to the
50 State, at least five business days before the proceeding at which the testimony

1 will be presented that the defendant objects to the introduction of the remote
2 testimony.

3 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to
4 file a written objection as provided in this subsection, then the objection shall be deemed waived
5 and the analyst shall be allowed to testify by remote testimony.

6 (b1) Remote Testimony in Real Time Authorized in District Court. – In any district court
7 proceeding, the testimony of an analyst regarding the results of forensic testing admissible
8 pursuant to G.S. 8-58.20, and reported by that analyst, and the testimony of each person in the
9 associated chain of custody admissible pursuant to G.S. 8-58.20(g) shall be permitted by remote
10 testimony if each of the following occurs:

- 11 (1) The State has provided a copy of the report to the attorney of record for the
12 defendant, or to the defendant if that person has no attorney, as required by
13 G.S. 8-58.20(d) and (g). For purposes of this subdivision, "report" means the
14 full laboratory report package provided to the district attorney.
15 (2) The State notifies the attorney of record for the defendant, or the defendant if
16 that person has no attorney, at least 15 business days before the proceeding at
17 which the evidence would be used of its intention to introduce the testimony
18 regarding the results of forensic testing into evidence using remote testimony
19 in real time.

20 Nothing in this subsection shall be construed to determine the admissibility of evidence in a
21 criminal proceeding in superior court, including a trial de novo pursuant to G.S. 15A-1431.

22 (c) Testimony. – The method used for remote testimony authorized by this section shall
23 allow the trier of fact and all parties to observe the demeanor of the ~~analyst-remote witness~~ as the
24 ~~analyst-witness~~ testifies in a similar manner as if the ~~analyst-witness~~ were testifying in the location
25 where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney,
26 or the defendant if that person has no attorney, has a full and fair opportunity for examination
27 and cross-examination of the ~~analyst-witness~~.

28 (d) Nothing in this section shall preclude the right of any party to call any ~~witness-witness,~~
29 except an analyst regarding the results of forensic testing and the testimony of each person in the
30 associated chain of custody made available via remote testimony in real time in a district court
31 proceeding pursuant to subsection (b1) of this section.

32 (e) Nothing in this section shall obligate the Administrative Office of the Courts or the
33 State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of
34 funds for that purpose."

35 **SECTION 16.17.(d)** G.S. 20-139.1 reads as rewritten:

36 **"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary**
37 **provisions; controlled-drinking programs.**

38 ...

39 (c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the
40 North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department
41 Laboratory, or any other laboratory approved for chemical analysis by the Department of Health
42 and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in
43 any court, without further authentication and without the testimony of the analyst. For the
44 purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes,
45 but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting
46 from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

47 The results shall be certified by the person who performed the analysis. The provisions of
48 this subsection may be utilized in any administrative hearing, but can only be utilized in cases
49 tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court,
50 if:

1 (1) The State notifies the defendant no later than 15 business days after receiving
 2 the report and at least 15 business days before the proceeding at which the
 3 evidence would be used of its intention to introduce the report into evidence
 4 under this subsection and provides a copy of the report to the ~~defendant,~~
 5 ~~and defendant.~~

6 (2) The defendant fails to file a written objection with the court, with a copy to
 7 the State, at least five business days before the proceeding at which the report
 8 would be used that the defendant objects to the introduction of the report into
 9 evidence.

10 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file
 11 a written objection as provided in this subsection, then the objection shall be deemed waived and
 12 the report shall be admitted into evidence without the testimony of the analyst. Upon filing a
 13 timely objection, the admissibility of the report shall be determined and governed by the
 14 appropriate rules of evidence.

15 If the proceeding at which the report would be introduced into evidence under this subsection
 16 is continued, the notice provided by the State, the written objection filed by the defendant, or the
 17 failure of the defendant to file a written objection shall remain effective at any subsequent
 18 calendaring of that proceeding.

19 The report containing the results of any blood or urine test may be transmitted electronically
 20 or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in
 21 any court or administrative hearing without further authentication. A copy of the report shall be
 22 sent to the charging officer, the clerk of superior court in the county in which the criminal charges
 23 are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

24 Nothing in this subsection precludes the right of any party to call any ~~witness-witness, except~~
 25 a chemical analyst in district court as provided in subsection (c6) of this section, or to introduce
 26 any evidence supporting or contradicting the evidence contained in the report.

27 ...

28 (c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary
 29 Witnesses. –

30 ...

31 (4) Nothing in this subsection precludes the right of any party to call any ~~witness~~
 32 ~~or-witness, except an analyst regarding the results of chemical testing and the~~
 33 testimony of each person in the associated chain of custody made available
 34 via remote testimony in real time in district court pursuant to subsection (c6)
 35 of this section. Nothing in this subsection precludes the right of any party to
 36 introduce any evidence supporting or contradicting the evidence contained in
 37 the statement.

38 ...

39 (c5) ~~The~~ Except as provided in subsection (c6) of this section, testimony of an analyst
 40 regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection
 41 (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as
 42 defined in G.S. 15A-1225.3, in all administrative hearings, and in any superior court if all of the
 43 following occur:

44 ...

45 If the defendant's attorney of record, or the defendant if that person has no attorney, fails to
 46 file a written objection as provided in this subsection, then the objection shall be deemed waived
 47 and the analyst shall be allowed to testify by remote testimony.

48 The method used for remote testimony authorized by this subsection shall allow the trier of
 49 fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar
 50 manner as if the analyst were testifying in the location where the hearing or trial is being
 51 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person

1 has no attorney, has a full and fair opportunity for examination and cross-examination of the
2 analyst.

3 Nothing in this section shall preclude the right of any party to call any witness. Nothing in
4 this subsection shall obligate the Administrative Office of the Courts or the State Crime
5 Laboratory to incur expenses related to remote testimony absent an appropriation of funds for
6 that purpose.

7 (c6) The testimony of an analyst regarding the results of a chemical analysis of blood or
8 urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, and the
9 testimony of each person in the associated chain of custody admissible pursuant to subsection
10 (c3) of this section shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in
11 district court, if each of the following occurs:

12 (1) The State has provided a copy of the report to the attorney of record for the
13 defendant, or to the defendant if that person has no attorney, as required by
14 subsections (c1) and (c3) of this section.

15 (2) The State notifies the attorney of record for the defendant, or the defendant if
16 that person has no attorney, at least 15 business days before the proceeding at
17 which the evidence would be used of its intention to introduce the testimony
18 regarding the chemical analysis into evidence using remote testimony.

19 The method used for remote testimony authorized by this subsection shall allow the trier of
20 fact and all parties to observe the demeanor of the remote witness as the witness testifies in a
21 similar manner as if the witness were testifying in the location where the hearing or trial is being
22 conducted. The court shall ensure that the defendant's attorney, or the defendant if that person
23 has no attorney, has a full and fair opportunity for examination and cross-examination of the
24 witness.

25 Nothing in this subsection shall obligate the Administrative Office of the Courts or the State
26 Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds
27 for that purpose.

28 Nothing in this subsection shall preclude the right of any party to call any witness, except an
29 analyst regarding the results of chemical testing and the testimony of each person in the
30 associated chain of custody made available via remote testimony in real time in district court
31 pursuant to this subsection.

32 ...

33 (e2) Except as governed by subsection (c1) or (c3) of this section, the State can only use
34 the provisions of subsection (e1) of this section if:

35 (1) The State notifies the defendant no later than 15 business days after receiving
36 the affidavit and at least 15 business days before the proceeding at which the
37 affidavit would be used of its intention to introduce the affidavit into evidence
38 under this subsection and provides a copy of the affidavit to the ~~defendant,~~
39 ~~and~~ defendant.

40 ...

41 The failure to file a timely objection as provided in this subsection shall be deemed a waiver
42 of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into
43 evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility
44 of the report shall be determined and governed by the appropriate rules of evidence. The case
45 shall be continued until the analyst can be present. The criminal case shall not be dismissed due
46 to the failure of the analyst to appear, unless the analyst willfully fails to appear after being
47 ordered to appear by the court. If the proceeding at which the affidavit would be introduced into
48 evidence under this subsection is continued, the notice provided by the State, the written
49 objection filed by the defendant, or the failure of the defendant to file a written objection shall
50 remain effective at any subsequent calendaring of that proceeding.

1 Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party
2 to call any ~~witness or witness~~, except an analyst regarding the results of chemical testing and the
3 testimony of each person in the associated chain of custody made available via remote testimony
4 in real time in district court pursuant to subsection (c6) of this section. Nothing in subsection (e1)
5 or subsection (e2) of this section precludes the right of any party to introduce any evidence
6 supporting or contradicting the evidence contained in the affidavit.

7"

8 **SECTION 16.17.(e)** This section is effective when it becomes law and applies to
9 criminal proceedings, administrative hearings, and adjudicatory hearings in juvenile court
10 beginning on or after that date.

11 **MODIFY TRAVEL REIMBURSEMENT FOR APPELLATE JUDGES AND JUSTICES**

12 **SECTION 16.18.(a)** G.S. 7A-10(b1) reads as rewritten:

13 "(b1) In addition to the reimbursement for travel and subsistence expenses authorized by
14 subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent
15 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
16 the justice travels each ~~week-trip~~ to the City of Raleigh from the justice's home for business of
17 the court. The reimbursement authorized by this subsection shall be calculated for each justice
18 by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a
19 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
20 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station
21 for any justice of the Supreme Court whose permanent residence is at least 30 miles from the
22 City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the
23 Supreme Court shall be the county seat of the county in which the justice's permanent residence
24 is located at the time of election or appointment to the office of justice of the Supreme Court for
25 the purpose of determining eligibility for mileage reimbursement. If a justice who has previously
26 qualified for mileage reimbursement under this subsection relocates the justice's permanent
27 residence outside of the county of residence used in determining that justice's eligibility for
28 reimbursement under this subsection, that justice shall not be eligible for reimbursement for
29 mileage and the justice's duty station shall be Wake County."

30 **SECTION 16.18.(b)** G.S. 7A-18(a1) reads as rewritten:

31 "(a1) In addition to the reimbursement for travel and subsistence expenses authorized by
32 subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent
33 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
34 the judge travels each ~~week-trip~~ to the City of Raleigh from the judge's home for business of the
35 court. The reimbursement authorized by this subsection shall be calculated for each judge by
36 multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a
37 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
38 exceed the business standard mileage rate set by the Internal Revenue Service. The duty station
39 for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the
40 City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the
41 Court of Appeals shall be the county seat of the county in which that judge's permanent residence
42 is located at the time of election or appointment to the office of judge of the Court of Appeals for
43 the purpose of determining eligibility for mileage reimbursement. If a judge who has previously
44 qualified for mileage reimbursement under this subsection relocates the judge's permanent
45 residence outside of the county of residence used in determining that judge's eligibility under this
46 subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty
47 station shall be Wake County."

48 **REQUEST FOR PROPOSALS FOR STATEWIDE DOMESTIC VIOLENCE VICTIM** 49 **NOTIFICATION PROGRAM**

1 **SECTION 16.19.(a)** Findings. – The General Assembly finds that the criminal
2 justice system faces many challenges, including high recidivism rates, increases in domestic
3 violence, escalated alcohol and drug offenses, overcrowding in prisons, backlogs of court cases,
4 and overall reduced public safety. It further finds that alcohol consumption, especially excessive
5 drinking, is a major contributor to the occurrence of domestic violence and increases the risk for
6 other violent offenses. It is the intent of the General Assembly that in order to combat these
7 unprecedented challenges, the Administrative Office of the Courts must have access to new
8 innovative technology, such as global positioning system (GPS) electronic monitoring.

9 **SECTION 16.19.(b)** Fund Creation. – There is established the Alternatives to
10 Pre-trial Detention Fund within the Judicial Department as a special revenue fund to be used to
11 create a statewide domestic violence notification system (Program) in accordance with the
12 product and service requirements established in subsections (c) and (d) of Section 4.2C of Session
13 Law 2020-80.

14 **SECTION 16.19.(c)** Criteria. – The Administrative Office of the Courts shall
15 consult, collaborate, and provide direction for the chief district court judges when developing the
16 Program. In accordance with the provisions of subsections (c) and (d) of Section 4.2C of Session
17 Law 2020-80, the Program provider shall also operate a 24-hour in-State call monitoring center
18 and shall offer victims access to a tangible GPS notification device that provides victims
19 instantaneous notification if the defendant or offender is within close proximity. The device shall
20 have the ability to automatically switch cellular networks, thus ensuring the device is not
21 dependent upon one particular cellular network provider. The Program shall also be accessible
22 and available for other specialty courts in the State.

23 **SECTION 16.19.(d)** Administrative. – Of the funds allocated to the Administrative
24 Office of the Courts in this act in the 2021-2022 fiscal year to be used for the Program, the
25 Administrative Office of the Courts may retain up to two hundred thousand dollars (\$200,000)
26 for administrative costs associated with the implementation of the Program. For the 2022-2023
27 fiscal year and subsequent fiscal years, the Administrative Office of the Courts may retain up to
28 two percent (2%) annually for administrative costs associated with the Program.

29 **SECTION 16.19.(e)** Report. – Beginning on October 1, 2022, and annually
30 thereafter, the Administrative Office of the Courts shall report to the chairs of the Joint
31 Legislative Oversight Committee on Justice and Public Safety on the results of the Program. The
32 report, at a minimum, shall include a percentage breakdown on the usage per case subject area
33 and any legislative recommendations for improving the Program.

34 35 **PART XVII. INDIGENT DEFENSE SERVICES**

36 37 **DEBT SETOFF MODIFICATION**

38 **SECTION 17.3.(a)** Notwithstanding the time limitations applicable to notice by a
39 State agency pursuant to G.S. 105A-8, for notices to a debtor a State agency failed to timely send
40 between March of 2020 and February of 2021 for reasons beyond the control of the Office of
41 Indigent Defense Services, including the inability to obtain the information necessary to send the
42 notice, the Office may send notice to the debtor within 30 days of the date this section becomes
43 law; provided, the notice and rights afforded to the debtor otherwise complies with the
44 requirements of G.S. 105A-8.

45 **SECTION 17.3.(b)** This section is effective when this act becomes law.

46 47 **NEW PUBLIC DEFENDER DISTRICT 27B**

48 **SECTION 17.4.** G.S. 7A-498.7(a) reads as rewritten:

49 "(a) The following counties of the State are organized into the defender districts listed
50 below, and in each of those defender districts an office of public defender is established:

51 Defender District Counties

1	1	Camden, Chowan, Currituck,
2		Dare, Gates, Pasquotank,
3		Perquimans
4	3A	Pitt
5	3B	Craven, Pamlico, Carteret
6	5	New Hanover
7	10	Wake
8	12	Cumberland
9	14	Durham
10	15B	Orange, Chatham
11	16A	Scotland, Hoke
12	16B	Robeson
13	18	Guilford
14	21	Forsyth
15	26	Mecklenburg
16	27A	Gaston
17	<u>27B</u>	<u>Cleveland, Lincoln</u>
18	28	Buncombe
19	29A	McDowell, Rutherford
20	29B	Henderson, Polk, Transylvania

21 After notice to, and consultation with, the affected district bar, senior resident superior court
 22 judge, and chief district court judge, the Commission on Indigent Defense Services may
 23 recommend to the General Assembly that a district or regional public defender office be
 24 established. A legislative act is required in order to establish a new office or to abolish an existing
 25 office."
 26

27 **PART XVIII. JUSTICE**

28
 29 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

30 **SECTION 18.1.** Article 9 of Chapter 114 of the General Statutes is amended by
 31 adding a new section to read:

32 **"§ 114-63.1. No hiring of sworn personnel to fill vacant positions.**

33 The Department of Justice shall not hire sworn personnel to fill vacant positions in the North
 34 Carolina State Crime Laboratory. Nothing in this section shall be construed to require the
 35 termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel
 36 who are sworn and employed by the Laboratory as of the effective date of this section and who
 37 continue to meet the sworn status retention standards mandated by the North Carolina Criminal
 38 Justice Education and Standards Commission."
 39

40 **REQUIRE APPROVAL OF COUNCIL OF STATE PRIOR TO ATTORNEY GENERAL**
 41 **INTERVENING IN CERTAIN CASES**

42 **SECTION 18.3.(a)** G.S. 114-2 reads as rewritten:

43 **"§ 114-2. Duties.**

44 (a) Pursuant to Section 7(2) of Article III of the North Carolina Constitution, it shall be
 45 the duty of the Attorney General:

- 46 (1) ~~To~~ Subject to the condition set forth in subsection (b) of this section, to defend
 47 all actions in the appellate division in which the State shall be interested, or a
 48 party, and to appear for the State in any other court or tribunal in any cause or
 49 matter, civil or criminal, in which the State may be a party or interested. The
 50 duty to represent the State in criminal appeals shall not be delegated to any
 51 district attorney's office or any other entity.

- 1 ...
 2 (8) Subject to the provisions of ~~G.S. 62-20~~:G.S. 62-20 and the condition set forth
 3 in subsection (b) of this section:
 4 a. To intervene, when ~~he~~ the Attorney General deems it to be advisable
 5 in the public interest, in proceedings before any courts, regulatory
 6 officers, agencies and bodies, both State and federal, in a
 7 representative capacity for and on behalf of the using and consuming
 8 public of this State. ~~He~~ The Attorney General shall also have the
 9 authority to institute and originate proceedings before such courts,
 10 officers, agencies or bodies and shall have authority to appear before
 11 agencies on behalf of the State and its agencies and citizens in all
 12 matters affecting the public interest.
 13 b. Upon the institution of any proceeding before any State agency by
 14 application, petition or other pleading, formal or informal, the outcome
 15 of which will affect a substantial number of residents of North
 16 Carolina, such agency or agencies shall furnish the Attorney General
 17 with copies of all such applications, petitions and pleadings so filed,
 18 and, when the Attorney General deems it advisable in the public
 19 interest to intervene in such proceedings, ~~he~~ the Attorney General is
 20 authorized to file responsive pleadings and to appear before such
 21 agency either in a representative capacity in behalf of the using and
 22 consuming public of this State or in behalf of the State or any of its
 23 agencies.
 24 ...

25 (b) Notwithstanding any provision of law to the contrary, the Attorney General shall not
 26 intervene for, or otherwise participate on behalf of, the State in any ongoing proceeding before
 27 an out-of-state or federal court, regulatory officer, agency, or body that does not involve the
 28 recovery of damages or other relief by the State or a State department, agency, institution,
 29 commission, or bureau, unless the intervention or other participation is approved by a majority
 30 vote of the Council of State. Nothing in this subsection shall be construed as prohibiting the
 31 Attorney General from participating in a proceeding before a court, regulatory officer, agency,
 32 or body in which the State or a State department, agency, institution, commission, or bureau is a
 33 party. For purposes of this subsection, the term "Attorney General" includes any attorney
 34 employed by or contracting with the Department of Justice."

35 **SECTION 18.3.(b)** This section is effective when it becomes law and applies to
 36 proceedings commenced on or after that date.
 37

38 **ESTABLISH DATABASE OF LAW ENFORCEMENT OFFICER CERTIFICATION**
 39 **ADVERSE RULINGS**

40 **SECTION 18.4.(a)** Article 1 of Chapter 17C of the General Statutes is amended by
 41 adding a new section to read:

42 **"§ 17C-14. Database of law enforcement officer certification suspensions and revocations.**

43 The Commission shall develop and maintain a statewide database accessible to the public on
 44 its website that contains all revocations and suspensions of law enforcement officer certifications
 45 by the Commission."

46 **SECTION 18.4.(b)** Chapter 17E of the General Statutes is amended by adding a new
 47 section to read:

48 **"§ 17E-14. Database of justice officer certification suspensions and revocations.**

49 The Commission shall develop and maintain a statewide database accessible to the public on
 50 its website that contains all revocations and suspensions of justice officer certifications by the
 51 Commission."

1 **SECTION 18.4.(c)** This section becomes effective October 1, 2021, and applies to
2 revocations and suspensions issued before, on, or after that date.

3
4 **REGULATE THE CREATION OF LAW ENFORCEMENT OFFICER DISCIPLINE**
5 **DATABASES**

6 **SECTION 18.4A.(a)** Subpart A of Part 4 of Article 13 of Chapter 143B of the
7 General Statutes is amended by adding a new section to read:

8 **"§ 143B-907. Public law enforcement database regulation.**

9 Unless specifically authorized to do so by an act of the General Assembly, no State agency
10 or political subdivision of the State may create or maintain a database that compiles and makes
11 available to the public information regarding disciplinary actions taken against law enforcement
12 officers."

13 **SECTION 18.4A.(b)** This section is effective when it becomes law and applies to
14 databases created before, on, or after that date.

15
16 **ESTABLISH LAW ENFORCEMENT OFFICER CRITICAL INCIDENT STATEWIDE**
17 **DATABASE**

18 **SECTION 18.5.(a)** G.S. 17C-2 reads as rewritten:

19 **"§ 17C-2. Definitions.**

20 Unless the context clearly otherwise requires, the following definitions apply in this Article:

21 ...

22 (3a) Critical incident. – 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 "

25 **SECTION 18.5.(b)** Article 1 of Chapter 17C of the General Statutes is amended by
26 adding a new section to read:

27 **"§ 17C-15. Database for law enforcement officer critical incident information.**

28 (a) The Division shall develop and maintain a statewide database for use by law
29 enforcement agencies that tracks all critical incident data of law enforcement officers in North
30 Carolina.

31 (b) All law enforcement agencies in the State that employ personnel certified by the
32 Commission shall provide any information requested by the Division to maintain the database
33 required by subsection (a) of this section.

34 (c) Information collected under this section is not a public record as defined in
35 G.S. 132-1.

36 (d) Information collected under this section that is confidential under State or federal law
37 shall remain confidential.

38 (e) A law enforcement officer who is reported to the Division as having been involved in
39 a critical incident who disputes being involved in a critical incident has a right, prior to being
40 placed in the database, to request a contested case hearing regarding that determination pursuant
41 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

42 **SECTION 18.5.(c)** G.S. 17E-2 reads as rewritten:

43 **"§ 17E-2. Definitions.**

44 Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

45 ...

46 (4) "Critical incident" means an incident involving any use of force by a law
47 enforcement officer that results in death or serious bodily injury to a person."

48 **SECTION 18.5.(d)** Chapter 17E of the General Statutes is amended by adding a new
49 section to read:

50 **"§ 17E-15. Database for justice officer critical incident information.**

1 (a) The Division shall develop and maintain a statewide database for use by law
 2 enforcement agencies that tracks all critical incident data of justice officers in North Carolina.

3 (b) All law enforcement agencies in the State that employ personnel certified by the
 4 Commission shall provide any information requested by the Commission to maintain the
 5 database required by subsection (a) of this section.

6 (c) Information collected under this section is not a public record as defined in
 7 G.S. 132-1.

8 (d) Information collected under this section that is confidential under State or federal law
 9 shall remain confidential.

10 (e) A law enforcement officer who is reported to the Division as having been involved in
 11 a critical incident who disputes being involved in a critical incident has a right, prior to being
 12 placed in the database, to request a contested case hearing regarding that determination pursuant
 13 to and in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes."

14 **SECTION 18.5.(e)** This section becomes effective October 1, 2021, and applies to
 15 critical incidents on or after that date.

17 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM**

18 **SECTION 18.6.(a)** G.S. 17C-20 reads as rewritten:

19 **"§ 17C-20. Definitions.**

20 As used in this Article, the following definitions apply:

21 ...

22 (5) Eligible county. – A county with a population of less than ~~425,000~~ 150,000
 23 according to the latest federal decennial census ~~or a county designated as a~~
 24 ~~development tier one area pursuant to G.S. 143B-437.08, or both census.~~

25 "

26 **SECTION 18.6.(b)** G.S. 17C-22 reads as rewritten:

27 **"§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

28 ...

29 (b) Program Administrator. – The Director of the Division shall select a member of the
 30 Division staff, with the consent of the Committee, to serve as the Program administrator. The
 31 Program administrator will be responsible for all administrative duties and oversight of the
 32 Program as established by the Committee. The Program administrator will conduct recruitment
 33 efforts to include the following:

34 ...

35 (3) Target high school seniors who demonstrate an interest in ~~becoming~~ being
 36 employed in ~~a~~ an eligible criminal justice ~~professionals~~ profession.

37 (4) Engage with employees of eligible criminal justice ~~professionals~~ professions
 38 and leaders in eligible counties for input in the Program.

39 (5) Attend high school career days, job fairs, and other activities ~~in eligible~~
 40 ~~counties~~ to recruit qualified individuals into the Program.

41 ...

42 (d) Eligibility Criteria. – An applicant must be domiciled in ~~an eligible county~~ this State
 43 at the time of application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a
 44 high school graduate or a high school senior who will graduate from high school by the end of
 45 the current academic year, and demonstrate the intent upon completion of the Program to be
 46 employed ~~as a~~ in an eligible criminal justice ~~professional~~ profession in an eligible county. An
 47 applicant who has been convicted of any of the following is ineligible to receive a forgivable
 48 loan:

49 ...

50 (h) Recipient Obligations. – A recipient must become and remain a full-time student at a
 51 North Carolina community college in an Applied Associate Degree in Criminal Justice or in a

1 Committee-approved related field of study at all times during each of the recipient's two
2 academic years of community college study and pursue continuously studies that will qualify the
3 recipient to be employed in an eligible criminal justice profession upon graduation. The recipient
4 must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain
5 appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal
6 Justice or Committee-approved field of study within two years. The recipient must also accept
7 employment in an eligible county ~~as a~~ in an eligible criminal justice professional profession
8 at least four out of five years following graduation. The Committee may adopt additional
9 recipient obligations it deems appropriate.

10"

11 **SECTION 18.6.(c)** G.S. 17C-23(b) reads as rewritten:

12 "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the
13 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or
14 Committee-approved field of study, the recipient is employed on a full-time basis for a period of
15 at least four years in an eligible county in an eligible criminal justice profession. The recipient
16 shall provide the Committee within 60 days of completion of the Program verification of the
17 recipient's intent to seek employment ~~as a~~ in an eligible criminal justice professional profession
18 in an eligible county. The recipient shall provide verification of employment to the Committee
19 each year until the obligation is satisfied. The Committee shall also forgive the loan if it finds
20 that it is impossible for the recipient to meet the terms of the loan, after or before graduation, due
21 to death or permanent disability of the recipient."

22 **SECTION 18.6.(d)** This section is effective when it becomes law and applies to
23 Criminal Justice Fellows Program applicants selected on or after that date.

24 **PROHIBIT COLLUSIVE SETTLEMENTS BY THE ATTORNEY GENERAL**

25 **SECTION 18.7.(a)** G.S. 114-2.2 reads as rewritten:

26 "**§ 114-2.2. ~~Consent~~ Approval of consent judgments.**

27 ...

28
29 (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or
30 provision of the North Carolina Constitution, and the Speaker of the House of Representatives
31 and the President Pro Tempore of the Senate (i) have jointly intervened on behalf of the General
32 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with
33 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official
34 capacities as parties to the dispute, claim, or controversy, a consent judgment shall be jointly
35 approved by the Speaker of the House of Representatives and the President Pro Tempore of the
36 Senate, or by and through counsel of their choice, before the judgment may be entered.

37"

38 **SECTION 18.7.(b)** G.S. 114-2.4 reads as rewritten:

39 "**§ 114-2.4. Settlement agreements.**

40 ...

41 (a2) Where a dispute, claim, or controversy is challenging a North Carolina statute or
42 provision of the North Carolina Constitution, and the Speaker of the House of Representatives
43 and the President Pro Tempore of the Senate (i) have intervened on behalf of the General
44 Assembly in accordance with G.S. 1-72.2, (ii) are joined as defendants in accordance with
45 G.S. 1A-1, Rule 19(d) or G.S. 120-32.6, or (iii) are otherwise jointly named in their official
46 capacities as parties to the dispute, claim, or controversy, a proposed settlement agreement or
47 other agreement that would dispose of the dispute, claim, or controversy shall be jointly approved
48 by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, or
49 by and through counsel of their choice, before the agreement may be entered.

50 (a3) In litigation in which the State is interested or is a party, no settlement agreement shall
51 be entered into by the State unless and no settlement agreement shall be binding on the State

1 except to the extent that the State's entire obligation for the current and for future fiscal years will
2 be satisfied with funds that are available for that purpose for the current fiscal year, including
3 funds that the Council of State agrees to allot from the Contingency and Emergency Fund,
4 provided that for payments of tort claims and workers' compensation claims it shall not be
5 binding on the State except to the extent that the State's entire obligation for the current and for
6 future fiscal years can be satisfied with funds that are available for the current fiscal year,
7 including funds that the Council of State agrees to allot from the Contingency and Emergency
8 Fund. The Director of the Budget shall report to the appropriation committees of the General
9 Assembly concerning all funds made available during the preceding fiscal year from the
10 Contingency and Emergency Fund for the purpose of carrying out settlement agreements.

11"

12 **SECTION 18.7.(c)** G.S. 163-22.2 reads as rewritten:

13 **"§ 163-22.2. Power of State Board to promulgate temporary rules and regulations.**

14 In the event any portion of Chapter 163 of the General Statutes or any State election law or
15 form of election of any county board of commissioners, local board of education, or city officer
16 is held unconstitutional or invalid by a State or federal court or is unenforceable because of
17 objection interposed by the United States Justice Department under the Voting Rights Act of
18 1965 and such ruling adversely affects the conduct and holding of any pending primary or
19 election, the State Board of Elections shall have authority to make reasonable interim rules and
20 regulations with respect to the pending primary or election as it deems advisable so long as they
21 do not conflict with any provisions of this Chapter 163 of the General Statutes and such rules and
22 regulations shall become null and void 60 days after the convening of the next regular session of
23 the General Assembly. ~~The State Board of Elections shall also be authorized, upon~~
24 ~~recommendation of the Attorney General, to enter into agreement with the courts in lieu of~~
25 ~~protracted litigation until such time as the General Assembly convenes."~~

26 **SECTION 18.7.(d)** Subsections (a) and (b) of this section become effective October
27 1, 2021, and apply to disputes, claims, and controversies arising on or after that date. The
28 remainder of this section is effective when it becomes law and applies to rulings on or after that
29 date.

30 **INTENT TO MAXIMIZE EFFICIENCIES AT THE STATE CRIME LAB**

31 **SECTION 18.7A.(a)** It is the intent of the General Assembly to maximize
32 efficiencies at the State Crime Lab by funding timely testing through each of the following
33 methods:

- 34 (1) Increasing the number of forensic scientists on staff in order to more quickly
35 analyze new submissions of evidence and other items.
- 36 (2) Increasing the capacity of the State Crime Lab to contract with third-party
37 laboratories for the analysis of evidence and other items when the State Crime
38 Lab is unable to analyze a submission within 30 days of receipt.

39 **SECTION 18.7A.(b)** Nothing in this section shall be construed as appropriating
40 funds for the purposes set forth in this section.

41 **TRANSFER CRIMINAL JUSTICE INFORMATION NETWORK TO DOJ**

42 **SECTION 18.8.(a)** Chapter 114 of the General Statutes is amended by adding a new
43 Article 11, to be entitled "Criminal Justice Information."

44 **SECTION 18.8.(b)** The Criminal Justice Information Network Governing Board
45 shall be transferred to the Department of Justice as a Type II transfer. G.S. 143B-1390,
46 143B-1391, 143B-1392, 143B-1393, and 143B-1394 in Part 9 of Article 15 of Chapter 143B of
47 the General Statutes are recodified as G.S. 114-71, 114-71.1, 114-71.2, 114-71.3, and 114-71.4
48 in Article 11 of Chapter 114 of the General Statutes, as enacted by subsection (a) of this section.
49
50

1 **SECTION 18.8.(c)** Article 11 of Chapter 114 of the General Statutes, as enacted by
2 subsection (a) of this section and amended by subsection (b) of this section, reads as rewritten:

3 "Article 11.

4 "Criminal Justice Information.

5 **"§ 114-71. Definitions.**

6 As used in this Part:

- 7 (1) "Board" means the Criminal Justice Information Network Governing Board
8 established by ~~G.S. 143B-1391~~. G.S. 114-71.1.
- 9 (2) "Local government user" means a unit of local government of this State having
10 authorized access to the Network.
- 11 (3) "Network" means the Criminal Justice Information Network established by
12 the Board pursuant to this Part.
- 13 (4) "Network user" or "user" means any person having authorized access to the
14 Network.
- 15 (5) "State agency" means any State department, agency, institution, board,
16 commission, or other unit of State government.

17 **"§ 114-71.1. Criminal Justice Information Network Governing Board – creation; purpose;
18 membership; conflicts of interest.**

19 (a) The Criminal Justice Information Network Governing Board is established within the
20 ~~Department of Information Technology, Department of Justice,~~ as a Type II transfer, to operate
21 the State's Criminal Justice Information Network, the purpose of which shall be to provide the
22 governmental and technical information systems infrastructure necessary for accomplishing State
23 and local governmental public safety and justice functions in the most effective manner by
24 appropriately and efficiently sharing criminal justice and juvenile justice information among law
25 enforcement, judicial, and corrections agencies. ~~The Notwithstanding G.S. 143A-6(b), the Board~~
26 ~~is established within the Office of the State Chief Information Officer, Department of Justice, for~~
27 ~~organizational and budgetary purposes only and the Board shall exercise all of its statutory~~
28 ~~powers in this Part independent of control by the Office of the State Chief Information~~
29 ~~Officer, Department of Justice.~~

30 ...

31 **"§ 114-71.2. Compensation and expenses of Board members; travel reimbursements.**

32 Members of the Board shall serve without compensation but may receive travel and
33 subsistence as follows:

- 34 (1) Board members who are officials or employees of a State agency or unit of
35 local government, in accordance with G.S. 138-6.
- 36 (2) All other Board members, at the rate established in G.S. 138-5.

37 **"§ 114-71.3. Powers and duties.**

38 (a) The Board shall have the following powers and duties:

- 39 (1) To establish and operate the Network as an integrated system of State and
40 local government components for effectively and efficiently storing,
41 communicating, and using criminal justice information at the State and local
42 levels throughout North Carolina's law enforcement, judicial, juvenile justice,
43 and corrections agencies, with the components of the Network to include
44 electronic devices, programs, data, and governance and to set the Network's
45 policies and procedures.

46 ...

- 47 (8) To employ the services of an Executive Director who shall report solely to the
48 Board.
- 49 (9) To exercise administrative control over the operational budget established by
50 the Board and appropriated by the General Assembly.

1 (10) To exercise sole authority and control over employee positions allotted to the
2 Board, including the authority to establish qualifications, classification, and
3 salary levels for its employees and determine appropriate methods of
4 screening for candidates, interviewing, hiring, and day-to-day management of
5 Board employees.

6 ...

7 **"§ 114-71.4. Election of officers; meetings; staff, etc.**

8 ...

9 (b) The staff of the Criminal Justice Information Network shall provide the Board with
10 professional and clerical support and any additional support the Board needs to fulfill its mandate.

11 (c) ~~The Board's staff shall use space provided by the Department of Information~~
12 ~~Technology.~~ Department of Justice shall provide office space and administrative support for the
13 Board's staff and shall provide technical assistance to the Board at the request of the Board."

14 **SECTION 18.8.(d)** G.S. 143B-1320(a)(2) and G.S. 143B-1323(c)(2) are repealed.

15 **SECTION 18.8.(e)** G.S. 143B-1321(a)(30) reads as rewritten:

16 "(30) Support the operation of the CGIA, GICC, GDAC, ~~CJIN~~, and 911 Board."

17 **SECTION 18.8.(f)** G.S. 143B-1322(c)(19) reads as rewritten:

18 "(19) Supervise and support the operations of the CGIA, GICC, GDAC, ~~CJIN~~, and
19 911 Board."

20
21 **PART XIX. PUBLIC SAFETY**

22
23 **PART XIX-A. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

24
25 **JPS GRANT REPORTING**

26 **SECTION 19A.1.(a)** Article 29 of Chapter 7A of the General Statutes is amended
27 by adding a new section to read:

28 **"§ 7A-350.1. Annual report on grant funds received or preapproved for receipt.**

29 The Judicial Department shall report by May 1 of each year to the chairs of the House of
30 Representatives Appropriations Committee on Justice and Public Safety and the Senate
31 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
32 for receipt by the Department. The report shall include information on the amount of grant funds
33 received or preapproved for receipt by the Department, the use of the funds, the State match
34 expended to receive the funds, and the period to be covered by each grant. If the Department
35 intends to continue the program beyond the end of the grant period, the Department shall report
36 on the proposed method for continuing the funding of the program at the end of the grant period.
37 The Department shall also report on any information it may have indicating that the State will be
38 requested to provide future funding for a program presently supported by a local grant."

39 **SECTION 19A.1.(b)** Article 1 of Chapter 114 of the General Statutes is amended
40 by adding a new section to read:

41 **"§ 114-2.5B. Annual report on grant funds received or preapproved for receipt.**

42 The Department of Justice shall report by May 1 of each year to the chairs of the House of
43 Representatives Appropriations Committee on Justice and Public Safety and the Senate
44 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
45 for receipt by the Department. The report shall include information on the amount of grant funds
46 received or preapproved for receipt by the Department, the use of the funds, the State match
47 expended to receive the funds, and the period to be covered by each grant. If the Department
48 intends to continue the program beyond the end of the grant period, the Department shall report
49 on the proposed method for continuing the funding of the program at the end of the grant period.
50 The Department shall also report on any information it may have indicating that the State will be
51 requested to provide future funding for a program presently supported by a local grant."

1 **SECTION 19A.1.(c)** Article 13 of Chapter 143B of the General Statutes is amended
2 by adding a new section to read:

3 **"§ 143B-602.2. Annual report on grant funds received or preapproved for receipt.**

4 The Department of Public Safety shall report by May 1 of each year to the chairs of the House
5 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
6 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
7 for receipt by the Department. The report shall include information on the amount of grant funds
8 received or preapproved for receipt by the Department, the use of the funds, the State match
9 expended to receive the funds, and the period to be covered by each grant. If the Department
10 intends to continue the program beyond the end of the grant period, the Department shall report
11 on the proposed method for continuing the funding of the program at the end of the grant period.
12 The Department shall also report on any information it may have indicating that the State will be
13 requested to provide future funding for a program presently supported by a local grant."
14

15 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

16 **SECTION 19A.2.(a)** Notwithstanding any other provision of law, and except as
17 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
18 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any
19 other State agency during the 2021-2023 fiscal biennium unless the transfer was included in the
20 base budget for one or both fiscal years of the biennium.

21 **SECTION 19A.2.(b)** This section shall not apply to consolidation of information
22 technology positions into the Department of Information Technology pursuant to
23 G.S. 143B-1325.
24

25 **ALLOCATION OF GRANT FUNDS TO VARIOUS SHERIFFS' OFFICES**

26 **SECTION 19A.3.(a)** Of the two million seventy thousand dollars (\$2,070,000)
27 appropriated in this act to the Department of Public Safety in the 2021-2022 fiscal year to be
28 used to provide grant funds to county sheriffs' offices, the funds shall be allocated in equal
29 amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer, based
30 upon 2019 Certified County Population Estimates from the State Demographer in the Office of
31 State Budget and Management.

32 **SECTION 19A.3.(b)** Of the five million two hundred sixty-nine thousand dollars
33 (\$5,269,000) appropriated in this act to the Department of Public Safety in the 2022-2023 fiscal
34 year to be used to provide grant funds to county sheriffs' offices, the funds shall be allocated in
35 equal amounts to the sheriffs' offices located in counties with a population of 210,000 or fewer,
36 based upon 2019 Certified County Population Estimates from the State Demographer in the
37 Office of State Budget and Management.

38 **SECTION 19A.3.(c)** The grants provided to sheriffs' offices in this section shall be
39 used for expenses incurred by the offices from enforcing the laws of this State and carrying out
40 other duties set by law.
41

42 **INTERNET CRIMES AGAINST CHILDREN INVESTIGATIONS**

43 **SECTION 19A.4.(a)** Of the funds appropriated to the Department of Public Safety,
44 the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds in each
45 year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina Sheriffs'
46 Association, Inc., a nonprofit corporation, to be used as grants to sheriffs' offices and other local
47 law enforcement agencies to investigate reports of internet crimes against children.

48 **SECTION 19A.4.(b)** The grant funds allocated under subsection (a) of this section
49 shall be administered by the North Carolina Sheriffs' Association, which shall develop guidelines
50 and procedures for the administration and distribution of grants to participating sheriffs' offices

1 and local law enforcement agencies. These guidelines and procedures shall include the following
2 requirements and limitations:

- 3 (1) The maximum grant amount shall not exceed seventy-five thousand dollars
4 (\$75,000) per recipient per fiscal year.
- 5 (2) Recipient agencies shall be required to enter into a memorandum of agreement
6 with the State Bureau of Investigation (SBI) governing the investigation of
7 internet crimes against children.

8 **SECTION 19A.4.(c)** The North Carolina Sheriffs' Association shall submit the
9 following reports to the chairs of the Joint Legislative Oversight Committee on Justice and Public
10 Safety, to the chairs of the House and Senate Appropriations Committees on Justice and Public
11 Safety, and to the Fiscal Research Division:

- 12 (1) No later than November 1, 2021, a report on the guidelines and procedures
13 that will govern distribution and administration of grant funds distributed
14 pursuant to this section.
- 15 (2) No later than August 1, 2022, a report on the grant funds distributed pursuant
16 to this section during the 2021-2022 fiscal year.
- 17 (3) No later than August 1, 2023, a report on the grant funds distributed pursuant
18 to this section during the 2022-2023 fiscal year.

19 **SECTION 19A.4.(d)** It is the intent of the General Assembly to strongly encourage
20 sheriffs to enter into memoranda of agreement with the SBI to expeditiously investigate reports
21 and tips regarding internet crimes against children and to consult with the SBI Computer Crimes
22 Unit and North Carolina Internet Crimes Against Children Task Force.

23 24 **CENTRAL ENGINEERING PRISON FACILITIES REPORT**

25 **SECTION 19A.5.(a)** The Department of Public Safety, Central Engineering Section,
26 shall report to the Joint Legislative Oversight Committee on Justice and Public Safety no later
27 than October 1, 2022, regarding the status of all Department of Public Safety prison facilities.
28 The report shall include at a minimum the following:

- 29 (1) Recommendations as to the repair and maintenance of each prison facility,
30 including itemized cost estimates.
- 31 (2) Recommendations as to the construction of any new prison facility, including
32 itemized cost estimates.
- 33 (3) Recommendations as to the closure of any prison facility.
- 34 (4) Recommendations as to the prioritization and chronological implementation
35 of projects recommended pursuant to this section.

36 **SECTION 19A.5.(b)** This section is effective when it becomes law.

37 38 **TRANSFER LAW ENFORCEMENT STANDARDS AND TRAINING TO THE** 39 **DEPARTMENT OF PUBLIC SAFETY**

40 41 **TRANSFER OF THE CRIMINAL JUSTICE EDUCATION AND TRAINING** 42 **STANDARDS COMMISSION AND RELATED PROVISIONS**

43 **SECTION 19A.6.(a)** The North Carolina Criminal Justice Education and Training
44 Standards Commission established in Chapter 17C of the General Statutes is transferred from the
45 Department of Justice to the Department of Public Safety. This transfer shall have all the elements
46 of a Type II transfer, as defined in G.S. 143A-6.

47 **SECTION 19A.6.(b)** The Criminal Justice Standards Division established in
48 G.S. 17C-9 is transferred from the Department of Justice to the Criminal Justice Standards
49 Division of the Department of Public Safety. This transfer shall have all the elements of a Type
50 II transfer, as defined in G.S. 143A-6.

1 SECTION 19A.6.(c) Article 1 of Chapter 17C of the General Statutes reads as
2 rewritten:

3 "Article 1.

4 "General.

5 ...

6 **"§ 17C-4. Compensation.**

7 ...

8 (b) The Chairman of the Commission may appoint such ad hoc members of the
9 Commission's standing and select committees as are necessary to carry out the business of the
10 Commission, and such service shall be reimbursed as provided in G.S. 17C-4(a), subject to the
11 approval of the ~~Attorney General~~ Commission.

12 **"§ 17C-5. Chairman; vice-chairman; other officers; meetings; reports.**

13 ...

14 (d) The Commission shall present regular and special reports and recommendations to
15 the ~~Attorney General or the General Assembly, or both, Assembly~~ as the need may arise or as
16 ~~the Attorney General or General Assembly may request.~~

17 **"§ 17C-6. Powers of Commission.**

18 ...

19 (b) The Commission shall have the following powers, which shall be advisory in nature
20 and for which the Commission is not authorized to undertake any enforcement actions:

- 21 (1) Identify types of criminal justice positions, other than entry level positions,
22 for which advanced or specialized training and education are appropriate, and
23 establish minimum standards for the certification of persons as being qualified
24 for those positions on the basis of specified education, training, and
25 experience; provided, that compliance with these minimum standards shall be
26 discretionary on the part of criminal justice agencies with respect to their
27 criminal justice ~~officers;~~ officers.
- 28 (2) Certify, pursuant to the standards that it has established for the purpose,
29 criminal justice officers for those criminal justice agencies that elect to comply
30 with the minimum education, training, and experience standards established
31 by the Commission for positions for which advanced or specialized training,
32 education, and experience are ~~appropriate;~~ appropriate.
- 33 (3) Consult and cooperate with counties, municipalities, agencies of this State,
34 other governmental agencies, and with universities, colleges, junior colleges,
35 and other institutions concerning the development of criminal justice training
36 schools and programs or courses of ~~instruction;~~ instruction.
- 37 (4) Study and make reports and recommendations concerning criminal justice
38 education and training in North ~~Carolina;~~ Carolina.
- 39 (5) Conduct and stimulate research by public and private agencies which shall be
40 designed to improve education and training in the administration of criminal
41 ~~justice;~~ justice.
- 42 (6) Study, obtain data, statistics, and information and make reports concerning the
43 recruitment, selection, education, retention, and training of persons serving
44 criminal justice agencies in this State; to make recommendations for
45 improvement in methods of recruitment, selection, education, retention, and
46 training of persons serving criminal justice ~~agencies;~~ agencies.
- 47 (7) Make recommendations concerning any matters within its purview pursuant
48 to this ~~Article;~~ Article.
- 49 (8) Appoint such advisory committees as it may deem ~~necessary;~~ necessary.
- 50 (9) Do such things as may be necessary and incidental to the administration of its
51 authority pursuant to this ~~Article;~~ Article.

- 1 (10) Formulate basic plans for and promote the development and improvement of
 2 a comprehensive system of education and training for the officers and
 3 employees of criminal justice agencies consistent with its rules and
 4 ~~regulations;~~regulations.
 5 (11) Maintain liaison among local, State and federal agencies with respect to
 6 criminal justice education and ~~training;~~training.
 7 (12) Promote the planning and development of a systematic career development
 8 program for criminal justice professionals.
 9

10 **"§ 17C-7. Functions of the ~~Department of Justice.~~Department of Public Safety.**

11 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance
 12 as the Commission shall require in the performance of its duties.

13 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all books,
 14 papers, documents, or other records and property of the Commission.
 15

16 **"§ 17C-9. Criminal Justice Standards Division of the Department of ~~Justice.~~Public Safety**
 17 **established; appointment of director; duties.**

18 (a) There is hereby established, within the Department of ~~Justice,~~Public Safety, the
 19 Criminal Justice Standards Division, hereinafter called "the Division," which shall be organized
 20 and staffed in accordance with applicable laws and regulations and within the limits of authorized
 21 appropriations.

22 (b) The ~~Attorney General~~Commission shall appoint a director for the Division ~~chosen~~
 23 ~~from a list of three nominees submitted to him by the Commission~~ who shall be responsible to
 24 and serve at the pleasure of the ~~Attorney General and the Commission.~~

25 (c) The Division shall administer such programs as are assigned to it by the Commission.
 26 The Division shall also administer such additional related programs as may be assigned to it by
 27 the ~~Attorney General~~Commission or the General Assembly. Administrative duties and
 28 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 beneficial improvement of the criminal justice
 34 ~~agencies;~~agencies.
 35 (3) Developing new and revising existing programs for adoption consideration by
 36 the ~~Commission;~~Commission.
 37 (4) Monitoring and evaluating programs of the ~~Commission;~~Commission.
 38 (5) Providing technical assistance to relevant agencies of the criminal justice
 39 system to aid them in the discharge of program participation and
 40 ~~responsibilities;~~responsibilities.
 41 (6) Disseminating information on Commission programs to concerned ~~agencies~~
 42 ~~and/or individuals;~~agencies, individuals, or both.
 43 (7) Taking such other actions as may be deemed necessary or appropriate to carry
 44 out its assigned duties and ~~responsibilities;~~responsibilities.
 45 (8) The director may divulge any information in the Division's personnel file of a
 46 criminal justice officer or applicant for certification to the head of the criminal
 47 justice agency employing the officer or considering the applicant for
 48 employment when the director deems it necessary and essential to the
 49 retention or employment of said officer or applicant. The information may be
 50 divulged whether or not such information was contained in a personnel file
 51 maintained by a State or by a local government agency.

1"

2 SECTION 19A.6.(d) G.S. 74E-4 reads as rewritten:

3 "§ 74E-4. Powers of Attorney General.

4 The Attorney General has the following powers in addition to those conferred elsewhere in
5 this Chapter:

6 ...

7 (8) ~~To require that the Criminal Justice Standards Division provide administrative
8 support staff for the Company Police Program.~~

9"

10 SECTION 19A.6.(e) G.S. 74G-4 reads as rewritten:

11 "§ 74G-4. Powers of Attorney General.

12 The Attorney General has the following powers in addition to those conferred elsewhere in
13 this Chapter:

14 ...

15 (8) ~~To require that the Criminal Justice Standards Division provide administrative
16 support staff for the Campus Police Program.~~

17"

18 SECTION 19A.6.(f) G.S. 115D-5(b) reads as rewritten:

19 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
20 curricular courses and of noncurricular extension courses at convenient locations away from
21 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
22 portion of the established regular tuition rate charged a full-time student shall be charged a
23 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
24 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
25 registration fees, to be charged students enrolling in extension courses for which instruction is
26 financed primarily from State funds. The State Board of Community Colleges may provide by
27 general and uniform regulations for waiver of tuition and registration fees for the following:

28 ...

29 (2) Courses requested by the following entities that support the organizations'
30 training needs and are on a specialized course list approved by the State Board
31 of Community Colleges:

32 ...

33 j. The Criminal Justice Standards Division of the Department of ~~Justice~~
34 Public Safety for the training of criminal justice professionals, as
35 defined in G.S. 17C-20(6), who are required to be certified under (i)
36 Article 1 of Chapter 17C of the General Statutes and the rules of the
37 North Carolina Criminal Justice Education and Training Standards
38 Commission or (ii) Chapter 17E of the General Statutes and the rules
39 of the North Carolina Sheriffs' Education and Training Standards
40 Commission. The waivers provided for in this sub-subdivision apply
41 to participants and recent graduates of the North Carolina Criminal
42 Justice Fellows Program to obtain certifications for eligible criminal
43 justice professions as defined in G.S. 17C-20(6).

44"

45 SECTION 19A.6.(g) G.S. 143B-602 reads as rewritten:

46 "§ 143B-602. Powers and duties of the Secretary of Public Safety.

47 The Secretary of Public Safety shall have the powers and duties as are conferred on the
48 Secretary by this Article, delegated to the Secretary by the Governor, and conferred on the
49 Secretary by the Constitution and laws of this State. These powers and duties include the
50 following:

51 ...

(8) Other powers and duties. – The Secretary has the following additional powers and duties:

...

i. To require that the Criminal Justice Standards Division provide administrative support staff for the Company Police Program established in Chapter 74E of the General Statutes.

j. To require that the Criminal Justice Standards Division provide administrative support staff for the Campus Police Program established in Chapter 74G of the General Statutes."

SECTION 19A.6.(h) G.S. 143A-55.1 is repealed.

SECTION 19A.6.(i) Subsections (a) through (h) of this section become effective October 1, 2021.

TRANSFER OF THE NORTH CAROLINA JUSTICE ACADEMY AND RELATED PROVISIONS

SECTION 19A.6.(j) The North Carolina Justice Academy established in Chapter 17D of the General Statutes is transferred from the Department of Justice to the North Carolina Justice Academy Section of the Division of Training of the Department of Public Safety. This transfer shall have all the elements of a Type I transfer, as defined in G.S. 143A-6.

SECTION 19A.6.(k) Chapter 17D of the General Statutes reads as rewritten:

"Chapter 17D.

"North Carolina Justice Academy.

"§ 17D-1. Definitions.

As used in this Chapter, unless the context otherwise requires:

...

(2) "Academy property" means property that is owned or leased in whole or in part by the State of North Carolina and which is subject to the general management and control of the Department of ~~Justice~~-Public Safety and is located in Salemburg, North Carolina, or at any other locations within the State which are dedicated to the use of the North Carolina Justice Academy subsequent to this Chapter being enacted.

...

(6) "Department" means the Department of ~~Justice~~-Public Safety."

"§ 17D-2. Academy established; duties.

(a) The ~~North Carolina~~-Department of ~~Justice~~-Public Safety shall establish a North Carolina Justice Academy.

(b) The Department of ~~Justice~~-Public Safety shall employ the staff of the academy and direct its operations.

(c) ~~Duties of the academy.~~The North Carolina Justice Academy shall have, but is not limited to, the following ~~functions;~~duties:

...

"§ 17D-3. Donations.

The Department of ~~Justice~~-Public Safety may accept for any of its purposes and functions under this Article any and all donations, both real and personal, and grants of money from any governmental unit or public agency, or from any institution, person, firm or corporation. Any arrangements pursuant to this section shall be detailed in an annual report of the academy. Such reports shall include the identity of the donor, the nature of the transaction, and the conditions, if any. Any money received by the Department of ~~Justice~~-Public Safety pursuant to this section shall be deposited in the State Treasury to the account of the academy. All moneys involved shall be subject to audit by the State Auditor.

1 **"§ 17D-4. Application of State highway and motor vehicles laws at the academy; authority**
 2 **of Department of ~~Justice~~-Public Safety to regulate traffic, etc.**

3 (a) Except as otherwise provided in this section, all of the provisions of Chapter 20 of the
 4 General Statutes relating to the use of highways of the State and the operation of vehicles thereon
 5 are applicable to all streets, alleys, driveways, and parking lots on academy property. Nothing in
 6 this section modifies any rights of ownership or control of academy property, now or hereafter
 7 vested in the State of North Carolina ex rel., Department of ~~Justice~~-Public Safety.

8 (b) The Department of ~~Justice~~-Public Safety may by ordinance prohibit, regulate, divert,
 9 control, and limit pedestrian or vehicular traffic and the parking of vehicles and other modes of
 10 conveyance on the campus. In fixing speed limits, the Department of ~~Justice~~-Public Safety is not
 11 subject to G.S. 20-141(f) or (g), but may fix any speed limit reasonable and safe under the
 12 circumstances as conclusively determined by the Department of ~~Justice~~-Public Safety. The
 13 Department of ~~Justice~~-Public Safety may not regulate traffic on streets open to the public as of
 14 right, except as specifically provided in this section.

15 (c) The Department of ~~Justice~~-Public Safety may by ordinance provide for the registration
 16 of vehicles maintained or operated on the campus by any student, faculty member, or employee
 17 of the academy and may fix fees for such registration. The ordinance may make it unlawful for
 18 any person to operate an unregistered vehicle on the campus when the vehicle is required by the
 19 ordinance to be registered.

20 (d) The Department of ~~Justice~~-Public Safety may by ordinance set aside parking lots on
 21 the campus for use by students, faculty, and employees of the academy and members of the
 22 general public attending schools, conferences, or meetings at the academy, visiting or making
 23 use of any academy facilities, or attending to official business with the academy. The Department
 24 of ~~Justice~~-Public Safety may issue permits to park in these lots and may charge a fee therefor.
 25 The Department of ~~Justice~~-Public Safety may also by ordinance make it unlawful for any person
 26 to park a vehicle in any lot or other parking facility without procuring the requisite permit and
 27 displaying it on the vehicle.

28 (e) The Department of ~~Justice~~-Public Safety may by ordinance provide for the issuance
 29 of stickers, decals, permits or other indicia representing the registration of vehicles or the
 30 eligibility of vehicles to park on the campus and may by ordinance prohibit the forgery,
 31 counterfeiting, unauthorized transfer, or unauthorized use of such stickers, decals, permits or
 32 other indicia.

33 ...

34 (g) An ordinance adopted under this section may provide that a violation will subject the
 35 offender to a civil penalty. Penalties may be graduated according to the seriousness of the offense
 36 or the number of prior offenses committed by the person charged. The Department of ~~Justice~~
 37 ~~Public Safety~~ may establish ~~procedure~~-procedures for the collection of these penalties and may
 38 enforce the penalties by civil action in the nature of debt. The Department of ~~Justice~~-Public Safety
 39 may also provide for appropriate administrative sanctions if an offender does not pay a validly
 40 due penalty or has committed repeated offenses. Appropriate administrative sanctions include,
 41 but are not limited to, revocation of parking permits, termination of vehicle registration, and
 42 termination or suspension of enrollment in or employment by the academy.

43 ...

44 (i) Evidence that a vehicle was found parked or unattended in violation of a ~~council~~
 45 ~~Department of Public Safety~~ ordinance is prima facie evidence that the vehicle was parked ~~by~~-
 46 ~~either~~:

- 47 (1) The person holding an academy parking permit for the ~~vehicle~~;vehicle.
 48 (2) If no academy parking permit has been issued for the vehicle, the person in
 49 whose name the vehicle is registered with the academy pursuant to subsection
 50 ~~(e)~~; or(c).
 51 ...

1 The rule of evidence established by this subsection applies only in civil, criminal, or
2 administrative actions or proceedings concerning violations of ordinances of the Department of
3 ~~Justice-Public Safety~~. G.S. 20-162.1 does not apply to such actions or proceedings.

4 (j) The Department of ~~Justice-Public Safety~~ shall cause to be posted appropriate notice
5 to the public of applicable traffic and parking restrictions.

6 (k) All ordinances adopted under this section shall be filed in the offices of the ~~North~~
7 ~~Carolina Attorney General~~ Secretary of Public Safety and the Secretary of State. The Department
8 of ~~Justice-Public Safety~~ shall provide for printing and distributing copies of its traffic and parking
9 ordinances.

10"

11 **SECTION 19A.6.(l)** G.S. 115C-105.55(b)(6) reads as rewritten:

12 "(6) A representative from the North Carolina Justice Academy appointed by the
13 ~~Attorney General~~ Secretary of Public Safety."

14 **SECTION 19A.6.(m)** The representative from the North Carolina Justice Academy
15 serving on the Task Force for Safer Schools established under G.S. 115C-105.55 as of the
16 effective date of this section shall serve the remainder of the person's term. Upon the expiration
17 of the person's term, or if a vacancy otherwise occurs for the position the representative is filling,
18 the Secretary of Public Safety shall appoint the representative to serve on the Task Force for
19 Safer Schools in accordance with G.S. 115C-105.55(b)(6), as amended by subsection (c) of this
20 section.

21 **SECTION 19A.6.(n)** Subpart G of Part 4 of Article 13 of Chapter 143B of the
22 General Statutes, as amended by subsection (u) of this section, is amended by adding a new
23 section to read:

24 "**§ 143B-993.2 Training; powers and duties.**

25 The Secretary of Public Safety shall have the power and duty to implement Chapter 17D of
26 the General Statutes and to manage and operate the Samarcan Training Academy."

27 **SECTION 19A.6.(o)** Subsections (j) through (n) of this section become effective
28 October 1, 2021.

30 **TRANSFER OF THE SHERIFFS' EDUCATION AND TRAINING STANDARDS** 31 **COMMISSION AND RELATED PROVISIONS**

32 **SECTION 19A.6.(p)** The North Carolina Sheriffs' Education and Training Standards
33 Commission established in Chapter 17E of the General Statutes is transferred from the
34 Department of Justice to the Department of Public Safety. This transfer shall have all the elements
35 of a Type II transfer, as defined in G.S. 143A-6.

36 **SECTION 19A.6.(q)** The Justice Officers' Standards Division established in
37 G.S. 17E-6 is transferred from the Department of Justice to the Justice Officers' Standards
38 Division of the Department of Public Safety. This transfer shall have all the elements of a Type
39 II transfer, as defined in G.S. 143A-6.

40 **SECTION 19A.6.(r)** Chapter 17E of the General Statutes reads as rewritten:

41 **"Chapter 17E.**

42 **"North Carolina Sheriffs' Education and Training Standards Commission.**

43 ...

44 **"§ 17E-2. Definitions.**

45 Unless the context clearly requires otherwise, the following definitions apply to this Chapter:

46 ...

47 (3) "Justice officer" ~~means~~ means either:

- 48 a. A person who, through the special trust and confidence of the sheriff,
49 has taken the oath of office prescribed by Chapter 11 of the General
50 Statutes as a peace officer in the office of the sheriff. This term
51 includes "deputy sheriffs", "reserve deputy sheriffs", and "special

1 deputy sheriffs", but does not include clerical and support personnel
 2 not required to take an oath. The term "special deputy" means a person
 3 who, through appointment by the sheriff, becomes an unpaid criminal
 4 justice officer to perform a specific act directed by the ~~sheriff;~~
 5 ~~or~~sheriff.

6 b. A person who, through the special trust and confidence of the sheriff,
 7 has been appointed as a detention officer by the ~~sheriff;~~ ~~or~~sheriff.

8 c. A person who is either the administrator or other custodial personnel
 9 of district confinement facilities as defined in G.S. 153A-219;
 10 however, nothing in this Chapter transfers any supervisory or
 11 administrative control over employees of district confinement
 12 facilities to the office of the ~~sheriff;~~ ~~or~~sheriff.

13 ...

14 **"§ 17E-3. North Carolina Sheriffs' Education and Training Standards Commission**
 15 **established; members; terms; vacancies.**

16 ...

17 (d) Compensation. – None of the members of the Commission shall receive
 18 compensation for serving on the Commission. However, if the North Carolina Department of
 19 ~~Justice~~Public Safety has funds available, then members of the Commission who are State officers
 20 or employees may be reimbursed for their expenses in accordance with G.S. 138-6; members of
 21 the Commission who are full-time salaried public officers or employees other than State officers
 22 or employees may be reimbursed for their expenses in accordance with G.S. 138-5(b). All other
 23 members of the Commission may receive compensation and reimbursement for expenses in
 24 accordance with G.S. 138-5.

25 ...

26 **"§ 17E-4. Powers and duties of the Commission.**

27 (a) The Commission shall have the following powers, duties, and responsibilities, which
 28 are enforceable through its rules and regulations, certification procedures, or the provisions of
 29 G.S. 17E-8 and G.S. 17E-9:

30 (1) Promulgate rules and regulations for the administration of this Chapter, which
 31 rules may require (i) the submission by any agency of information with respect
 32 to the employment, education, and training of its justice officers, and (ii) the
 33 submission by any training school of information with respect to its programs
 34 that are required by this ~~Chapter;~~Chapter.

35 ...

36 (3) Certify, pursuant to the standards that it may establish for the purpose, persons
 37 as qualified under the provisions of this Chapter who may be employed at
 38 entry level as ~~officers;~~officers.

39 (4) Establish minimum standards for the certification of training schools and
 40 programs or courses of instruction that are required by this ~~Chapter;~~Chapter.

41 (5) Certify, pursuant to the standards that it has established for the purpose,
 42 training schools and programs or courses of instruction that are required by
 43 this ~~Chapter;~~Chapter.

44 (6) Establish standards and levels of education or equivalent experience for
 45 teachers who participate in programs or courses of instruction that are required
 46 by this ~~Chapter;~~Chapter.

47 (7) Certify, pursuant to the standards that it has established for the purpose,
 48 teachers who participate in programs or courses of instruction that are required
 49 by this ~~Chapter;~~Chapter.

50 (8) Investigate and make such evaluations as may be necessary to determine if
 51 agencies are complying with the provision of this ~~Chapter;~~Chapter.

- 1 (9) Adopt and amend bylaws, consistent with law, for its internal management
2 and ~~control~~;control.
- 3 (10) Enter into contracts incident to the administration of its authority pursuant to
4 this ~~Chapter~~;Chapter.
- 5 ...
- 6 (b) The Commission shall have the following powers, which shall be advisory in nature
7 and for which the Commission is not authorized to undertake any enforcement actions:
- 8 (1) Certify, pursuant to the standards that it has established for the purpose, justice
9 officers for those law-enforcement agencies that elect to comply with the
10 minimum education, training, and experience standards established by the
11 Commission for positions for which advanced or specialized training,
12 education, and experience are ~~appropriate~~;appropriate.
- 13 (2) Consult and cooperate with counties, agencies of this State, other
14 governmental agencies, and with universities, colleges, junior colleges, and
15 other institutions, public or private, concerning the development of training
16 schools and programs or courses of ~~instruction~~;instruction.
- 17 (3) Study and make reports and recommendations concerning justice education
18 and training in North ~~Carolina~~;Carolina.
- 19 (4) Conduct and stimulate research by public and private agencies which shall be
20 designed to improve education and training in the administration of
21 ~~justice~~;justice.
- 22 (5) Study, obtain data, statistics, and information and make reports concerning the
23 recruitment, selection, education and training of persons serving justice
24 agencies in this State; to make recommendations for improvement in methods
25 of recruitment, selection, education and training of persons serving sheriffs'
26 ~~departments~~;departments.
- 27 (6) Study and make reports and recommendations to the Governor, Attorney
28 General, Secretary of Public Safety, Chief Justice, President of the Senate and
29 Speaker of the House, concerning the manpower, salary and equipment needs
30 of the sheriffs of the ~~State~~;State.
- 31 (7) Make recommendations concerning any matters within its purview pursuant
32 to this ~~Chapter~~;Chapter.
- 33 (8) Appoint such advisory committees as it may deem ~~necessary~~;necessary.
- 34 (9) Do such things as may be necessary and incidental to the administration of its
35 authority pursuant to this ~~Chapter~~;Chapter.
- 36 (10) Formulate basic plans for and promote the development and improvement of
37 a comprehensive system of education and training for the officers and
38 employees of agencies consistent with its rules and ~~regulations~~;regulations.
- 39 (11) Maintain liaison among municipal, State and federal agencies with respect to
40 education and ~~training~~;training.
- 41 ...

42 **"§ 17E-5. Functions of the Department of ~~Justice~~.Public Safety.**

43 (a) The ~~Attorney General~~Secretary of Public Safety shall provide such staff assistance
44 as the Commission shall require and direct in the performance of its duties.

45 (b) The ~~Attorney General~~Secretary of Public Safety shall have legal custody of all
46 books, papers, documents, or other records and property of the Commission.

47 **"§ 17E-6. Justice Officers' Standards Division established; appointment of director; duties.**

48 (a) There is hereby established, within the Division of Administration of the Department
49 of ~~Justice~~,Public Safety, the Justice Officers' Standards Division hereinafter called "the
50 Division," which shall be organized and staffed in accordance with applicable laws and
51 regulations and within the limits of authorized appropriations.

1 (b) The ~~Attorney General~~ Commission shall appoint a director for the Division ~~chosen~~
2 ~~from a list of nominees submitted to him by the Commission~~ who shall be responsible to and
3 serve at the pleasure of the ~~Attorney General and the Commission~~.

4 (c) The Division shall administer such programs as are assigned to it by the Commission.
5 Administrative duties and responsibilities shall include, but are not limited to, the following:

- 6 (1) Administering any and all programs assigned to the Division by the
7 Commission and reporting any violations of or deviations from the rules and
8 regulations of the Commission as the Commission may ~~require~~; require.
- 9 (2) Compiling data, developing reports, identifying needs and performing
10 research relevant to improvement of the ~~agencies~~; agencies.
- 11 (3) Developing new and revising existing programs for adoption consideration by
12 the ~~Commission~~; Commission.
- 13 (4) Monitoring and evaluating programs of the ~~Commission~~; Commission.
- 14 (5) Providing technical assistance to agencies of the justice system to aid them in
15 the discharge of program participation and ~~responsibilities~~; responsibilities.
- 16 (6) Disseminating information on Commission programs to concerned agencies
17 or ~~individuals~~; individuals.
- 18 (7) Taking such other actions as may be deemed necessary or appropriate to carry
19 out its assigned duties and ~~responsibilities~~; responsibilities.
- 20 (8) The director may divulge any information in the Division's personnel file of a
21 justice officer or applicant for certification to the head of the department
22 employing the officer or considering the applicant for employment when the
23 director deems it necessary and essential to the retention or employment of
24 ~~said the~~ officer or applicant. The information may be divulged whether or not
25 ~~such the~~ information was contained in a personnel file maintained by a State
26 or by a local government agency.

27 **"§ 17E-7. Required standards.**

28 ...

29 (b) The Commission shall provide, by regulation, that no person may be appointed as a
30 justice officer at entry level, except on a temporary or probationary basis, unless ~~such the~~ person
31 has satisfactorily completed an initial preparatory program of training at a school certified by the
32 Commission or has been exempted from that requirement by the Commission pursuant to this
33 Chapter. Upon separation of a justice officer from a sheriff's department within the temporary or
34 probationary period of appointment, the probationary certification shall be terminated by the
35 Commission. Upon the reappointment to the same department or appointment to another
36 department of an officer who has separated from a department within the probationary period,
37 the officer shall be charged with the amount of time served during his initial appointment and
38 allowed the remainder of the probationary period to complete the basic training requirement.
39 Upon the reappointment to the same department or appointment to another department of an
40 officer who has separated from a department within the probationary period and who has
41 remained out of service for more than one year from the date of separation, the officer shall be
42 allowed another probationary period to complete such training as the Commission shall require
43 by rule for an officer returning to service.

44 (c) In addition to the requirements of subsection (b) of this section, the Commission, by
45 rules and regulations, may fix other qualifications for the employment and retention of justice
46 officers including minimum age, education, physical and mental standards, citizenship, good
47 moral character, experience, and ~~such~~ other matters as relate to the competence and reliability of
48 persons to assume and discharge the responsibilities of the office, and the Commission shall
49 prescribe the means for presenting evidence of fulfillment of these requirements.

50 Where minimum educational standards are not met, yet the individual shows potential and a
51 willingness to achieve the standards by extra study, they may be waived by the Commission for

1 the reasonable amount of time it will take to achieve the standards required. Upon petition from
2 a sheriff, the Commission may grant a waiver of any provisions of this section (17E-7) for any
3 justice officer serving that sheriff.

4 ...

5 (d) The Commission may issue a certificate evidencing satisfaction of the requirements
6 of subsections (b), (c), and (c1) of this section to any applicant who presents ~~such~~ evidence as
7 may be required by its rules and regulations of satisfactory completion of a program or course of
8 instruction in another jurisdiction.

9 **"§ 17E-8. Special requirements; authorizations.**

10 ...

11 (b) Any sheriff or justice officer, who has taken the oath of office, or person who has
12 received a special deputation for the purpose from the sheriff, acts validly, and his arrests,
13 executions, levies and sales are valid, without regard to whether he has complied with this
14 Chapter or the rules or regulations adopted under this Chapter, unless he has been ordered to
15 cease and desist from ~~such~~ those actions by the court, or pursuant to G.S. 17E-9.

16 **"§ 17E-9. Compliance; enforcement.**

17 ...

18 (c) The Commission may appear in its own name and apply to courts having jurisdiction
19 for injunctions to prevent violations of this Chapter or of rules issued pursuant ~~thereto;~~ to this
20 Chapter; specifically, the performance of justice officer functions by officers or individuals who
21 are not in compliance with the standards and requirements of this Chapter or of rules issued
22 pursuant ~~thereto;~~ to this Chapter. A single act of performance of a justice officer function by an
23 officer or individual who is performing ~~such~~ that function in violation of this Chapter is sufficient,
24 if shown, to invoke the injunctive relief of this section.

25 **"§ 17E-10. Donations to the Commission; grants and appropriations.**

26 (a) The Commission may accept for any of its purposes and functions under this Chapter
27 any and all donations, both real and personal, and grants of money from any governmental unit
28 or public agency, or from any institution, person, firm or corporation, and may receive, utilize
29 and dispose of same. Any arrangement pursuant to this section shall be detailed in a biennial
30 report of the Commission to the General Assembly. ~~Such~~ The report shall include the identity of
31 the donor, the nature of the transaction, and the conditions, if any. Any money received by the
32 Commission pursuant to this section shall be deposited in the State Treasury to the account of
33 the Commission.

34 ...

35 (d) The Commission may provide grants as a reimbursement for actual expenses incurred
36 by the State or any political subdivision ~~thereof of the State~~ for the provision of training programs
37 providing ~~said~~ the political subdivisions and State law-enforcement agencies do adhere to the
38 selection and training standards established by the Commission.

39"

40 **SECTION 19A.6.(s)** G.S. 143A-55.2 is repealed.

41 **SECTION 19A.6.(t)** Subsections (p) through (s) of this section become effective
42 October 1, 2021.

43
44 **CREATION OF THE DIVISION OF TRAINING**

45 **SECTION 19A.6.(u)** Part 4 of Article 13 of Chapter 143B of the General Statutes is
46 amended by adding a new Subpart to read:

47 "Subpart G. Division of Training.

48 **"§ 143B-993. Creation of Division of Training.**

49 (a) There is established, within the Department of Public Safety, the Division of Training,
50 which shall be organized and staffed in accordance with applicable laws and regulations and
51 within the limits of authorized appropriations.

1 (b) The Division of Training shall have the following powers and duties:

2 (1) To exercise the powers and duties conferred on it by this Article.

3 (2) To exercise any other powers vested by law.

4 **"§ 143B-993.1. Creation of North Carolina Justice Academy Section.**

5 There is hereby created and constituted a section to be known as the "North Carolina Justice
6 Academy Section of the Division of Training of the Department of Public Safety" with the
7 organization, powers, and duties as set forth in this Article or as prescribed by the Director of the
8 Division of Training."

9 **SECTION 19A.6.(v)** Subsections (u) and (v) of this section become effective
10 October 1, 2021.

11
12 **CREATION OF DIVISIONS WITHIN THE DEPARTMENT OF PUBLIC SAFETY**

13 **SECTION 19A.6.(w)** Article 13 of Chapter 143B of the General Statutes is amended
14 by adding new Parts to read:

15 "Part 4A. Criminal Justice Standards Division.

16 **"§ 143B-996. Creation of Criminal Justice Standards Division.**

17 There is hereby created and constituted a section to be known as the "Criminal Justice
18 Standards Division of the Department of Public Safety" with the organization, powers, and duties
19 as set forth in this Article or as prescribed by the Director of the Criminal Justice Standards
20 Division.

21 "Part 4B. Justice Officers' Standards Division.

22 **"§ 143B-998. Creation of Justice Officers' Standards Division.**

23 There is hereby created and constituted a section to be known as the "Justice Officers'
24 Standards Division of the Department of Public Safety" with the organization, powers, and duties
25 as set forth in this Article or as prescribed by the Director of the Justice Officers' Standards
26 Division."

27 **SECTION 19A.6.(x)** Subsection (w) of this section becomes effective October 1,
28 2021.

29
30 **TRANSFER AND RENAME THE BOXING COMMISSION**

31 **SECTION 19A.7.(a)** The Boxing Commission created under G.S. 143-652.2 is
32 transferred to the Department of Public Safety and renamed the "North Carolina Boxing and
33 Combat Sports Commission." This transfer has all of the elements of a Type II transfer, as
34 described in G.S. 143A-6, except that the management functions of the Commission shall not be
35 performed under the direction and supervision of the Secretary of Public Safety.

36 **SECTION 19A.7.(b)** G.S. 143-651(4b) reads as rewritten:

37 "(4b) Commission. – The ~~Boxing~~ North Carolina Boxing and Combat Sports
38 Commission."

39 **SECTION 19A.7.(c)** G.S. 143-652.1(b) reads as rewritten:

40 "(b) Enforcement. – Except as otherwise authorized under G.S. 143-652.2(f), the
41 Executive Director of the Commission shall investigate and enforce violations of this Article
42 through the ALE Division. The ALE Division shall assist the Executive Director in investigating
43 and enforcing violations of this Article."

44 **SECTION 19A.7.(d)** G.S. 143-652.2 reads as rewritten:

45 **"§ 143-652.2. ~~Boxing~~ The North Carolina Boxing and Combat Sports Commission.**

46 (a) Creation. – The ~~Boxing~~ North Carolina Boxing and Combat Sports Commission is
47 created for the purposes set forth in G.S. 143-652.1. The Commission shall be administratively
48 located within the Department of Commerce, Public Safety, but shall exercise its powers
49 independently of the Secretary of Commerce, Public Safety. The Commission shall consist of six
50 voting members and two nonvoting advisory members. All the members shall be residents of
51 North Carolina. The members shall be appointed as follows:

1 ...
2 (4) One voting member shall be appointed by the Secretary of ~~Commerce~~Public
3 Safety for an initial term of three years.
4 ...

5 Appointments by the General Assembly pursuant to subdivisions (2) and (3) of this
6 subsection shall be made in accordance with G.S. 120-121. The member appointed pursuant to
7 subdivision (6) of this subsection may serve on the Commission only if an agreement exists and
8 remains in effect between the Tribal Council of the Eastern Band of the Cherokee and the
9 Commission authorizing the Commission to regulate professional boxing matches within the
10 Cherokee Indian Reservation as provided by the Professional Boxing Safety Act of 1996.

11 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this
12 subsection shall advise the Commission on matters concerning the health and physical condition
13 of boxers and health issues relating to the conduct of exhibitions and boxing matches. They may
14 prepare and submit to the Commission for its approval any rules that in their judgment will
15 safeguard the physical welfare of all participants engaged in boxing.

16 Terms for all members of the Commission except for the initial appointments shall be for
17 three years.

18 The Governor shall designate which member of the Commission is to serve as chair. A
19 member appointed pursuant to subdivision (1) or (6) of this subsection shall serve at the
20 Governor's pleasure. The other members of the Commission may be removed from office by the
21 member's appointing authority for cause. Members of the Commission are subject to the conflicts
22 of interest requirements of 15 U.S.C. § 6308 (contained in the Professional Boxing Safety Act of
23 1996, as amended). Each member, before entering upon the duties of a member, shall take and
24 subscribe an oath to perform the duties of the office faithfully, impartially, and justly to the best
25 of the member's ability. A record of these oaths shall be filed in the Department of
26 ~~Commerce~~Public Safety.

27 ...

28 (f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director
29 of the Commission. If necessary, the Executive Director may train and contract with independent
30 contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees,
31 and enforcing rules of the Commission. The Executive Director may initiate and review criminal
32 background checks on persons requesting to work as independent contractors for the Commission
33 or persons applying to be licensed by the Commission. The Commission may also hire additional
34 staff. The Executive Director is exempt from provisions of the North Carolina Human Resources
35 Act as provided by G.S. 126-5. All other staff of the Commission are subject to the North
36 Carolina Human Resources Act.

37"

38 **SECTION 19A.7.(e)** G.S. 126-5(c1) is amended by adding a new subdivision to
39 read:

40 "(37) The Executive Director of the North Carolina Boxing and Combat Sports
41 Commission created pursuant to G.S. 143-652.2."

42 **SECTION 19A.7.(f)** The initial appointment to the North Carolina Boxing and
43 Combat Sports Commission under G.S. 143-652.2(a)(4), as amended by subsection (d) of this
44 section, shall be for a term commencing July 1, 2021. The term of the member serving on the
45 Boxing Commission pursuant to G.S. 143-652.2(a)(4) as of June 30, 2021, expires on the
46 effective date of this section.

47 **SECTION 19A.7.(g)** Funds in the State Boxing Revenue Account within the
48 Department of Commerce as of the effective date of this section shall be transferred into the State
49 Boxing Revenue Account within the Department of Public Safety. Once these funds have been
50 transferred, the State Boxing Revenue Account within the Department of Commerce shall be
51 closed.

1 **SECTION 19A.7.(h)** The North Carolina Boxing and Combat Sports Commission
2 shall take all steps necessary to ensure the Commission is fully receipt-supported by the
3 beginning of the 2023-2025 fiscal biennium, including the adjustment of fees authorized to be
4 collected under G.S. 143-655. By October 1, 2022, the Commission shall submit a report to the
5 Joint Legislative Oversight Committee on Justice and Public Safety detailing the steps taken by
6 the Commission to complete the requirement set forth in this subsection.

7 **SECTION 19A.7.(i)** The implementation of this section shall not affect any
8 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the
9 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143
10 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions
11 for offenses or violations committed prior to the effective date of this section are not abated or
12 affected by this section, and the statutes that would be applicable but for this section shall remain
13 applicable to those prosecutions.

14 **SECTION 19A.7.(j)** This section becomes effective October 1, 2021.

15 16 **RELOCATION OF ALE HEADQUARTERS AND REGIONAL OFFICES**

17 **SECTION 19A.9.(a)** Subsections (b) and (c) of Section 1 of S.L. 2019-203 are
18 repealed.

19 **SECTION 19A.9.(b)** From funds appropriated in this act to the Department of Public
20 Safety, the Department shall relocate the Alcohol Law Enforcement (ALE) headquarters and
21 regional offices.

22 **SECTION 19A.9.(c)** This section becomes effective October 1, 2021.

23
24 **SECTION 19A.10.(a)** Of the funds appropriated to the Department of Public Safety
25 in this act, the sum of two million dollars (\$2,000,000) in nonrecurring funds in each fiscal year
26 of the 2021-2023 biennium shall be used to provide competitive grants to sheriffs' offices to assist
27 in establishing, maintaining, or expanding Medication-Assisted Treatment (MAT) programs for
28 alcohol or opioid addiction for jails.

29 **SECTION 19A.10.(b)** The funds allocated for competitive grants in subsection (a)
30 of this section shall be used as follows:

- 31 (1) \$750,000 for the establishment of new MAT programs.
- 32 (2) \$750,000 for the expansion of existing MAT programs.
- 33 (3) \$500,000 for the maintenance of existing MAT programs.

34 **SECTION 19A.10.(c)** The grants awarded pursuant to subsection (a) of this section
35 shall meet the following criteria:

- 36 (1) No sheriff may receive grants pursuant to more than one category under
37 subsection (b) of this section.
- 38 (2) No sheriff may receive grants totaling the entire allotment of funds provided
39 for one of the categories listed in subsection (b) of this section.
- 40 (3) Counties receiving grants shall be prioritized based upon the following criteria
41 regarding each county:
 - 42 a. The rate of opioid-related deaths.
 - 43 b. The rate of opioid-related hospital admissions.
 - 44 c. The rate of violations of probation or parole due to ongoing opioid or
45 alcohol use.
 - 46 d. The accessibility of mental and physical health care.

47 **SECTION 19A.10.(d)** If qualified grant applications do not exhaust the funds
48 allotted for one of the categories under subsection (b) of this section, the remaining funds may
49 be redistributed equally between the other two categories.

1 **SECTION 19A.10.(e)** The Secretary of Public Safety may assign staff to support the
2 grant program created under this section and shall convene a working group comprised of the
3 following members:

- 4 (1) The Director of the Section of Community Corrections of the Department of
5 Public Safety or their designee.
- 6 (2) The Director of the Office of Rural Health of the Department of Health and
7 Human Services or their designee.
- 8 (3) The Section Chief for Addictions and Management Operations of the Division
9 of Mental Health, Developmental Disabilities, and Substance Abuse Services
10 or their designee.
- 11 (4) Other relevant stakeholders as determined by the Secretary of Public Safety.

12 **SECTION 19A.10.(f)** The working group created under subsection (e) of this section
13 shall establish the operational criteria and application process for the grant program created by
14 this section and shall communicate information regarding the grant program to all sheriffs' offices
15 in the State. The working group shall evaluate applications for each of the categories under
16 subsection (b) of this section and may award lower amounts than requested to individual sheriffs'
17 offices in order to assure broader access to funds. The working group may establish protocols for
18 the allotment of funds to assure that funds can be expended efficiently.

19 **SECTION 19A.10.(g)** Notwithstanding any other provision of law, funds allotted
20 under subsection (a) of this section for the 2021-2022 fiscal year shall not revert until June 30,
21 2023.

22 23 **AIRCRAFT FUNDING/CRIME LAB STUDY**

24 **SECTION 19A.11.(a)** Notwithstanding any provision of the Committee Report
25 described in Section 43.2 of this act to the contrary the funding provided to the State Bureau of
26 Investigation for the purchase of an aircraft to assist in carrying out its law enforcement duties
27 shall be reduced by the sum of five million one hundred seventy-six thousand dollars
28 (\$5,176,200) in nonrecurring funds for the 2021-2022 fiscal year.

29 **SECTION 19A.11.(b)** Of the funds appropriated in this act to the Department of
30 Public Safety (Department) for the 2021-2022 fiscal year, the Department shall utilize up to one
31 million five hundred thousand dollars (\$1,500,000) to conduct a study, in partnership with
32 Elizabeth City State University, on the siting of an Eastern Regional Laboratory to be located on
33 the campus of Elizabeth City State University. The Department shall report on the study outlined
34 in this subsection to the Chairs of the House Justice and Public Safety Appropriations Committee,
35 the Chairs of the Senate Appropriations on Justice and Public Safety Committee, and the Fiscal
36 Research Division on or before February 1, 2023. The report shall include (i) the estimated cost
37 of completing the laboratory, (ii) the estimated cost of operating the laboratory during its first
38 five years of operation, (iii) an estimated timeline for completion of the laboratory, and (iv) any
39 other relevant information.

40 41 **PART XIX-B. LAW ENFORCEMENT**

42 43 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

44 **SECTION 19B.1.(a)** Creation of Receipt-Supported Positions Authorized. – The
45 State Capitol Police may contract with State agencies for the creation of receipt-supported
46 positions to provide security services to the buildings occupied by those agencies.

47 **SECTION 19B.1.(b)** Annual Report Required. – No later than September 1 of each
48 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
49 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 50 (1) A list of all positions in the State Capitol Police. For each position listed, the
51 report shall include at least the following information:

- 1 a. The position type.
- 2 b. The agency to which the position is assigned.
- 3 c. The source of funding for the position.
- 4 (2) For each receipt-supported position listed, the contract and any other terms of
- 5 the contract.

6 **SECTION 19B.1.(c)** Additional Reporting Required Upon Creation of
7 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,
8 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this
9 section to the chairs of the House of Representatives Appropriations Committee on Justice and
10 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
11 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant
12 to this section shall include at least all of the following information:

- 13 (1) The position type.
- 14 (2) The agency to which the position is being assigned.
- 15 (3) The position salary.
- 16 (4) The total amount of the contract.
- 17 (5) The terms of the contract.

18 **SECTION 19B.1.(d)** Format of Reports. – Reports submitted pursuant to this section
19 shall be submitted electronically and in accordance with any applicable General Assembly
20 standards.

21 **USE OF SEIZED AND FORFEITED PROPERTY**

22 **SECTION 19B.2.(a)** Seized and forfeited assets transferred to the Department of
23 Justice or to the Department of Public Safety during the 2021-2023 fiscal biennium pursuant to
24 applicable federal law shall be credited to the budget of the recipient department and shall result
25 in an increase of law enforcement resources for that department. The Department of Public Safety
26 and the Department of Justice shall each make the following reports to the chairs of the House
27 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
28 Appropriations Committee on Justice and Public Safety:

- 29 (1) A report upon receipt of any assets.
- 30 (2) A report that shall be made prior to use of the assets on their intended use and
- 31 the departmental priorities on which the assets may be expended.
- 32 (3) A report on receipts, expenditures, encumbrances, and availability of these
- 33 assets for the previous fiscal year, which shall be made no later than
- 34 September 1 of each year.

35 **SECTION 19B.2.(b)** The General Assembly finds that the use of seized and forfeited
36 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
37 of real property, repair of buildings where the repair includes structural change, and construction
38 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
39 Therefore, the Department of Justice and the Department of Public Safety are prohibited from
40 using these assets for such purposes without the prior approval of the General Assembly.

41 **SECTION 19B.2.(c)** Nothing in this section prohibits State law enforcement
42 agencies from receiving funds from the United States Department of Justice, the United States
43 Department of the Treasury, and the United States Department of Health and Human Services.

44 **SECTION 19B.2.(d)** The Joint Legislative Oversight Committee on Justice and
45 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of
46 seized and forfeited assets. The Committee shall report its findings and recommendations prior
47 to the convening of the 2022 Regular Session of the 2021 General Assembly.

48 **REQUEST FOR PROPOSALS FOR VIPER SYSTEM**

1 **SECTION 19B.4.(a)** Prior to using the funds appropriated in this act for the purchase
2 of equipment or maintenance or both of the Voice Interoperability Plan for Emergency
3 Responders (VIPER) System, the Department of Public Safety shall issue a request for proposals
4 for that equipment or maintenance or both.

5 **SECTION 19B.4.(b)** The Department of Public Safety shall report the proposals
6 submitted pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee
7 on Justice and Public Safety no later than 20 days after the deadline to submit proposals has
8 passed.

9 **SECTION 19B.4.(c)** The Department of Public Safety shall not award a contract in
10 response to the request for proposals required by subsection (a) of this section until 30 days have
11 passed following the submission of the report required by subsection (b) of this section. Once a
12 contract has been awarded pursuant to this section, the Department of Public Safety may use the
13 funds referenced in subsection (a) of this section to contract with a vendor to equip, maintain, or
14 equip and maintain the VIPER System.

15 16 **MODIFY TERM OF DIRECTOR OF THE STATE BUREAU OF INVESTIGATION**

17 **SECTION 19B.6.(a)** G.S. 143B-926(a) reads as rewritten:

18 "(a) The Director of the State Bureau of Investigation shall be appointed by the Governor
19 for a term of ~~eight-six~~ years subject to confirmation by the General Assembly by joint resolution.
20 The term of office of the Director of the State Bureau of Investigation shall be for ~~eight-six~~ years;
21 the first full six-year term shall begin July 1, ~~2015-2023~~. The name of the person to be appointed
22 by the Governor shall be submitted by the Governor to the General Assembly for confirmation
23 by the General Assembly on or before May 1 of the year in which the term for which the
24 appointment is to be made expires. Upon failure of the Governor to submit a name as herein
25 provided, the President Pro Tempore of the Senate and the Speaker of the House of
26 Representatives jointly shall submit a name of an appointee to the General Assembly on or before
27 May 15 of the same year. The appointment shall then be made by enactment of a bill. The bill
28 shall state the name of the person being appointed, the office to which the appointment is being
29 made, the effective date of the appointment, the date of expiration of the term, the residence of
30 the appointee, and that the appointment is made upon the joint recommendation of the Speaker
31 of the House of Representatives and the President Pro Tempore of the Senate. Nothing precludes
32 any member of the General Assembly from proposing an amendment to any bill making such an
33 appointment. If there is no vacancy in the office of the Director of the State Bureau of
34 Investigation, and a bill that would confirm the appointment of the person as Director fails a
35 reading in either chamber of the General Assembly, then the Governor shall submit a new name
36 within 30 days."

37 **SECTION 19B.6.(b)** This section becomes effective June 30, 2023.

38 39 **DIRECT USE OF FEDERAL RAP BACK PROGRAM**

40 **SECTION 19B.7.(a)** Article 13 of Chapter 143B of the General Statutes is amended
41 by adding a new section to read:

42 "§ 143B-972.1. Criminal record checks for North Carolina Criminal Justice Education and
43 Training Standards Commission and North Carolina Sheriffs' Education and
44 Training Standards Commission; fingerprints sent to Federal Bureau of
45 Investigation.

46 (a) The Department of Public Safety shall provide to the North Carolina Criminal Justice
47 Education and Training Standards Commission and the North Carolina Sheriffs' Education and
48 Training Standards Commission from the State and National Repositories of Criminal Histories
49 the criminal history of any person who applies for certification or is certified as a criminal justice
50 officer or justice officer or any other position that requires certification with either Commission.
51 The Commissions shall provide to the State Bureau of Investigation the fingerprints of the

1 applicants and certified officers and any other identifying information requested by the State
2 Bureau of Investigation related to the requirements of relevant State and federal information
3 databases, as well as its own information databases.

4 (b) The State Bureau of Investigation shall enroll each individual whose fingerprints are
5 received under this section in the Federal Bureau of Investigation's Record of Arrest and
6 Prosecution Background (Rap Back) Service.

7 (c) The State Bureau of Investigation shall maintain the fingerprints of the applicants and
8 certified officers submitted pursuant to this section in the Statewide Automated Fingerprint
9 Identification System (SAFIS) consistent with SubChapter B of Chapter 09 and SubChapter B
10 of Chapter 10 of Title 12 of the North Carolina Administrative Code.

11 (d) Within 15 business days of receiving notification by either Commission that the
12 individual whose fingerprints have been stored in SAFIS pursuant to subsection (c) of this section
13 has separated from employment and a Department of Justice Report of Separation Form F-5B
14 has been filed with either Commission, the State Bureau of Investigation shall remove the
15 individual's fingerprints from SAFIS.

16 (e) The Commissions shall keep all information obtained pursuant to this section
17 confidential."

18 **SECTION 19B.7.(b)** No later than June 30, 2022, any person certified by the North
19 Carolina Criminal Justice Education and Training Standards Commission or the North Carolina
20 Sheriffs' Education and Training Standards Commission on the effective date of this act shall
21 electronically submit their fingerprints to the State Bureau of Investigation or, if so directed, to
22 their certifying Commission, who shall forward the fingerprints to the State Bureau of
23 Investigation. The State Bureau of Investigation shall search the State's criminal history record
24 file, shall forward a set of fingerprints to the Federal Bureau of Investigation for a national
25 criminal history record check, and shall maintain the fingerprints pursuant to G.S. 143B-972.1
26 as enacted by Section 1 of this act.

27 **SECTION 19B.7.(c)** This section is effective when it becomes law.

29 **MODIFY PAYMENT SOURCE OF GOVERNOR'S SECURITY DETAIL**

30 **SECTION 19B.8.** G.S. 20-189 reads as rewritten:

31 **"§ 20-189. Patrolmen assigned to Governor's office.**

32 The Secretary of Public Safety, at the request of the Governor, shall assign and attach two
33 members of the State Highway Patrol to the office of the Governor, there to be assigned such
34 duties and perform such services as the Governor may direct. ~~The salary-cost of the State~~
35 ~~Highway Patrol members so assigned to the office of the Governor shall be paid from~~
36 ~~appropriations made to the office of the Governor and shall be fixed in an amount to be~~
37 ~~determined by the Governor.~~ Department of Public Safety."

39 **RESTRICTIONS ON USE OF CERTAIN STATE HIGHWAY PATROL FUNDS**

40 **SECTION 19B.9.** Notwithstanding any provision of law to the contrary, the funds
41 appropriated in this act to the State Highway Patrol for a third State Highway Patrol cadet class
42 in the 2022-2023 fiscal year shall only be used for that purpose. No other use for those funds is
43 authorized and all funds remaining at the end of the 2022-2023 fiscal year shall revert to the
44 General Fund.

46 **PART XIX-C. ADULT CORRECTION**

48 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

49 **SECTION 19C.1.** The Department of Public Safety may continue to contract with
50 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
51 beds for minimum security female inmates during the 2021-2023 fiscal biennium. The Center for

1 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House
2 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
3 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
4 average daily inmate population compared to bed capacity using the same methodology as that
5 used by the Department of Public Safety.
6

7 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT

8 **SECTION 19C.2.** G.S. 148-32.1(b2) reads as rewritten:

9 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program
10 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
11 a period of more than 90 days and for all sentences imposed for impaired driving under
12 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
13 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
14 address methods for the placement and transportation of inmates and reimbursement to counties
15 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants
16 from that county or from other counties pursuant to the Program may enter into a written
17 agreement with the Division of Adult Correction and Juvenile Justice to do so.

18 The North Carolina Sheriffs' Association shall:

19 (1) Report no later than the fifteenth day of each month to the Office of State
20 Budget and Management and the Fiscal Research Division on the Statewide
21 Misdemeanant Confinement Program. Each monthly report shall include all
22 of the following:

23 a. The daily population delineated by misdemeanant or DWI monthly
24 housing.

25 b. The cost of housing prisoners under the Program.

26 c. The cost of transporting prisoners under the Program.

27 d. Personnel costs.

28 e. Inmate medical care costs.

29 f. The number of counties that volunteer to house inmates under the
30 Program.

31 g. The administrative costs paid to the Sheriffs' Association and to the
32 Department of Public Safety.

33 (2) Report no later than October 1 of each year to the chairs of the House of
34 Representatives Appropriations Committee on Justice and Public Safety and
35 the Senate Appropriations Committee on Justice and Public Safety and the
36 Joint Legislative Oversight Committee on Justice and Public Safety on the
37 Statewide Misdemeanant Confinement Program. The report shall include the
38 following with respect to the prior fiscal year:

39 a. The cost of housing prisoners by county under the Program.

40 b. The cost of transporting prisoners by county under the Program.

41 c. Personnel costs by county.

42 d. Inmate medical care costs by county.

43 e. The number of counties that volunteer to house inmates under the
44 Program.

45 f. The administrative costs paid to the Sheriffs' Association and to the
46 Department of Public Safety."

47 STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

48 **SECTION 19C.3.** Of the funds appropriated in this act for the Statewide
49 Misdemeanant Confinement Program:
50

- 1 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal
2 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,
3 to support the Program and for administrative and operating expenses of the
4 Association and its staff.
- 5 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
6 allocated each fiscal year to the Division of Adult Correction for its
7 administrative and operating expenses for the Program.

8
9 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**
10 **EQUIPMENT PURCHASES SECTIONS**

11 **SECTION 19C.4.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees
12 collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by
13 the Division of Adult Correction and Juvenile Justice of the Department of Public Safety during
14 the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the
15 Section of Community Corrections, but only to the extent sufficient funds remain available in the
16 Fund to support the mission of the Interstate Compact Program.

17 **SECTION 19C.4.(b)** No later than October 1 of each fiscal year, the Department of
18 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public
19 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
20 used.

21
22 **NURSE STAFFING AT STATE PRISONS REPORT**

23 **SECTION 19C.5.(a)** The Department of Public Safety shall report the following
24 information to the Joint Legislative Oversight Committee on Justice and Public Safety by
25 February 1, 2022, and by February 1, 2023:

- 26 (1) The total number of permanent nursing positions allocated to the Department,
27 the number of filled positions, the number of positions that have been vacant
28 for more than six months, and information regarding the location of both filled
29 and vacant positions.
- 30 (2) The extent to which temporary contract services are being used to staff vacant
31 nursing positions, the method for funding the contract services, and any cost
32 differences between the use of permanent employees versus contract
33 employees.
- 34 (3) A progress report on the implementation of its plan to (i) reduce the use of
35 contract services to provide nursing in State prisons and (ii) attract and retain
36 qualified nurses for employment in permanent positions in State prisons.

37 **SECTION 19C.5.(b)** Notwithstanding any other provision of law, the Department
38 of Public Safety may, in its discretion and subject to the approval of the Office of State Budget
39 and Management, convert funds appropriated for contractual nursing services to permanent
40 nursing positions when it is determined to promote security, generate cost savings, and improve
41 health care quality. The Department shall report on any such conversions to the Fiscal Research
42 Division.

43
44 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

45 **SECTION 19C.6.** The Department of Public Safety, Division of Adult Correction
46 and Juvenile Justice, shall report the following information to the Joint Legislative Oversight
47 Committee on Justice and Public Safety by February 1, 2022, and by February 1, 2023:

- 48 (1) The number of Division employees charged with the commission of a criminal
49 offense committed in a State prison and during the employee's work hours.
50 The information shall be provided by State facility and shall specify the
51 offense charged and the outcome of the charge.

- 1 (2) The number of employees disciplined, demoted, or separated from service due
2 to personal misconduct. To the extent it does not disclose confidential
3 personnel records, the information shall be organized by type of misconduct,
4 nature of corrective action taken, and outcome of the corrective action.
- 5 (3) The hiring and screening process, including any required credentials or skills,
6 criminal background checks, and personality assessments. The information
7 shall also include the process the Division uses to verify the information
8 provided by an applicant.
9

10 REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL 11 EXPENSES

12 **SECTION 19C.7.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety
13 may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse
14 counties for the cost of housing convicted inmates, parolees, and post-release supervisees
15 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may
16 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,
17 2021, the Department shall report quarterly to the chairs of the Joint Legislative Oversight
18 Committee on Justice and Public Safety and the chairs of the House of Representatives
19 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
20 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for
21 prisoners awaiting transfer.
22

23 DOT CONTRACT OF INMATE LITTER CREW

24 **SECTION 19C.8.(a)** After the issuance of a request for information (RFI) and
25 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,
26 the Department of Transportation shall first offer the contract to the Division of Adult Correction
27 and Juvenile Justice upon the same terms and conditions as the most favorable bid received by
28 the Department of Transportation from a suitable contractor. The Division of Adult Correction
29 and Juvenile Justice shall have 30 days to accept or decline the offered contract.
30

31 **SECTION 19C.8.(b)** It is the policy of the General Assembly that the Department
32 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads
33 as often as is necessary and practicable.

34 MAKE ADULT CORRECTION AND JUVENILE JUSTICE SEPARATE DIVISIONS

35 **SECTION 19C.9.(a)** Article 13 of Chapter 143B of the General Statutes reads as
36 rewritten:

37 "Article 13.

38 "Department of Public Safety.

39 "Part 1. General Provisions.
40

41 ...

41 "§ 143B-604. State Reentry Council Collaborative.

42 (a) The Secretary shall establish the State Reentry Council Collaborative (SRCC). The
43 SRCC shall include up to two representatives from each of the following:

- 44 (1) The Division of Motor Vehicles.
45 (2) The Department of Health and Human Services.
46 (3) The Administrative Office of the Courts.
47 (4) The North Carolina Community College System.
48 (5) The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of
49 Public Safety.
50 (6) A nonprofit entity that provides reentry services or reentry programs.
51 (7) Any other agency that the Secretary deems relevant.

1 ...

2 ~~"Part 1A. Division of Adult Correction and Juvenile Justice.~~

3 ~~"§ 143B-630. Creation of Division of Adult Correction and Juvenile Justice; powers.~~

4 ~~There is hereby created and established a division to be known as the Division of Adult~~
5 ~~Correction and Juvenile Justice of the Department of Public Safety. The Division shall have the~~
6 ~~power and duty to implement Parts 2 and 3 of this Article and shall have such other powers and~~
7 ~~duties as are set forth in this Chapter and are prescribed by the Secretary of the Department of~~
8 ~~Public Safety.~~

9 "Part 2. Adult Correction.

10 "Subpart A. General Provisions.

11 ...

12 ~~"§ 143B-701. Division of Adult Correction and Juvenile Justice of the Department of Public~~
13 ~~Safety – powers, duties.~~

14 (a) ~~There is hereby established a division to be known as the Division of Adult Correction~~
15 ~~of the Department of Public Safety. The Division shall have the power and duty to implement~~
16 ~~Part 2 of this Article and shall have such other powers and duties as are set forth in this Article~~
17 ~~and prescribed by the Secretary of the Department of Public Safety.~~

18 (b) It shall be the duty of the Division to provide the necessary custody, supervision, and
19 treatment to control and rehabilitate criminal offenders and thereby to reduce the rate and cost of
20 crime and delinquency.

21 ~~"§ 143B-702. Division of Adult Correction and Juvenile Justice of the Department of Public~~
22 ~~Safety – rules and regulations.~~

23 The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
24 shall adopt rules and regulations related to the conduct, supervision, rights and privileges of
25 persons in its custody or under its supervision. Such rules and regulations shall be filed with and
26 published by the office of the Attorney General and shall be made available by the Division for
27 public inspection. The rules and regulations shall include a description of the organization of the
28 Division. A description or copy of all forms and instructions used by the Division, except those
29 relating solely to matters of internal management, shall also be filed with the office of the
30 Attorney General.

31 ~~"§ 143B-703. Repair or replacement of personal property.~~

32 (a) The Secretary of Public Safety may adopt rules governing repair or replacement of
33 personal property items excluding private passenger vehicles that belong to employees of State
34 facilities within the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
35 Safety and that are damaged or stolen by inmates of the State facilities provided that the item is
36 determined by the Secretary to be damaged or stolen on or off facility grounds during the
37 performance of employment and necessary for the employee to have in his possession to perform
38 his assigned duty.

39 ...

40 ~~"§ 143B-704. Division of Adult Correction and Juvenile Justice of the Department of Public~~
41 ~~Safety – functions with respect to adults.~~

42 (a) The functions of the Division of Adult Correction ~~and Juvenile Justice~~ of the
43 Department of Public Safety shall include all functions of the executive branch of the State in
44 relation to corrections and the rehabilitation of adult offenders, including detention, parole, and
45 aftercare supervision, and further including those prescribed powers, duties, and functions
46 enumerated in the laws of this State.

47 (b) All such functions, powers, duties, and obligations heretofore vested in the
48 Department of Social Rehabilitation and Control and any agency enumerated in Article 14 of
49 Chapter 143A of the General Statutes and laws of this State are hereby transferred to and vested
50 in the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety

1 except as otherwise provided by the Executive Organization Act of 1973. They shall include, by
2 way of extension and not of limitation, the functions of:

3 ...

4 **"§ 143B-705. Division of Adult Correction and Juvenile Justice of the Department of Public**
5 **Safety – Alcoholism and Chemical Dependency Treatment Program.**

6 ...

7 (b) A Section Chief for the Alcoholism and Chemical Dependency Treatment Program
8 shall be employed and shall report directly to a deputy director for the Division of Adult
9 Correction and Juvenile Justice as designated by the Deputy Commissioner for the Division of
10 Adult Correction and Juvenile Justice. Correction. The duties of the Section Chief and staff shall
11 include the following:

- 12 (1) Administer and coordinate all substance abuse programs, grants, contracts,
13 and related functions in the Division of Adult Correction and Juvenile Justice
14 of the Department of Public Safety.
- 15 (2) Develop and maintain working relationships and agreements with agencies
16 and organizations that will assist in developing and operating alcoholism and
17 chemical dependency treatment and recovery programs in the Division of
18 Adult Correction and Juvenile Justice of the Department of Public Safety.

19 ...

- 20 (7) Supervise directly the facility and district program managers, other
21 specialized personnel, and programs that exist or may be developed in the
22 Division of Adult Correction and Juvenile Justice of the Department of Public
23 Safety.

24 ...

25 (c) In each prison that houses an alcoholism and chemical dependency program, there
26 shall be a unit superintendent under the Section of Prisons of the Division of Adult Correction
27 and Juvenile Justice and other custodial, administrative, and support staff as required to maintain
28 the proper custody level at the facility. The unit superintendent shall be responsible for all matters
29 pertaining to custody and administration of the unit. The Section Chief of the Alcoholism and
30 Chemical Dependency Treatment Program shall designate and direct employees to manage
31 treatment programs at each location. Duties of unit treatment program managers shall include
32 program development and implementation, supervision of personnel assigned to treatment
33 programs, adherence to all pertinent policy and procedural requirements of the Department, and
34 other duties as assigned.

35 ...

36 **"§ 143B-707. Reports to the General Assembly.**

37 The Division of Adult Correction and Juvenile Justice of the Department of Public Safety
38 shall report by March 1 of each year to the Chairs of the Senate and House Appropriations
39 Committees and the Chairs of the Senate and House Appropriations Subcommittees in Justice
40 and Public Safety on their efforts to provide effective treatment to offenders with substance abuse
41 problems. The report shall include:

42 ...

- 43 (7) Evaluation of each substance abuse treatment program funded by the Division
44 of Adult Correction and Juvenile Justice of the Department of Public Safety.
45 Evaluation measures shall include reduction in alcohol and drug dependency,
46 improvements in disciplinary and infraction rates, recidivism (defined as
47 return-to-prison rates), and other measures of the programs' success.

48 ...

49 **"§ 143B-708. Community service program.**

50 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
51 Safety may conduct a community service program. The program shall provide oversight of

1 offenders placed under the supervision of the Section of Community Corrections of the Division
2 of Adult Correction ~~and Juvenile Justice~~ and ordered to perform community service hours for
3 criminal violations, including driving while impaired violations under G.S. 20-138.1. This
4 program shall assign offenders, either on supervised or on unsupervised probation, to perform
5 service to the local community in an effort to promote the offender's rehabilitation and to provide
6 services that help restore or improve the community. The program shall provide appropriate work
7 site placement for offenders ordered to perform community service hours. The Division may
8 adopt rules to conduct the program. Each offender shall be required to comply with the rules
9 adopted for the program.

10 ...

11 (e) The community service staff shall report to the court in which the community service
12 was ordered, a significant violation of the terms of the probation, deferred prosecution, or
13 conditional discharge related to community service, including a willful failure to pay any moneys
14 due the State under any court order or payment schedule adopted by the Section of Community
15 Corrections of the Division of Adult ~~Correction and Juvenile Justice~~. Correction. The community
16 service staff shall give notice of the hearing to determine if there is a willful failure to comply to
17 the person who was ordered to perform the community service. This notice shall be given by
18 either personal delivery to the person to be notified or by depositing the notice in the United
19 States mail in an envelope with postage prepaid, addressed to the person at the last known address
20 available to the preparer of the notice and reasonably believed to provide actual notice to the
21 person. The notice shall be mailed at least 10 days prior to any hearing and shall state the basis
22 of the alleged willful failure to comply. The court shall then conduct a hearing, even if the person
23 ordered to perform the community service fails to appear, to determine if there is a willful failure
24 to complete the work as ordered by the community service staff within the applicable time limits.
25 The hearing may be held in the county in which the order requiring the performance of
26 community service was imposed, the county in which the violation occurred, or the county of
27 residence of the person. If the court determines there is a willful failure to comply, it shall revoke
28 any drivers license issued to the person and notify the Division of Motor Vehicles to revoke any
29 drivers license issued to the person until the community service requirement has been met. In
30 addition, if the person is present, the court may take any further action authorized by Article 82
31 of Chapter 15A of the General Statutes for violation of a condition of probation.

32 **"§ 143B-709. Security Staffing.**

33 (a) The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
34 Safety shall conduct:

35 ...

36 (b) The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
37 Safety shall update the security staffing relief formula at least every three years. Each update
38 shall include a review of all annual training requirements for security staff to determine which of
39 these requirements should be mandatory and the appropriate frequency of the training. The
40 Division shall survey other states to determine which states use a vacancy factor in their staffing
41 relief formulas.

42 ...

43 **"§ 143B-711. Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
44 Safety – organization.**

45 The Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
46 shall be organized initially to include the Post-Release Supervision and Parole Commission, the
47 Section of Prisons of the Division of Adult Correction, the Section of Community Corrections,
48 the Section of Alcoholism and Chemical Dependency Treatment Programs, and such other
49 divisions as may be established under Part 3 of this Article and under the other provisions of the
50 Executive Organization Act of 1973.

51 ...

"Subpart C. Parole Commission.

"§ 143B-720. Post-Release Supervision and Parole Commission – creation, powers and duties.

(a) There is hereby created a Post-Release Supervision and Parole Commission of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety with the authority to grant paroles, including both regular and temporary paroles, to persons held by virtue of any final order or judgment of any court of this State as provided in Chapter 148 of the General Statutes and laws of the State of North Carolina, except that persons sentenced under Article 81B of Chapter 15A of the General Statutes are not eligible for parole but may be conditionally released into the custody and control of United States Immigration and Customs Enforcement pursuant to G.S. 148-64.1. The Commission shall also have authority to revoke, terminate, and suspend paroles of such persons (including persons placed on parole on or before the effective date of the Executive Organization Act of 1973) and to assist the Governor in exercising his authority in granting reprieves, commutations, and pardons, and shall perform such other services as may be required by the Governor in exercising his powers of executive clemency. The Commission shall also have authority to revoke and terminate persons on post-release supervision, as provided in Article 84A of Chapter 15A of the General Statutes. The Commission shall also have the authority to punish for criminal contempt for willful refusal to accept post-release supervision or to comply with the terms of post-release supervision by a prisoner whose offense requiring post-release supervision is a reportable conviction subject to the registration requirement of Article 27A of Chapter 14 of the General Statutes. Any contempt proceeding conducted by the Commission shall be in accordance with G.S. 5A-15 as if the Commission were a judicial official.

...

(c) The Commission is authorized and empowered to adopt such rules and regulations, not inconsistent with the laws of this State, in accordance with which prisoners eligible for parole consideration may have their cases reviewed and investigated and by which such proceedings may be initiated and considered. All rules and regulations heretofore adopted by the Board of Paroles shall remain in full force and effect unless and until repealed or superseded by action of the Post-Release Supervision and Parole Commission. All rules and regulations adopted by the Commission shall be enforced by the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety.

...

"Part 3. Juvenile ~~Justice Section~~.Justice.

"Subpart A. Creation of Division.

"§ 143B-800. Creation of Division of Juvenile Justice Section of the ~~Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

There is hereby created and constituted a ~~section~~ division to be known as the "Juvenile Division of Juvenile Justice Section of the ~~Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety", with the organization, powers, and duties as set forth in this Article or as prescribed by the ~~Director of the Division of Adult Correction and Juvenile Justice~~.Secretary of the Department of Public Safety.

"§ 143B-801. Transfer of Office of Juvenile Justice authority to the Division of Juvenile Justice Section of the ~~Division of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.

(a) All (i) statutory authority, powers, duties, and functions, including directives of S.L. 1998-202, rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations, reserves, support costs, and other funds of the Office of Juvenile Justice under the Office of the Governor are transferred to and vested in ~~the Juvenile Justice Section~~ of the Division of Adult

1 ~~Correction and~~ Juvenile Justice of the Department of Public Safety. This transfer has all of the
2 elements of a Type I transfer as defined in G.S. 143A-6.

3 (b) The ~~Section-Division~~ shall be considered a continuation of the Office of Juvenile
4 Justice for the purpose of succession to all rights, powers, duties, and obligations of the Office
5 and of those rights, powers, duties, and obligations exercised by the Office of the Governor on
6 behalf of the Office of Juvenile Justice. Where the Office of Juvenile Justice or the Division of
7 Adult Correction and Juvenile Justice of the Department of Public Safety is referred to by law,
8 contract, or other document, that reference shall apply to ~~the Juvenile Justice Section of the~~
9 Division of ~~Adult Correction and~~ Juvenile Justice. Where the Office of the Governor is referred
10 to by contract or other document, where the Office of the Governor is acting on behalf of the
11 Office of Juvenile Justice, that reference shall apply to the ~~Section-Division~~.

12 (c) All institutions previously operated by the Office of Juvenile Justice and the present
13 central office of the Office of Juvenile Justice, including land, buildings, equipment, supplies,
14 personnel, or other properties rented or controlled by the Office or by the Office of the Governor
15 for the Office of Juvenile Justice, shall be administered by the Division of Juvenile Justice
16 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the Department of Public
17 Safety.

18 ...

19 "Subpart B. General Provisions.

20 "**§ 143B-805. Definitions.**

21 In this Part, unless the context clearly requires otherwise, the following words have the listed
22 meanings:

23 (1) Chief court counselor. – The person responsible for administration and
24 supervision of juvenile intake, probation, and post-release supervision in each
25 judicial district, operating under the supervision of the ~~Juvenile Justice Section~~
26 ~~of the Division of Adult Correction and~~ Juvenile Justice of the Department of
27 Public Safety.

28 ...

29 (10a) Division. – The Division of Juvenile Justice of the Department of Public
30 Safety.

31 ...

32 (19a) ~~Section.~~ ~~The Juvenile Justice Section of the Division of Adult Correction~~
33 ~~and Juvenile Justice of the Department of Public Safety.~~

34 ...

35 "**§ 143B-806. Duties and powers of the Division of Juvenile Justice ~~Section of the Division~~**
36 **~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety.**

37 ...

38 (b) In addition to its other duties, the Division of Juvenile Justice ~~Section of the Division~~
39 ~~of Adult Correction and Juvenile Justice~~ shall have the following powers and duties:

40 ...

41 "**§ 143B-807. Authority to contract with other entities.**

42 (a) The ~~Section-Division~~ may contract with any governmental agency, person, or
43 association for the accomplishment of its duties and responsibilities. The expenditure of funds
44 under these contracts shall be for the purposes for which the funds were appropriated and not
45 otherwise prohibited by law.

46 (b) The ~~Section-Division~~ may enter into contracts with, and act as intermediary between,
47 any federal government agency and any county of this State for the purpose of assisting the
48 county to recover monies expended by a county-funded financial assistance program. As a
49 condition of assistance, the county shall agree to hold and save harmless the ~~Section-Division~~
50 against any claims, loss, or expense which the ~~Section-Division~~ might incur under the contracts

1 by reason of any erroneous, unlawful, or tortious act or omission of the county or its officials,
2 agents, or employees.

3 (c) The ~~Section-Division~~ and any other appropriate State or local agency may purchase
4 services from public or private agencies providing delinquency prevention programs or juvenile
5 court services, including parenting responsibility classes. The programs shall meet State
6 standards. As institutional populations are reduced, the ~~Section-Division~~ may divert State funds
7 appropriated for institutional programs to purchase the services under the State Budget Act.

8 (d) Each programmatic, residential, and service contract or agreement entered into by the
9 ~~Section-Division~~ shall include a cooperation clause to ensure compliance with the ~~Section's~~
10 ~~Division's~~ quality assurance requirements and cost-accounting requirements.

11 **"§ 143B-808. Authority to assist private nonprofit foundations.**

12 The ~~Section-Division~~ may provide appropriate services or allow employees of the ~~Section~~
13 ~~Division~~ to assist any private nonprofit foundation that works directly with the ~~Section's~~
14 ~~Division's~~ services or programs and whose sole purpose is to support these services and
15 programs. A ~~Section-Division~~ employee shall be allowed to work with a foundation no more than
16 20 hours in any one month. These services are not subject to Chapter 150B of the General
17 Statutes.

18 The board of directors of each private, nonprofit foundation shall secure and pay for the
19 services of the Department of State Auditor or employ a certified public accountant to conduct
20 an annual audit of the financial accounts of the foundation. The board of directors shall transmit
21 to the ~~Section-Division~~ a copy of the annual financial audit report of the private nonprofit
22 foundation.

23 **"§ 143B-809. Teen court programs.**

24 (a) All teen court programs administered by the ~~Juvenile Justice Section of the Division~~
25 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall operate as
26 community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile
27 diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds
28 the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative
29 measure or sanction, including counseling, restitution, curfews, and community service.

30 Teen court programs may also operate as resources to the local school administrative units to
31 handle problems that develop at school but that have not been turned over to the juvenile
32 authorities.

33 (b) Every teen court program that receives funds from Juvenile Crime Prevention
34 Councils shall comply with rules and reporting requirements of the ~~Juvenile Justice Section of~~
35 ~~the Division of Adult Correction and Juvenile Justice of the Department of Public~~
36 ~~Safety-Division~~.

37 ...

38 "Subpart C. Juvenile Facilities.

39 **"§ 143B-815. Juvenile facilities.**

40 In order to provide any juvenile in a juvenile facility with appropriate treatment according to
41 that juvenile's need, the ~~Section-Division~~ shall be responsible for the administration of statewide
42 educational, clinical, psychological, psychiatric, social, medical, vocational, and recreational
43 services or programs.

44 **"§ 143B-816. Authority to provide necessary medical or surgical care.**

45 The ~~Section-Division~~ may provide any medical and surgical treatment necessary to preserve
46 the life and health of juveniles committed to the custody of the ~~Section-Division~~; however, no
47 surgical operation may be performed except as authorized in G.S. 148-22.2.

48 **"§ 143B-817. Compensation to juveniles in care.**

49 A juvenile who has been committed to the ~~Section-Division~~ may be compensated for work
50 or participation in training programs at rates approved by the Secretary within available funds.
51 The Secretary may provide for a reasonable allowance to the juvenile for incidental personal

1 expenses, and any balance of the juvenile's earnings remaining at the time the juvenile is released
2 shall be paid to the juvenile or the juvenile's parent or guardian. The ~~Section-Division~~ may accept
3 grants or funds from any source to compensate juveniles under this section.

4 **"§ 143B-818. Visits and community activities.**

5 (a) The ~~Section-Division~~ shall encourage visits by parents or guardians and responsible
6 relatives of juveniles committed to the custody of the ~~Section-Division~~.

7 (b) The ~~Section-Division~~ shall develop a program of home visits for juveniles in the
8 custody of the ~~Section-Division~~. The visits shall begin after the juvenile has been in the custody
9 of the for a period of at least six months. In developing the program, the ~~Section-Division~~ shall
10 adopt criteria that promote the protection of the public and the best interests of the juvenile.

11 **"§ 143B-819. Regional detention services.**

12 The ~~Section-Division~~ is responsible for juvenile detention services, including the
13 development of a statewide plan for regional juvenile detention services that offer juvenile
14 detention care of sufficient quality to meet State standards to any juvenile requiring juvenile
15 detention care within the State in a detention facility as follows:

- 16 (1) The ~~Section-Division~~ shall plan with the counties operating a county detention
17 facility to provide regional juvenile detention services to surrounding
18 counties. The ~~Section-Division~~ has discretion in defining the geographical
19 boundaries of the regions based on negotiations with affected counties,
20 distances, availability of juvenile detention care that meets State standards,
21 and other appropriate factors.
- 22 (2) The ~~Section-Division~~ may plan with any county that has space within its
23 county jail system to use the existing space for a county detention facility
24 when needed, if the space meets the State standards for a detention facility and
25 meets all of the requirements of G.S. 153A-221. The use of space within the
26 county jail system shall be constructed to ensure that juveniles are not able to
27 converse with, see, or be seen by the adult population, and juveniles housed
28 in a space within a county jail shall be supervised closely.
- 29 (3) The ~~Section-Division~~ shall plan for and administer regional detention
30 facilities. The ~~Section-Division~~ shall carefully plan the location, architectural
31 design, construction, and administration of a program to meet the needs of
32 juveniles in juvenile detention care. The physical facility of a regional
33 detention facility shall comply with all applicable State and federal standards.
34 The programs of a regional detention facility shall comply with the standards
35 established by the ~~Section-Division~~.

36 **"§ 143B-820. State subsidy to county detention facilities.**

37 The ~~Section-Division~~ shall administer a State subsidy program to pay a county that provides
38 juvenile detention services and meets State standards a certain per diem per juvenile. In general,
39 this per diem should be fifty percent (50%) of the total cost of caring for a juvenile from within
40 the county and one hundred percent (100%) of the total cost of caring for a juvenile from another
41 county. Any county placing a juvenile in a detention facility in another county shall pay fifty
42 percent (50%) of the total cost of caring for the juvenile to the ~~Section-Division~~. The ~~Section~~
43 ~~Division~~ may vary the exact funding formulas to operate within existing State appropriations or
44 other funds that may be available to pay for juvenile detention care.

45 **"§ 143B-821. Authority for implementation.**

46 In order to allow for effective implementation of a statewide regional approach to juvenile
47 detention, the ~~Section-Division~~ may:

48 ...

49 "Subpart D. Juvenile Court Services.

50 **"§ 143B-830. Duties and powers of chief court counselors.**

51 The chief court counselor in each district appointed under G.S. 143B-806(b)(15) may:

1 (1) Appoint juvenile court counselors, secretaries, and other personnel authorized
2 by the ~~Section-Division~~ in accordance with the personnel policies adopted by
3 the ~~Section-Division~~.

4 ...

5 (3) Provide in-service training for staff as required by the ~~Section-Division~~.

6 ...

7 **"§ 143B-831. Duties and powers of juvenile court counselors.**

8 As the court or the chief court counselor may direct or require, all juvenile court counselors
9 shall have the following powers and duties:

10 ...

11 (14) Provide supervision for a juvenile transferred to the counselor's supervision
12 from another court or another state, and provide supervision for any juvenile
13 released from an institution operated by the ~~Section-Division~~ when requested
14 by the ~~Section-Division~~ to do so.

15 ...

16 (19) Have any other duties as the ~~Section-Division~~ may direct.

17 ...

18 "Subpart E. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.

19 **"§ 143B-840. Comprehensive Juvenile Delinquency and Substance Abuse Prevention Plan.**

20 (a) The ~~Section-Division~~ shall develop and implement a comprehensive juvenile
21 delinquency and substance abuse prevention plan and shall coordinate with County Councils for
22 implementation of a continuum of services and programs at the community level.

23 The ~~Section-Division~~ shall ensure that localities are informed about best practices in juvenile
24 delinquency and substance abuse prevention.

25 ...

26 (c) The ~~Section-Division~~ shall cooperate with all other affected State agencies and
27 entities in implementing this section.

28 ...

29 "Subpart F. Juvenile Crime Prevention Councils.

30 ...

31 **"§ 143B-851. Powers and duties.**

32 (a) Each County Council shall review annually the needs of juveniles in the county who
33 are at risk of delinquency or who have been adjudicated undisciplined or delinquent and the
34 resources available to address those needs. In particular, each County Council shall assess the
35 needs of juveniles in the county who are at risk or who have been associated with gangs or gang
36 activity, and the local resources that are established to address those needs. The Council shall
37 develop and advertise a request for proposal process and submit a written plan of action for the
38 expenditure of juvenile sanction and prevention funds to the board of county commissioners for
39 its approval. Upon the county's authorization, the plan shall be submitted to the ~~Section-Division~~
40 for final approval and subsequent implementation.

41 (b) Each County Council shall ensure that appropriate intermediate dispositional options
42 are available and shall prioritize funding for dispositions of intermediate and community-level
43 sanctions for court-adjudicated juveniles under minimum standards adopted by the
44 ~~Section-Division~~.

45 ...

46 **"§ 143B-853. Funding for programs.**

47 (a) Annually, the Division of ~~Adult Correction and~~ Juvenile Justice shall develop and
48 implement a funding mechanism for programs that meet the standards developed under this
49 Subpart. The Division shall ensure that the guidelines for the State and local partnership's funding
50 process include the following requirements:

51 ...

1 (c) The ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile Justice
2 of the Department of Public Safety shall report to the Senate and House of Representatives
3 Appropriations Subcommittees on Justice and Public Safety no later than March 1, 2006, and
4 annually thereafter, on the results of intensive intervention services. Intensive intervention
5 services are evidence-based or research-supported community-based or residential services that
6 are necessary for a juvenile in order to (i) prevent the juvenile's commitment to a youth
7 development center or detention facility or (ii) facilitate the juvenile's successful return to the
8 community following commitment. Specifically, the report shall provide a detailed description
9 of each intensive intervention service, including the numbers of juveniles served, their
10 adjudication status at the time of service, the services and treatments provided, the length of
11 service, the total cost per juvenile, and the six- and 12-month recidivism rates for the juveniles
12 after the termination of program services.

13 ...

14 **"§ 143B-935. Criminal history record checks of employees of and applicants for**
15 **employment with the Department of Health and Human Services, and the**
16 **~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile Justice**
17 **of the Department of Public Safety.**

18 (a) Definitions. – As used in this section, the term:

19 (1) "Covered person" means any of the following:

20 a. An applicant for employment or a current employee in a position in
21 the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~
22 Juvenile Justice of the Department of Public Safety who provides
23 direct care for a client, patient, student, resident or ward of the
24 Division.

25 b. A person who supervises positions in the ~~Juvenile Justice Section of~~
26 ~~the~~ Division of ~~Adult Correction and~~ Juvenile Justice of the
27 Department of Public Safety providing direct care for a client, patient,
28 student, resident or ward of the Division.

29 ...

30 f. An independent contractor or an employee of an independent
31 contractor who has contracted with the ~~Juvenile Justice Section of the~~
32 Division of ~~Adult Correction and~~ Juvenile Justice of the Department
33 of Public Safety to provide direct care for a client, patient, student,
34 resident, or ward of the Division.

35 g. A person who has been approved to perform volunteer services in or
36 for the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction~~
37 ~~and~~ Juvenile Justice of the Department of Public Safety to provide
38 direct care for a client, patient, student, resident, or ward of the
39 Division.

40 (2) "Criminal history" means a State or federal history of conviction of a crime,
41 whether a misdemeanor or felony, that bears upon a covered person's fitness
42 for employment in the Department of Health and Human Services or the
43 ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile
44 Justice of the Department of Public Safety. The crimes include, but are not
45 limited to, criminal offenses as set forth in any of the following Articles of
46 Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing
47 Monetary Substitutes; Article 5A, Endangering Executive and Legislative
48 Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses;
49 Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13,
50 Malicious Injury or Damage by Use of Explosive or Incendiary Device or
51 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson

1 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,
2 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,
3 Obtaining Property or Services by False or Fraudulent Use of Credit Device
4 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article
5 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality
6 and Decency; Article 26A, Adult Establishments; Article 27, Prostitution;
7 Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public
8 Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots,
9 Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article
10 40, Protection of the Family; Article 59, Public Intoxication; and Article 60,
11 Computer-Related Crime. The crimes also include possession or sale of drugs
12 in violation of the North Carolina Controlled Substances Act, Article 5 of
13 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale
14 to underage persons in violation of G.S. 18B-302, or driving while impaired
15 in violation of G.S. 20-138.1 through G.S. 20-138.5.

16 (b) When requested by the Department of Health and Human Services or the ~~Juvenile~~
17 ~~Justice Section of the Division of Adult Correction and Juvenile Justice of the Department of~~
18 Public Safety, the North Carolina Department of Public Safety may provide to the requesting
19 department or division a covered person's criminal history from the State Repository of Criminal
20 Histories. Such requests shall not be due to a person's age, sex, race, color, national origin,
21 religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For
22 requests for a State criminal history record check only, the requesting department or division
23 shall provide to the Department of Public Safety a form consenting to the check signed by the
24 covered person to be checked and any additional information required by the Department of
25 Public Safety. National criminal record checks are authorized for covered applicants who have
26 not resided in the State of North Carolina during the past five years. For national checks the
27 Department of Health and Human Services or the ~~Juvenile Justice Section of the Division of~~
28 ~~Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall provide to the
29 North Carolina Department of Public Safety the fingerprints of the covered person to be checked,
30 any additional information required by the Department of Public Safety, and a form signed by
31 the covered person to be checked consenting to the check of the criminal record and to the use of
32 fingerprints and other identifying information required by the State or National Repositories. The
33 fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search
34 of the State criminal history record file and the State Bureau of Investigation shall forward a set
35 of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
36 The Department of Health and Human Services and the ~~Juvenile Justice Section of the Division~~
37 ~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~ shall keep all
38 information pursuant to this section confidential. The Department of Public Safety shall charge
39 a reasonable fee for conducting the checks of the criminal history records authorized by this
40 section.

41 (c) All releases of criminal history information to the Department of Health and Human
42 Services or the ~~Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice~~
43 of the Department of Public Safety shall be subject to, and in compliance with, rules governing
44 the dissemination of criminal history record checks as adopted by the North Carolina Department
45 of Public Safety. All of the information either department receives through the checking of the
46 criminal history is privileged information and for the exclusive use of that department.

47 (d) If the covered person's verified criminal history record check reveals one or more
48 convictions covered under subsection (a) of this section, then the conviction shall constitute just
49 cause for not selecting the person for employment, or for dismissing the person from current
50 employment with the Department of Health and Human Services or the ~~Juvenile Justice Section~~
51 ~~of the Division of Adult Correction and Juvenile Justice of the Department of Public Safety~~. The

1 conviction shall not automatically prohibit employment; however, the following factors shall be
2 considered by the Department of Health and Human Services or ~~the Juvenile Justice Section of~~
3 the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety in
4 determining whether employment shall be denied:

5 ...

6 (e) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~
7 the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety may
8 deny employment to or dismiss a covered person who refuses to consent to a criminal history
9 record check or use of fingerprints or other identifying information required by the State or
10 National Repositories of Criminal Histories. Any such refusal shall constitute just cause for the
11 employment denial or the dismissal from employment.

12 (f) The Department of Health and Human Services and ~~the Juvenile Justice Section of~~
13 the Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety may
14 extend a conditional offer of employment pending the results of a criminal history record check
15 authorized by this section.

16 ...

17 "Part 6. Division of Administration.

18 "Subpart A. Governor's Crime Commission.

19 **"§ 143B-1100. Governor's Crime Commission – creation; composition; terms; meetings,**
20 **etc.**

21 (a) There is hereby created the Governor's Crime Commission of the Department of
22 Public Safety. The Commission shall consist of 37 voting members and five nonvoting members.
23 The composition of the Commission shall be as follows:

24 ...

25 (2) The nonvoting members shall be the Director of the State Bureau of
26 Investigation, the Deputy Chief of the ~~Juvenile Justice Section of the~~ Division
27 of ~~Adult Correction and~~ Juvenile Justice of the Department of Public Safety
28 who is responsible for Intervention/Prevention programs, the Deputy Chief of
29 the ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile
30 Justice of the Department of Public Safety who is responsible for Youth
31 Development programs, the Section Chief of the Section of Prisons of the
32 Division of Adult Correction ~~and Juvenile Justice~~ and the Section Chief of the
33 Section of Community Corrections of the Division of Adult ~~Correction and~~
34 ~~Juvenile Justice~~. Correction.

35 (b) The membership of the Commission shall be selected as follows:

36 (1) The following members shall serve by virtue of their office: the Governor, the
37 Chief Justice of the Supreme Court, the Attorney General, the Director of the
38 Administrative Office of the Courts, the Secretary of the Department of Health
39 and Human Services, the Secretary of Public Safety, the Director of the State
40 Bureau of Investigation, the Section Chief of the Section of Prisons of the
41 Division of Adult ~~Correction and Juvenile Justice~~, Correction, the Section
42 Chief of the Section of Community Corrections of the Division of Adult
43 ~~Correction and Juvenile Justice~~, Correction, the Deputy Chief who is
44 responsible for Intervention/Prevention of the ~~Juvenile Justice Section of the~~
45 Division of ~~Adult Correction and~~ Juvenile Justice of the Department of Public
46 Safety, the Deputy Chief who is responsible for Youth Development of the
47 ~~Juvenile Justice Section of the~~ Division of ~~Adult Correction and~~ Juvenile
48 Justice of the Department of Public Safety, and the Superintendent of Public
49 Instruction. Should the Chief Justice of the Supreme Court choose not to
50 serve, his alternate shall be selected by the Governor from a list submitted by

1 the Chief Justice which list must contain no less than three nominees from the
2 membership of the Supreme Court.

3 ...

4 "Subpart B. Treatment for Effective Community Supervision Program.

5 ...

6 **"§ 143B-1152. Definitions.**

7 The following definitions apply in this Subpart:

8 ...

9 (2) Division. – The Division of Adult ~~Correction and Juvenile Justice~~.Correction.

10 ...

11 (6a) Section. – The Section of Community Corrections of the Division of Adult
12 ~~Correction and Juvenile Justice~~.Correction.

13 ...

14 **"§ 143B-1154. Eligible population.**

15 ...

16 (b) The priority populations for programs funded under this Subpart shall be as follows:

17 ...

18 (2) Offenders identified by the Division of Adult Correction ~~and Juvenile Justice~~
19 using a validated risk assessment instrument to have a high likelihood of
20 reoffending and a moderate to high need for substance abuse treatment.

21 **"§ 143B-1155. Duties of Division of Adult ~~Correction and Juvenile Justice~~.Correction.**

22 (a) In addition to those otherwise provided by law, the Division of Adult Correction ~~and~~
23 ~~Juvenile Justice~~ shall have the following duties:

24 ...

25 (b) The Section of Community Corrections of the Division of Adult Correction ~~and~~
26 ~~Juvenile Justice~~ shall develop and publish a recidivism reduction plan for the State that
27 accomplishes the following:

28 ...

29 **"§ 143B-1156. Contract for services.**

30 (a) The Division of Adult Correction ~~and Juvenile Justice~~ shall contract with service
31 providers through a competitive procurement process to provide community-based services to
32 offenders on probation, parole, or post-release supervision.

33 ...

34 (c) The Division of Adult ~~Correction and Juvenile Justice~~.Correction. in partnership with
35 the Department of Health and Human Services, shall develop standard service definitions and
36 performance measures for substance abuse and aftercare support services for inclusion in the
37 contracts.

38 ...

39 (e) The Division of Adult Correction ~~and Juvenile Justice~~ shall pay service providers the
40 contract base award upon the initiation of services with the remaining payments made as
41 milestones are reached as stated in the contract for services. If the service provider cancels or
42 terminates the contract prior to its conclusion, the service provider shall reimburse the Division
43 for the unearned pro rata portion of the base award.

44 ...

45 **"§ 143B-1161. Justice Reinvestment Council.**

46 (a) The Justice Reinvestment Council is established to act as an advisory body to the
47 ~~Commissioner of Adult Correction~~ Secretary of the Department of Public Safety with regard to
48 this Subpart. The Council shall consist of 13 members as follows, to be appointed as provided in
49 subsection (b) of this section:

50 ...

1 (d) The purpose of the Justice Reinvestment Council in conjunction with the Department
2 of Public Safety, Division of Adult ~~Correction and Juvenile Justice~~, Correction, is to:

3"

4 **SECTION 19C.9.(b)** The following statutes are amended by deleting the language
5 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting
6 "Division of Adult Correction": G.S. 1-110, 7A-109.3, 7A-313, 7A-451, 7A-474.18, 7A-498.3,
7 7B-2517, 14-202, 14-208.6, 14-208.20, 14-208.22, 14-208.40, 14-208.40A, 14-208.40B,
8 14-208.40C, 14-208.41, 14-208.42, 14-208.43, 14-208.44, 14-208.45, 14-254.5, 14-258.1,
9 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,
10 15A-145, 15A-145.1, 15A-145.2, 15A-145.7, 15A-145.8A, 15A-146, 15A-147, 15A-149,
11 15A-534, 15A-534.1, 15A-544.3, 15A-544.5, 15A-615, 15A-821, 15A-830, 15A-832, 15A-837,
12 15A-1332, 15A-1340.13, 15A-1340.16, 15A-1340.18, 15A-1340.20, 15A-1342, 15A-1343.3,
13 15A-1351, 15A-1352, 15A-1353, 15A-1354, 15A-1355, 15A-1368, 15A-1368.2, 15A-1368.3,
14 15A-1368.4, 15A-1368.6, 15A-1369, 15A-1369.4, 15A-1371, 15A-1374, 15A-1376, 15B-21,
15 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,
16 97-13, 105-259, 106-915, 115C-46.2, 122C-22, 122C-55, 122C-62, 122C-312, 122C-313,
17 122C-402, 126-23, 127A-54, 130A-25, 131E-98, 131E-184, 131E-214.1, 135-1, 143-63.1,
18 143-300.7, 143-599, 143B-179, 143B-1154, 146-33, 147-12, 148-2, 148-3, 148-4, 148-4.1,
19 148-6, 148-10, 148-10.1, 148-10.2, 148-10.3, 148-10.4, 148-10.5, 148-11, 148-12, 148-18,
20 148-18.1, 148-19, 148-19.1, 148-19.2, 148-22, 148-22.1, 148-23, 148-23.1, 148-23.2, 148-24,
21 148-26, 148-26.5, 148-28, 148-29, 148-32.1, 148-32.2, 148-33, 148-33.1, 148-36, 148-37,
22 148-37.3, 148-40, 148-41, 148-45, 148-46.1, 148-53, 148-54, 148-59, 148-64, 148-64.1,
23 148-65.6, 148-65.7, 148-66, 148-67, 148-70, 148-74, 148-78, 148-118.1, 148-118.2, 148-118.4,
24 148-118.5, 148-118.6, 148-130, 148-131, 148-132, 148-134, 150B-1, 153A-221, 153A-230.1,
25 153A-230.2, 153A-230.3, 153A-230.5, 160A-287, 162-39, 163-82.20A, 164-42, 164-47, and
26 164-50.

27 **SECTION 19C.9.(c)** The following statutes are amended by deleting the language
28 "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting
29 "Division of Juvenile Justice": G.S. 7B-1501, 7B-2055, 106-915, 115C-106.3, 115C-107.6,
30 115C-108.1, 115C-296.2, 115C-325.10, 143B-853, and 153A-218.

31 **SECTION 19C.9.(d)** The following statutes are amended by deleting the language
32 "Section of Community Corrections of the Division of Adult Correction and Juvenile Justice"
33 wherever it appears and substituting "Section of Community Corrections of the Division of Adult
34 Correction": G.S. 7B-3000, 7B-3001, 7B-3100, 14-208.40C, 14-208.41, 15A-837, 15A-1342,
35 15A-1368.4, 15A-1369.4, 15A-1371, 20-179.3, 105-259, 115C-46.2, 143B-708, and 148-65.6.

36 **SECTION 19C.9.(e)** The following statutes are amended by deleting the language
37 "Section of Prisons of the Division of Adult Correction and Juvenile Justice" wherever it appears
38 and substituting "Section of Prisons of the Division of Adult Correction": G.S. 14-208.6,
39 14-208.40C, 14-258.2, 130A-25, 148-11, 148-18, 148-29, and 148-130.

40 **SECTION 19C.9.(f)** The following statutes are amended by deleting the language
41 "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it
42 appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100,
43 14-239, 14-258.1, 14-316.1, 15-6, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117,
44 143B-152.14, 143B-153, 143B-806, 143B-809, 143B-853, 143B-935, 143B-1391, 148-32.1,
45 153A-221.1, 162-60, and 164-43.

46 **SECTION 19C.9.(g)** G.S. 7B-1402(b) reads as rewritten:

47 "(b) The Task Force shall be composed of 36 members, 12 of whom shall be ex officio
48 members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by
49 the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President
50 Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may
51 designate representatives from their particular departments, divisions, or offices to represent

1 them on the Task Force. In making appointments or designating representatives, appointing
2 authorities and ex officio members shall use best efforts to select members or representatives
3 with sufficient knowledge and experience to effectively contribute to the issues examined by the
4 Task Force and, to the extent possible, to reflect the geographical, political, gender, and racial
5 diversity of this State. The members shall be as follows:

6 ...

7 (11a) The Director of the ~~Juvenile Justice Section~~, Division of ~~Adult Correction and~~
8 Juvenile Justice, Department of Public Safety.

9"

10 **SECTION 19C.9.(g1)** G.S. 7B-2204 reads as rewritten:

11 "**§ 7B-2204. Right to pretrial release; detention.**

12 (a) Once the order of transfer has been entered, the juvenile has the right to pretrial release
13 as provided in G.S. 15A-533 and G.S. 15A-534. The release order shall specify the person or
14 persons to whom the juvenile may be released. Pending release, the court shall order that the
15 juvenile be detained in a detention facility while awaiting trial. Personnel of the ~~Juvenile Justice~~
16 ~~Section of the Division, Division of Juvenile Justice~~, or personnel approved by the ~~Juvenile~~
17 ~~Justice Section, Division of Juvenile Justice~~, shall transport the juvenile from the detention
18 facility to court.

19 (b) The court may order the juvenile to be held in a holdover facility at any time the
20 presence of the juvenile is required in court for pretrial hearings or trial, if the court finds that it
21 would be inconvenient to return the juvenile to the detention facility. Personnel of the ~~Justice~~
22 ~~Section of the Division, Division of Juvenile Justice~~, or personnel approved by the ~~Juvenile~~
23 ~~Justice Section, Division of Juvenile Justice~~, shall transport the juvenile from the holdover
24 facility to court and shall transport the juvenile back to the detention center.

25 (c) If the juvenile reaches the age of 18 years while awaiting the completion of
26 proceedings in superior court, the juvenile shall be transported by personnel of the ~~Juvenile~~
27 ~~Justice Section of the Division, Division of Juvenile Justice~~, or personnel approved by the
28 ~~Juvenile Justice Section, Division of Juvenile Justice~~, to the custody of the sheriff of the county
29 where the charges arose.

30 (d) Should the juvenile be found guilty, or enter a plea of guilty or no contest to a criminal
31 offense in superior court and receive an active sentence, then immediate transfer to the Division
32 of ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety shall be ordered.
33 Until such time as the juvenile is transferred to the Division of ~~Adult Correction and Juvenile~~
34 ~~Justice~~ of the Department of Public Safety, the juvenile may be detained in a holdover ~~facility.~~
35 facility authorized by the Division of Juvenile Justice of the Department of Public Safety. The
36 juvenile may not be detained in a detention facility pending transfer to the Division of ~~Adult~~
37 ~~Correction and Juvenile Justice~~ of the Department of Public Safety, unless the detention facility
38 is operated by the sheriff pursuant to G.S. 7B-1905(b).

39 (e) The juvenile may be kept by the Division of ~~Adult Correction and Juvenile Justice~~ of
40 the Department of Public Safety as a safekeeper until the juvenile is placed in an appropriate
41 correctional program."

42 **SECTION 19C.9.(h)** G.S. 15A-521 reads as rewritten:

43 "**§ 15A-521. Commitment to detention facility pending trial.**

44 (a) Commitment. – Every person charged with a crime and held in custody who has not
45 been released pursuant to Article 26 of this Chapter, Bail, must be committed by a written order
46 of the judicial official who conducted the initial appearance as provided in Article 24 to an
47 appropriate detention facility as provided in this section. If the person being committed by written
48 order is under the age of 18, that person must be committed to a detention facility approved by
49 the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile Justice~~
50 to provide secure confinement and care for juveniles, or to a holdover facility as defined in
51 G.S. 7B-1501(11). If the person being committed reaches the age of 18 years while held in

1 custody, the person shall be transported by personnel of the Division of Juvenile Justice Section
 2 ~~of the Division, Justice~~ or personnel approved by the ~~Juvenile Justice Section, Division of~~
 3 Juvenile Justice to the custody of the sheriff of the county where the charges arose.

4 ...

5 (c) Copies and Use of Order, Receipt of Prisoner. –

6 ...

7 (2) The jailer or personnel of the Division of Juvenile Justice Section must receive
 8 the prisoner and the order of commitment, and note on the order of
 9 commitment the time and date of receipt. As used in this subdivision, "jailer"
 10 includes any person having control of a detention facility and "personnel of
 11 the ~~Juvenile Justice Section~~ Division of Juvenile Justice" includes personnel
 12 approved by the ~~Juvenile Justice Section~~ Division of Juvenile Justice.

13 (3) Upon releasing the prisoner pursuant to the terms of the order, or upon
 14 delivering the prisoner to the court, the jailer or personnel of the Division of
 15 Juvenile Justice Section must note the time and date on the order and return it
 16 to the clerk. Personnel of the ~~Juvenile Justice Section, Division of Juvenile~~
 17 Justice, or personnel approved by the ~~Juvenile Justice Section, Division of~~
 18 Juvenile Justice, shall transport the person under the age of 18 from the
 19 juvenile detention facility or holdover facility to court and shall transfer the
 20 person back to the juvenile detention facility or holdover facility.

21"

22 **SECTION 19C.9.(i)** G.S. 15A-1301 reads as rewritten:

23 **"§ 15A-1301. Order of commitment to imprisonment when not otherwise specified.**

24 When a judicial official orders that a defendant be imprisoned he must issue an appropriate
 25 written commitment order. When the commitment is to a sentence of imprisonment, the
 26 commitment must include the identification and class of the offense or offenses for which the
 27 defendant was convicted and, if the sentences are consecutive, the maximum sentence allowed
 28 by law upon conviction of each offense for the punishment range used to impose the sentence for
 29 the class of offense and prior record or conviction level, and, if the sentences are concurrent or
 30 consolidated, the longest of the maximum sentences allowed by law for the classes of offense
 31 and prior record or conviction levels upon conviction of any of the offenses. If the person
 32 sentenced to imprisonment is under the age of 18, the person must be committed to a ~~detention~~
 33 ~~facility approved by the Juvenile Justice Section of the Division of Adult Correction and Juvenile~~
 34 ~~Justice pursuant to G.S. 15A-1352~~ to provide secure confinement and care for juveniles. If the
 35 person is under the age of 18, the person may be temporarily confined in a holdover facility as
 36 defined in G.S. 7B-1501(11) until the person can be transferred to a ~~juvenile detention facility.~~
 37 ~~facility pursuant to G.S. 15A-1352.~~ Personnel of the Division of Juvenile Justice Section or
 38 personnel approved by the Division of Juvenile Justice Section shall transport the person to the
 39 juvenile detention facility or the holdover facility."

40 **SECTION 19C.9.(j)** G.S. 15A-1343 reads as rewritten:

41 **"§ 15A-1343. Conditions of probation.**

42 ...

43 (a1) Community and Intermediate Probation Conditions. – In addition to any conditions a
 44 court may be authorized to impose pursuant to G.S. 15A-1343(b1), the court may include any
 45 one or more of the following conditions as part of a community or intermediate punishment:

46 ...

47 (3) Submission to a period or periods of confinement in a local confinement
 48 facility for a total of no more than six days per month during any three separate
 49 months during the period of probation. The six days per month confinement
 50 provided for in this subdivision may only be imposed as two-day or three-day
 51 consecutive periods. When a defendant is on probation for multiple

1 judgments, confinement periods imposed under this subdivision shall run
2 concurrently and may total no more than six days per month. If the person
3 being ordered to a period or periods of confinement is under the age of 18,
4 that person must be confined in a detention facility approved by the Division
5 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
6 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover
7 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period
8 or periods of confinement reaches the age of 18 years while in confinement,
9 the person may be transported by personnel of the Division of Juvenile Justice
10 ~~Section of the Division, Justice,~~ or personnel approved by the Division of
11 ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable
12 local confinement facility.

13 ...

14 (b) Regular Conditions. – As regular conditions of probation, a defendant must:

15 ...

16 (16) Supply a breath, urine, or blood specimen for analysis of the possible presence
17 of prohibited drugs or alcohol when instructed by the defendant's probation
18 officer for purposes directly related to the probation supervision. If the results
19 of the analysis are positive, the probationer may be required to reimburse the
20 Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
21 Safety for the actual costs of drug or alcohol screening and testing.

22 ...

23 In addition to these regular conditions of probation, a defendant required to serve an active
24 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or
25 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and
26 regulations of the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
27 Safety governing the conduct of inmates while imprisoned and report to a probation officer in
28 the State of North Carolina within 72 hours of his discharge from the active term of
29 imprisonment.

30 ...

31 (b1) Special Conditions. – In addition to the regular conditions of probation specified in
32 subsection (b), the court may, as a condition of probation, require that during the probation the
33 defendant comply with one or more of the following special conditions:

34 ...

35 (6) Perform community or reparation service under the supervision of the Section
36 of Community Corrections of the Division of Adult Correction ~~and Juvenile~~
37 ~~Justice~~ and pay the fee required by G.S. 143B-708.

38 ...

39 (b2) Special Conditions of Probation for Sex Offenders and Persons Convicted of Offenses
40 Involving Physical, Mental, or Sexual Abuse of a Minor. – As special conditions of probation, a
41 defendant who has been convicted of an offense which is a reportable conviction as defined in
42 G.S. 14-208.6(4), or which involves the physical, mental, or sexual abuse of a minor, must:

43 ...

44 (8) Submit to satellite-based monitoring pursuant to Part 5 of Article 27A of
45 Chapter 14 of the General Statutes, if the defendant is in the category
46 described by G.S. 14-208.40(a)(2), and the Division of Adult Correction ~~and~~
47 ~~Juvenile Justice~~ of the Department of Public Safety, based on the Division's
48 risk assessment program, recommends that the defendant submit to the highest
49 possible level of supervision and monitoring.

50 (9) Submit at reasonable times to warrantless searches by a probation officer of
51 the probationer's person and of the probationer's vehicle and premises while

1 the probationer is present, for purposes specified by the court and reasonably
2 related to the probation supervision, but the probationer may not be required
3 to submit to any other search that would otherwise be unlawful. For purposes
4 of this subdivision, warrantless searches of the probationer's computer or other
5 electronic mechanism which may contain electronic data shall be considered
6 reasonably related to the probation supervision. Whenever the warrantless
7 search consists of testing for the presence of illegal drugs, the probationer may
8 also be required to reimburse the Division of Adult Correction ~~and Juvenile~~
9 ~~Justice~~ of the Department of Public Safety for the actual cost of drug screening
10 and drug testing, if the results are positive.

11 Defendants subject to the provisions of this subsection shall not be placed on unsupervised
12 probation.

13 (b3) Screening and Assessing for Chemical Dependency. – A defendant ordered to submit
14 to a period of residential treatment in the Drug Alcohol Recovery Treatment program (DART)
15 or the Black Mountain Substance Abuse Treatment Center for Women operated by the Division
16 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety must undergo a
17 screening to determine chemical dependency. If the screening indicates the defendant is
18 chemically dependent, the court shall order an assessment to determine the appropriate level of
19 treatment. The assessment may be conducted either before or after the court imposes the
20 condition, but participation in the program shall be based on the results of the assessment.

21 (b4) Intermediate Conditions. – The following conditions of probation apply to each
22 defendant subject to intermediate punishment:

23 (1) If required in the discretion of the defendant's probation officer, perform
24 community service under the supervision of the Section of Community
25 Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ and pay
26 the fee required by G.S. 143B-708.

27 ...

28 (c) Statement of Conditions. – A defendant released on supervised probation must be
29 given a written statement explicitly setting forth the conditions on which the defendant is being
30 released. If any modification of the terms of that probation is subsequently made, the defendant
31 must be given a written statement setting forth the modifications.

32 Upon entry of an order of supervised probation by the court, a defendant shall submit to the
33 Division of Adult Correction ~~and Juvenile Justice~~ for filing with the clerk of superior court a
34 signed document stating that:

35"

36 **SECTION 19C.9.(k)** G.S. 15A-1343.2 reads as rewritten:

37 **"§ 15A-1343.2. Special probation rules for persons sentenced under Article 81B.**

38 ...

39 (b) Purposes of Probation for Community and Intermediate Punishments. – The Division
40 of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall develop a plan
41 to handle offenders sentenced to community and intermediate punishments. The probation
42 program designed to handle these offenders shall have the following principal purposes: to hold
43 offenders accountable for making restitution, to ensure compliance with the court's judgment, to
44 effectively rehabilitate offenders by directing them to specialized treatment or education
45 programs, and to protect the public safety.

46 (b1) Departmental Risk Assessment by Validated Instrument Required. – As part of the
47 probation program developed by the Division of Adult Correction ~~and Juvenile Justice~~ of the
48 Department of Public Safety pursuant to subsection (b) of this section, the Division of Adult
49 Correction ~~and Juvenile Justice~~ of the Department of Public Safety shall use a validated
50 instrument to assess each probationer for risk of reoffending and shall place a probationer in a
51 supervision level based on the probationer's risk of reoffending and criminogenic needs.

1 ...
2 (e) Delegation to Probation Officer in Community Punishment. – Unless the presiding
3 judge specifically finds in the judgment of the court that delegation is not appropriate, the Section
4 of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the
5 Department of Public Safety may require an offender sentenced to community punishment to do
6 any of the following:

7 ...
8 (5) Submit to a period or periods of confinement in a local confinement facility
9 for a total of no more than six days per month during any three separate
10 months during the period of probation. The six days per month confinement
11 provided for in this subdivision may only be imposed as two-day or three-day
12 consecutive periods. When a defendant is on probation for multiple
13 judgments, confinement periods imposed under this subdivision shall run
14 concurrently and may total no more than six days per month. If the person
15 being ordered to a period or periods of confinement is under the age of 18,
16 that person must be confined in a detention facility approved by the Division
17 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
18 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover
19 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period
20 or periods of confinement reaches the age of 18 years while in confinement,
21 the person may be transported by personnel of the Division of Juvenile Justice
22 ~~Section of the Division, Justice,~~ or personnel approved by the Division of
23 ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable
24 local confinement facility.

25 ...
26 (f) Delegation to Probation Officer in Intermediate Punishments. – Unless the presiding
27 judge specifically finds in the judgment of the court that delegation is not appropriate, the Section
28 of Community Corrections of the Division of Adult Correction ~~and Juvenile Justice~~ of the
29 Department of Public Safety may require an offender sentenced to intermediate punishment to
30 do any of the following:

31 ...
32 (6) Submit to a period or periods of confinement in a local confinement facility
33 for a total of no more than six days per month during any three separate
34 months during the period of probation. The six days per month confinement
35 provided for in this subdivision may only be imposed as two-day or three-day
36 consecutive periods. When a defendant is on probation for multiple
37 judgments, confinement periods imposed under this subdivision shall run
38 concurrently and may total no more than six days per month. If the person
39 being ordered to a period or periods of confinement is under the age of 18,
40 that person must be confined in a detention facility approved by the Division
41 of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
42 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover
43 facility as defined in G.S. 7B-1501(11). If the person being ordered to a period
44 or periods of confinement reaches the age of 18 years while in confinement,
45 the person may be transported by personnel of the Division of Juvenile Justice
46 ~~Section of the Division, Justice,~~ or personnel approved by the Division of
47 ~~Juvenile Justice Section, Justice,~~ to the custody of the sheriff of the applicable
48 local confinement facility.

49 "
50 **SECTION 19C.9.(I)** G.S. 15A-1344 reads as rewritten:
51 **"§ 15A-1344. Response to violations; alteration and revocation.**

1 ...

2 (c) Procedure on Altering or Revoking Probation; Returning Probationer to District
3 Where Sentenced. – When a judge reduces, terminates, extends, modifies, or revokes probation
4 outside the county where the judgment was entered, the clerk must send a copy of the order and
5 any other records to the court where probation was originally imposed. A court on its own motion
6 may return the probationer to the district court district as defined in G.S. 7A-133 or superior court
7 district or set of districts as defined in G.S. 7A-41.1, as the case may be, where probation was
8 imposed or where the probationer resides for reduction, termination, continuation, extension,
9 modification, or revocation of probation. In cases where the probation is revoked in a county
10 other than the county of original conviction the clerk in that county must issue a commitment
11 order and must file the order revoking probation and the commitment order, which will constitute
12 sufficient permanent record of the proceeding in that court, and must send a certified copy of the
13 order revoking probation, the commitment order, and all other records pertaining thereto to the
14 county of original conviction to be filed with the original records. The clerk in the county other
15 than the county of original conviction must issue the formal commitment to the Division of Adult
16 Correction and Juvenile Justice of the Department of Public Safety.

17 ...

18 (d2) Confinement in Response to Violation. – When a defendant under supervision for a
19 felony conviction has violated a condition of probation other than G.S. 15A-1343(b)(1) or
20 G.S. 15A-1343(b)(3a), the court may impose a period of confinement of 90 consecutive days to
21 be served in the custody of the Division of Adult Correction and Juvenile Justice of the
22 Department of Public Safety. The court may not revoke probation unless the defendant has
23 previously received a total of two periods of confinement under this subsection. A defendant may
24 receive only two periods of confinement under this subsection. The 90-day term of confinement
25 ordered under this subsection for a felony shall not be reduced by credit for time already served
26 in the case. Any such credit shall instead be applied to the suspended sentence. However, if the
27 time remaining on the maximum imposed sentence on a defendant under supervision for a felony
28 conviction is 90 days or less, then the term of confinement is for the remaining period of the
29 sentence. Confinement under this section shall be credited pursuant to G.S. 15-196.1.

30 When a defendant under supervision for a misdemeanor conviction sentenced pursuant to
31 Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other
32 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of
33 confinement pursuant to G.S. 15A-1343(a1)(3). If the person being ordered to a period of
34 confinement is under the age of 18, that person must be confined in a detention facility approved
35 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
36 ~~Justice~~ to provide secure confinement and care for juveniles or to a holdover facility as defined
37 in G.S. 7B-1501(11). If the person being ordered to a period of confinement reaches the age of
38 18 years while in confinement, the person may be transported by personnel of the Division of
39 ~~Juvenile Justice~~ ~~Section of the Division, Justice,~~ or personnel approved by the Division of
40 ~~Juvenile Justice~~ ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement
41 facility. The court may not revoke probation unless the defendant has previously received at least
42 two periods of confinement for violating a condition of probation other than G.S. 15A-1343(b)(1)
43 or G.S. 15A-1343(b)(3a). Those periods of confinement may have been imposed pursuant to
44 G.S. 15A-1343(a1)(3), 15A-1343.2(e)(5), or 15A-1343.2(f)(6). The second period of
45 confinement must have been imposed for a violation that occurred after the defendant served the
46 first period of confinement. Confinement under this section shall be credited pursuant to
47 G.S. 15-196.1.

48 When a defendant under supervision for a misdemeanor conviction not sentenced pursuant
49 to Article 81B of Chapter 15A of the General Statutes has violated a condition of probation other
50 than G.S. 15A-1343(b)(1) or G.S. 15A-1343(b)(3a), the court may impose a period of
51 confinement of up to 90 consecutive days to be served where the defendant would have served

1 an active sentence. The court may not revoke probation unless the defendant has previously
2 received a total of two periods of confinement under this subsection. A defendant may receive
3 only two periods of confinement under this subsection. Confinement under this section shall be
4 credited pursuant to G.S. 15-196.1.

5 The period of confinement imposed under this subsection on a defendant who is on probation
6 for multiple offenses shall run concurrently on all cases related to the violation. Confinement
7 shall be immediate unless otherwise specified by the court.

8 (e) Special Probation in Response to Violation. – When a defendant has violated a
9 condition of probation, the court may modify the probation to place the defendant on special
10 probation as provided in this subsection. In placing the defendant on special probation, the court
11 may continue or modify the conditions of probation and in addition require that the defendant
12 submit to a period or periods of imprisonment, either continuous or noncontinuous, at whatever
13 time or intervals within the period of probation the court determines. In addition to any other
14 conditions of probation which the court may impose, the court shall impose, when imposing a
15 period or periods of imprisonment as a condition of special probation, the condition that the
16 defendant obey the rules and regulations of the Division of Adult Correction and Juvenile Justice
17 of the Department of Public Safety governing conduct of inmates, and this condition shall apply
18 to the defendant whether or not the court imposes it as a part of the written order. If imprisonment
19 is for continuous periods, the confinement may be in either the custody of the Division of Adult
20 Correction and Juvenile Justice of the Department of Public Safety or a local confinement
21 facility. Noncontinuous periods of imprisonment under special probation may only be served in
22 a designated local confinement or treatment facility. If the person being ordered to a period or
23 periods of imprisonment, either continuous or noncontinuous, is under the age of 18, that person
24 must be imprisoned in a detention facility approved by the Division of Juvenile Justice Section
25 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care
26 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered
27 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person
28 may be transported by personnel of the Division of Juvenile Justice Section of the Division,
29 Justice, or personnel approved by the Division of Juvenile Justice Section, Justice, to the custody
30 of the sheriff of the applicable local confinement facility.

31 Except for probationary sentences for impaired driving under G.S. 20-138.1, the total of all
32 periods of confinement imposed as an incident of special probation, but not including an activated
33 suspended sentence, may not exceed one-fourth the maximum sentence of imprisonment
34 imposed for the offense. For probationary sentences for impaired driving under G.S. 20-138.1,
35 the total of all periods of confinement imposed as an incident of special probation, but not
36 including an activated suspended sentence, shall not exceed one-fourth the maximum penalty
37 allowed by law. No confinement other than an activated suspended sentence may be required
38 beyond the period of probation or beyond two years of the time the special probation is imposed,
39 whichever comes first.

40 (e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a
41 condition of probation, the court may hold the defendant in criminal contempt as provided in
42 Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall
43 not revoke the probation. If the offender serves a sentence for contempt in a local confinement
44 facility, the Division of Adult Correction and Juvenile Justice of the Department of Public Safety
45 shall pay for the confinement at the standard rate set by the General Assembly pursuant to
46 G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that
47 subsection.

48"

49 **SECTION 19C.9.(m)** G.S. 15A-1351(a) reads as rewritten:

50 "(a) The judge may sentence to special probation a defendant convicted of a criminal
51 offense other than impaired driving under G.S. 20-138.1, if based on the defendant's prior record

1 or conviction level as found pursuant to Article 81B of this Chapter, an intermediate punishment
2 is authorized for the class of offense of which the defendant has been convicted. A defendant
3 convicted of impaired driving under G.S. 20-138.1 may also be sentenced to special probation.
4 Under a sentence of special probation, the court may suspend the term of imprisonment and place
5 the defendant on probation as provided in Article 82, Probation, and in addition require that the
6 defendant submit to a period or periods of imprisonment in the custody of the Division of Adult
7 Correction ~~and Juvenile Justice~~ of the Department of Public Safety or a designated local
8 confinement or treatment facility at whatever time or intervals within the period of probation,
9 consecutive or nonconsecutive, the court determines, as provided in this subsection. For
10 probationary sentences for misdemeanors, including impaired driving under G.S. 20-138.1, all
11 imprisonment under this subsection shall be in a designated local confinement or treatment
12 facility. If the person being ordered to a period or periods of imprisonment is under the age of
13 18, that person must be imprisoned in a detention facility approved by the Division of Juvenile
14 ~~Justice Section of the Division of Adult Correction and Juvenile Justice~~ to provide secure
15 confinement and care for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If
16 the person being ordered to a period or periods of imprisonment reaches the age of 18 years while
17 imprisoned, the person may be transported by personnel of the Division of Juvenile Justice
18 ~~Section of the Division, Justice,~~ or personnel approved by the Division of Juvenile Justice
19 ~~Section, Justice,~~ to the custody of the sheriff of the applicable local confinement facility. In
20 addition to any other conditions of probation which the court may impose, the court shall impose,
21 when imposing a period or periods of imprisonment as a condition of special probation, the
22 condition that the defendant obey the Rules and Regulations of the Division of Adult Correction
23 ~~and Juvenile Justice~~ of the Department of Public Safety governing conduct of inmates, and this
24 condition shall apply to the defendant whether or not the court imposes it as a part of the written
25 order. Except for probationary sentences for misdemeanors, including impaired driving under
26 G.S. 20-138.1, if imprisonment is for continuous periods, the confinement may be in the custody
27 of either the Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety
28 or a local confinement facility. Noncontinuous periods of imprisonment under special probation
29 may only be served in a designated local confinement or treatment facility. If the person being
30 ordered continuous or noncontinuous periods of imprisonment is under the age of 18, that person
31 must be imprisoned in a detention facility approved by the Division of Juvenile Justice ~~Section~~
32 ~~of the Division of Adult Correction and Juvenile Justice~~ to provide secure confinement and care
33 for juveniles or to a holdover facility as defined in G.S. 7B-1501(11). If the person being ordered
34 to a period or periods of imprisonment reaches the age of 18 years while imprisoned, the person
35 may be transported by personnel of the Division of Juvenile Justice ~~Section of the Division,~~
36 Justice, or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody
37 of the sheriff of the applicable local confinement facility. Except for probationary sentences of
38 impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as an
39 incident of special probation, but not including an activated suspended sentence, may not exceed
40 one-fourth the maximum sentence of imprisonment imposed for the offense, and no confinement
41 other than an activated suspended sentence may be required beyond two years of conviction. For
42 probationary sentences for impaired driving under G.S. 20-138.1, the total of all periods of
43 confinement imposed as an incident of special probation, but not including an activated
44 suspended sentence, shall not exceed one-fourth the maximum penalty allowed by law. In
45 imposing a sentence of special probation, the judge may credit any time spent committed or
46 confined, as a result of the charge, to either the suspended sentence or to the imprisonment
47 required for special probation. The original period of probation, including the period of
48 imprisonment required for special probation, shall be as specified in G.S. 15A-1343.2(d), but
49 may not exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court
50 may revoke, modify, or terminate special probation as otherwise provided for probationary
51 sentences."

1 **SECTION 19C.9.(n)** G.S. 15A-1352 reads as rewritten:

2 "**§ 15A-1352. Commitment to Division of Adult Correction and ~~Juvenile Justice~~ of the**
3 **Department of Public Safety or local confinement facility.**

4 (a) Except as provided in subsection (f) of this section, a person sentenced to
5 imprisonment for a misdemeanor under this Article or for nonpayment of a fine for conviction
6 of a misdemeanor under Article 84 of this Chapter shall be committed for the term designated by
7 the court to the Statewide Misdemeanant Confinement Program as provided in G.S. 148-32.1 or,
8 if the period is for 90 days or less, to a local confinement facility, except as provided for in
9 G.S. 148-32.1(b).

10 If a person is sentenced to imprisonment for a misdemeanor under this Article or for
11 nonpayment of a fine under Article 84 of this Chapter, the sentencing judge may make a finding
12 of fact as to whether the person would be suitable for placement in a county satellite jail/work
13 release unit operated pursuant to G.S. 153A-230.3. If the sentencing judge makes a finding of
14 fact that the person would be suitable for placement in a county satellite jail/work release unit
15 and the person meets the requirements listed in G.S. 153A-230.3(a)(1), then the custodian of the
16 local confinement facility may transfer the misdemeanant to a county satellite jail/work release
17 unit.

18 If the person sentenced to imprisonment is under the age of 18, the person must be committed
19 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~
20 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.
21 Personnel of the Division of Juvenile Justice ~~Section of the Division~~ or personnel approved by
22 the Division of Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the
23 person sentenced to imprisonment reaches the age of 18 years while imprisoned, the person may
24 be transported by personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~
25 or personnel approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the
26 sheriff of the applicable local confinement facility.

27 (b) A person sentenced to imprisonment for a felony under this Article or for nonpayment
28 of a fine for conviction of a felony under Article 84 of this Chapter shall be committed for the
29 term designated by the court to the custody of the Division of Adult Correction ~~and Juvenile~~
30 ~~Justice~~ of the Department of Public Safety.

31 ...

32 (f) A person sentenced to imprisonment of any duration for impaired driving under
33 G.S. 20-138.1, other than imprisonment required as a condition of special probation under
34 G.S. 15A-1351(a) or G.S. 15A-1344(e), shall be committed to the Statewide Misdemeanant
35 Confinement Program established under G.S. 148-32.1.

36 If the person sentenced to imprisonment is under the age of 18, the person must be committed
37 to a detention facility approved by the Division of Juvenile Justice ~~Section of the Division of~~
38 ~~Adult Correction and Juvenile Justice~~ to provide secure confinement and care for juveniles.
39 Personnel of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of
40 Juvenile Justice ~~Section~~ shall transport the person to the detention facility. If the person sentenced
41 to imprisonment reaches the age of 18 years while imprisoned, the person may be transported by
42 personnel of the Division of Juvenile Justice ~~Section of the Division, Justice,~~ or personnel
43 approved by the Division of Juvenile Justice ~~Section, Justice,~~ to the custody of the sheriff of the
44 applicable local confinement facility."

45 **SECTION 19C.9.(o)** G.S. 15A-2000(e) reads as rewritten:

46 "(e) Aggravating Circumstances. – Aggravating circumstances which may be considered
47 are limited to the following:

48 ...

49 (8) The capital felony was committed against a law-enforcement officer,
50 employee of either the Division of Adult Correction ~~and~~ or the Division of
51 Juvenile Justice of the Department of Public Safety, jailer, fireman, judge or

1 justice, former judge or justice, prosecutor or former prosecutor, juror or
2 former juror, or witness or former witness against the defendant, while
3 engaged in the performance of his official duties or because of the exercise of
4 his official duty.

5"

6 **SECTION 19C.9.(p)** G.S. 17C-3(a)(6) reads as rewritten:

7 "(a) There is established the North Carolina Criminal Justice Education and Training
8 Standards Commission, hereinafter called "the Commission." The Commission shall be
9 composed of 34 members as follows:

10 ...

11 (6) Adult Correction and Juvenile Justice. – Four correctional officers in
12 management positions employed by the Division of Adult Correction ~~and~~
13 ~~Juvenile Justice~~ of the Department of Public Safety shall be appointed, two
14 from the Section of Community Corrections upon the recommendation of the
15 Speaker of the House of Representatives and two from the Section of Prisons
16 upon the recommendation of the President Pro Tempore of the Senate.
17 Appointments by the General Assembly shall be made in accordance with
18 G.S. 120-122. Appointments by the General Assembly shall serve two-year
19 terms to conclude on June 30th in odd-numbered years or until the appointee
20 no longer serves in a management position with the Division of Adult
21 ~~Correction and Juvenile Justice~~, Correction, whichever occurs first. The
22 Governor shall appoint one correctional officer employed by the Division of
23 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety and
24 assigned to the Office of Staff Development and Training, and one juvenile
25 justice officer employed by the Division of Juvenile Justice ~~Section of the~~
26 ~~Division of Adult Correction and Juvenile Justice~~. The Governor's
27 appointments shall serve three-year terms or until the appointee is no longer
28 assigned to the Office of Staff Development and Training or is no longer a
29 juvenile justice officer, whichever occurs first."

30 **SECTION 19C.9.(q)** G.S. 108A-14(a) reads as rewritten:

31 "(a) The director of social services shall have the following duties and responsibilities:

32 ...

33 (9) To assist and cooperate with the Division of Adult Correction and the Division
34 of Juvenile Justice of the Department of Public Safety and their
35 representatives;

36"

37 **SECTION 19C.9.(r)** G.S. 115D-5(b) reads as rewritten:

38 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
39 curricular courses and of noncurricular extension courses at convenient locations away from
40 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
41 portion of the established regular tuition rate charged a full-time student shall be charged a
42 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
43 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
44 registration fees, to be charged students enrolling in extension courses for which instruction is
45 financed primarily from State funds. The State Board of Community Colleges may provide by
46 general and uniform regulations for waiver of tuition and registration fees for the following:

47 ...

48 (2) Courses requested by the following entities that support the organizations'
49 training needs and are on a specialized course list approved by the State Board
50 of Community Colleges:

51 ...

1 g. The Division of Adult Correction and the Division of Juvenile Justice
 2 of the Department of Public Safety for the training of full-time
 3 custodial employees and employees of the ~~Division~~ Divisions required
 4 to be certified under Article 1 of Chapter 17C of the General Statutes
 5 and the rules of the Criminal Justice and Training Standards
 6 Commission.

7"

8 **SECTION 19C.9.(s)** G.S. 120-70.94(a) reads as rewritten:

9 "(a) The Joint Legislative Oversight Committee on Justice and Public Safety shall
 10 examine, on a continuing basis, the correctional, law enforcement, and juvenile justice systems
 11 in North Carolina, in order to make ongoing recommendations to the General Assembly on ways
 12 to improve those systems and to assist those systems in realizing their objectives of protecting
 13 the public and of punishing and rehabilitating offenders. In this examination, the Committee
 14 shall:

15 ...

16 (2) Examine the effectiveness of the Division of Adult Correction ~~and Juvenile~~
 17 ~~Justice~~ of the Department of Public Safety in implementing the public policy
 18 stated in G.S. 148-26 of providing work assignments and employment for
 19 inmates as a means of reducing the cost of maintaining the inmate population
 20 while enabling inmates to acquire or retain skills and work habits needed to
 21 secure honest employment after their release.

22 ...

23 (2b) Examine the effectiveness of the Division of ~~Adult Correction and~~ Juvenile
 24 Justice of the Department of Public Safety in implementing the duties and
 25 responsibilities charged to the Division in Part 3 of Article 13 of Chapter 143B
 26 of the General Statutes and the overall effectiveness and efficiency of the
 27 juvenile justice system in the State.

28 ...

29 (10) Study the needs of juveniles. This study may include, but is not limited to:

30 a. Determining the adequacy and appropriateness of services:

- 31 1. To children and youth receiving child welfare
 32 ~~services;~~ services.
- 33 2. To children and youth in the juvenile court ~~system;~~ system.
- 34 3. Provided by the Division of Social Services of the Department
 35 of Health and Human Services and the Division of ~~Adult~~
 36 ~~Correction and~~ Juvenile Justice of the Department of Public
 37 ~~Safety;~~ Safety.
- 38 4. To children and youth served by the Mental Health,
 39 Developmental Disabilities, and Substance Abuse Services
 40 system.

41"

42 **SECTION 19C.9.(t)** The title of Part 10 of Article 5 of Chapter 122C of the General
 43 Statutes reads as rewritten:

44 "Part 10. Voluntary Admissions, Involuntary Commitments and Discharges, Inmates and
 45 Parolees, Division of Adult Correction ~~and Juvenile Justice~~ of the Department of Public
 46 Safety."

47 **SECTION 19C.9.(u)** G.S. 126-5(c3) reads as rewritten:

48 "(c3) Except as to the policies, rules, and plans established by the Commission pursuant to
 49 G.S. 126-4(5) and the provisions of Article 6 of this Chapter, the provisions of this Chapter shall
 50 not apply to: Teaching and related educational classes of employees of the Division of ~~Adult~~
 51 ~~Correction and~~ Juvenile Justice of the Department of Public Safety, the Department of Health

1 and Human Services, and any other State department, agency or institution, whose salaries shall
2 be set in the same manner as set for corresponding public school employees in accordance with
3 Chapter 115C of the General Statutes."

4 SECTION 19C.9.(v) G.S. 143-138(g) reads as rewritten:

5 "(g) Publication and Distribution of Code. – The Building Code Council shall cause to be
6 printed, after adoption by the Council, the North Carolina State Building Code and each
7 amendment thereto. It shall, at the State's expense, distribute copies of the Code and each
8 amendment to State and local governmental officials, departments, agencies, and educational
9 institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only
10 on written request to the Council.)

11 OFFICIAL OR AGENCY NUMBER OF COPIES

12 ...

13 Division of Adult Correction of the Department of Public Safety..... 1

14 ~~and~~ Division of Juvenile Justice of the Department of Public Safety..... 1

15"

16 SECTION 19C.9.(w) G.S. 143-166.1 reads as rewritten:

17 "§ 143-166.1. Purpose.

18 In consideration of hazardous public service rendered to the people of this State, there is
19 hereby provided a system of benefits for dependents of law-enforcement officers, firefighters,
20 rescue squad workers, and senior Civil Air Patrol members killed in the discharge of their official
21 duties, and for dependents of noncustodial employees of the Division of Adult Correction and
22 the Division of Juvenile Justice of the Department of Public Safety killed by an individual or
23 individuals in the custody of the Division of Adult Correction ~~and~~ or the Division of Juvenile
24 Justice of the Department of Public Safety."

25 SECTION 19C.9.(x) G.S. 143-166.2 reads as rewritten:

26 "§ 143-166.2. Definitions.

27 The following definitions apply in this Article:

28 (1) Covered person. – This term shall apply to all of the following individuals:

29 a. Firefighters.

30 b. Law enforcement officers.

31 c. Noncustodial employees of either the Division of Adult Correction
32 ~~and~~ or the Division of Juvenile Justice of the Department of Public
33 Safety.

34 d. Rescue squad workers.

35 e. Senior Civil Air Patrol members.

36 (2) Custodial employee. – An employee of either the Division of Adult Correction
37 ~~and~~ or the Division of Juvenile Justice of the Department of Public Safety who
38 is a detention officer or a correctional officer or who otherwise has direct care
39 and control over individuals in the custody of the ~~Division of Adult Correction~~
40 ~~and Juvenile Justice of the Department of Public Safety.~~

41 ...

42 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

43 ...

44 c. The death of a noncustodial employee who, while performing his or
45 her official duties, is killed in a manner reasonably determined by the
46 Industrial Commission to be directly caused by an individual or
47 individuals in the custody of either the Division of Adult Correction
48 ~~and~~ or the Division of Juvenile Justice of the Department of Public
49 Safety.

50 ...

- 1 (7) Law enforcement officer or officer. – This term shall apply to all of the
 2 following individuals:
 3 ...
 4 b. Full-time custodial employees and probation and parole officers of the
 5 Division of Adult Correction ~~and Juvenile Justice~~ of the Department
 6 of Public Safety.
 7 c. Full-time institutional and full-time, permanent part-time, and
 8 temporary detention employees of the Division of Juvenile Justice
 9 ~~Section of the Division of Adult Correction and Juvenile Justice~~ of the
 10 Department of Public Safety.
 11 ...
 12 (8) Noncustodial employee. – An employee of the Division of Adult Correction
 13 ~~and or of the Division of Juvenile Justice~~ of the Department of Public Safety
 14 who is not a custodial employee.
 15"

16 **SECTION 19C.9.(y)** G.S. 143-166.7 reads as rewritten:

17 **"§ 143-166.7. Applicability of Article.**

18 The provisions of this Article shall apply and be in full force and effect with respect to any
 19 law-enforcement officer, firefighter, rescue squad worker or senior Civil Air Patrol member
 20 killed in the line of duty on or after May 13, 1975. The provisions of this Article shall apply with
 21 respect to full-time, permanent part-time and temporary employees of the North Carolina Forest
 22 Service of the Department of Agriculture and Consumer Services killed in the line of duty on or
 23 after July 1, 1975. The provisions of this Article shall apply to county fire marshals and
 24 emergency services coordinators killed in the line of duty on and after July 1, 1988. The
 25 provisions of this Article shall apply to noncustodial employees of the Division of Adult
 26 Correction and noncustodial employees of the Division of Juvenile Justice of the Department of
 27 Public Safety who are killed in the line of duty on and after April 1, 2017."

28 **SECTION 19C.9.(z)** G.S. 143-166.13(a) reads as rewritten:

29 "(a) The following persons who are subject to the Criminal Justice Training and Standards
 30 Act are entitled to benefits under this Article:

- 31 ...
 32 (2) State Correctional Officers, Division of Adult Correction ~~and Juvenile Justice~~
 33 of the Department of Public Safety;
 34 (3) State Probation and Parole Officers, Division of Adult Correction ~~and Juvenile~~
 35 ~~Justice~~ of the Department of Public Safety;
 36 (4) Sworn State Law-Enforcement Officers with the power of arrest, Division of
 37 Adult Correction ~~and Juvenile Justice~~ of the Department of Public Safety;
 38 ...
 39 (9) Juvenile Justice Officers, Division of Juvenile Justice ~~Section of the Division~~
 40 ~~of Adult Correction and Juvenile Justice~~ of the Department of Public Safety;
 41"

42 **SECTION 19C.9.(aa)** G.S. 148-13 reads as rewritten:

43 **"§ 148-13. Regulations as to custody grades, privileges, gain time credit, etc.**

44 ...
 45 (a1) The Secretary of Public Safety shall adopt rules to specify the rates at, and
 46 circumstances under, which earned time authorized by G.S. 15A-1340.13(d) and
 47 G.S. 15A-1340.20(d) may be earned or forfeited by persons serving activated sentences of
 48 imprisonment for felony or misdemeanor convictions. Such rules shall include any person
 49 serving an activated sentence of imprisonment who is confined in a detention facility approved
 50 by the Division of Juvenile Justice ~~Section of the Division of Adult Correction and Juvenile~~
 51 ~~Justice~~.

1 ...
2 (e) The Secretary's regulations concerning earned time and good time credits authorized
3 by this section shall be distributed to and followed by local jail administrators and by personnel
4 of the Division of Juvenile Justice ~~Section~~ or personnel approved by the Division of Juvenile
5 Justice ~~Section~~ with regard to sentenced jail prisoners, including prisoners housed in a detention
6 facility approved by the Division of Juvenile Justice ~~Section of the Division of Adult Correction~~
7 ~~and Juvenile Justice~~.

8"

9 **SECTION 19C.9.(bb)** G.S. 148-128 reads as rewritten:

10 **"§ 148-128. Authorization for Correction Enterprises.**

11 The Section of Correction Enterprises of the Division of Adult Correction ~~and Juvenile~~
12 ~~Justice~~ is established as a ~~division~~ section of the Division of Adult Correction ~~and Juvenile Justice~~
13 of the Department of Public Safety. The Section of Correction Enterprises of the Division of
14 Adult Correction ~~and Juvenile Justice~~ may develop and operate industrial, agricultural, and
15 service enterprises that employ incarcerated offenders in an effort to provide them with
16 meaningful work experiences and rehabilitative opportunities that will increase their
17 employability upon release from prison. Enterprises operated under this Article shall be known
18 as "Correction Enterprises."

19 **SECTION 19C.9.(cc)** G.S. 164-40 reads as rewritten:

20 **"§ 164-40. Correction population simulation model; Juvenile Justice ~~Section of the Division~~**
21 **~~of Adult Correction and Juvenile Justice of the Department of Public Safety~~**
22 **facilities population simulation model.**

23 ...

24 (b) The Commission shall develop a Juvenile Justice ~~Section of the Division of Adult~~
25 ~~Correction and Juvenile Justice of the Department of Public Safety~~ facilities population
26 simulation model, and shall have first priority to apply the model to a given fact situation, or
27 theoretical change in the dispositional laws set forth in Chapter 7B of the General Statutes, when
28 requested to do so by the Chairman, the Executive Director, or the Commission as a whole.

29 The Executive Director or the Chairman shall make the model available to respond to
30 inquiries by any State legislator, or by the Division of Juvenile Justice ~~Section of the Division of~~
31 ~~Adult Correction and Juvenile Justice~~ of the Department of Public Safety, in second priority to
32 the work of the Commission."

33 **SECTION 19C.9.(dd)** This section becomes effective July 1, 2022.

34
35 **INCREASED MISDEMEANANT CONFINEMENT REIMBURSEMENT RATE IF**
36 **UTILIZING INMATE LABOR**

37 **SECTION 19C.10.(a)** Consistent with the provisions of Article 3 of Chapter 148 of
38 the General Statutes, sheriffs having custody of inmates under the Statewide Misdemeanant
39 Confinement Program may hire those inmates to maintain the cleanliness of areas along local
40 and State roadways.

41 **SECTION 19C.10.(b)** A sheriff that hires inmates pursuant to subsection (a) of this
42 section shall coordinate with the Department of Transportation before and after a cleanup project
43 to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the
44 Department of Transportation. The sheriff shall also ensure that all inmates hired pursuant to this
45 subsection are adequately guarded while working and that food, water, and bathroom facilities
46 are accessible in reasonable amounts and times.

47 **SECTION 19C.10.(c)** A sheriff that utilizes inmate labor pursuant to subsection (a)
48 of this section for a combined total of 500 work hours in one calendar month shall submit a record
49 of those work hours to the Department of Public Safety and shall be reimbursed for caring for
50 and housing the inmates of the Statewide Misdemeanant Confinement Program at a rate of at
51 least sixty dollars (\$60.00) per day, per inmate held under the Statewide Misdemeanant

1 Confinement Program for each calendar month in which 500 work hours were completed. This
2 increased reimbursement rate shall be paid to participating sheriffs only until the funds that have
3 been specifically appropriated by the General Assembly for this purpose are exhausted.

4 **SECTION 19C.10.(d)** The North Carolina Sheriffs' Association shall report no later
5 than the fifteenth day of each month to the Office of State Budget and Management and the Fiscal
6 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor
7 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in
8 each participating county, and (iii) the number of road miles cleaned by inmates in each
9 participating county.

10 **SECTION 19C.10.(e)** The North Carolina Sheriffs' Association shall report no later
11 than October 1 of each year to the chairs of the House of Representatives Appropriations
12 Committee on Justice and Public Safety, the chairs of the Senate Appropriations Committee on
13 Justice and Public Safety, and the chairs of the Joint Legislative Oversight Committee on Justice
14 and Public Safety regarding (i) the counties with sheriffs' offices that utilized inmate labor
15 pursuant to subsection (a) of this section, (ii) the number of total hours worked by inmates in
16 each participating county, and (iii) the number of road miles cleaned by inmates in each
17 participating county.

18 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

19 **SECTION 19C.11.(a)** Prior to using the funds appropriated in this act to the
20 Department of Public Safety for prison technology upgrades, the Department of Public Safety
21 shall issue a request for proposals that meets the following requirements:

- 22
- 23 (1) Either the products or services offered by a participating vendor are capable
24 of each of the following:
 - 25 a. Tracking all phones and other wireless devices within a State prison.
 - 26 b. Blocking the use of contraband phones and other wireless devices
27 within a State prison.
 - 28 c. Broadcasting a secure, private long-term evolution (LTE) network.
 - 29 d. Creating a virtual bank account for each inmate that allows approved
30 friends or family members to send or receive money to and from the
31 account.
 - 32 e. Providing a single sign-on management platform.
 - 33 (2) The vendor shall:
 - 34 a. Be able to deploy the products and services it offers within two months
35 of award of the funds.
 - 36 b. Have at least five years of experience performing similar work.
 - 37 (3) No funds awarded by the vendor may be used for lobbying the North Carolina
38 General Assembly.

39 **SECTION 19C.11.(b)** The Department of Public Safety shall, in consultation with
40 the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this
41 section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
42 October 1, 2022, in an interim report and no later than October 1, 2023, in a final report.

43 **SECTION 19C.11.(c)** The report required by subsection (b) of this section shall
44 include, at a minimum, each of the following:

- 45 (1) A time line of the deployment of products and services.
- 46 (2) An explanation of the implementation of the awarded contract.
- 47 (3) An accounting of the extent to which tracking and blocking technologies were
48 able to successfully track and block phones and wireless devices in State
49 prisons.
- 50 (4) An accounting of the extent to which the private long-term evolution (LTE)
51 network met the needs of State prisons.

- 1 (5) An accounting of the extent to which the virtual bank accounts of inmates
2 were utilized by inmates, their friends, and their family members.
3

4 **TRANSFER OF ODOM CORRECTIONAL INSTITUTION TO NORTHAMPTON**
5 **COUNTY**

6 **SECTION 19C.12.(a)** It is the intent of the General Assembly for the State of North
7 Carolina to convey to the Northampton County Board of Commissioners (Northampton County)
8 for the consideration of one dollar (\$1.00) all of its right, title, and interest in the property used
9 for the former Odom Correctional Institution which is currently allocated to the Department of
10 Public Safety, Division of Adult Correction and Juvenile Justice (DPI). In order to accomplish
11 this conveyance, DPI and Northampton County shall mutually develop the boundaries of the
12 property to be conveyed based upon the following directions and limitations:

- 13 (1) The property to be conveyed shall be a subdivision consisting of
14 approximately 64 acres from Parcel Number 0701397 of Northampton
15 County, deed reference Book 424, Page 601, and Book 434, Page 133, totaling
16 approximately 1,119 acres which are currently allocated to the Department of
17 Public Safety, Division of Adult Correction and Juvenile Justice. The
18 conveyance shall include:

- 19 a. The Odom Correctional Facility buildings and structures, less
20 Correction Enterprise Agricultural operations and those operations
21 belonging to Wildlife Resources, inclusive of those appurtenant
22 correctional yards, fences, towers, service ways, and parking lots,
23 totaling approximately 62 acres.
24 b. The waste treatment plant and immediate grounds, totaling
25 approximately 2 acres.
26 c. Infrastructure and utility lines that serve the Odom Correctional
27 Facility, traversing property retained by the Department of Public
28 Safety, located within easements to be dedicated as noted below.

- 29 (2) The property conveyed pursuant to this section shall not include:

- 30 a. Lands used by the Wildlife Resources Commission.
31 b. Lands used by the Department of Public Safety for agricultural
32 operations.
33 c. Lands previously used by the Department of Public Safety for
34 permitted land application of treated waste.

- 35 (3) The land to be dedicated for rights-of-way and easements to Northampton
36 County shall be only that of:

- 37 a. Sewer collection systems necessary for the operation of the transferred
38 buildings.
39 b. Water supply systems necessary for the operation of the transferred
40 buildings.
41 c. Roadway access along Odom Prison Road and unnamed agricultural
42 roads surrounding the buildings.
43 d. Public utility easements not otherwise previously dedicated for gas or
44 electricity.

45 **SECTION 19C.12.(b)** Upon completion of developing the boundaries described in
46 subsection (a) of this section, DPI and Northampton County shall submit a metes and bounds
47 description of the property to be conveyed to the State Property Office. The State Property Office
48 shall prepare a deed conveying all of the State's right, title, and interest in the described property
49 to the Northampton County Board of Commissioners for the consideration of one dollar (\$1.00)
50 and subject to the following limitations and instructions:

- 1 (1) The conveyance is subject to a reversionary interest reserved by the State. The
2 property shall be conveyed to the Northampton County Board of
3 Commissioners for so long as it is utilized for county government purposes.
- 4 (2) The State of North Carolina shall convey the real property described in
5 subsection (a) of this section "as is" without warranty. The State makes no
6 representations or warranties concerning the title to the property, the
7 boundaries of the property, the uses to which the property may be put, zoning,
8 local ordinances, or any physical, environmental, health, and safety conditions
9 relating to the property.
- 10 (3) Northampton County shall receive the property with existing water treatment
11 and waste collection systems. The State makes no representations or
12 warranties concerning suitability or operability of such systems for use by
13 Northampton County. Northampton County shall obtain all necessary permits
14 to operate the waste treatment plant and to remove waste treatment process
15 material or effluent from the facilities for disposal. The State shall not be
16 obligated to provide lands for the application of waste treatment process
17 material, effluent, or sludge.

18 **SECTION 19C.12.(c)** All costs associated with the conveyance of the property
19 described in subsection (a) of this section, including, but not limited to, subdivision, surveying,
20 engineering services, permitting, and utility connections, shall be borne by Northampton County.

21 **SECTION 19C.12.(d)** The conveyance of the State's right, title, and interest in Odom
22 Correctional Institution shall be exempt from the provisions of Article 7 of Chapter 146 of the
23 General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146
24 of the General Statutes, however, the provisions of G.S. 146-74 shall not apply.

25 **SECTION 19C.12.(e)** This section is effective when it becomes law.

26 **PART XIX-D. JUVENILE JUSTICE**

27 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

28 **SECTION 19D.1.(a)** Funds appropriated in this act to the Department of Public
29 Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required
30 for or used for community program contracts, may be used only for the following:

- 31 (1) Other statewide residential programs that provide Level 2 intermediate
32 dispositional alternatives for juveniles.
- 33 (2) Statewide community programs that provide Level 2 intermediate
34 dispositional alternatives for juveniles.
- 35 (3) Regional programs that are collaboratives of two or more Juvenile Crime
36 Prevention Councils which provide Level 2 intermediate dispositional
37 alternatives for juveniles.
- 38 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
39 intermediate dispositional alternatives for juveniles listed in
40 G.S. 7B-2506(13) through (23).

41 **SECTION 19D.1.(b)** Funds appropriated by this act to the Department of Public
42 Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing,
43 operations, maintenance, or any other expenses of youth development centers or detention
44 facilities.

45 **SECTION 19D.1.(c)** The Department of Public Safety shall submit an electronic
46 report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in
47 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of
48 the House of Representatives Appropriations Committee on Justice and Public Safety and the
49 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.
50
51

1 The report shall include all of the following: an itemized list of the contracts that have been
2 executed, the amount of each contract, the date the contract was executed, the purpose of the
3 contract, the number of juveniles that will be served and the manner in which they will be served,
4 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized
5 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.
6

7 **PART XIX-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

8 9 **TRANSFER OF NCNG TUITION ASSISTANCE PROGRAM**

10 **SECTION 19E.1.(a)** The North Carolina National Guard Tuition Assistance
11 Program administered by the State Education Assistance Authority is transferred to the
12 Department of Public Safety. This transfer shall have all of the elements of a Type I transfer, as
13 defined in G.S. 143A-6. The State Education Assistance Authority shall transfer all associated
14 program administration funds to the Department of Public Safety.

15 **SECTION 19E.1.(b)** Part 2 of Article 23 of Chapter 116 of the General Statutes,
16 G.S. 116-209.50 through G.S. 116-209.55, is recodified as Article 15 of Chapter 127A of the
17 General Statutes, G.S. 127A-190 through G.S. 127A-195.

18 **SECTION 19E.1.(c)** Article 15 of Chapter 127A of the General Statutes, as
19 recodified by subsection (b) of this section, reads as rewritten:

20 "Article 15.

21 "North Carolina National Guard Tuition Assistance Act of 1975.

22 **"§ 127A-190. Short title.**

23 This ~~Part~~Article shall be known and may be cited as the North Carolina National Guard
24 Tuition Assistance Act of 1975.

25 **"§ 127A-191. Purpose.**

26 The General Assembly of North Carolina, recognizing that the North Carolina National
27 Guard is the only organized, trained and equipped military force subject to the control of the
28 State, hereby establishes a program of tuition assistance for qualifying guard members for the
29 purpose of encouraging voluntary membership in the North Carolina National Guard, improving
30 the educational level of its members, and thereby benefiting the State as a whole.

31 **"§ 127A-192. Definitions.**

32 The following definitions apply in this ~~Part~~Article:

- 33 (1) Academic Year. – The annual enrollment period used by the
34 ~~Authority~~Secretary.
- 35 (2) Private Educational Institutions. – Any junior college, senior college or
36 university which is operated and governed by private interests not under the
37 control of the federal, State or any local government, which is located within
38 and licensed by the State of North Carolina, which does not operate for profit,
39 whose curriculum is primarily directed toward the awarding of associate,
40 baccalaureate or graduate degrees, which agrees to the applicable
41 administration and funding provisions of this ~~Part~~Article.
- 42 (3) Proprietary School. – An educational institution that is (i) defined as a
43 proprietary school in G.S. 115D-87(2), (ii) licensed by the State Board of
44 Community Colleges, ~~and~~or (iii) listed by the North Carolina State Approving
45 Agency for Veterans and Military Education as an approved proprietary
46 school for purposes of this ~~Part~~Article.
- 47 (3a) Secretary. – The Secretary of Public Safety or the Secretary's designee.
- 48 (4) State Educational Institutions. – Any of the constituent institutions of the
49 University of North Carolina, or any community college operated under the
50 provisions of Chapter 115D of the General Statutes of North Carolina.

- 1 (5) Student Loan. – A loan or loans made to eligible students or parents of
2 students to aid in attaining an education beyond the high school level.

3 **"§ 127A-193. Benefit.**

4 The benefit provided under this ~~Part~~ Article shall consist of a monetary educational assistance
5 grant not to exceed the highest amount charged by a State educational institution per academic
6 year or a lesser amount, as prescribed by the ~~Authority, Secretary,~~ to remain within the funds
7 appropriated, to qualifying members of the North Carolina National Guard. Benefits provided
8 under ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g) shall be payable for a period of one year at a time,
9 renewable at the option of the ~~Authority, Secretary.~~ All other benefits provided under this ~~Part~~
10 Article shall be payable for a period of one academic year at a time, renewable at the option of
11 the ~~Authority, Secretary.~~

12 **"§ 127A-194. Eligibility.**

13 (a) Active members of the North Carolina National Guard who are enrolled or who shall
14 enroll in any proprietary school, private educational institution, or State educational institution
15 shall be eligible to apply for this tuition assistance benefit: Provided, that the applicant has a
16 minimum obligation of two years remaining as a member of the North Carolina National Guard
17 from the end of the academic period for which tuition assistance is provided or that the applicant
18 commit himself or herself to extended membership for at least two additional years from the end
19 of that academic period.

20 (b) This tuition assistance benefit shall be applicable to students in the following
21 categories:

- 22 (1) Students seeking to achieve completion of their secondary school education
23 at a community college or technical institute.
24 (2) Students seeking trade or vocational training or education.
25 (3) Students seeking to achieve a two-year associate degree.
26 (4) Students seeking to achieve a four-year baccalaureate degree.
27 (5) Students seeking to achieve a graduate degree.
28 (6) Students enrolled in a program granting a graduate certificate.
29 (7) Students enrolled in a professional certification program recommended by the
30 Director of the North Carolina National Guard Education and Employment
31 Center and approved by the North Carolina National Guard Education
32 Services Officer.

33 (c) The following persons shall be eligible to apply for disbursements to pay outstanding
34 student loans pursuant to ~~G.S. 116-209.55(g)~~ G.S. 127A-195(g):

- 35 (1) Persons described in subsections (a) and (b) of this section.
36 (2) Active members of the North Carolina National Guard who were previously
37 enrolled in any proprietary school, private educational institution, or State
38 educational institution, but only if:
39 a. The applicant has a minimum obligation of two years remaining as a
40 member of the North Carolina National Guard from the time of the
41 application; or
42 b. The applicant commits himself or herself to extended membership for
43 at least two additional years from the time of the application.

44 **"§ 127A-195. Administration and funding.**

45 (a) The ~~Authority, Secretary~~ is charged with the administration of the tuition assistance
46 program under this ~~Part~~ Article. The Secretary may delegate administrative tasks to other persons
47 within the Department of Public Safety as the Secretary deems best for the orderly administration
48 of this program. The Department of Public Safety may also contract with the State Education
49 Assistance Authority for the administration of these tuition benefit disbursements.

50 (b) The ~~Authority, Secretary~~ shall determine the eligibility of applicants, select the benefit
51 recipients, establish the effective date of the benefit, and may suspend or revoke the benefit if the

1 ~~Authority-Secretary~~ finds that the recipient does not maintain an adequate academic status, or if
2 the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or
3 otherwise engages in disorderly conduct, breaches of the peace, or unlawful assemblies. The
4 ~~Authority-Secretary~~ shall maintain such records and shall promulgate such rules and regulations
5 as the ~~Authority-Secretary~~ deems necessary for the orderly administration of this program. The
6 ~~Authority-Secretary~~ may require of proprietary schools or State or private educational institutions
7 such reports and other information as the ~~Authority-Secretary~~ may need to carry out the
8 provisions of this ~~Part-Article~~ and the ~~Authority-Secretary~~ shall disburse benefit payments for
9 recipients upon certification of enrollment by the enrolling institutions.

10 (c) All tuition benefit disbursements shall be made to the proprietary school or State or
11 private educational institution concerned, for credit to the tuition account of each recipient. Funds
12 disbursed pursuant to subsection (g) of this section shall be made to the student loan creditor
13 concerned to be applied against the outstanding student loans of each North Carolina National
14 Guard member beneficiary.

15 (d) The participation by any proprietary school or private educational institution in this
16 program shall be subject to the applicable provisions of this ~~Part-Article~~ and to examination by
17 the State Auditor of the accounts of the benefit recipients attending or having attended such
18 private schools or institutions. The ~~Authority-Secretary~~ may defer making an award or may
19 suspend an award in any proprietary school or private educational institution which does not
20 comply with the provisions of this ~~Part-Article~~ relating to said institutions. The manner of
21 payment to any proprietary school or private educational institution shall be as prescribed by the
22 ~~Authority-Secretary~~.

23 (e) Irrespective of other provisions of this ~~Part-Article~~, the ~~Authority-Secretary~~ may
24 prescribe special procedures for adjusting the accounts of benefit recipients who, for reasons of
25 illness, physical inability to attend classes or for other valid reason satisfactory to the ~~Authority-~~
26 ~~Secretary~~, may withdraw from any proprietary school or State or private educational institution
27 prior to the completion of the term, semester, quarter or other academic period being attended at
28 the time of withdrawal.

29 (f) Any balance of the monetary educational assistance grant up to the maximum for the
30 academic year remaining after tuition is paid pursuant to subsection (c) of this section may be
31 disbursed to the recipient as reimbursement for required course books and materials. The manner
32 of obtaining the reimbursement payment for these required books and materials shall be as
33 prescribed by the ~~Authority-Secretary~~.

34 (g) Any funds not needed to accomplish the other purposes of this ~~Part-Article~~ may be
35 used to help members of the North Carolina National Guard repay outstanding student loans in
36 accordance with rules to be adopted by the ~~Authority-Secretary~~. These rules shall provide that
37 the length of a member's deployment may be considered in determining whether or not, and in
38 what amount, a member receives assistance pursuant to this subsection. There shall be no
39 reimbursement under this subsection for payments already made on student loans, and funds shall
40 not be provided under this subsection for the purpose of paying student loans obtained for courses
41 from which the member withdrew or for which the member did not receive a passing grade.
42 Payments for outstanding loans shall not exceed the maximum benefit available under ~~G.S.~~
43 ~~116-209.53-G.S. 127A-193.~~"

44 **SECTION 19E.1.(d)** This section becomes effective July 1, 2021.

45 **TARHEEL CHALLENGE CODIFICATION**

46 **SECTION 19E.2.(a)** Chapter 127A of the General Statutes is amended by adding a
47 new Article to read:

48 "Article 18.

49 "Tarheel Challenge Academy.

50 "§ 127A-220. Purpose; establishment.

1 The purpose of this Article is to authorize the North Carolina National Guard's Tarheel
2 Challenge Academy to operate independently of existing schools. The Tarheel Challenge
3 Academy is established as a Division of the North Carolina National Guard. The Tarheel
4 Challenge Academy shall satisfy all of the following:

- 5 (1) Exist as a cost-free program.
- 6 (2) Be housed for administrative purposes within the North Carolina National
7 Guard.
- 8 (3) Be a community-based school that leads, trains, and mentors at-risk youth.
- 9 (4) Be designated as an approved alternative learning program, as defined in this
10 Article, and an innovative school option.
- 11 (5) Create at least a 22-week residential program that requires a 12-month
12 post-residential mentoring period.
- 13 (6) Improve life skills and employment potential of participants by providing
14 quasi-military based training and supervised work experience.
- 15 (7) Teach the "8 Core Components" of academic excellence, job skills, health and
16 hygiene, physical fitness, life coping skills, responsible citizenship,
17 leadership, and service to community.
- 18 (8) Increase opportunity for participants to receive a high school diploma or its
19 equivalent.
- 20 (9) Enjoy the full cooperation of other State and local agencies in carrying out its
21 program.

22 **"§ 127A-221. Definitions.**

23 The following definitions apply for the purposes of this Article:

- 24 (1) Academy. – Tarheel Challenge Academy, a Division of the North Carolina
25 National Guard.
- 26 (2) Alternative learning program. – A program offered by the Academy that
27 provides specialized services for at-risk students outside of a standard
28 classroom setting. Services should be designed to meet the needs of students
29 who have not been successful in the traditional school setting.
- 30 (3) Eligible participant. – An individual who meets all of the following criteria:
 - 31 a. Is a minimum of 16 years of age and a maximum of 18 years of age at
32 the time of entry into the program.
 - 33 b. Has failed to complete or has left school for any reason before
34 graduation or completion of a program of studies without transferring
35 to another school and has not received a certificate from a program of
36 equivalency or has not progressed in a traditional high school setting.
 - 37 c. A citizen or legal resident of the United States.
 - 38 d. Unemployed or underemployed.
 - 39 e. Not currently on parole or probation and not accused or convicted of
40 a crime that would be considered a felony if the individual was an
41 adult.
 - 42 f. Free from use of illegal drugs or substances.
 - 43 g. Physically and mentally capable to participate in the alternative
44 learning program.

45 **"§ 127A-222. Administration; supervision.**

46 The general supervision and administration of the Academy shall be vested in the North
47 Carolina National Guard Adjutant General. It shall be the duty of the Adjutant General or his or
48 her designee to do all of the following:

- 49 (1) Create a written document that incorporates the terms and conditions imposed
50 on the Academy by the Federal Youth Challenge Program.

- 1 (2) Organize and establish all rules and regulations for the Academy, as
2 necessary.
3 (3) Direct and control all Academy personnel matters.
4 (4) Oversee and direct the administration and functioning of the alternative
5 learning program offered by the Academy."

6 **SECTION 19E.2.(b)** This section becomes effective October 1, 2021.

7
8 **BUTNER TIMBER FUND SALE PROCEEDS**

9 **SECTION 19E.3.(a)** G.S. 146-30 reads as rewritten:

10 **"§ 146-30. Application of net proceeds.**

11 (a) The net proceeds of any disposition made in accordance with this Subchapter shall be
12 handled in accordance with the following priority:

- 13 (1) First, in accordance with the provisions of any trust or other instrument of title
14 whereby title to real property was acquired.
15 (2) Second, as provided by any other act of the General Assembly.
16 (3) Third, by depositing the net proceeds with the State Treasurer.

17 Nothing in this section, however, prohibits the disposition of any State lands by exchange for
18 other lands, but if the appraised value in fee simple of any property involved in the exchange is
19 at least twenty-five thousand dollars (\$25,000), then the exchange shall not be made without
20 consultation with the Joint Legislative Commission on Governmental Operations.

21 ...

22 (d) Notwithstanding any other provision of this Subchapter, the following exceptions
23 apply:

24 ...

- 25 (8) The net proceeds derived from the sale of any portion of the land owned by
26 the State in the Camp Butner reservation shall be deposited with the State
27 Treasurer in a capital improvement account to the credit of the Department of
28 Health and Human Services to make capital improvements on or to property
29 owned by the State in the Camp Butner reservation subject to approval by the
30 Office of State Budget and Management. The net proceeds derived from the
31 sale of timber from land owned by the State in the Camp Butner reservation
32 shall be deposited with the State Treasurer in a capital improvement account
33 to the credit of the Department of Public Safety to be used to support the North
34 Carolina National Guard's Camp Butner Training Center and other North
35 Carolina National Guard–operated Training Centers. The definition of "Camp
36 Butner reservation" in G.S. 122C-3 applies to this subdivision.

37 "

38 **SECTION 19E.3.(b)** This section becomes effective July 1, 2021.

39
40 **NORTH CAROLINA NATIONAL GUARD JOB ACT**

41 **SECTION 19E.4.(a)** Article 13 of Chapter 126 of the General Statutes is amended
42 by adding a new section to read:

43 **"§ 126-80.5. National Guard preference.**

44 (a) It shall be the policy of the State of North Carolina that, in recognition and
45 appreciation for service to the State and this country, and in recognition of the time and advantage
46 lost toward the pursuit of a civilian career, an eligible member of the National Guard as defined
47 in G.S. 126-81(4) shall be granted preference in employment for positions subject to the
48 provisions of this Chapter with every State department, agency, and institution.

49 (b) In all evaluations of applicants for positions with this State or any of its departments,
50 agencies, or institutions, a preference shall be awarded to all eligible members of the National
51 Guard who are citizens of the State. This preference applies to initial employment and extends

1 to other employment events, including a subsequent hiring, promotion, reassignment, or
2 horizontal transfer.

3 (c) The provisions of this section shall be subject to the provisions of Article 9 of Chapter
4 143B of the General Statutes."

5 **SECTION 19E.4.(b)** G.S. 126-81 reads as rewritten:

6 **"§ 126-81. Definitions.**

7 ~~As used in this Article:~~The following definitions apply in this Article:

- 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 a result of
23 such ~~service; or~~ service.
24 d. A veteran who suffered a service-connected disability during
25 ~~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 died 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
45 peacetime."

46 **SECTION 19E.4.(c)** G.S. 128-15 reads as rewritten:

47 **"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.**

48 (a) It shall be the policy of the State of North Carolina that, in appreciation for their
49 service to this State and this country during a period of war, and in recognition of the time and
50 advantage lost toward the pursuit of a civilian career, veterans and eligible members of the

1 National Guard shall be granted preference in employment with every State department, agency,
2 and institution.

3 (b) As used in this section:

4 (1) ~~"A period of war" includes~~ Period of war. – World War I (April 16, 1917,
5 through November 11, 1918), World War II (December 7, 1941, through
6 December 31, 1946), the Korean Conflict (June 27, 1950, through January 31,
7 1955), the period of time between January 31, 1955, and the end of the
8 hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or
9 engagement for which a campaign badge or medal is authorized by the United
10 States Department of Defense.

11 (2) ~~"Veteran" means a~~ Veteran. – A person who served in the Armed Forces of
12 the United States on active duty, for reasons other than training, and has been
13 discharged under other than dishonorable conditions.

14 (3) ~~"Eligible veteran" means:~~ Eligible veteran. – Any of the following:

15 a. A veteran who served during a period of ~~war;~~ or war.

16 b. The spouse of a disabled ~~veteran;~~ or veteran.

17 c. The surviving spouse or dependent of a veteran who dies on active
18 duty during a period of war either directly or indirectly as the result of
19 such ~~service;~~ or service.

20 d. A veteran who suffered a disabling injury for service-related reasons
21 during ~~peacetime;~~ or peacetime.

22 e. The spouse of a veteran described in ~~subdivision~~ sub-subdivision d. of
23 this ~~subsection;~~ or subdivision.

24 f. The surviving spouse or dependent of a person who served in the
25 Armed Forces of the United States on active duty, for reasons other than
26 training, who dies for service-related reasons during peacetime.

27 (4) Eligible member of the National Guard. – Any of the following:

28 a. A resident of North Carolina who is a current member in good standing
29 of either the North Carolina Army National Guard or the North
30 Carolina Air National Guard.

31 b. A resident of North Carolina who is a former member of either the
32 North Carolina Army National Guard or the North Carolina Air
33 National Guard, whose discharge is under honorable conditions with
34 a minimum of six years of creditable service.

35 c. The surviving spouse and dependent of a member of the North
36 Carolina Army National Guard or the North Carolina Air National
37 Guard who dies on State active duty either directly or indirectly as a
38 result of that service.

39 d. The surviving spouse or dependent of a member of the North Carolina
40 National Guard who died for service-related reasons during peacetime.

41 (c) Hereafter, in all evaluations of applicants for positions with this State or any of its
42 departments, institutions or agencies, a preference shall be awarded to all eligible veterans and
43 eligible members of the National Guard who are citizens of the State and who served the State
44 or the United States honorably in the military forces of this State or of the United States during
45 a period of war. This preference applies to initial employment with the State and extends to other
46 employment events including subsequent hirings, promotions, reassignments, and horizontal
47 transfers.

48 (d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter
49 165 of the General Statutes, G.S. 126-83, and Parts 13 and 19 of Article 9 of Chapter 143B of
50 the General Statutes."

51 **SECTION 19E.4.(d)** This section is effective when it becomes law.

COMPETITIVE EMERGENCY MANAGEMENT GRANTS

SECTION 19E.5.(a) The funds appropriated in this act to the Department of Public Safety, Division of Emergency Management, to provide competitive grants to county emergency management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to county emergency management agencies located in counties with a population of 210,000 or fewer, based upon the 2019 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management. Grants shall be used to ensure local emergency management offices are adequately equipped, trained, and prepared for all hazards and emergencies. The Division shall develop policies and procedures to implement a competitive grant program consistent with this section.

SECTION 19E.5.(b) The Division shall report on the awarding of grant funds pursuant to subsection (a) of this section by January 15, 2022, and by January 15 of each year thereafter until the funds appropriated by this section are expended.

EMERGENCY MANAGEMENT ACT REVISIONS

SECTION 19E.6.(a) G.S. 166A-19.3 is amended by adding the following new subdivisions to read:

"(2d) Concurrence of the Council of State. – The consensus, within 48 hours of contact, of a majority of the Council of State prior to the Governor exercising a power or authority requiring a concurrence of the Council of State. The Governor shall document the contact and response of each Council of State member and shall release the concurrence, nonconcurrence, or no response provided by each member by name and position. Any failure to respond to the Governor within the 48 hours of contact shall be deemed a concurrence by the member of the Council of State failing to respond. All documentation of the contact and response of each member of the Council of State shall be a public record.

(2m) Council of State. – The Lieutenant Governor, Secretary of State, Auditor, Treasurer, Superintendent of Public Instruction, Attorney General, Commissioner of Agriculture, Commissioner of Labor, Commissioner of Insurance, or any interim officer or acting officer appointed in accordance with Section 7 of Article III of the State Constitution.

...

(20) Statewide emergency area. – Any emergency area applicable to two-thirds or more of the counties in this State."

SECTION 19E.6.(b) G.S. 166A-19.20 reads as rewritten:

"§ 166A-19.20. Gubernatorial or legislative declaration of state of emergency.

(a) Declaration. – A state of emergency may be declared by the Governor or by a resolution of the General Assembly, if either of these finds that an emergency exists.

(b) Emergency Area. – An executive order or resolution declaring a state of emergency shall include a definition of the area constituting the emergency area.

(c) Expiration of States of Emergency. – A state of emergency declared pursuant to this section shall expire as follows:

(1) If not a statewide emergency area, when it is rescinded by the authority that issued it.

(2) If a statewide emergency area, seven calendar days after issuance without a concurrence of the Council of State. A declaration of emergency may not be extended without the concurrence of the Council of State. Any such extension shall not be for more than 30 days without further concurrence of the Council of State.

1 (c1) Effect of Failure of Concurrence of the Council of State. – If the concurrence of the
2 Council of State fails with the issuance or extension of a declaration of emergency under
3 subdivision (c)(2) of this section, the Governor shall not issue the same or any other substantially
4 similar declarations of emergency based on the same emergency.

5 (c2) Multiple Declarations to Avoid Concurrence of Council of State. – If the Governor
6 declares more than one state of emergency based on the same emergency that would extend the
7 application of the emergency area, when combined, to more than two-thirds of the counties in
8 the State, the Governor shall obtain the concurrence of the Council of State in accordance with
9 subdivision (c)(2) of this section for each declaration of emergency.

10 (d) Exercise of Powers Not Contingent on Declaration of Disaster Type. – Once a state
11 of emergency has been declared pursuant to this section, the fact that a declaration of disaster
12 type has not been issued shall not preclude the exercise of powers otherwise conferred during a
13 state of emergency.

14 (e) Extra Session; Emergency Transportation Expenditures. – The General Assembly
15 considers a determination by the Secretary of Transportation under G.S. 136-44.2E(f) that
16 anticipated emergency expenses will exceed the funds in the Transportation Emergency Reserve
17 within the meaning of the term "extraordinary occasions," and therefore the Governor is
18 authorized to convene the General Assembly in Extra Session under Section 5(7) of Article III
19 of the North Carolina Constitution. The General Assembly strongly urges the Governor to
20 convene the General Assembly in Extra Session within 14 days of notice by the Secretary under
21 G.S. 136-44.2E(f) for the purpose of appropriating funds from the Savings Reserve to the
22 Emergency Reserve to address the transportation needs of the State necessitated by a major
23 disaster."

24 **SECTION 19E.6.(c)** G.S. 166A-19.30 is amended by adding a new subsection to
25 read:

26 "(c1) Upon exercise of any of the powers granted in subsection (c) of this section, the
27 following shall apply:

28 (1) The Governor shall notify the affected local authorities immediately upon
29 exercising any of the powers and any extensions thereof.

30 (2) In exercising any of the powers, notwithstanding subdivision (c)(1) of this
31 section, the Governor shall obtain a concurrence of the Council of State.

32 (3) The duration of the exercise of any power by the Governor shall expire in
33 accordance with G.S. 166A-19.20."

34 **SECTION 19E.6.(d)** G.S. 130A-20 reads as rewritten:

35 "**§ 130A-20. Abatement of an imminent hazard.**

36 (a) ~~If the Secretary or a local health director determines that an imminent hazard exists,~~
37 ~~the Secretary or a local health director may order the owner, lessee, operator, or other person in~~
38 ~~control of the a specific identified property to abate the imminent hazard or may, after notice to~~
39 ~~or reasonable attempt to notify the owner, lessee, operator, or other person in control of the~~
40 ~~property enter upon any the specific identified property and take any action necessary to abate~~
41 ~~the imminent hazard. If the Secretary or a local health director abates the imminent hazard, the~~
42 ~~Department or the local health department shall have a lien on the property of the owner, lessee,~~
43 ~~operator, or other person in control of the specific identified property where the imminent hazard~~
44 ~~existed for the cost of the abatement of the imminent hazard. The lien may be enforced in~~
45 ~~accordance with procedures provided in Chapter 44A of the General Statutes. The lien may be~~
46 ~~defeated by a showing that an imminent hazard did not exist at the time the Secretary or the local~~
47 ~~health director took the action. The owner, lessee, operator, or any other person against whose~~
48 ~~property the lien has been filed may defeat the lien by showing that that person was not culpable~~
49 ~~in the creation of the imminent hazard.~~

1 (b) ~~The Secretary of Environmental Quality and a~~ local health director shall have the
2 same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 9
3 and 10 of this Chapter.

4 (c) The Secretary shall have the authority to determine that a class or category of property
5 uses presents a statewide imminent hazard. For a period of no more than seven calendar days,
6 the Secretary may order owners, operators, or other persons in control of that class or category
7 of property uses to abate the statewide imminent hazard. If the Secretary has notified the
8 Governor, and the Governor has received the concurrence of the Council of State, such order
9 may be extended for up to 30 days at a time. The Secretary may, after notice to or reasonable
10 attempt to notify the owners, operators, or other persons in control of a specific property not
11 complying with the order of abatement, enter upon the property and take any action necessary to
12 abate the imminent hazard. If the Secretary's orders under this subsection would extend the
13 application of the class or categories of properties in areas, when combined, to statewide
14 application, the Secretary shall notify the Governor, and the Governor shall seek the concurrence
15 of the Council of State in accordance with this subsection prior to extension of any of the orders.

16 (d) The Secretary of Environmental Quality, in accordance with subsection (c) of this
17 section, may enforce the provisions of Articles 9 and 10 of this Chapter.

18 (e) For purposes of this section, the following definitions shall apply:

19 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

20 (2) Statewide. – Two-thirds or more of the counties in this State."

21 **SECTION 19E.6.(e)** G.S. 130A-145 reads as rewritten:

22 **"§ 130A-145. Quarantine and isolation authority.**

23 (a) The State Health Director and a local health director are empowered to exercise
24 quarantine and isolation ~~authority.~~ authority in accordance with this section. Quarantine and
25 isolation authority shall be exercised only when and so long as the public health is endangered,
26 all other reasonable means for correcting the problem have been exhausted, and no less restrictive
27 alternative exists.

28 (b) No person other than a person authorized by the State Health Director or local health
29 director shall enter quarantine or isolation premises. Nothing in this subsection shall be construed
30 to restrict the access of authorized health care, law enforcement, or emergency medical services
31 personnel to quarantine or isolation premises as necessary in conducting their duties.

32 (c) Before applying quarantine or isolation authority to livestock or poultry for the
33 purpose of preventing the direct or indirect conveyance of an infectious agent to persons, the
34 State Health Director or a local health director shall consult with the State Veterinarian in the
35 Department of Agriculture and Consumer Services.

36 (d) When quarantine or isolation limits the freedom of movement of a person or animal
37 or of access to a person or animal whose freedom of movement is limited, the period of limited
38 freedom of movement or access shall not exceed 30 calendar days. Any person substantially
39 affected by that limitation may institute in superior court in Wake County or in the county in
40 which the limitation is imposed an action to review that limitation. The official who exercises
41 the quarantine or isolation authority shall give the persons known by the official to be
42 substantially affected by the limitation reasonable notice under the circumstances of the right to
43 institute an action to review the limitation. If a person or a person's representative requests a
44 hearing, the hearing shall be held within 72 hours of the filing of that request, excluding Saturdays
45 and Sundays. The person substantially affected by that limitation is entitled to be represented by
46 counsel of the person's own choice or if the person is indigent, the person shall be represented by
47 counsel appointed in accordance with Article 36 of Chapter 7A of the General Statutes and the
48 rules adopted by the Office of Indigent Defense Services. The court shall reduce or terminate the
49 limitation unless it determines, by the preponderance of the evidence, that the limitation is
50 reasonably necessary to prevent or limit the conveyance of a communicable disease or condition
51 to others.

1 (e) If the State Health Director or the local health director determines that a
2 30-calendar-day limitation on freedom of movement or access is not adequate to protect the
3 public health, the State Health Director or local health director must institute in superior court in
4 the county in which the limitation is imposed an action to obtain an order extending the period
5 of limitation of freedom of movement or access. If the person substantially affected by the
6 limitation has already instituted an action in superior court in Wake County, the State Health
7 Director must institute the action in superior court in Wake County or as a counterclaim in the
8 pending case. Except as provided below for persons with tuberculosis, the court shall continue
9 the limitation for a period not to exceed 30 days if it determines, by the preponderance of the
10 evidence, that the limitation is reasonably necessary to prevent or limit the conveyance of a
11 communicable disease or condition to others. The court order shall specify the period of time the
12 limitation is to be continued and shall provide for automatic termination of the order upon written
13 determination by the State Health Director or local health director that the quarantine or isolation
14 is no longer necessary to protect the public health. In addition, where the petitioner can prove by
15 a preponderance of the evidence that quarantine or isolation was not or is no longer needed for
16 protection of the public health, the person quarantined or isolated may move the trial court to
17 reconsider its order extending quarantine or isolation before the time for the order otherwise
18 expires and may seek immediate or expedited termination of the order. Before the expiration of
19 an order issued under this section, the State Health Director or local health director may move to
20 continue the order for additional periods not to exceed 30 days each. If the person whose freedom
21 of movement has been limited has tuberculosis, the court shall continue the limitation for a period
22 not to exceed one calendar year if it determines, by a preponderance of the evidence, that the
23 limitation is reasonably necessary to prevent or limit the conveyance of tuberculosis to others.
24 The court order shall specify the period of time the limitation is to be continued and shall provide
25 for automatic termination of the order upon written determination by the State Health Director
26 or local health director that the quarantine or isolation is no longer necessary to protect the public
27 health. In addition, where the petitioner can prove by a preponderance of the evidence that
28 quarantine or isolation was not or is no longer needed for protection of the public health, the
29 person quarantined or isolated may move the trial court to reconsider its order extending
30 quarantine or isolation before the time for the order otherwise expires and may seek immediate
31 or expedited termination of the order. Before the expiration of an order limiting the freedom of
32 movement of a person with tuberculosis, the State Health Director or local health director may
33 move to continue the order for additional periods not to exceed one calendar year each.

34 (f) Notwithstanding the first sentence of subsection (d) of this section, for a period of no
35 more than seven calendar days, the State Health Director shall have the authority to determine
36 and order that a class or category of persons or animals need to be quarantined or isolated to
37 protect the public health. If such an order under this section applies statewide, the State Health
38 Director may move the court for extensions of the order in accordance with subsection (d) of this
39 section after the State Health Director has notified the Governor, and the Governor has received
40 the concurrence of the Council of State. If such an order applies less than statewide, the State
41 Health Director may move the court for extension of the order in accordance with subsection (d)
42 of this section. If the State Health Director's orders under this subsection would extend the
43 application of the class or categories in areas, when combined, to statewide application, the State
44 Health Director shall notify the Governor, and the Governor shall seek the concurrence of the
45 Council of State in accordance with this subsection prior to moving the court for the extension
46 of any of the orders.

47 (g) For purposes of this section, the following definitions shall apply:

48 (1) Concurrence of the Council of State. – As defined in G.S. 166A-19.3(2d).

49 (2) Statewide. – Two-thirds or more of the counties in this State."

50 **SECTION 19E.6.(f)** This section is effective when it becomes law and applies to the
51 exercise of power under a state of emergency or declaration of emergency existing on or after

1 that date or any order of abatement issued on or after that date. Any power exercised under a
2 state of emergency or declaration of emergency existing on that date that would require a
3 concurrence of the Council of State under G.S. 166A-19.20 or G.S. 166A-19.30, as amended by
4 this section, shall expire two days after this section becomes law unless a concurrence of the
5 Council of State is sought and received in accordance with G.S. 166A-19.20 or G.S. 166A-19.30,
6 as amended by this section.

8 NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

9 **SECTION 19E.7.** Section 5.7(a) of S.L. 2018-136, as amended by Section 12.5 of
10 S.L. 2020-78, reads as rewritten:

11 "**SECTION 5.7.(a)** The Office of Recovery and Resiliency (Office) is created in the
12 Department of Public Safety. The Office shall execute multi-year recovery and resiliency projects
13 and administer funds provided by the Community Development Block Grant Disaster Recovery
14 program.

15 "**SECTION 5.7.(a1)** The Secretary may reassign up to 15 existing positions of the Division
16 of Emergency Management to the Office. In addition, the Secretary may create new ~~three-year~~
17 ~~time limited positions.~~ positions if State and federal funds are available to support those
18 positions. The reassigned positions assigned to the Office shall retain the employment status of
19 the positions at the time of the reassignment after implementation of this act is completed. The
20 ~~three-year time limited new positions created in this section shall be temporary positions based~~
21 ~~upon availability of State and federal funds~~ and are exempt from the provision of the State Human
22 Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

23 "**SECTION 5.7.(a2)** The Office will provide general disaster recovery coordination and
24 public information; citizen outreach and application case management; audit, finance,
25 compliance, and reporting on disaster recovery funds; and program and construction
26 management services. The Office shall also contract for services from vendors specializing in
27 housing, construction, and project management services."

29 STATEWIDE IMPLEMENTATION OF PANIC ALARM APPLICATION

30 **SECTION 19E.8.(a)** Of the funds appropriated in this act to the Department of
31 Public Safety, Division of Emergency Management (Division), the sum of four million four
32 hundred sixty-two thousand four hundred seventy-five dollars (\$4,462,475) in nonrecurring
33 funds for the 2021-2022 fiscal year shall be used to contract with a vendor to implement a
34 statewide panic alarm application in accordance with this section.

35 **SECTION 19E.8.(b)** Of the funds appropriated in this act to the Division, the sum
36 of two hundred twenty thousand dollars (\$220,000) in recurring funds for the 2021-2023 fiscal
37 biennium shall be used to manage the application once implemented.

38 **SECTION 19E.8.(c)** By December 1, 2021, the Division shall implement and
39 maintain a statewide panic alarm application that meets the requirements prescribed in
40 G.S. 115C-105.51(c) and is available to all employees of public secondary schools, as that term
41 is defined in G.S. 115C-105.51(g), in collaboration with the Department of Public Instruction,
42 Division of School Operations, and the Centers for Safer Schools. When implementing and
43 maintaining the statewide panic alarm application, the Division shall consider results from the
44 School Panic Alarm Pilot Program conducted in the 2017-2018 fiscal year and the
45 recommendations of the May 2018 report entitled "Panic Alarm Solution for North Carolina K-12
46 Public Schools."

48 NCORR ADDITIONAL POSITIONS

49 **SECTION 19E.9.(a)** Of the funds appropriated to the Department of Public Safety,
50 Office of Recovery and Resiliency, the sum of three hundred fifty-six thousand six hundred
51 seventeen dollars (\$356,617) in recurring funds for each fiscal year of the 2021-2023 biennium

1 shall be used to support three full-time equivalent positions to (i) carry out resiliency
2 programming which may include advising State decision makers on recovery and resiliency
3 activities, (ii) lead and coordinate resiliency efforts across State and federal agencies, regional
4 and local governments, public higher education, and other public and private stakeholders, (iii)
5 provide expertise and technical support to communities for resiliency planning and projects to
6 protect communities from flooding and other natural disasters, and (iv) coordinate and assist with
7 the implementation of disaster recovery and resiliency projects through the Office. The Office
8 may locate and station Office employees in key regions to foster partnerships with councils of
9 government in order to address capacity gaps and to aid local governments to access federal funds
10 for recovery and resiliency projects and activities.

11 **SECTION 19E.9.(b)** The Office of State Budget and Management is directed to
12 create a fund code within the Department of Public Safety, Office of Recovery and Resiliency,
13 to house the staff of the Office.
14

15 **NORTH CAROLINA PIEDMONT RADAR STUDY**

16 **SECTION 19E.10.(a)** The Department of Public Safety, Division of Emergency
17 Management (Division), in conjunction with the Western Piedmont, Centralina, and Piedmont
18 Triad Councils of Governments, shall study the feasibility of closing the radar gap over the
19 Piedmont region of North Carolina. In conducting the study, the Division shall consult with the
20 National Weather Service, local stakeholders, and other interested parties in order to complete
21 the study. The Division shall include in the feasibility study, at a minimum, all of the following:

- 22 (1) Entities able to assist in the implementation of new radar infrastructure,
23 including local governments, federal agencies, nonprofit organizations,
24 associations, and other entities specializing in weather or radar monitoring.
- 25 (2) Exact sites of radar infrastructure, construction cost estimates, operational and
26 maintenance cost estimates, and other considerations related to the
27 installation, operation, and maintenance of radar infrastructure at each site
28 over the life span of the radar infrastructure.
- 29 (3) Types of radar infrastructure necessary to provide a network of radar coverage
30 for the Piedmont region, including C-band radar and X-band radar.
- 31 (4) Identification of federal funds eligible for cost share for the radar projects, and
32 a plan to secure federal funding prior to the implementation of the radar
33 projects, if feasible.

34 **SECTION 19E.10.(b)** No later than May 1, 2022, the Division shall submit the
35 results of the study to the chairs of the House Appropriations Committee on Justice and Public
36 Safety, the chairs of the Senate Appropriations Committee on Justice and Public Safety, and the
37 Fiscal Research Division.
38

39 **PART XX. ADMINISTRATION**

40 **MANAGEMENT OF STATE-OWNED AND STATE-LEASED REAL PROPERTY** 41 **PORTFOLIO**

42 **SECTION 20.1.(a)** G.S. 143-341.2 reads as rewritten:

43 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**
44 **portfolio.**

45 (a) Duties of the Department of Administration. – The Department of Administration
46 shall have the following powers and duties:

- 47 (1) Development of comprehensive State facilities plan. – No later than ~~December~~
48 ~~1, 2018,~~ April 1, 2023, and every five years thereafter, the Department of
49 Administration shall develop and implement a plan to comprehensively
50

- 1 manage, acquire, and dispose of the facilities and spaces required to fully
 2 support State government operations. The plan shall do all of the following:
 3 ...
 4 f. Provide recommendations for disposing of existing State property and
 5 facilities, consolidating operations among existing facilities, and
 6 relocating State agencies from leased facilities to State-owned
 7 facilities.
 8 g. Describe all changes made to space planning standards developed and
 9 distributed as provided in subdivision (4) of this subsection.
 10 ...
 11 (3) Development of utilization measures. – ~~No later than December 1, 2016, the~~
 12 The Department of Administration shall develop and distribute to State
 13 agencies procedures to be used to measure the utilization of State-owned and
 14 State-leased real property. The procedures developed pursuant to this
 15 subdivision shall be all of the following:
 16 ...
 17 (4) Development and enforcement of space planning standards. – ~~No later than~~
 18 ~~December 1, 2016, the~~ The Department of Administration shall develop and
 19 distribute to State agencies space planning standards to be used to determine
 20 workspace size and to govern the use of shared space. The standards
 21 developed pursuant to this subdivision shall be based on the Federal GSA's
 22 Office of Real Property Management Performance Measurement Division
 23 Workspace Utilization and Allocation Benchmark report unless the
 24 Department identifies another efficient industry standard upon which to base
 25 the space planning standards developed pursuant to this subdivision. The
 26 Department shall annually shall:
 27 a. Annually perform audits of a portion of State agencies to determine
 28 each agency's adherence to the space planning standards developed
 29 pursuant to this subdivision and shall send formal letters of
 30 admonishment to any agency that fails to justify, in the sole discretion
 31 of the Department, any deviation from those standards.
 32 b. Update the space planning standards developed pursuant to this
 33 subdivision at least once every five years and distribute those changes
 34 to State agencies.
 35 ...
 36 (7) Reporting. – The Department of Administration shall make the following
 37 reports:
 38 a. ~~No later than December 1, 2018, April 1, 2023, and every five years~~
 39 ~~thereafter, the Department shall report the following to the Joint~~
 40 ~~Legislative Commission on Governmental Operations, to the Joint~~
 41 ~~Legislative Oversight Committee on Capital Improvements, Joint~~
 42 ~~Legislative Oversight Committee on General Government, and Fiscal~~
 43 ~~Research Division of the General Assembly, and to the Program~~
 44 ~~Evaluation Division of the General Assembly:~~ Division:
 45 ...
 46 b. If any State agency fails to submit the information required by
 47 subdivision (b)(1) of this section, the Department shall report the
 48 failure to the chairs of the Joint Legislative Commission on
 49 ~~Governmental Operations and to Operations, the chairs of the Joint~~
 50 Legislative Oversight Committee on Capital Improvements, and the

1 chairs of the Joint Legislative ~~Program Evaluation Oversight~~
 2 Committee on General Government within 30 days.

3 c. No later than ~~December 1, 2019,~~ April 1, 2024, and each year
 4 thereafter, the Department shall report to the Joint Legislative
 5 Commission on Governmental Operations, ~~to the Joint Legislative~~
 6 Oversight Committee on Capital Improvements, Joint Legislative
 7 Oversight Committee on General Government, and Fiscal Research
 8 Division of the General Assembly, and to the Program Evaluation
 9 Division of the General Assembly on the State's portfolio of real
 10 property. This report shall include at least the following information:

11 ...

12 8. A list of all audits performed that year pursuant to
 13 sub-subdivision a. of subdivision (4) of this subsection, a
 14 summary of the findings of each audit, and the agency's plans
 15 for addressing the findings of the audit.

16 (b) Duties of Other State Agencies. – Each State agency shall have the following powers
 17 and duties:

18 (1) Collection and reporting of information on property use. – No later than ~~July~~
 19 ~~1, 2018,~~ November 1, 2022, and each year thereafter, each State agency shall
 20 submit to the Department of Administration all of the information described
 21 in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any
 22 building or facility that the agency occupies. This shall be in addition to any
 23 reports required pursuant to G.S. 143-341(4)h.

24 ...

25 (4) Development of five-year property management plan. – No later than ~~July 1,~~
 26 ~~2018,~~ November 1, 2022, and every five years thereafter, each State agency
 27 shall develop a five-year real property management plan and shall submit the
 28 plan to the Department of Administration for review. Each plan shall do all of
 29 the following:

30"

31 **SECTION 20.1.(b)** The Department of Administration, State Property Office, shall
 32 include in the April 1, 2023, comprehensive State facilities plan required by G.S. 143-341.2, as
 33 enacted in subsection (a) of this section, a report on any changes to the space needs of State
 34 agencies as a result of employees working from home due to the COVID-19 pandemic. The State
 35 Property Office shall consult with the Office of State Human Resources in preparing the report,
 36 which shall include all of the following:

- 37 (1) The percentage of employees in each State agency that, on average, worked
 38 from home at least one day each week from March 1, 2021, to March 1, 2022.
- 39 (2) The percentage of employees in each State agency that, on average, worked
 40 from home at least four days each week from March 1, 2021, to March 1,
 41 2022.
- 42 (3) Information from State agencies about the continued duration of their
 43 work-from-home policies, including anticipated termination of the policies.
- 44 (4) Recommendations for reducing or consolidating State agency facilities in
 45 response to expanded State agency work-from-home policies.

46
 47 **DOA DIVISION OF NONPUBLIC EDUCATION/REPORTING REQUIREMENT**

48 **SECTION 20.2.** The Department of Administration, Division of Nonpublic
 49 Education (Division), shall report to the Joint Legislative Oversight Committee on General
 50 Government, the Joint Legislative Oversight Committee on Education, and the Fiscal Research
 51 Division on the use of State Fiscal Recovery Funds appropriated in this act to the Division for

1 the purpose of ensuring compliance with the provisions of G.S. 115C-552 and G.S. 115C-560.

2 The report shall be compiled as follows:

- 3 (1) An initial report submitted no later than February 1, 2022, which shall include
 4 all of the following:
 5 a. A description of the increase in home school notice of intent filings as
 6 a result of the COVID-19 pandemic and the number of those home
 7 schools that have since submitted termination notices.
 8 b. The current approach to tracking the number of operational home
 9 schools in the State.
 10 c. Challenges in maintaining an accurate count of operational home
 11 schools.
 12 d. Efforts underway to determine which home schools are no longer
 13 operational.
 14 e. The current methodology for compiling annual statistical reports on
 15 operational home schools and any planned database improvements and
 16 changes to the statistical report methodology.
 17 f. Year-to-date and planned expenditures.
 18 (2) A final report submitted no later than August 1, 2022, which shall be appended
 19 to the Division's annual statistical report on home schools and shall include all
 20 of the following:
 21 a. An assessment of the long-term impact of the COVID-19 pandemic on
 22 the number of home schools in the State, including whether the
 23 increase in the number of home schools experienced during the
 24 pandemic is likely to continue to rise or decline and the factors
 25 contributing to those decisions.
 26 b. An assessment of the accuracy of current data on the number of
 27 operational home schools.
 28 c. An update on efforts undertaken to determine which home schools are
 29 no longer operational.
 30 d. Any changes made to the way in which the annual statistical report is
 31 compiled, including any completed database improvements and
 32 changes to the statistical report methodology.
 33 e. Recommendations on ways in which the collection and compilation of
 34 data on the number of operational home schools can be further
 35 improved.
 36

37 **DOA DIVISION OF NONPUBLIC EDUCATION ANNUAL REPORTING**
 38 **REQUIREMENT**

39 **SECTION 20.2A.** G.S. 143-341 reads as rewritten:

40 **"§ 143-341. Powers and duties of Department.**

41 ...

42 (12) Nonpublic Schools:

- 43 a. Via the Division of Nonpublic Education (Division), to submit reports
 44 to the Joint Legislative Oversight Committee on General Government,
 45 the Joint Legislative Oversight Committee on Education, and the
 46 Fiscal Research Division by July 15 of each year that include all of the
 47 following, including the methodology used to gather or estimate the
 48 information:
 49 1. For schools to which Part 1 and Part 2 of Article 39 of Chapter
 50 115C of the General Statutes relate, excluding home schools as

- 1 defined in Part 3 of Article 39 of Chapter 115C of the General
- 2 Statutes:
- 3 I. Statewide. –
- 4 A. Total number of all schools and total number of
- 5 schools by type. For purposes of this
- 6 subdivision, the term "type" means the school
- 7 is operating as a private church school or school
- 8 of religious charter under Part 1 or as a
- 9 nonpublic school under Part 2 of Article 39 of
- 10 Chapter 115C of the General Statutes.
- 11 B. Total student enrollment and total student
- 12 enrollment by type of school.
- 13 C. Total student enrollment by grade.
- 14 D. Total student enrollment by sex.
- 15 II. For each county. –
- 16 A. Total number of all schools and total number of
- 17 schools by type.
- 18 B. Total student enrollment and total student
- 19 enrollment by type of school.
- 20 C. Total student enrollment by grade.
- 21 2. For home schools as that term is defined in Part 3 of Article 39
- 22 of Chapter 115C of the General Statutes:
- 23 I. Statewide. –
- 24 A. Total number of all home schools and total
- 25 number of home schools electing to operate
- 26 under Part 1 and total number electing to
- 27 operate under Part 2 of Article 39 of Chapter
- 28 115C of the General Statutes.
- 29 B. Total student enrollment and total student
- 30 enrollment for home schools electing to operate
- 31 under Part 1 and total enrollment for home
- 32 schools electing to operate under Part 2 of
- 33 Article 39 of Chapter 115C of the General
- 34 Statutes.
- 35 C. Total student enrollment by grade.
- 36 II. For each county. –
- 37 A. Total number of home schools.
- 38 B. Total student enrollment.
- 39 b. The Division shall prepare separate reports for the information
- 40 required by sub-sub-subdivisions a.1. and a.2. of this subdivision.
- 41 c. The Division shall annually prepare and publish on its website a
- 42 statistical history report on (i) the total number of schools and total
- 43 student enrollment for schools to which Part 1 and Part 2 of Article 39
- 44 of Chapter 115C of the General Statutes relate, excluding home
- 45 schools, and (ii) the total number of home schools and the total student
- 46 enrollment for home schools."

**NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT
DUTIES**

SECTION 20.3. G.S. 143B-393 reads as rewritten:

1 "§ 143B-393. North Carolina Council for Women and Youth Involvement – creation;
2 powers and duties.

3 (a) There is hereby created the North Carolina Council for Women and Youth
4 Involvement of the Department of Administration. The Council shall ~~have~~perform the following
5 functions and duties:

- 6 (1) ~~To advise~~Advise the Governor, the principal State departments, and the State
7 legislature concerning the education and employment of women in the State
8 of North Carolina.
- 9 (1a) ~~To advise~~Advise the Governor or Secretary of Administration upon any
10 matter relating to the following programs and organizations:
11 a. North Carolina Internship Council and the North Carolina State
12 Government Internship Program.
13 b. SADD (Students Against Destructive Decisions).
14 c. State Youth Councils.
- 15 (2) ~~To advise~~Advise the Secretary of Administration upon any matter the
16 Secretary may refer to the Council.
- 17 (3) Repealed by Session Laws 2013-30.2(b), effective July 1, 2013.
- 18 (4) Administer the Domestic Violence Center Fund, as provided in G.S. 50B-9.
- 19 (5) Administer the Sexual Assault and Rape Crisis Center Fund, as provided in
20 G.S. 143B-394.21.
- 21 (6) Recommend a person to serve as State Coordinator of the office of
22 Coordinator of Services for Victims of Sexual Assault, as provided in
23 G.S. 143B-394.2.
- 24 (7) Provide staff support to the Domestic Violence Commission, as provided in
25 G.S. 143B-394.16.
- 26 (8) Serve as a member of the North Carolina Child Fatality Task Force, as
27 provided in G.S. 7B-1402.
- 28 (9) Consult with the Department of Public Safety on a reporting system and
29 database on certain domestic violence-related homicides, as provided in
30 G.S. 143B-903.
- 31 (10) Provide staff support for the North Carolina Internship Council and the State
32 Youth Advisory Council, as provided in G.S. 143B-394.32 and
33 G.S. 143B-394.26, respectively.

34"

35
36 **ECONOMIC ASSISTANCE FUNDS FOR ORGANIZATIONS THAT PROVIDE**
37 **SERVICES TO VICTIMS OF DOMESTIC VIOLENCE AND SEXUAL ASSAULT**

38 **SECTION 20.5.** Of the funds appropriated in this act from the State Fiscal Recovery
39 Fund to the Department of Administration, North Carolina Council for Women and Youth
40 Involvement (Council), the sum of eight million three hundred eight thousand two hundred
41 eighteen dollars (\$8,308,218) in nonrecurring funds for the 2021-2022 fiscal year shall be used
42 to reduce the negative economic impact of the COVID-19 pandemic on organizations that
43 provide domestic violence and sexual assault services across the State. The Council shall allocate
44 the funds as follows:

- 45 (1) Four million one hundred fifty-four thousand one hundred nine dollars
46 (\$4,154,109) to domestic violence organizations across the State eligible to
47 receive grants pursuant to G.S. 50B-9(b). Eligible grant recipients shall
48 receive an equal amount as provided in G.S. 50B-9(b).
- 49 (2) Four million one hundred fifty-four thousand one hundred nine dollars
50 (\$4,154,109) to sexual assault programs and organizations across the State
51 eligible to receive grants pursuant to G.S. 143B-394.21. Eligible grant

1 recipients shall receive an amount based on the formula provided in
2 G.S. 143B-394.21.
3

4 **NORTH CAROLINA COUNCIL FOR WOMEN AND YOUTH INVOLVEMENT**
5 **REPORTING REQUIREMENTS**

6 **SECTION 20.6.** G.S. 50B-9 reads as rewritten:

7 "**§ 50B-9. Domestic Violence Center Fund.**

8 (a) The Domestic Violence Center Fund is established within the State Treasury. The
9 fund shall be administered by the Department of Administration, North Carolina Council for
10 ~~Women, Women and Youth Involvement~~, and shall be used to make grants to centers for victims
11 of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This
12 fund shall be administered in accordance with the provisions of the ~~Executive State Budget Act~~.
13 The Department of Administration shall make quarterly grants to each eligible domestic violence
14 center and to The North Carolina Coalition Against Domestic ~~Violence, Inc. Effective July 1,~~
15 ~~2017, and each fiscal year thereafter, the Violence. The~~ Department of Administration shall send
16 the contracts to grantees within 10 business days of the date the Current Operations
17 Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

18 (b) Each grant recipient shall receive the same amount. To be eligible to receive funds
19 under this section, a domestic violence center must meet the following requirements:

20 (1) It shall have been in operation on the preceding July 1 and shall continue to
21 be in operation.

22 (2) It shall offer all of the following services: a hotline, transportation services,
23 community education programs, daytime services, and call forwarding during
24 the night and it shall fulfill other criteria established by the Department of
25 Administration.

26 (3) It shall be a nonprofit corporation or a local governmental entity.

27 (c) ~~The On or before September 1, the~~ North Carolina Council for Women and Youth
28 Involvement shall report on the quarterly distributions of the grants from the Domestic Violence
29 Center Fund to the House and Senate chairs of the General Government Appropriations
30 Committee ~~within five business days of distribution, and the Fiscal Research Division.~~ The report
31 shall include the date, following:

32 (1) Date, amount, and recipients of the fund disbursements. ~~The report shall also~~
33 ~~include any eligible~~

34 (2) Eligible programs which are ineligible to receive funding during the relative
35 reporting cycle as well as the reason of the ineligibility for that relative
36 reporting cycle."
37

38 **GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO**
39 **VICTIMS OF HUMAN TRAFFICKING**

40 **SECTION 20.7.(a)** Of the funds appropriated in this act from the State Fiscal
41 Recovery Fund to the Department of Administration, North Carolina Council for Women and
42 Youth Involvement (Council), the sum of six million six hundred thousand dollars (\$6,600,000)
43 in nonrecurring funds for the 2021-2022 fiscal year shall be used to develop and implement a
44 grant program to provide funds to eligible organizations for economic assistance and to enhance
45 services to victims of human trafficking. The Council may use up to three hundred thousand
46 dollars (\$300,000) of the funds appropriated in this section in each fiscal year of the 2021-2023
47 fiscal biennium to establish three time-limited positions to administer the grant program.

48 **SECTION 20.7.(b)** The following criteria shall apply to the grant program:

49 (1) Grant applicants shall satisfy all of the following:

50 a. Be a nonprofit corporation.

- 1 b. Provide direct services to victims of human trafficking, which may
2 include case management, client safety, client well-being, and other
3 services, including health, transportation, housing, education, and
4 employment assistance.
5 c. Demonstrate an economic loss resulting from the COVID-19
6 pandemic.
7 d. Be ineligible for a grant under the provisions of G.S. 50B-9 and
8 G.S. 143B-394.21.
- 9 (2) The Council shall coordinate outreach efforts with the North Carolina Human
10 Trafficking Commission, State agencies, and local partners to make
11 information regarding the grant funds available to eligible organizations
12 within two weeks after this section becomes law.
13 (3) The amount of the grant shall not exceed the organization's economic loss
14 resulting from the COVID-19 pandemic.
15 (4) The Council shall, upon receipt of all applications by the deadline set under
16 grant program deadlines, expeditiously award and disburse grant funds.
17 (5) Grant recipients shall comply with all reporting requirements in
18 G.S. 143C-6-23 and the contract between the recipient and the Council.

19 **SECTION 20.7.(c)** If all funds appropriated as provided in subsection (a) of this
20 section are not disbursed in the first round of grants, the Council shall award a second round of
21 grants to eligible organizations for the purpose of developing, strengthening, or expanding human
22 trafficking victim service programs to help mitigate the increased risk of human trafficking as a
23 result of the COVID-19 pandemic. The following criteria shall apply to the second round of the
24 grant program:

- 25 (1) Grant applicants shall satisfy all of the following:
26 a. Be a nonprofit corporation.
27 b. Provide direct services to victims of human trafficking, which may
28 include case management, client safety, client well-being, and other
29 services, including health, transportation, housing, education, and
30 employment assistance.
31 c. Be ineligible for a grant under the provisions of G.S. 50B-9 and
32 G.S. 143B-394.21.
33 d. Submit a detailed proposal of its human trafficking service program
34 which shall, at a minimum, include all of the following:
35 1. A description of the geographic area the organization serves
36 and the needs of victims of human trafficking in that area.
37 2. A plan to address the needs of victims, including the goals and
38 objectives of each proposed initiative.
39 3. The time line for implementing each proposed initiative to
40 achieve the desired objective and the names of any partners
41 with whom the organization will be working and the role of
42 those partners in the proposed initiative.
43 4. A list of the specific services each proposed initiative will
44 deliver, which may include case management, client safety,
45 client well-being, and other services, including health,
46 transportation, housing, education, and employment
47 assistance.
48 5. The anticipated planning and administrative costs for each
49 proposed initiative, sorted by type, including staffing, fixed
50 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 34 **COVID-19 CONSTRUCTION HEALTH, SAFETY, AND EDUCATION**

35 **SECTION 24.1E.(a)** Of the funds appropriated in this act from the State Fiscal
36 Recovery Fund to the Office of State Budget and Management, the sum of four million dollars
37 (\$4,000,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided to CAGC
38 Foundation, Inc., (CAGC) to be used as follows:

- 39 (1) The sum of one million dollars (\$1,000,000) for a statewide multilingual
40 outreach and media campaign targeting construction employers and
41 construction workers and their families that promotes the efficacy and safety
42 of COVID-19 vaccines and the latest guidelines approved by the Centers for
43 Disease Control and Prevention. The media campaign shall utilize various
44 mediums to reach minority populations and individuals that lack proficiency
45 in the English language.
- 46 (2) The sum of two million dollars (\$2,000,000) to provide COVID-19
47 vaccination and medical services to construction workers at construction work
48 sites via pop-up mobile medical units. Medical services available to
49 construction workers shall include COVID-19 testing, COVID-19
50 vaccination, blood pressure screenings, body composition scans, A1C
51 screening, stress tests, mental health screening, vision screening, and

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 **HARNETT COUNTY FUNDS**

29 **SECTION 24.1G.** Notwithstanding any other provision of this act or the Committee
30 Report described in Section 43.2 of this act to the contrary, the funds appropriated to the Office
31 of State Budget and Management and allocated as a directed grant to Harnett County for Dunn
32 Ministerial Association, Inc., shall instead be appropriated the Office of State Budget and
33 Management and allocated as a directed grant to Harnett County Partnership for Children, Inc.

34 **PART XXV. CONTROLLER**

35 **OVERPAYMENT AUDITS**

36 **SECTION 25.1.(a)** During the 2021-2023 fiscal biennium, receipts generated by the
37 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,
38 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously
39 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as
40 required by G.S. 147-86.22(c).

41 **SECTION 25.1.(b)** Of the funds appropriated in this act from the Special Reserve
42 Account 24172, and for each fiscal year of the 2021-2023 fiscal biennium, two hundred fifty
43 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for
44 data processing, debt collection, or e-commerce costs.

45 **SECTION 25.1.(c)** The State Controller shall report annually to the Joint Legislative
46 Commission on Governmental Operations and the Fiscal Research Division on the revenue
47 deposited into Special Reserve Account 24172 and the disbursement of that revenue.
48
49
50
51

DATA SHARING BETWEEN ENTERPRISE-LEVEL SYSTEMS

SECTION 25.2.(a) G.S. 143B-1376 reads as rewritten:

"§ 143B-1376. Statewide security and privacy standards.

...

(d) With the approval of the State CIO, enterprise-level system owners may share data between their secure systems and other enterprise-level secure systems to maximize State government's effectiveness and productivity, unless sharing the data is expressly prohibited by State or federal law. Sharing of data under this subsection shall include the transfer of PII or other potentially sensitive data only when appropriate safeguards are in place for both the transfer of the data and storage of the data in the receiving system and when consistent with the Statewide Information Security Policy. For purposes of this subsection, the term "owner" means a State agency having both (i) possession or control of data with the ability to access, create, modify, transfer, or remove data and (ii) authority to assign access privileges to others."

SECTION 25.2.(b) This section is effective when it becomes law.

PART XXVI. ELECTIONS**POSITIONS FUNDED WITH HAVA AND OTHER FEDERAL FUNDS**

SECTION 26.1.(a) The State Board of Elections (Board) is authorized to continue funding 30 time-limited positions in each fiscal year of the 2021-2023 fiscal biennium using any remaining funds from the three million dollars (\$3,000,000) in nonrecurring Help America Vote Act (HAVA) funds that were appropriated in Section 5.7 of S.L. 2019-239 to the State Board of Elections Special Fund (28025) for each fiscal year of the 2019-2021 fiscal biennium.

SECTION 26.1.(b) The full-time position of Chief Information Security Officer, authorized in S.L. 2018-5, shall not be phased out unless authorized by the General Assembly.

PART XXVII. GENERAL ASSEMBLY**FUNDING TO MITIGATE COVID-19 PANDEMIC FISCAL IMPACT ON LEGISLATURE**

SECTION 27.1. Of the funds appropriated in this act from the State Fiscal Recovery Fund to the General Assembly, the sum of twenty-one million eight hundred thousand dollars (\$21,800,000) in nonrecurring funds for the 2021-2022 fiscal year to be used for the 2021-2023 fiscal biennium shall be allocated as follows:

- (1) Two million three hundred fifty thousand dollars (\$2,350,000) for premium pay and bonuses for essential workers.
- (2) Eleven million dollars (\$11,000,000) for staff resources dedicated to support legislative activities, including research and analysis, developing and drafting legislation, monitoring spending and compliance with State and federal requirements, and related activities.
- (3) Four hundred fifty thousand dollars (\$450,000) for replacing revenue lost by legislative food services due to the negative impact of the COVID-19 pandemic.
- (4) Eight million dollars (\$8,000,000) for making broadband and other information technology improvements in the legislative complex and for making improvements in the functionality of committee rooms.

PART XXVIII. GOVERNOR [RESERVED]**PART XXIX. HOUSING FINANCE AGENCY**

BUDGETING AND REPORTING REQUIREMENTS

SECTION 29.2.(a) Chapter 122A of the General Statutes is amended by adding a new section to read:

"§ 122A-16.1. Budgeting requirements.

In addition to the requirements set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the Agency shall include in the report required under G.S. 122A-16 a recommended base budget for operations of, and programs administered by, the Agency showing accounting detail corresponding to the Agency budget recommendation for each budget code and purpose or program. The recommended base budget required under this subsection shall meet all of the following requirements:

- (1) Employ the North Carolina Accounting System Uniform Chart of Accounts adopted by the State Controller to show both uses and sources of funds by line-item detail and shall display in separate parallel columns all of the following: (i) actual expenditures and receipts for the most recent fiscal year for which actual information is available, (ii) the certified budget for the preceding fiscal year, (iii) the currently authorized budget for the preceding fiscal year, (iv) program base budget requirements for the upcoming fiscal year, (v) proposed expenditures and receipts for the upcoming fiscal year, and (vi) proposed increases and decreases.
- (2) Identify all budget and fund code titles.
- (3) Include accurate projections of receipts, expenditures, and fund balances. Estimated receipts, including federal funds, shall be adjusted to reflect actual collections from the previous fiscal year, unless there is a more reasonable basis upon which to accurately project receipts. Revenue and expenditure detail provided in the Budget Support Document shall be no less detailed than the two-digit level in the North Carolina Accounting System Uniform Chart of Accounts as prescribed by the State Controller.
- (4) Clearly identify all proposed expenditures supported by existing or proposed appropriations, including statutory appropriations.
- (5) Include a list of budget adjustments made during the prior fiscal year that are included in the proposed base budget for the upcoming fiscal year. The list of budget adjustments shall identify the revision number, revision type, revision title, the purpose or programs affected, the amount of funds moving between the purpose or programs, and the justification for the adjustment."

SECTION 29.2.(b) G.S. 143C-1-1(b) reads as rewritten:

"(b) The provisions of this Chapter shall apply to every State agency, unless specifically exempted herein, and to every non-State entity that receives or expends any State funds. No State agency or non-State entity shall expend any State funds except in accordance with an act of appropriation and the requirements of this Chapter. Except for the provisions set forth in G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall continue to apply to the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes and to control its expenditures and, in the event of a conflict with the sections of this Chapter other than G.S. 143C-3-3 and G.S. 143C-3-5, the provisions of Chapter 122A of the General Statutes shall control. The provisions of Chapter 120 of the General Statutes shall continue to apply to the General Assembly and to control its expenditures and in the event of a conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control. Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive, or judicial branch."

SECTION 29.2.(c) G.S. 143C-3-3 is amended by adding a new subsection to read:

1 "(f) Applicability to Housing Finance Agency. – The provisions of this section apply to
2 the North Carolina Housing Finance Agency created under Chapter 122A of the General Statutes.
3 Nothing in this section shall be construed as requiring the Housing Finance Agency to receive
4 approval for the exercise of any of the powers granted by Chapter 122A of the General Statutes."

5 **SECTION 29.2.(d)** G.S. 143C-3-5(d) reads as rewritten:

6 "(d) Funds Included in Budget. – Consistent with requirements of the North Carolina
7 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with
8 the Recommended Base Budget and Recommended Capital Improvements Budget Support
9 Document, shall include recommended expenditures of State funds from all Governmental and
10 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for
11 (i) The University of North Carolina and its constituent institutions that are subject to this
12 Chapter. Chapter and (ii) the North Carolina Housing Finance Agency created under Chapter
13 122A of the General Statutes that are appropriated from the State Treasury. Except where
14 provided otherwise by federal law, funds received from the federal government become State
15 funds when deposited in the State treasury and shall be classified and accounted for in the
16 Governor's budget recommendations no differently than funds from other sources. Nothing in
17 this section shall be construed as requiring the Housing Finance Agency to receive approval for
18 the exercise of any of the powers granted by Chapter 122A of the General Statutes."

19 **SECTION 29.2.(e)** G.S. 122A-16 reads as rewritten:

20 "**§ 122A-16. Oversight by committees of General Assembly; annual reports; report; audit;**
21 **construction of Chapter.**

22 (a) Oversight. – The Finance Committee of the House of Representatives and
23 Representatives, the Finance Committee of the Senate Senate, and the Joint Legislative Oversight
24 Committee on General Government shall exercise continuing oversight of the Agency in order
25 to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that
26 nothing in this Chapter shall be construed as required by the Agency to receive legislative
27 approval for the exercise of any of the powers granted by this Chapter.purpose.

28 (b) Comprehensive Report. – The Agency shall, promptly following the close of each
29 fiscal year, on or before December 1 of each year, submit an annual comprehensive report of its
30 activities for the preceding year to the Governor, the Office of State Budget and Management,
31 State Auditor, the aforementioned committees of the General Assembly and the Local
32 Government Commission. Each such Commission, the Joint Legislative Oversight Committee
33 on General Government, and the Fiscal Research Division. The comprehensive report required
34 under this subsection shall set forth a complete operating and financial statement of the Agency
35 during such year.include at least all of the following:

36 (1) The goals and objectives of each program administered by the Agency.

37 (2) The number and types of activities funded by the Agency.

38 (3) The number of individuals or families served for each program administered
39 by the Agency.

40 (4) The information required under G.S. 45-104, 122A-5.14, 122A-5.15,
41 122A-16.1, and Section 20.1 of S.L. 2005-276.

42 (c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least
43 once in each year by an independent certified public accountant and the cost thereof may be paid
44 from any available moneys of the Agency. The Agency shall on January 1 and July 1 of each
45 year submit a written report of its activities to the Joint Legislative Commission on Governmental
46 Operations. The Agency shall also at the end of each fiscal year submit a written report of its
47 budget expenditures by line item to the Joint Legislative Commission on Governmental
48 Operations.

49 (d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to
50 receive legislative approval for the exercise of any of the powers granted by this Chapter."

51 **SECTION 29.2.(f)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

1 "SECTION 20.1.(a) Funds appropriated in this act to the Housing Finance Agency for the
2 federal HOME Program shall be used to match federal funds appropriated for the HOME
3 Program. In allocating State funds appropriated to match federal HOME Program funds, the
4 Agency shall give priority to HOME Program projects, as follows:

- 5 (1) First priority to projects that are located in counties designated as Tier One,
6 Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
- 7 (2) Second priority to projects that benefit persons and families whose incomes
8 are fifty percent (50%) or less of the median family income for the local area,
9 with adjustments for family size, according to the latest figures available from
10 the United States Department of Housing and Urban Development.

11 ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency shall~~
12 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~
13 ~~concerning~~ on the status of the HOME Program and shall include in the report information on
14 priorities met, types of activities funded, and types of activities not funded."

15 SECTION 29.2.(g) G.S. 45-104(f) reads as rewritten:

16 "(f) ~~The As part of the report required under G.S. 122A-16, the~~ Housing Finance Agency
17 shall report ~~to the General Assembly describing~~ on the operation of the program established by
18 this act ~~not later than May 1 of each year~~ until the funds are completely disbursed from the State
19 Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in
20 aggregate form and may include the number of clients helped, the effectiveness of the funds in
21 preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,
22 and provide any other aggregated information the Housing Finance Agency determines is
23 pertinent or that the General Assembly requests."

24 SECTION 29.2.(h) G.S. 122A-5.14(d) reads as rewritten:

25 "(d) Annual Report. – ~~By April 1 of each year, the As part of the report required under~~
26 ~~G.S. 122A-16, the~~ Agency shall report ~~to the House Appropriations Subcommittee on General~~
27 ~~Government and Senate Appropriations Subcommittee on General Government and Information~~
28 ~~Technology~~ on the effectiveness of the Program in accomplishing its purposes and provide any
29 other information the Agency determines is pertinent or that the General Assembly requests."

30 SECTION 29.2.(i) G.S. 122A-5.15(d) reads as rewritten:

31 "(d) ~~By February 1 of each year, the As part of the report required under G.S. 122A-16,~~
32 ~~the~~ Agency shall report ~~to the Joint Legislative Commission on Governmental Operations and~~
33 ~~the Fiscal Research Division~~ on the number of loans made under this section, the amount of each
34 loan, and whether the low-income housing development is located in a low-, moderate-, or
35 high-income county, as designated by the Agency."

36 SECTION 29.2.(j) Subsections (b) through (d) of this section become effective July
37 1, 2021, and apply beginning with the 2022-2023 fiscal year. Subsections (b) and (c) of
38 G.S. 122A-16, as amended by subsection (e) of this section, and subsections (f) through (i) of
39 this section become effective July 1, 2021, and apply to reports due on or after that date. The
40 remainder of this section becomes effective July 1, 2021.

41 STATE HOMEOWNER ASSISTANCE FUND

42 SECTION 29.3.(a) The North Carolina Housing Finance Agency shall establish and
43 administer the State Homeowner Assistance Fund (Fund) to mitigate financial hardships
44 associated with the COVID-19 pandemic by providing funds for qualified expenses to eligible
45 homeowners for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss
46 of utilities or home energy services, and displacements of homeowners experiencing financial
47 hardship after January 21, 2020. The Agency shall do all of the following:

- 49 (1) Develop and submit a plan for the use of federal Housing Assistance Fund
50 (HAF) funding in accordance with the guidelines established by the United
51 States Department of the Treasury (Treasury).

- 1 (2) Upon submission of the plan described in subdivision (1) of this subsection,
2 submit a copy of the plan to the Joint Legislative Oversight Committee on
3 General Government, the Senate Appropriations Committee on General
4 Government and Information Technology, the House of Representatives
5 Appropriations Committee on General Government, and the Fiscal Research
6 Division.
- 7 (3) Promptly notify the entities listed in subdivision (2) of this subsection upon
8 receipt of decisions from the Treasury approving the plan, making
9 recommendations to improve weaknesses in the plan prior to its approval, or
10 any other decisions involving the receipt of federal funds for the purposes
11 described in this section, including the schedule of disbursements of federal
12 funds.
- 13 (4) Allocate or expend funds from the Fund only in accordance with section 3206
14 of the American Rescue Plan Act (the HAF Statute) and the Guidance for the
15 Homeowner Assistance Fund issued by the Treasury on April 14, 2021, as
16 amended from time to time, and any other guidance issued by the Treasury
17 regarding the HAF.
- 18 (5) Beginning in 2022, on or before March 1 and September 1, and on those dates
19 in each year thereafter until the federal HAF funds are fully expended, report
20 to the entities listed in subdivision (2) of this subsection for each program
21 administered under the Fund by providing, at a minimum, all of the following:
22 a. An overview and description of program goals.
23 b. The date the program was established and the duration of the program.
24 c. The program's target population and geographic area.
25 d. Homeowner eligibility requirements.
26 e. The number of participating homeowners, type and amount of
27 assistance provided to those homeowners, and the duration of the
28 assistance.
29 f. Progress in meeting program goals to date.
30 g. Interaction with other programs administered under the Fund.
31 h. Agency planning and administrative costs, sorted by type, including
32 staffing, fixed costs, contracts, and information technology.
33 i. Total of federal HAF funds spent to date, amount obligated, and
34 amount unobligated.

35 **SECTION 29.3.(b)** This section expires on September 30, 2025, unless the period
36 of performance under the federal HAF program is amended or extended by federal law.
37

38 **WORKFORCE HOUSING LOAN PROGRAM/REVOLVING LOANS**

39 **SECTION 29.4.1.(a)** G.S. 122A-5.15 reads as rewritten:

40 **"§ 122A-5.15. Workforce Housing Loan Program.**

41 (a) The North Carolina Housing Finance Agency shall establish and administer the
42 Workforce Housing Loan Program for the purpose of making revolving loans for qualified
43 low-income housing development in the State. Funds appropriated to the North Carolina Housing
44 Trust Fund for the Workforce Housing Loan Program shall be used by the Agency only as
45 provided in this section.

46"

47 **SECTION 29.4.1.(b)** This section is effective when it becomes law.

48 **SECTION 29.4.2.** Unless otherwise prohibited by federal law or guidelines, loans
49 made from the Workforce Housing Loan Program using funds appropriated to the Program from
50 the State Fiscal Recovery Fund shall be repaid to the Program for the purpose of making
51 revolving loans as authorized by G.S. 122A-5.15.

1
2 **PART XXX. INSURANCE**

3
4 **REGULATORY FEE AND INSURANCE REGULATORY FUND**

5 **SECTION 30.1.(a)** Notwithstanding the provisions of G.S. 58-6-25(b), the
6 percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b)
7 is five percent (5%) for the 2022 calendar year.

8 **SECTION 30.1.(b)** G.S. 58-6-25 reads as rewritten:

9 **"§ 58-6-25. Insurance regulatory charge.**

10 ...

11 (b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent
12 (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the
13 Department shall propose a percentage rate of the charge levied in this section. The Governor
14 shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the
15 General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds
16 sufficient to defray the estimated cost of the operations of the Department for each upcoming
17 fiscal year, including a reasonable margin for a reserve fund, ~~and (ii) that the amount of the~~
18 ~~reserve not exceed one third of the estimated cost of operating the Department for each upcoming~~
19 ~~fiscal year. that shall be used to provide for unanticipated expenditures requiring a budget~~
20 ~~adjustment as authorized by G.S. 143C-6-4.~~ In calculating the amount of the reserve, the General
21 Assembly shall consider all relevant factors that may affect the cost of operating the Department
22 or a possible unanticipated increase or decrease in North Carolina premiums or other charge
23 revenue.

24 ...

25 (d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury,~~
26 ~~under the control of the Office of State Budget and Management. The~~ as an interest-bearing
27 special fund to which the proceeds of the charge levied in this section and all fees collected under
28 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General
29 Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account
30 and any interest or other income derived from the Fund shall be credited to the Fund. credited.
31 Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly
32 Assembly, and in accordance with the line item budget enacted by the General Assembly. The
33 the Fund is subject to the provisions of the State Budget Act, except that no unexpended surplus
34 of the Fund shall revert to the General Fund. Act. All money credited to the Fund shall be used
35 to reimburse the General Fund for the following:

36"

37 **SECTION 30.1.(c)** The Office of State Budget and Management shall, in
38 conjunction with the North Carolina Industrial Commission, adjust the Commission's base
39 budget for each fiscal year of the 2023-2025 fiscal biennium to use proceeds from the insurance
40 regulatory charge established under G.S. 58-6-25 to reimburse the General Fund for operations
41 of the Commission as authorized by G.S. 58-6-25(d)(11).
42

43 **VOLUNTEER FIRE DEPARTMENT GRANT PROGRAM CHANGES**

44 **SECTION 30.2.(a)** Grants Authorized. – Notwithstanding the provisions of
45 G.S. 58-87-1, the Commissioner of Insurance shall use funds from the Volunteer Fire
46 Department Fund to provide grants to eligible fire departments in accordance with this section.
47 The Commissioner may use up to one percent (1%) of the Fund for staff and resources to
48 administer the grant programs authorized by this section. For purposes of this section, the term
49 "eligible fire department" has the same meaning as in G.S. 58-87-1(b).

50 **SECTION 30.2.(b)** Base Allocation Grants. – Of the funds appropriated in this act
51 to the Department of Insurance, the sum of eight million dollars (\$8,000,000) from the State

1 Fiscal Recovery Fund shall be used to provide eligible fire departments base allocation grants for
2 purposes consistent with G.S. 58-87-1(a1)(3). An eligible fire department may apply to the
3 Commissioner and shall be awarded a base allocation of ten thousand dollars (\$10,000) for the
4 2021-2022 fiscal year to help mitigate the financial impact of the COVID-19 pandemic and its
5 impact on the department's ability to conduct fundraising and generate revenue. Base allocations
6 do not require a match and shall be made as soon as practicable, but not later than August 1,
7 2021.

8 **SECTION 30.2.(c) Supplemental Grants.** – An eligible fire department may apply
9 to the Commissioner for a supplemental grant to be used to purchase equipment, make capital
10 improvements, and other related purposes outlined in G.S. 58-87-1(a1)(3). The grants shall be
11 awarded only during the 2021-2022 fiscal year, shall not exceed thirty-five thousand dollars
12 (\$35,000), and do not require a cash match. Grant funds shall be disbursed to eligible fire
13 departments in single lump sum payments. The Commissioner shall award and release grant
14 funds, as soon as practicable, and, to the extent possible, ensure an equitable distribution of grants
15 across the State.

16 **SECTION 30.2.(d) Emergency Reserve Grants.** – The Commissioner shall reserve
17 up to one million dollars (\$1,000,000) in each fiscal year of the 2021-2023 fiscal biennium to
18 provide grants to eligible fire departments in the event of an emergency. For purposes of this
19 subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3. Emergency
20 reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes
21 consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on
22 June 30 of each fiscal year of the 2021-2023 fiscal biennium shall revert to the Volunteer Fire
23 Department Fund. If an eligible fire department is awarded an emergency reserve grant and
24 thereafter receives a monetary settlement from its insurance carrier for the same loss or damages
25 for which the grant was awarded, the fire department shall reimburse the State for the amount of
26 the grant.

27 **SECTION 30.2.(e) Report.** – Within 60 days after all grants have been awarded
28 under this section, the Commissioner shall submit a written report to the Senate Appropriations
29 Committee on General Government and Information Technology, the House of Representatives
30 Appropriations Committee on General Government, the Joint Legislative Oversight Committee
31 on General Government, and the Fiscal Research Division which shall be posted on the
32 Department of Insurance's website and shall contain all of the following:

- 33 (1) For base allocation grants under subsection (b) of this section, the total number
34 of grants awarded.
- 35 (2) For supplemental grants under subsection (c) of this section:
 - 36 a. The total number of grants awarded, the average amount of the grants
37 awarded, and the range of the amounts of the grants awarded.
 - 38 b. A description of the types of purchases made using grant funds and the
39 other ways in which grant funds were used.
- 40 (3) For emergency reserve grants under subsection (d) of this section:
 - 41 a. A list of the eligible fire departments that were awarded grants.
 - 42 b. The amount of the grant award to each eligible fire department.
 - 43 c. A description of the emergency for which grant funds were awarded.

44 45 **WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE** 46 **WORKERS**

47 **SECTION 30.3.** Notwithstanding the provisions of G.S. 58-87-10, for the
48 2021-2022 fiscal year and the 2022-2023 fiscal year, the State Fire and Rescue Commission shall
49 not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined
50 in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund (Fund) created
51 pursuant to G.S. 58-87-10(b). For the 2021-2022 fiscal year and the 2022-2023 fiscal year, no

1 eligible unit or eligible entity shall be required to submit to the State Fire and Rescue Commission
2 any payment to participate in the Fund.
3

4 **PILOT PROGRAM ESTABLISHING SUPPLEMENTAL INSURANCE POLICY FOR**
5 **FIREFIGHTERS DIAGNOSED WITH CANCER**

6 **SECTION 30.4.(a)** Firefighters' Health Benefits Pilot Program. – The Department
7 of Insurance shall establish and administer a pilot program to provide health benefits as
8 authorized by this section to eligible firefighters with a new diagnosis of cancer on or after
9 January 1, 2022. The health benefits provided under the pilot program shall be supplemental to
10 any other health benefits authorized by law for firefighters. The pilot program shall end on June
11 30, 2023, but claims for health benefits filed by that date shall be paid as long as funds
12 appropriated for the pilot program are available.

13 **SECTION 30.4.(b)** Definitions. – The following definitions apply in this section:

- 14 (1) Cancer. – Malignant neoplasms of the body that may be caused by exposure
15 to heat, radiation, or a known carcinogen, as defined by the World Health
16 Organization's International Agency for Research on Cancer.
17 (2) Eligible firefighter. – A firefighter who meets the requirements of subsection
18 (c) of this section.
19 (3) Fire Department. – Any organization that is not a federal agency, including
20 any public or government-sponsored organization, that is located and based in
21 this State and provides rescue, fire suppression, and related activities.
22 (4) Firefighter. – As defined in G.S. 58-84-5.

23 **SECTION 30.4.(c)** Eligibility. – To be eligible to receive benefits under the pilot
24 program, a firefighter:

- 25 (1) Must have served in a North Carolina fire department for a minimum of five
26 continuous years.
27 (2) Must have received a new diagnosis of cancer on or after January 1, 2022. A
28 firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible
29 for benefits in the pilot program for that previously diagnosed cancer type but
30 remains eligible for benefits in the pilot program upon diagnosis of any other
31 cancer type. A firefighter is not eligible to receive benefits under the pilot
32 program if the firefighter is receiving benefits related to cancer under Article
33 1 of Chapter 97 of the General Statutes, the North Carolina Workers'
34 Compensation Act.
35 (3) Must have filed a claim with the Department seeking benefits under this
36 section no later than June 30, 2023.

37 **SECTION 30.4.(d)** Benefits under pilot program. – To the extent that funds are
38 available, the following benefits shall be provided under the pilot program:

- 39 (1) Medical Costs Reimbursement. – An eligible firefighter shall receive
40 reimbursement of up to twelve thousand dollars (\$12,000) for any
41 out-of-pocket medical expenses incurred, including deductibles, copayments,
42 or coinsurance costs, for each diagnosis of cancer.
43 (2) Lump Sum Benefit. – Not to exceed a total of fifty thousand dollars (\$50,000),
44 a lump sum benefit of twenty-five thousand dollars (\$25,000) for each
45 diagnosis of cancer shall be payable to an eligible firefighter upon sufficient
46 proof to the insurance carrier, the Department, or other applicable payor of a
47 diagnosis of cancer by a board-certified, licensed physician in the medical
48 specialty appropriate for the type of cancer diagnosed.
49 (3) Disability Benefit. – Upon sufficient proof to the insurance carrier, the
50 Department, or other applicable payor of total disability resulting from the
51 diagnosis of cancer or that the cancer precludes the firefighter from serving as

1 a firefighter, the following disability benefits shall be paid to an eligible
2 firefighter beginning six months after the total disability or inability to
3 perform the duties of a firefighter, whichever applies:

- 4 a. For a nonvolunteer firefighter. – A monthly benefit that is either (i)
5 equal to seventy-five percent (75%) of the firefighter's monthly salary
6 or (ii) five thousand dollars (\$5,000), whichever is less.
7 b. For a volunteer firefighter. – A monthly benefit of one thousand five
8 hundred dollars (\$1,500).

9 **SECTION 30.4.(e)** Limitations on disability benefit. – The following limitations
10 apply to disability benefits under this section:

- 11 (1) Disability benefits shall continue for no more than 36 consecutive months;
12 provided, however, disability benefits shall continue only until funds
13 appropriated for the pilot program are available. Upon the expenditure of all
14 funds appropriated for the pilot program, all disability payments under the
15 pilot program shall terminate and the Department shall have no other
16 responsibility to provide benefits under the pilot program.
17 (2) Any firefighter receiving disability benefits may be required to have his or her
18 condition reevaluated to determine if that firefighter has regained the ability
19 to perform the duties of a firefighter. If that reevaluation indicates that the
20 firefighter has regained the ability to perform the duties of a firefighter, then
21 the monthly disability benefits shall cease on the last day of the month the
22 reevaluation was conducted.
23 (3) If there is no reevaluation performed under subdivision (2) of this subsection,
24 but the firefighter's treating physician determines that the firefighter is again
25 able to perform the duties of a firefighter, then the disability benefits shall
26 cease on the last day of the month that the physician made the determination.
27 (4) If a firefighter returns to work as a firefighter before exhaustion of the 36
28 months of disability benefit an eligible firefighter may receive under this
29 section, and if there is a subsequent recurrence of disability caused by cancer
30 that again precludes the firefighter from performing the duties of a firefighter,
31 then the firefighter shall be entitled to any remaining monthly disability
32 benefits, not to exceed 36 months in total, as long as funds are available under
33 the pilot program.
34 (5) The monthly disability benefit shall be subordinate to any other benefit paid
35 from any source to the firefighter solely for a disability related to the cancer
36 diagnosis, so long as that source is not private insurance purchased solely by
37 the firefighter. Disability benefits under this section shall be limited to the
38 difference between the benefit amount paid by the other source and the
39 amounts specified under subdivision (3) of subsection (d) of this section.

40 **SECTION 30.4.(f)** Reporting requirements. – On January 1, 2023 and July 1, 2023,
41 the Department shall submit a report to the General Assembly and to the Governor that includes
42 the following information:

- 43 (1) The number, type, and primary work location of all firefighters participating
44 in the pilot program.
45 (2) The number of benefit claims filed.
46 (3) The types of cancer for which benefit claims were filed.
47 (4) All benefits paid out under this section.

48 **SECTION 30.4.(g)** This section becomes effective January 1, 2022.

49 **SECTION 30.4.(h)** No later than January 1, 2022, the Department of Insurance shall
50 show proof of insurance coverage that meets the requirements of this section for all firefighters
51 included on the Certified Roster submitted to the North Carolina State Firefighters' Association.

1
2 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**
3

4 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**
5

6 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**
7

8 **ASSESSMENT OF AND LONG-TERM CARE PLANNING FOR VETERANS**

9 **SECTION 33.1.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds
10 appropriated in this act to the Department of Military and Veterans Affairs (Department), the
11 sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2021-2022
12 fiscal year shall be used by the Department, in consultation with the Department of Health and
13 Human Services (DHHS), to assess the long-term care needs of veterans across the State for the
14 purpose of developing a plan to guide the State in enhancing long-term care and other services
15 for veterans. The assessment and plan shall incorporate the following principles and objectives:

- 16 (1) Use State-specific veterans' demographic information, including the
17 geographical distribution of veterans across the State.
18 (2) Allow for the fact that the needs of veterans are complex and broader than the
19 traditional, institutional-based system of care.
20 (3) Take into account the needs of pre- and post-Gulf War veterans in planning
21 services and support.
22 (4) Incorporate the presence and location of current State Veterans Homes, and
23 the services they provide, in a larger long-term system of care to meet the
24 needs of veterans in both rural and urban areas.
25 (5) Enhance and develop new partnerships, including with the existing nursing
26 home industry, to encourage and promote the location and certification of
27 nursing homes in target areas so that those facilities can qualify for
28 reimbursement from the U.S. Department of Veterans Affairs.
29 (6) Explore partnerships with a broader system of nursing homes across the State
30 to expand State resources.
31 (7) Encourage partnerships of home- and community-based services with existing
32 providers and the U.S. Department of Veterans Affairs for enhanced services.
33 (8) Evaluate State planning to explore financially feasible and sustainable options
34 for meeting veterans' needs.
35 (9) Evaluate current resources by determining programmatic approaches to avoid
36 new construction of State veterans' homes.
37 (10) Consider alternate models of care prior to expanding veterans nursing homes.

38 **SECTION 33.1.(b)** To lead the assessment and develop the plan required by this
39 section, the Department shall issue a request for proposals for an independent consultant with
40 subject matter expertise in the field of long-term care planning for veterans. The provisions of
41 Article 3 of Chapter 143 of the General Statutes shall apply to this subsection.

42 **SECTION 33.1.(c)** The Department, in consultation with DHHS, shall issue a
43 progress report on the implementation of this section no later than December 1, 2021, and April
44 1, 2022, and a final report, including the results of the assessment and the plan required by this
45 section, no later than October 1, 2022, to the Joint Legislative Oversight Committee on General
46 Government, the Senate Appropriations Committee on General Government and Information
47 Technology, the House of Representatives Appropriations Committee on General Government,
48 and the Fiscal Research Division.

49
50 **REPORT ON STATE VETERANS HOMES**

1 SECTION 33.2. Part 10 of Article 14 of Chapter 143B of the General Statutes is
2 amended by adding a new section to read:

3 "**§ 143B-1301. Detailed annual report.**

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

- 11 (1) Facility location and date opened, which shall be included in the first report
12 only, unless the information has changed.
- 13 (2) Services available, including specialty services offered.
- 14 (3) Staffing levels, including resident-to-nursing ratios.
- 15 (4) Partnerships with outside organizations and governments in delivery of
16 services.
- 17 (5) Average daily census.
- 18 (6) Number of beds, by type.
- 19 (7) Admission eligibility, admission by type, such as long-term care and
20 rehabilitation, and admissions by referral.
- 21 (8) Description of residents, including:
 - 22 a. Demographics by age, race, ethnicity, and gender.
 - 23 b. Resident's home county where domiciled prior to admission to facility.
 - 24 c. Number of admissions, discharges, and deaths.
- 25 (9) Results of resident and family satisfaction surveys.
- 26 (10) Waiting list data, including average length of wait time and priority for
27 admission.
- 28 (11) Certification and quality rating by independent organizations and State and
29 federal government.
- 30 (12) Daily rate by payor, including Medicare, Medicaid, Veterans Affairs, private
31 pay, or any other source.
- 32 (13) Average out-of-pocket payment per resident.
- 33 (14) State administrative costs, sorted by type, including staffing, fixed costs,
34 facility operation, and maintenance.
- 35 (15) Total receipts collected, by source, including Medicare, Medicaid, Veterans
36 Affairs, private pay, or any other source."

37
38 **VETERANS LIFE CENTER CHALLENGE GRANT**

39 **SECTION 33.3.(a)** Notwithstanding the provisions of G.S. 143B-1293, the
40 Department of Military and Veterans Affairs (hereinafter "Department") shall use the sum of
41 seven hundred fifty thousand dollars (\$750,000) in recurring funds for each year of the
42 2021-2023 fiscal biennium appropriated in this act from the North Carolina Veterans Home Trust
43 Fund to the Department to create a challenge grant program for the Veterans Life Center of North
44 Carolina (hereinafter "Center") as provided in this section. The funds shall be used by the Center
45 for the purpose of providing rehabilitation and reintegration services and support to veterans
46 across the State. To receive State funds under this section, the Center shall raise at least seven
47 hundred fifty thousand dollars (\$750,000) in non-State funds for each fiscal year of the
48 2021-2023 fiscal biennium, which the Center shall demonstrate to the satisfaction of the
49 Department prior to the allocation of State funds. The Department shall disburse State funds on
50 a quarterly basis in an amount equal to the non-State funds raised by the Center in that quarter,
51 but in no case shall the Department disburse State funds to the Center if it has not raised the

1 required non-State funds. The Center cannot supplant, shift, or reallocate Center funds for the
2 purpose of achieving the non-State fundraising target required by this section.

3 **SECTION 33.3.(b)** Not later than August 1, 2022, and August 1, 2023, the
4 Department shall report to the Joint Legislative Oversight Committee on General Government
5 and the Fiscal Research Division on the use of the funds authorized in subsection (a) of this
6 section, including whether the Center achieved the fundraising targets in each fiscal year of the
7 fiscal biennium to receive State funds. The report shall also detail the specific services that were
8 provided to veterans as a result of the challenge grant program. The Center shall provide
9 information, as requested by the Department, to prepare the report.

10 11 **REPORT ON SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

12 **SECTION 33.4.** Part 2 of Article 14 of Chapter 143B of the General Statutes is
13 amended by adding a new section to read:

14 **"§ 143B-1228. Report on scholarships.**

15 By September 1 of each year, the Department of Military and Veterans Affairs shall report
16 to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations
17 Committee on General Government and Information Technology, the House of Representatives
18 Appropriations Committee on General Government, and the Fiscal Research Division the
19 following data on the Scholarships for Children of Wartime Veterans program:

- 20 (1) Description of the scholarship program, by year, including statutory
21 establishment, purpose, and eligibility.
22 (2) Number of scholarships awarded in each of the past five fiscal years and sorted
23 by:
24 a. Number of full-time students receiving scholarships and grouped by
25 public, private, and community colleges.
26 b. Number of new applicants for scholarships.
27 c. Number of new scholarship awards offered, denied, and accepted.
28 d. Range and average amount of scholarships awarded.
29 e. Actual amount of award provided.
30 f. Scholarship awards offered and accepted by county.
31 g. Number of scholarship recipients who completed the degree
32 requirements for graduation.
33 h. Total expenditures for scholarship awards classified by source,
34 including State funds and Escheats Fund.
35 i. Total costs of administering the scholarship program."
36

37 **VETERANS CEMETERIES TRUST FUND**

38 **SECTION 33.5.(a)** Notwithstanding the provisions of G.S. 143B-1293, the sum of
39 fifteen million dollars (\$15,000,000) in nonrecurring funds for the 2021-2022 fiscal year
40 transferred in this act from the North Carolina Veterans Home Trust Fund and appropriated to
41 the North Carolina Veterans Cemeteries Trust Fund shall be used to provide a sustainable and
42 recurring source of funds for the maintenance of each of the State's veterans cemeteries when
43 each reaches full capacity.

44 **SECTION 33.5.(b)** G.S. 143B-1293 reads as rewritten:

45 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

46 ...

47 (d) Miscellaneous. – The following provisions apply to the trust fund created in
48 subsection (a) of this section:

- 49 (1) All funds deposited and all income earned on the investment or reinvestment
50 of such funds shall be credited to the trust fund.

- 1 (1a) The Department of Military and Veterans Affairs shall transfer ten percent
 2 (10%) of the unspent receipts collected in each fiscal year from the trust fund
 3 to the North Carolina Veterans Cemeteries Trust Fund on or before June 30
 4 of each fiscal year.
- 5 (2) ~~Any~~ Except as provided in subdivision (1a) of this subsection, monies
 6 remaining in the trust fund at the end of each fiscal year shall remain on
 7 deposit in the State treasury to the credit of the North Carolina Veterans Home
 8 Trust Fund.
- 9 (3) Nothing contained herein shall prohibit the establishment and utilization of
 10 special agency accounts by the Department of Military and Veterans Affairs
 11 or by the Veterans' Affairs Commission, for the receipt and disbursement of
 12 personal funds of the State veterans homes' residents or for receipt and
 13 disbursement of charitable contributions for use by and for residents."

15 VETERANS JUSTICE INTERVENTION PILOT PROGRAM

16 **SECTION 33.7.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the funds
 17 appropriated in this act from the Veterans Home Trust Fund to the Department of Military and
 18 Veterans Affairs, the sum of two million dollars (\$2,000,000) in nonrecurring funds for the
 19 2021-2022 fiscal year shall be used to provide a directed grant to The Independence Fund, Inc.,
 20 to establish and implement a pilot program to expand the Veterans Justice Intervention (VJI)
 21 program by working with law enforcement agencies all across the State. These funds may be
 22 used to contract with a subject matter expert for the assessment, coordination, and
 23 implementation of the VJI in each of the law enforcement departments.

24 **SECTION 33.7.(b)** As a condition of receiving the funds authorized in subsection
 25 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 26 (1) Partner with other nonprofits, State and local governments, and federal
 27 agencies to develop and assess each county's initial response to veterans in
 28 crises and develop an updated data collection process map for each county.
- 29 (2) Educate first responders, local community support employees, and others on
 30 veteran-specific crisis intervention, suicide prevention, and VA resources
 31 available through the Veterans Affairs Administration.
- 32 (3) Execute new training plans based on the data collection process maps
 33 developed pursuant to subdivision (1) of this subsection.
- 34 (4) Monitor the pilot program and maintain regular contact with each county to
 35 ensure up-to-date training and availability and allocation of resources.
- 36 (5) By June 30, 2022, report to the Joint Legislative Committee on General
 37 Government, the Joint Legislative Committee on Justice and Public Safety,
 38 and the Fiscal Research Division on the effectiveness of the pilot program,
 39 including the feasibility of expanding the program throughout the State.

41 PART XXXIV. REVENUE

43 TAX COLLECTION ASSISTANCE FEE/SPECIAL FUND

44 **SECTION 34.1.** G.S. 105-243.1 reads as rewritten:

45 "**§ 105-243.1. Collection of tax debts.**

46 ...

47 (e) Use. – The fee is a receipt of the Department and ~~must be applied to the costs of~~
 48 ~~collecting and reducing the incidence of overdue tax debts. The proceeds of the fee must be~~
 49 ~~credited to a special account within the Department and may be expended only as provided in~~
 50 ~~this subsection. The proceeds of the fee may not be used for any purpose that is not directly and~~
 51 ~~primarily related to collecting and reducing the incidence of overdue tax debts. The Department~~

1 may apply the proceeds of the fee for the purposes listed in this subsection. The remaining
 2 proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The
 3 fee proceeds do not revert but remain in the special account until spent for the purposes listed in
 4 this subsection. The Department and the Office of State Budget and Management must account
 5 for all expenditures using accounting procedures that clearly distinguish costs allocable to the
 6 purposes listed in this subsection from costs allocable to other purposes and must demonstrate
 7 that none of the fee proceeds are used for any other purpose pursuant to appropriation by the
 8 General Assembly.

9 The Department may apply the fee proceeds for the following purposes:

- 10 (1) To pay (i) contractors for collecting overdue tax debts under subsection (b) of
 11 this section and (ii) auditors responsible for identifying overdue tax debts.
- 12 (2) To pay the fee the United States Department of the Treasury charges for setoff
 13 to recover tax owed to North Carolina.
- 14 (3) To pay for taxpayer locator services, not to exceed three hundred fifty
 15 thousand dollars (\$350,000) a year.
- 16 (4) To pay for postage or other delivery charges for correspondence directly and
 17 primarily relating to collecting overdue tax debts, not to exceed seven hundred
 18 fifty thousand dollars (\$750,000) a year.
- 19 (5) To pay for operating expenses for Project Collection Tax and the Taxpayer
 20 Assistance Call Center.
- 21 (6) To pay for expenses of the Examination and Collection Division directly and
 22 primarily relating to collecting overdue tax debts.
- 23 (7) To pay the direct and indirect expenses of information technology upgrades
 24 to the Department of Revenue computer systems that are intended to upgrade
 25 Department of Revenue capabilities to (i) allow for electronic filing of returns
 26 by taxpayers and the electronic issuance of refunds by the Department for all
 27 remaining tax schedules and (ii) accomplish other mission critical information
 28 technology tasks of the Department as approved by the Office of State Budget
 29 and Management in consultation with the State CIO.

30"

31 32 TAX FRAUD ANALYTICS

33 **SECTION 34.3.** Of the funds appropriated in this act to the Department of Revenue,
 34 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each
 35 fiscal year of the 2021-2023 fiscal biennium shall be used to continue and expand the
 36 Department's tax fraud analysis contract through the Government Data Analytics Center
 37 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information
 38 reporting, collections case management, collections optimization, managed services, and
 39 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC
 40 and utilize the subject matter expertise and technical infrastructure available through existing
 41 GDAC public-private partnerships for fraud detection and analytics infrastructure.

42 43 GROWER GRANT PROGRAM

44 **SECTION 34.3A.(a)** Purpose; Use. – The purpose of this section is to use funds
 45 from the American Rescue Plan Act to aid businesses in North Carolina that suffered substantial
 46 economic damage from the COVID-19 pandemic.

47 **SECTION 34.3A.(b)** GROWER Grant Program. – The Department of Revenue is
 48 authorized to create and administer the Generating Recovery for Organizations Without Earlier
 49 Relief Grant Program (Program). The Department must provide a one-time grant to businesses
 50 that suffered economic damage from the COVID-19 pandemic and meet the conditions of this
 51 section.

1 **SECTION 34.3A.(c)** Eligibility. – A business is eligible for a grant under this
2 Program if it meets all of the following conditions:

3 (1) It is a business classified in NAICS Code 71 or 72.

4 (2) It demonstrates that it suffered an economic loss of at least ten percent (10%).

5 **SECTION 34.3A.(d)** Application. – A business must apply to the Department of
6 Revenue for a grant on a form prescribed by the Department and must include any supporting
7 documentation required by the Department. The application must be filed with the Department
8 on or before the deadline prescribed by the Department, which must be at least 60 days after the
9 effective date of this section but no more than 90 days after the effective date of this section. The
10 Department may not accept late applications.

11 **SECTION 34.3A.(e)** Grant Amount. – The grant amount for applicants who have
12 not previously received an award amount is equal to the applicant's economic loss. The grant
13 amount for applicants who have previously received an award amount is equal to five percent
14 (5%) of the largest award amount received, subject to the reduction in subsection (f) of this
15 section.

16 **SECTION 34.3A.(f)** Grant Program Limit. – The total of all funds granted under
17 this Program, including the amount the Department of Revenue may use for administration of
18 the Program, may not exceed five hundred million dollars (\$500,000,000). The Department must
19 calculate the total amount of grants requested from the applications timely filed under subsection
20 (d) of this section. If the total amount of grants requested exceeds the maximum amount of funds
21 available under this subsection, the Department shall (i) prioritize and fully fund grants to
22 applicants who have not previously received an award amount and (ii) reduce each grant award
23 to applicants who have previously received an award amount on a proportionate basis. The
24 Department's grant determinations based on applications timely filed are final.

25 **SECTION 34.3A.(g)** Clawback. – If a business receives a grant under this program
26 for which it is ineligible, the business forfeits the grant awarded under this section and is liable
27 for the amounts received.

28 **SECTION 34.3A.(h)** Definitions. – The following definitions apply in this section:

29 (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L.
30 117-2.

31 (1a) Award amount. – Amount awarded from any of the following:

32 a. COVID-19 Job Retention Program. – Defined in Section 4.2B of S.L.
33 2020-4, as enacted by Section 1.1(e) of S.L. 2020-80, as amended.

34 b. EIDL Advance. – An Economic Injury Disaster Loan Advance defined
35 in any of the following:

36 1. 15 U.S.C. § 9009(e).

37 2. Section 331 of the Economic Aid to Hard-Hit Small
38 Businesses, Nonprofits, and Venues Act, Title III of Division
39 N of Public Law 116–260.

40 3. Section 5002 of the American Rescue Plan Act of 2021, P.L.
41 117-2.

42 c. Paycheck Protection Program. – Defined in 15 U.S.C. § 636(a)(36).

43 d. Restaurant Revitalization Fund. – Defined in section 5003 of the
44 American Rescue Plan Act of 2021, P.L. 117-2.

45 e. Shuttered Venue Operators Grant Program. – Defined in section 324
46 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and
47 Venues Act, Title III of Division N of Public Law 116–260.

48 (2) Business. – An entity subject to income tax under Article 4 of Chapter 105 of
49 the General Statutes.

50 (3) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security
51 Act, P.L. 116-136.

- 1 (4) Consolidated Appropriations Act. – The Consolidated Appropriations Act of
2 2021, P.L. 116-260.
- 3 (5) COVID period. – The period beginning April 1, 2020, and ending December
4 31, 2020.
- 5 (6) Economic loss. – The economic damage experienced in connection with the
6 COVID-19 pandemic, determined as the difference between the business's
7 gross receipts for the COVID period and its gross receipts for the equivalent
8 time frame in 2019.
- 9 (7) Gross receipts. – The sum of the North Carolina gross receipts listed on line 1
10 of Form E-500, Sales and Use Tax Return, for sales occurring during a
11 specified time period.
- 12 (8) NAICS. – The North American Industry Classification System adopted by the
13 United States Office of Management and Budget as of December 31, 2020.

14 **SECTION 34.3A.(i)** Outreach. – The Department of Administration, Office for
15 Historically Underutilized Businesses, is directed to inform and educate minority-owned
16 businesses that may be eligible to apply for the grants provided by the Program as soon as
17 practicable so they may have the opportunity to access the grants provided by it. The Department
18 of Revenue is not required to advertise or provide any specific outreach on the Program except
19 for posting relevant Program information on its website.

20 **SECTION 34.3A.(j)** Allocation of Funds for the GROWER Grant Program. – Of
21 the funds appropriated in this act from the State Fiscal Recovery Fund to the Department of
22 Revenue, the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the
23 2021-2022 fiscal year is allocated for the Generating Recovery for Organizations Without Earlier
24 Relief Grant Program to be used as provided in this section. The Department of Revenue may
25 use up to two million five hundred thousand dollars (\$2,500,000) of the funds allocated in this
26 subsection for the administration of this section. The Department shall use five million dollars
27 (\$5,000,000) of the funds allocated in this subsection for a grant to the North Carolina Restaurant
28 and Lodging Association, to be used for marketing and recruiting initiatives for the restaurant
29 and lodging industries. The Department shall remit any funds remaining after disposition of all
30 timely filed applications under this section to the Office of State Budget and Management which
31 shall deposit the funds into the State Fiscal Recovery Reserve. Amounts deposited into the
32 Reserve under this section are receipts that do not constitute an "appropriation made by law," as
33 that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

34 **SECTION 34.3A.(k)** This section is effective when it becomes law.

35 **SECTION 34.3B.(a)** G.S. 105-130.5(b) reads as rewritten:

36 "(b) The following deductions from federal taxable income shall be made in determining
37 State net income:

38 ...

39 (31a) To the extent included in federal taxable income, the amount received by a
40 taxpayer under the Generating Recovery for Organizations Without Earlier
41 Relief Grant Program."

42 **SECTION 34.3B.(b)** G.S. 105-153.5(b) reads as rewritten:

43 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
44 deduct from the taxpayer's adjusted gross income any of the following items that are included in
45 the taxpayer's adjusted gross income:

46 ...

47 (14a) The amount received by a taxpayer under the Generating Recovery for
48 Organizations Without Earlier Relief Grant Program."

49 **SECTION 34.3B.(c)** This section is effective for taxable years beginning on or after
50 January 1, 2021, and applies to amounts received by a taxpayer on or after that date.

51

DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT

SECTION 34.4. Section 8.1 of S.L. 2019-246 reads as rewritten:

"SECTION 8.1.(a) The Department of Revenue shall update its electronic tax systems to store and recognize power of attorney registrations to ensure that notices generated by the Department are simultaneously sent to both the taxpayer and the person designated in the taxpayer's power of attorney registration. By January 31, 2020, the Department shall report to the Joint Legislative Oversight Committee on General Government on its progress in updating its electronic tax systems to store and recognize power of attorney registrations.

"SECTION 8.1.(b) By October 1, 2021, and monthly thereafter, the Department of Revenue shall submit a written report on the status of the power of attorney registration project required by subsection (a) of this section to the chairs of the House Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and the Fiscal Research Division. The monthly report shall also include an update on the status of the Collections Case Management system implementation and the IBM 4100 replacement project currently underway in the Department."

PART XXXV. SECRETARY OF STATE**REPLACE STATE MAMMAL WITH BLACK BEAR**

SECTION 35. G.S. 145-5 reads as rewritten:

"§ 145-5. State mammal.

The ~~gray squirrel (Sciurus carolinensis)~~ is hereby black bear (Ursus americanus) is adopted as the official State mammal of the State of North Carolina."

PART XXXVI. TREASURER**IMPROVE SYSTEM FOR MONITORING THE FISCAL HEALTH OF LOCAL GOVERNMENT UNITS**

SECTION 36.1.(a) The Department of State Treasurer, State and Local Government Finance Division, in consultation with the Local Government Commission (hereinafter "Commission"), shall evaluate the State's current system for monitoring the financial operations of local government units (hereinafter "unit" or "units") and approving their requests to issue new debt and amend current debt. For purposes of this section, the term "unit" has the same meaning as in G.S. 159-7(b)(15). The Department shall develop a plan to transition to a system for monitoring the financial operations of units that does all of the following:

- (1) Uses a "value added" approach to reviewing the State's current practices and policies.
- (2) Directs current Commission staffing resources to the units in greatest need and away from units with adequate governance, staff, resources, and technical expertise.
- (3) Implements a schedule of reporting to the Commission based on a unit's financial health.
- (4) Standardizes training of unit officials and staff, as deemed appropriate by the Commission.
- (5) Authorizes the Commission to compel units to comply with Commission directives.
- (6) Incorporates a clear definition of the term "fiscal distress."
- (7) Implements a new fiscal warning system for units at risk of fiscal distress.
- (8) Expands the criteria and parameters for measuring a unit's fiscal health to incorporate economic and demographic factors.

- 1 (9) Incorporates factors impacting a unit's fiscal health, including changes in
2 population, tax base, and business and economic indicators.

3 **SECTION 36.1.(b)** The Department shall submit an interim report on the
4 implementation of this section no later than December 15, 2021, and a final report and plan by
5 April 1, 2022, to the Joint Oversight Committee on General Government, Senate Appropriations
6 Committee on General Government and Information Technology, House Appropriations
7 Committee on General Government, and Fiscal Research Division. The reports shall contain any
8 recommendations for legislation deemed appropriate to implement the provisions of this section.
9

10 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**
11 **FIREFIGHTERS' DEATH BENEFITS**

12 **SECTION 36.2.(a)** G.S. 143-166.2 reads as rewritten:

13 **"§ 143-166.2. Definitions.**

14 The following definitions apply in this Article:

15 ...

- 16 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

17 ...

- 18 e. When the death of a firefighter occurs as a direct and proximate result
19 of any of the following cancers that are occupationally related to
20 firefighting, that firefighter is presumed to have been killed in the line
21 of duty:

- 22 1. Mesothelioma.
23 2. Testicular cancer.
24 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
25 4. Esophageal cancer.
26 5. Oral cavity cancer.
27 6. Pharynx cancer.

28"

29 **SECTION 36.2.(b)** This section is effective when it becomes law and applies to
30 deaths occurring on or after that date.

31
32 **PART XXXVII. GENERAL GOVERNMENT**

33
34 **GENERAL GOVERNMENT OVERSIGHT REPORTING REQUIREMENTS**

35
36 **DEPARTMENT OF ADMINISTRATION**

37 **SECTION 37.1.(a)** G.S. 116D-4 reads as rewritten:

38 **"§ 116D-4. Minority and historically underutilized business participation.**

39 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in
40 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued
41 under this section. The following State agencies shall monitor compliance with this requirement
42 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General
43 Government by January 1 of each year on the participation by minority businesses in these
44 projects. The State Construction Office, Department of Administration, shall monitor compliance
45 with regard to projects funded by the proceeds of university improvement general obligation
46 bonds and notes and special obligation bonds and notes; the Board of Governors of The
47 University of North Carolina shall provide the State Construction Office any information
48 required by the State Construction Office to monitor compliance. The Community Colleges
49 System Office shall monitor compliance with regard to projects funded by the proceeds of
50 community college general obligation bonds and notes.

51"

1 **SECTION 37.1.(b)** G.S. 143-48 reads as rewritten:

2 "**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**
3 **contractors, physically handicapped contractors, and women contractors;**
4 **purpose; required annual reports.**

5 ...

6 (d) The Department of Administration shall collect and compile the data described in this
7 section and report it annually to the ~~General Assembly~~Joint Legislative Oversight Committee
8 on General Government.

9 "

10 **SECTION 37.1.(c)** G.S. 143-128.3 reads as rewritten:

11 "**§ 143-128.3. Minority business participation administration.**

12 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of
13 Administration, Office of Historically Underutilized Business, the following with respect to each
14 building project:

15 ...

16 The reports shall be in the format and contain the data prescribed by the Secretary of
17 Administration. The University of North Carolina and the State Board of Community Colleges
18 shall report quarterly and all other public entities shall report semiannually. The Secretary of the
19 Department of Administration shall make reports every six months to the Joint Legislative
20 Committee on Governmental Operations and the Joint Legislative Oversight Committee on
21 General Government on information reported pursuant to this subsection.

22 ...

23 (c) The Secretary shall study and recommend to the ~~General Assembly~~Joint Legislative
24 Oversight Committee on General Government and other State agencies ways to improve the
25 effectiveness and efficiency of the State capital facilities development, minority business
26 participation program and good faith efforts in utilizing minority businesses as set forth in
27 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
28 utilization of minority businesses.

29 (d) The Secretary shall appoint an advisory board to develop recommendations to
30 improve the recruitment and utilization of minority businesses. The Secretary, with the input of
31 its advisory board, shall review the State's programs for promoting the recruitment and utilization
32 of minority businesses involved in State capital projects and shall recommend to the ~~General~~
33 ~~Assembly~~Joint Legislative Oversight Committee on General Government, the State
34 Construction Office, The University of North Carolina, and the community colleges system
35 changes in the terms and conditions of State laws, rules, and policies that will enhance
36 opportunities for utilization of minority businesses on these projects. The Secretary shall provide
37 guidance to these agencies on identifying types of projects likely to attract increased participation
38 by minority businesses and breaking down or combining elements of work into economically
39 feasible units to facilitate minority business participation.

40 ...

41 (g) ~~The~~Annually, on or before September 1, beginning September 1, 2022, the Secretary
42 shall report findings and ~~recommendations~~recommendations, as required under this ~~section~~
43 section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~
44 ~~June 1, beginning June 1, 2002~~and the Joint Legislative Oversight Committee on General
45 Government and shall post the report findings and recommendations on the Department's
46 website."

47 **SECTION 37.1.(d)** G.S. 143-341 reads as rewritten:

48 "**§ 143-341. Powers and duties of Department.**

49 The Department of Administration has the following powers and duties:

50 ...

51 (8) General Services:

- 1 ...
- 2 i. To establish and operate a central motor fleet and such subsidiary
- 3 related facilities as the Secretary may deem necessary, and to that end:
- 4 ...
- 5 11. To report annually to the ~~General Assembly~~ Joint Legislative
- 6 Oversight Committee on General Government on any rules
- 7 adopted, amended or repealed under sub-sub-subdivisions 3.,
- 8 7., or 7a. of this sub-subdivision.
- 9 ...

10 (12) Report on Vehicles Managed. – Beginning on September 1, 2021, and

11 semiannually thereafter, the Department of Administration shall provide a

12 report to the Joint Legislative Oversight Committee on General Government

13 and the Joint Legislative Oversight Committee on Justice and Public Safety

14 on the status of all motor vehicles managed by the Department of

15 Administration for the Department of Public Safety. The report shall include

16 all of the following information:

- 17 a. The number of motor vehicles managed by the Department of
- 18 Administration for the Department of Public Safety.
- 19 b. The condition of each motor vehicle, including the mileage on each
- 20 motor vehicle.
- 21 c. The average amount of time taken to repair or replace a motor vehicle.
- 22 d. The number and condition of any backup motor vehicles managed by
- 23 the Department of Administration and available for use by the
- 24 Department of Public Safety, including the location and condition of
- 25 each motor vehicle."

26 **SECTION 37.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

27 **SECTION 37.1.(f)** G.S. 143-747 reads as rewritten:

28 "**§ 143-747. Council of Internal Auditing.**

- 29 ...
- 30 (c) The Council shall:

31 ...

32 (12) ~~Issue an annual report including, but not limited to, No later than November~~

33 ~~1 of each year, issue a report that shall include, but not be limited to, service~~

34 ~~efforts and accomplishments of State agency internal auditors and to propose~~

35 ~~proposed legislation for consideration by the Governor and General~~

36 ~~Assembly. The annual report shall be prepared by the Office of State Budget~~

37 ~~and Management and shall be submitted to the Joint Legislative Oversight~~

38 ~~Committee on General Government."~~

39 **SECTION 37.1.(g)** G.S. 143B-394.16(b) reads as rewritten:

40 "(b) Report. – The Commission shall report its findings and recommendations, including

41 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight

42 Committee on General Government no later than April 1 each year."

43 **SECTION 37.1.(h)** G.S. 143B-394.21 is amended by adding a new subsection to

44 read:

45 "(c) The North Carolina Council for Women shall report on the quarterly distributions of

46 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs

47 of the General Government Appropriations Committee within five business days of distribution.

48 The report shall include the date, amount, and recipients of the fund disbursements. The report

49 shall also include any eligible programs which are ineligible to receive funding during the relative

50 reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

51 **SECTION 37.1.(i)** G.S. 143B-409 reads as rewritten:

1 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

2 The Commission shall prepare a written annual report giving an account of its proceedings,
3 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~
4 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.
5 The report will become a matter of public record and will be maintained in the State Historical
6 Archives. It may also be furnished to such other persons or agencies as the Commission may
7 deem proper."

8 **SECTION 37.1.(j)** G.S. 143B-410 reads as rewritten:

9 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**
10 **staff.**

11 Fiscal records shall be kept by the Secretary of Administration. The audit report will become
12 a part of the annual report and will be submitted in accordance with the regulations governing
13 preparation and submission of the annual report. The Commission shall submit the annual report
14 to the Joint Legislative Oversight Committee on General Government."

15 **SECTION 37.1.(k)** G.S. 143B-411.2 reads as rewritten:

16 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**
17 **purpose or creation; powers and duties.**

18 The purpose of the Council is to study on a continuing basis the relationship between the
19 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of
20 concern to the State or the Tribe. It shall be the duty of the Council:

- 21 (1) Identify existing and potential conflicts between the State of North Carolina
22 and the Eastern Band of Cherokee ~~Indians;~~ Indians.
- 23 (2) Propose State and federal legislation and agreements between the State of
24 North Carolina and the Cherokee Tribe to resolve existing and potential
25 ~~conflicts;~~ conflicts.
- 26 (3) To study and make recommendations concerning any issue referred to the
27 Council by any official of the Eastern Band of the Cherokee, the State of North
28 Carolina, or the government of Haywood, Jackson, Swain, Graham, or
29 Cherokee Counties.
- 30 (4) Study other issues of mutual concern to the Eastern Band of the
31 ~~Cherokee;~~ Cherokee.
- 32 (5) ~~Make a report with recommendations as needed, but not less often than~~
33 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~
34 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~
35 ~~Cherokee."~~

36 **SECTION 37.1.(l)** The North Carolina Farmworker Council, enacted as Part 26 of
37 Article 9 of Chapter 143B of the General Statutes, is repealed.

38
39 **ETHICS COMMISSION**

40 **SECTION 37.2.** G.S. 138A-10 reads as rewritten:

41 **"§ 138A-10. Powers and duties.**

- 42 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:

- 43 ...
- 44 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight
45 Committee on General Government and the Governor on the Commission's
46 activities and generally on the subject of public disclosure, ethics, and
47 conflicts of interest, including recommendations for administrative and
48 legislative action, as the Commission deems appropriate.

49"

50
51 **OFFICE OF STATE HUMAN RESOURCES**

1 **SECTION 37.3.** G.S. 143-583 reads as rewritten:

2 "**§ 143-583. Model program; technical assistance; reports.**

3 ...

4 (c) Reports. – The Office of State Human Resources shall report annually to the Joint
5 Legislative Commission on Governmental Operations and the Joint Legislative Oversight
6 Committee on General Government on the safety, health, and workers' compensation activities
7 of State agencies, compliance with this Article, and the fines levied against State agencies
8 pursuant to Article 16 of Chapter 95 of the General Statutes."

9
10 **OFFICE OF STATE AUDITOR**

11 **SECTION 37.4.** G.S. 147-64.11 reads as rewritten:

12 "**§ 147-64.11. Review of office.**

13 The Auditor may, on ~~his~~the Auditor's own initiative and as often as ~~he~~the Auditor deems
14 necessary, or as requested by the General ~~Assembly~~Assembly or the Joint Legislative Oversight
15 Committee on General Government, cause to be made a quality review audit of the operations of
16 ~~his~~the Auditor's office. Such a "peer review" shall be conducted in accordance with standards
17 prescribed by the accounting profession. Upon the recommendation of the Joint Legislative
18 Commission on Governmental ~~Operations~~Operations, the Auditor may contract with an
19 independent public accountant, qualified management consultant, or other professional person to
20 conduct a financial and compliance, economy and efficiency, and program result audit of the
21 State Auditor."

22
23 **OFFICE OF STATE BUDGET AND MANAGEMENT**

24 **SECTION 37.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by
25 adding a new section to read:

26 "**§ 143C-6-13. Results first annual report.**

27 By October 1 of each year, the Office of State Budget and Management shall submit an
28 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative
29 Oversight Committee on General Government, and Joint Legislative Program Evaluation
30 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in
31 crafting policy and budget decisions. The report may include recommendations for legislation."

32 **SECTION 37.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

33 **SECTION 37.5.(c)** G.S. 143C-6-23 reads as rewritten:

34 "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

35 ...

36 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~
37 ~~by May 1 of every succeeding year, the~~The Office of State Budget and Management shall report
38 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~
39 ~~Division on~~post online at regular intervals a list of all grantees or subgrantees that failed to
40 comply with this section with respect to grant funds received in the prior fiscal year.

41 "

42 **SECTION 37.5.(d)** G.S. 143-194 is repealed.

43
44 **STATE BOARD OF ELECTIONS**

45 **SECTION 37.6.(a)** G.S. 66-58 reads as rewritten:

46 "**§ 66-58. Sale of merchandise or services by governmental units.**

47 ...

48 (c) The provisions of subsection (a) of this section shall not prohibit:

49 ...

50 (17) The sale by the State Board of Elections to political committees and candidate
51 committees of computer software designed by or for the State Board of

1 Elections to provide a uniform system of electronic filing of the campaign
 2 finance reports required by Article 22A of Chapter 163 of the General Statutes
 3 and to facilitate the State Board's monitoring of compliance with that Article.
 4 ~~This computer software for electronic filing of campaign finance reports shall~~
 5 ~~not exceed a cost of one hundred dollars (\$100.00) to any political committee~~
 6 ~~or candidate committee without the State Board of Elections first notifying in~~
 7 ~~writing the Joint Legislative Commission on Governmental Operations.~~

8"

9 **SECTION 37.6.(b)** G.S. 163-165.9 reads as rewritten:

10 **"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

11 ...

12 (b) After the acquisition of any voting system, the county board of elections shall comply
 13 with any requirements of the State Board of Elections regarding training and support of the voting
 14 system by completing all of the following:

15 ...

16 (2) The county board of elections shall annually maintain software license and
 17 maintenance agreements necessary to maintain the warranty of its voting
 18 system. A county board of elections may employ qualified personnel to
 19 maintain a voting system in lieu of entering into maintenance agreements
 20 necessary to maintain the warranty of its voting system. State Board of
 21 Elections is not required to provide routine maintenance to any county board
 22 of elections that does not maintain the warranty of its voting system. If the
 23 State Board of Elections provides any maintenance to a county that has not
 24 maintained the warranty of its voting system, the county shall reimburse the
 25 State for the cost. The State Board of Elections shall ~~annually~~ report annually
 26 by January 15 to the House and Senate Committees on Appropriations, to the
 27 Fiscal Research Division, to the Joint Legislative Oversight Committee on
 28 General Government, and to the Joint Legislative Commission on
 29 Governmental Operations on implementation of this subdivision. If requested
 30 by the county board of elections, the State Board of Elections may enter into
 31 contracts on behalf of that county under this subdivision, but such contracts
 32 must also be approved by the county board of elections. Any contract entered
 33 into under this subdivision shall be paid from non-State funds. Neither a
 34 county nor the State Board of Elections shall enter into any contract with any
 35 vendor for software license and maintenance agreements unless the vendor
 36 agrees to (i) operate a training program for qualification of county personnel
 37 under this subsection with training offered within the State of North Carolina
 38 and (ii) not dishonor warranties merely because the county is employing
 39 qualified personnel to maintain the voting system as long as the county:

40"

41
 42 **DEPARTMENT OF INSURANCE**

43 **SECTION 37.7.(a)** G.S. 58-2-120 reads as rewritten:

44 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

45 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~
 46 the Joint Legislative Oversight Committee on General Government any change or changes that
 47 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects
 48 pertaining to the Department."

49 **SECTION 37.7.(b)** G.S. 58-42-45 reads as rewritten:

50 **"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

51 ...

1 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,
2 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~
3 ~~and to Committee~~, the Joint Legislative Commission on Governmental ~~Operations~~ Operations,
4 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall
5 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or
6 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

7 **SECTION 37.7.(c)** G.S. 58-79-20 reads as rewritten:

8 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

9 The Commissioner of Insurance, or the chief of fire department or chief of police where there
10 is no chief of fire department, or the city or county building inspector, electrical inspector, heating
11 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of
12 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of
13 such officers find in any building or upon any premises overcrowding in violation of occupancy
14 limits established pursuant to the North Carolina State Building Code, combustible material or
15 inflammable conditions dangerous to the safety of such building or premises they shall order the
16 same to be removed or remedied, and this order shall be forthwith complied with by the owner
17 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,
18 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be
19 at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's
20 authority the order of the officer above named is revoked it remains in force and must be forthwith
21 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building
22 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an
23 immediate investigation as to the presence of combustible material or the existence of
24 inflammable conditions in any building or upon any premises under their jurisdiction upon
25 complaint of any person having an interest in such building or premises or property adjacent
26 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and
27 make such inspections alone or in company with the local officer. The Commissioner shall
28 submit annually, as early as consistent with full and accurate preparation, and not later than the
29 first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article,
30 and it shall be embodied in ~~his~~ the report to the ~~General Assembly~~ Joint Legislative Oversight
31 Committee on General Government."

32 **SECTION 37.7.(d)** G.S. 58-87-1 reads as rewritten:

33 "**§ 58-87-1. Volunteer Fire Department Fund.**

34 ...

35 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~
36 Joint Legislative Oversight Committee on General Government within 60 days after the grants
37 have been made. This report must contain the following:

38"

39 **SECTION 37.7.(e)** G.S. 58-87-5 reads as rewritten:

40 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

41 ...

42 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~
43 Joint Legislative Oversight Committee on General Government within 60 days after the grants
44 have been made. This report must contain the following:

45"

46 **SECTION 37.7.(f)** G.S. 58-92-15(n) reads as rewritten:

47 "(n) The Commissioner shall review the effectiveness of this section and report every three
48 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government
49 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the
50 effectiveness of this Article. The report and legislative recommendations shall be submitted no
51 later than June 30 following the conclusion of each three-year period."

INDUSTRIAL COMMISSION

SECTION 37.8.(a) G.S. 97-78 reads as rewritten:

"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners, and other staff assistance; annual report.

...

(e) No later than October 1 of each year, the Commission shall publish annually for free distribution a report of the administration of this Article, together with such recommendations as the Commission deems advisable. No later than October 1 of each year, the Commission shall submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources.~~ General Government, the Senate Appropriations Committee on General Government and Information Technology, and the House Appropriations Committee on General Government.

(f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2022, the Commission shall prepare and implement a strategic plan for accomplishing all of the following:

...

(g) The Commission shall demonstrate its success in implementing its strategic plan under subsection (f) of this section by including all of the following in its annual report under subsection (e) of this section:

- (1) The total number of claims made during the preceding ~~calendar~~ fiscal year, the total number of claims in which compliance was not timely made, and, for each claim, the date the claim was filed, the date by which compliance was required, the date of actual compliance, and any sanctions or other remedial action imposed by the Commission.
- (2) The total number of requests for, and disputes involving, medical compensation under G.S. 97-25 in which final disposition was not made within 75 days of the filing of the motion with the Commission, and, for each such request or dispute, the date the motion or other initial pleading was filed, the date on which final disposition was ~~made and, where reasonably ascertainable, the date on which any ordered medical treatment was actually provided.~~ made."

SECTION 37.8.(b) G.S. 143-788(b) reads as rewritten:

"(b) No later than October 1 of each year, the Section shall publish annually to the Office of the Governor and to the Joint Legislative Commission on Governmental Operations a report of the administration of this Article, together with any recommendations as the Section deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number of cases referred to each State agency, the number and amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed, and, where reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.~~ collected."

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SECTION 37.9.(a) G.S. 144-9 reads as rewritten:

"§ 144-9. Retirement of a flag of the United States of America or the State of North Carolina.

...

(b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or otherwise damaged flag of the United States of America or the State of North Carolina from a citizen of the State and shall make arrangements for its respectful disposal. The Division shall

1 establish a flag retirement program to encourage citizens to send in or drop off such flags at the
 2 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and
 3 may establish other locations for flag drop-off as it deems appropriate. The Division shall
 4 advertise the flag retirement program on its Web site and by printed posters placed at all flag
 5 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~
 6 ~~report the number of flags received under the program to the Joint Legislative Committee on~~
 7 ~~Governmental Operations.~~

8"

9 **SECTION 37.9.(b)** G.S. 143B-1300(a) reads as rewritten:

10 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of
 11 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee
 12 on General Government on the activities of the State Veterans Homes Program. This report shall
 13 contain an accounting of all monies received and expended, statistics on residents in the homes
 14 during the year, recommendations to the Secretary, the Governor, and the General Assembly as
 15 to the program, and such other matters as may be deemed pertinent."

16 **SECTION 37.9.(c)** G.S. 143B-1310 reads as rewritten:

17 "**§ 143B-1310. Commission established; purpose; transaction of business.**

18 ...

19 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once
 20 during each quarter and shall provide a report on military affairs to the Secretary of Military and
 21 Veterans Affairs ~~and to the General Assembly Affairs and the Joint Legislative Oversight~~
 22 Committee on General Government at least every six months. Prior to the start of a Regular
 23 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~
 24 Legislative Oversight Committee on General Government with recommendations, if any, for
 25 legislation. Priority actions or issues may be submitted at any time.

26"

27 DEPARTMENT OF REVENUE

28 **SECTION 37.10.** G.S. 105-256 reads as rewritten:

29 "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**
 30 **progress.**

31 (a) Publications. – The Secretary shall prepare and publish the following:

32 ...

33 (6) On an annual basis, a report on the quality of services provided to taxpayers
 34 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer
 35 education. The report must be submitted to the Joint Legislative Commission
 36 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight
 37 Committee on General Government.

38 ...

39 (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual
 40 report on the Department's activities listed in this subdivision. The report must
 41 be submitted to the Joint Legislative Commission on Governmental
 42 ~~Operations~~ Operations, to the Joint Legislative Oversight Committee on
 43 General Government, and to the Revenue Laws Study Committee.

44"

45 SECRETARY OF STATE

46 **SECTION 37.11.(a)** G.S. 64-1.1 is repealed.

47 **SECTION 37.11.(b)** G.S. 147-54.5 reads as rewritten:

48 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**
 49 **use of the Fund.**

1 ...
2 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report
3 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~
4 the Joint Legislative Commission on Governmental ~~Operations~~ Operations, and the Joint
5 Legislative Oversight Committee on General Government on the expenditures from the Investor
6 Protection and Education Trust Fund and on the effectiveness of investor awareness education
7 efforts of the Department of the Secretary of State."
8

9 DEPARTMENT OF STATE TREASURER

10 SECTION 37.12.(a) G.S. 147-68 reads as rewritten:

11 "**§ 147-68. To receive and disburse moneys; to make reports.**

12 ...
13 ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~
14 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~
15 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~
16 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~
17 ~~Department's investment banking operations system, retirement payroll systems, and other~~
18 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~
19 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~
20 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~
21 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~
22 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~
23

24"

25 SECTION 37.12.(b) G.S. 147-69.2A reads as rewritten:

26 "**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

27 ...
28 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer
29 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any
30 applicable provisions of the General Statutes protecting confidential information.

31 The State Treasurer and the Governor shall jointly develop and adopt an investment policy
32 statement for the Fund.

33 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts
34 of interests such that (i) the designees of the State Treasurer and Governor who selected the
35 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,
36 and (iii) the third-party investment management firm's employees selecting or overseeing Fund
37 investments do not provide services for compensation (as an employee, consultant, or otherwise),
38 within two years after the end of their service to the Fund, to any entity in which an investment
39 from the Fund was made.

40 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~
41 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~
42 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~
43 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~
44 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

45"

46 SECTION 37.12.(c) G.S. 147-69.12 reads as rewritten:

47 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

48 (a) No later than the tenth day of February, May, August, and November of each year,
49 the State Treasurer shall report on all investments for which the State Treasurer is in any way
50 responsible, including investments made from the Escheat Fund and return on
investment as provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu

1 of the report required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each
 2 of the following:

3 ...
 4 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~
 5 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,
 6 with a summary of the receipts and payments of the treasury during the preceding fiscal year,
 7 and so far as practicable an account of the same down to the termination of the current calendar
 8 year.

9"

10 **SECTION 37.12.(d)** G.S. 147-86.45 is repealed.

11 **SECTION 37.12.(e)** G.S. 147-86.62 is repealed.

12 **SECTION 37.12.(f)** G.S. 147-86.84 is repealed.

13 **SECTION 37.13.** This Part is effective when this act becomes law and applies to
 14 reports submitted on or after that date.

15
 16 **PART XXXVIII. INFORMATION TECHNOLOGY**

17
 18 **DIT/GREAT ACT CHANGES**

19 **SECTION 38.1.** G.S. 143B-1373 reads as rewritten:

20 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

21 (a) As used in this section, the following definitions apply:

22 ...

23 (5) Eligible economically distressed ~~county-area.~~ – A county designated as a
 24 development tier one or tier two area, as defined in
 25 ~~G.S. 143B-473.08;G.S. 143B-437.08,~~ or a rural census tract, as defined in
 26 G.S. 143B-472.127(a)(2), located in any other county.

27 (6) Eligible project. – An eligible project is a discrete and specific project located
 28 in an unserved economically distressed area ~~of an economically distressed~~
 29 ~~county~~ seeking to provide broadband service to homes, businesses, and
 30 community anchor points not currently served. Eligible projects do not include
 31 middle mile, backhaul, and other similar projects not directed at broadband
 32 service to end users. If a contiguous project area crosses from one eligible
 33 county into one or more eligible adjacent counties, for the purposes of this
 34 section, the project shall be deemed to be located in the county where the
 35 greatest number of unserved households are proposed to be served. ~~To qualify~~
 36 ~~for an award under this section, no more than an incidental number of~~
 37 ~~households or businesses, not to exceed ten percent (10%) of the total~~
 38 ~~households or businesses within the boundaries of the project area submitted~~
 39 ~~by the applicant, may have terrestrially deployed Internet access service with~~
 40 ~~transmission speeds greater than 10 Mbps download and 1 Mbps upload.~~

41 ...

42 (14) Unserved area. – A designated geographic area that is presently without access
 43 to broadband service, as defined in this section, offered by a wireline or fixed
 44 wireless provider. Areas where a private provider has been designated to
 45 receive funds through other ~~State-State-~~ or federally funded programs
 46 designed specifically for broadband deployment shall be considered served if
 47 such funding is intended to result in construction of broadband in the area
 48 within ~~18 months.~~ months or for the duration of the federal funding program
 49 for that area, or if the funding recipient is otherwise in good standing with the
 50 funding agency's regulations governing the funding program.

51 ...

1 (c) ~~Project areas comprised of census blocks, or portions thereof, within which a~~
2 ~~broadband provider is receiving matching funds to deploy broadband service within the next 18~~
3 ~~months are ineligible for the GREAT program. It is essential for the Office to know the location~~
4 ~~of census blocks, or portions thereof, comprising these areas so it can determine project~~
5 ~~eligibility. A private provider receiving Universal Service or Connect America Phase II, or~~
6 ~~nonfederal State or federal funds to deploy broadband service in unserved areas may qualify such~~
7 ~~area for protection by submitting within 60 days of the application period a listing of the census~~
8 ~~blocks, or portions thereof, comprising the State- or federally funded project areas meeting this~~
9 ~~requirement and nothing more to in a manner prescribed by the Office. In future program years,~~
10 ~~the cutoff date for submitting this census block data shall be established by the Office, but shall~~
11 ~~be not less than 60 days prior to the beginning date of the application period. This will enable the~~
12 ~~office to update maps and advise applicants as to the unserved areas of the State that are eligible~~
13 ~~for consideration in that program year. The Office shall only utilize this data to update maps of~~
14 ~~census blocks to reflect these census blocks, or portions thereof, as being served. Failure on the~~
15 ~~part of a provider to submit the listing of census blocks by the cutoff date shall result in those~~
16 ~~areas being eligible for inclusion under this program during the upcoming subsequent program~~
17 ~~year. years. The Office shall use the census block data provided only for mapping of unserved~~
18 ~~areas. Upon expiration of the 18 month reservation period described in this subsection, A project~~
19 ~~area shall remain protected for a period of 18 months from the submission of the listing~~
20 ~~information required under this subsection; provided, however, a private provider that has~~
21 ~~received a reservation of census blocks protection for a project area shall submit written~~
22 ~~documentation by April 30 of the year following the program year that broadband deployment~~
23 ~~has begun or been completed-completed, or is otherwise in good standing, in the census blocks,~~
24 ~~or portions thereof, that have been deemed ineligible by the Office due to the existence of a~~
25 ~~federally funded project area. under this subsection. Upon submission of documentation~~
26 ~~satisfactory to the Office, a protected project area shall remain protected until project completion.~~
27 ~~A project area where a private provider has forfeited or otherwise defaulted on an agreement in~~
28 ~~connection with receipt of funds to deploy broadband service shall be eligible for inclusion in~~
29 ~~this program in subsequent program years. Information provided to the Office pursuant to this~~
30 ~~subsection is not a public record, as that term is defined in G.S. 132-1.~~

31 ...

32 (d1) An application submitted pursuant to this section shall include a project area map that
33 provides location-specific data in a format required by the Office. A provider submitting an
34 application pursuant to this section shall bear the burden of proof that the proposed area to be
35 served can, in fact, be served using the proposed technology. The burden of proof may be
36 satisfied by the submission of data, maps, and any other information satisfactory to the Office,
37 demonstrating that the area and number of prospective broadband recipients proposed to be
38 served can be provided the minimum upload and download speeds indicated in the application.

39 (e) Applications shall be made publicly available by posting on the Web site of the
40 Department of Information Technology for a period of at least ~~30~~20 days prior to award. During
41 the ~~30-day~~20-day period, any interested party may submit comments to the Secretary concerning
42 any pending application. A broadband service provider of broadband services currently providing
43 broadband service in a project area proposed in an application may submit a protest of any
44 application on the grounds the proposed project covers an area that is ~~not an eligible~~a protected
45 area under subsection (c) of this section. ~~section,~~ or that the proposed project area contains ten
46 percent (10%) or more of total households with access to broadband service as defined in this
47 section. Protests shall be submitted in writing, accompanied by all credible and relevant
48 supporting documentation, and including specific addresses, and detailed mapping
49 demonstrating that the protesting broadband provider has installed infrastructure sufficient to
50 provide broadband service to the specific addresses provided in the protest, along with an
51 attestation that broadband service is available in the public right-of-way at the specific addresses

1 indicated. The protest shall be considered by the Office in connection with the review of the
2 application. Upon submission of evidence satisfactory to the Office that the proposed project area
3 includes a protected area or prospective broadband recipients that are presently served, as
4 measured using a methodology satisfactory to the Office, the Office may work with an applicant
5 to amend an application to reduce the number of unserved prospective broadband recipients in
6 the project area to reflect an accurate level of current broadband service. The Office may revise
7 application scores in accordance with amended applications; however, the Office may reject any
8 amended application resulting in a lower application score to the extent that the lower score
9 would have impacted the ranking of the application in the initial scoring process. For applications
10 with filed protests, the Secretary shall issue a written decision to the protesting party at least 15
11 days prior to the approval of that application. Following a protest that is granted for a portion of
12 the application, the Office may release to an applicant the locations or areas declared ineligible.
13 The information released to the applicant is not a public record, as that term is defined under
14 G.S. 132-1, and shall remain confidential. Any provider submitting a protest shall verify that the
15 information in the protest is accurate and that the protest is submitted in good faith. The Office
16 may deny any protest or application that contains inaccurate information.

17 As a means of resolving a protest, the Office may utilize speed tests to determine if the
18 protested area or individual households or businesses currently have access to broadband service
19 as defined in this section. The Department shall publish the speed test methodology it uses to
20 assess speed levels pursuant to this section. All decisions regarding the speed test to be utilized
21 and the manner by which the speed tests are applied shall be made by the Secretary or the
22 Secretary's designee.

23 ...

24 (g) Applications shall be scored based upon a system that awards a single point for criteria
25 considered to be the minimum level for the provision of broadband service with additional points
26 awarded to criteria that exceed minimum levels. The Office shall score project applications in
27 accordance with the following:

- 28 (1) Partnership. – Projects ~~involving proposing a partnership~~ shall be given points
29 in their application score. A proposed partnership shall (i) be in writing, (ii)
30 provide the specific terms and conditions of the partnership, and (iii) be signed
31 and attested to by the parties. A county or nonprofit may enter into proposed
32 agreements with more than one applicant. For the purposes of scoring under
33 this subdivision, a county that provides a portion of the match required by this
34 section or that has entered into an agreement with the applicant to one point
35 shall be given for a proposed partnership that will make available its existing
36 infrastructure that has been installed for the county's partner's enterprise,
37 nonconsumer broadband purposes, or any other property, buildings, or
38 structures owned by the county, partner, for a proposed project under this
39 section shall be considered a partnership. section. A county may provide a
40 portion of the or nonprofit entity that proposes to provide a financial match
41 required by this section pursuant to G.S. 153A-349.60. Projects involving
42 partnerships shall be given six points in their application score. shall be given
43 one point. Notwithstanding Article 8 of Chapter 143 of the General Statutes,
44 or any provision of law to the contrary, a county may use unrestricted general
45 funds or federal funding allocated to it for the purpose of improving
46 broadband infrastructure for a financial match. Funds received from the
47 federal American Rescue Plan Act (P.L. 117-2) may not be used for the
48 purposes of this subdivision. Nothing in this subdivision shall be deemed to
49 authorize a county to provide broadband service.

50 ...

(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:

Est. Cost per Household/Business	Partnership-Using Infrastructure	Private-Provider Only	Points
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:

Est. Cost per Household/Business	Partnership-Using Infrastructure	Private-Provider Only	Points
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:

Minimum Download:	Minimum Upload	Score Multiplier
25:3 Mbps.	Up to 100:10 Mbps.	1.35
	100:10 Mbps. up to 200:20 Mbps.	1.75
	200:20 Mbps. or greater.	2.00
	<u>100 Mbps., symmetrical.</u>	<u>3.00</u>
	<u>Greater than 100:100 Mbps.</u>	<u>4.00</u>

...
 (i) **(Effective July 1, 2021)** Applications receiving the highest score shall receive priority status for the awarding of grants pursuant this section. As a means of breaking a tie for applications receiving the same score, the Office shall give priority to the application proposing to serve the highest number of new households at the lowest cost per household or business. Applicants awarded grants pursuant to this section shall enter into an agreement with the Office. The agreement shall contain all of the elements outlined in subsection (d) of this section and any other provisions the Office may require. The agreement shall contain a provision governing the time line and minimum requirements and thresholds for disbursement of grant funds measured by the progress of the project. For projects where the application includes a proposed partnership, the agreement shall contain a provision requiring a certification of the existence of the partnership prior to disbursement of grant funds. Grant funds shall be disbursed only upon verification by the Office that the terms of the agreement have been fulfilled according to the progress milestones contained in the agreement. At project completion, the grant recipient shall certify and provide to the Office evidence consistent with Federal Communications Commission attestation that either speeds greater than those identified in the application guidelines or the proposed upstream and downstream broadband speeds identified in the application guidelines, and for which a base speed multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project area prior to any end user connections. A single grant award shall not exceed ~~two~~ four million dollars (~~\$2,000,000~~). ~~No more than one grant may be awarded per fiscal year for a project in any one eligible economically distressed county; except that if~~

1 (\$4,000,000). No combination of grant awards under this section involving any single county
 2 may exceed eight million dollars (\$8,000,000) in a fiscal year. If funds remain available after all
 3 top scoring projects have been awarded a grant, then the next highest scoring projects may be
 4 awarded a grant even if the project is located in a county where a grant has been awarded in that
 5 fiscal year provided the total award associated with that county does not exceed ~~two~~ eight million
 6 dollars (~~\$2,000,000~~)-(\$8,000,000) in that fiscal year.

7 No more than one-half of the funds appropriated to the fund established in subsection (b) of
 8 this section shall be disbursed for eligible projects located in a development tier two or tier three
 9 county. If the Office has not received enough grant applications for projects located in a
 10 development tier one county to disburse one-half of the funds appropriated to the fund established
 11 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any
 12 unencumbered funds in the fund for eligible projects located in a development tier two or tier
 13 three county.

14 Any project that is applied for and not funded in an award round under this section shall be
 15 eligible for funding under the Completing Access to Broadband program pursuant to
 16 G.S. 143B-1373.1.

17 (j) Grant recipients are required to provide matching funds based upon the application
 18 scoring pursuant to this section in the following minimum amounts:

Score	Matching Requirement
12.0 points or less	55% 50%
Greater than 12.0 points, but less than 17.5 points	50% 45%
17.5 points, up to 22.0 points	45% 40%
Greater than 22.0 points	35% 30%

24 Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of
 25 third-party funding including funds from other grant programs. Funds from the Universal Service
 26 Fund shall not be used for any portion of the required matching funds. Any other current or future
 27 federal funds may be used, including any future phase of the Connect America Fund, for the
 28 required matching funds within the parameters of this program.

29 ...
 30 (p) The Department may use up to one percent (1.0%) of ~~the State funds~~ appropriated
 31 funds each fiscal year to administer the GREAT program program established under this
 32 section."

34 **INTERNAL SERVICE FUND RATE SUBMISSION**

35 **SECTION 38.2.** G.S. 143B-1333 reads as rewritten:

36 **"§ 143B-1333. Internal Service Fund.**

37 (a) The Internal Service Fund is established within the Department as a fund to provide
 38 goods and services to State agencies on a cost-recovery basis. The Department shall establish
 39 fees for subscriptions and chargebacks for consumption-based services. The Information
 40 Technology Strategic Sourcing Office shall be funded through a combination of administrative
 41 fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using
 42 their services. The State CIO shall establish and annually update consistent, fully transparent,
 43 easily understandable fees and rates that reflect industry standards for any good or service for
 44 which an agency is charged. These fees and rates shall be prepared ~~by October 1 and shall be~~
 45 ~~approved by the Office of State Budget and Management.~~ and submitted by the Department to
 46 the Office of State Budget and Management and Fiscal Research Division on the date agreed
 47 upon by the State Budget Director and the Department's Chief Financial Officer. The rates shall
 48 be approved by the Office of State Budget and Management. The Office of State Budget and
 49 Management shall ensure that State agencies have the opportunity to adjust their budgets based
 50 on any rate or fee changes prior to submission of those budget recommendations to the General

1 Assembly. The approved Information Technology Internal Service Fund budget and associated
2 rates shall be included in the Governor's budget recommendations to the General Assembly.

3 (b) Repealed by Session Laws 2016-94, s. 7.4(d), effective July 1, 2016.

4 (c) Receipts shall be used solely for the purpose for which they were collected. In
5 coordination with the Office of the State Controller and the Office of State Budget and
6 Management, the State CIO shall ensure processes are established to manage federal receipts,
7 maximize those receipts, and ensure that federal receipts are correctly utilized."
8

9 **CYBERSECURITY REPORTING**

10 **SECTION 38.3.(a)** The Department of Information Technology shall develop a plan
11 for its use of funds received for cybersecurity purposes. In developing the cybersecurity plan, the
12 Department shall include the following:

- 13 (1) A summary of all cybersecurity funds received and how those funds have been
14 utilized, current gaps in funding, and how prospective funding will be spent.
- 15 (2) The scope of activities and services planned to do the following:
 - 16 a. Reduce the risks of cybersecurity incidents and significant
17 cybersecurity incidents in the State.
 - 18 b. Mitigate and address cybersecurity incidents and significant
19 cybersecurity incidents that have occurred.
 - 20 c. Support business application modernization efforts.
 - 21 d. Provide continuous monitoring of critical applications and maintain
22 federal and state compliance requirements.
- 23 (3) Potential funding, partnerships, and other resources available to the
24 Department to assist in its role of preventing, mitigating, and addressing
25 cybersecurity issues in the State.

26 **SECTION 38.3.(b)** The Department shall submit the cybersecurity plan outlined in
27 this section to the Joint Legislative Oversight Committee on Information Technology and the
28 Fiscal Research Division on or before October 1, 2021.
29

30 **STATE RECOVERY FUNDS/BROADBAND GRANTS**

31 **SECTION 38.4.(a)** Of the funds appropriated in this act from the State Fiscal
32 Recovery Fund to the Department of Information Technology for broadband infrastructure
33 grants, and in accordance with applicable federal guidelines, the Department of Information
34 Technology shall administer broadband infrastructure grants through the Growing Rural
35 Economies with Access to Technology (G.R.E.A.T.) grant program. Grant applications shall be
36 submitted and grant funds shall be awarded pursuant to G.S. 143B-1373, with the exception of
37 the following:

- 38 (1) The definition of "eligible economically distressed county" in
39 G.S. 143B-1373(a) shall mean a county designated as a development tier one
40 or tier two area, as defined in G.S. 143B-437.08, or a rural census tract, as
41 defined in G.S. 143B-472.127(a)(2), located in any other county. For the
42 purposes of this subdivision, the tier designation that is in effect as of the
43 beginning of a fiscal year shall be applied for all grants awarded for that fiscal
44 year. With the exception of funds expended under this section or under
45 G.S. 143B-1373.1, as enacted by Section 38.6(a) of this act, a county that has
46 utilized federal funding for broadband infrastructure on or after May 1, 2021,
47 shall be ineligible.
- 48 (2) The definition of "eligible project" in G.S. 143B-1373(a) shall be a discrete
49 and specific project located in an unserved economically distressed area
50 seeking to provide broadband service to homes, businesses, and community
51 anchor points not currently served. Eligible projects do not include middle

1 mile, backhaul, and other similar projects not directed at broadband
2 service-to-end users. If a contiguous project area crosses from one eligible
3 county into one or more eligible adjacent counties, for the purposes of this
4 section, the project shall be deemed to be located in the county where the
5 greatest number of unserved households are proposed to be served.

6 (3) The financial contribution restrictions for partnerships in
7 G.S. 143B-1373(a)(11a) are removed.

8 (4) The definition of "unserved area" in G.S. 143B-1373(a) shall be a designated
9 geographic area that is presently without access to broadband service, as
10 defined in G.S. 143B-1373(a), or where internet access service does not meet
11 the definition of broadband service. Areas where a private provider has been
12 designated to receive funds through other State- or federally funded programs
13 designed specifically for broadband deployment shall be considered served if
14 such funding is intended to result in construction of broadband in the area
15 within 18 months or for the duration of the federal funding program for that
16 area or if the funding recipient is otherwise in good standing with the funding
17 agency's regulations governing the funding program.

18 (5) The provisions of G.S. 143B-1373(c) are replaced with the following:

19 A private provider receiving State or federal funds to deploy broadband
20 service in unserved areas may qualify such area for protection by submitting
21 a listing of the census blocks, or portions thereof, comprising the State- or
22 federally funded project areas in a manner prescribed by the Office. The
23 Office shall only utilize this data to update maps of census blocks to reflect
24 these census blocks, or portions thereof, as being served. Failure on the part
25 of a provider to submit the listing of census blocks by the cutoff date shall
26 result in those areas being eligible for inclusion under the G.R.E.A.T. grant
27 program during subsequent program years. The Office shall use the census
28 block data provided only for mapping of unserved areas. A project area shall
29 remain protected for a period of 18 months from the submission of the listing
30 information required under this subdivision; provided, however, a private
31 provider that has received protection for a project area shall submit written
32 documentation by April 30 of the year following the program year that
33 broadband deployment has begun, been completed, or is otherwise in good
34 standing, in the census blocks, or portions thereof, that have been deemed
35 ineligible by the Office under this subsection. Upon submission of
36 documentation satisfactory to the Office, a protected project area shall remain
37 protected until project completion. A project area where a private provider has
38 forfeited or otherwise defaulted on an agreement in connection with receipt of
39 funds to deploy broadband service shall be eligible for inclusion in this
40 program in subsequent program years. Information provided to the Office
41 pursuant to this subdivision is not a public record, as that term is defined in
42 G.S. 132-1.

43 (6) The provisions of G.S. 143B-1373(d1) are replaced with the following:

44 An application submitted pursuant to this section shall include a project area
45 map that provides location-specific data in a format required by the Office. A
46 provider submitting an application pursuant to this section shall bear the
47 burden of proof that the proposed area to be served can, in fact, be served
48 using the proposed technology. The burden of proof may be satisfied by the
49 submission of data, maps, and any other information satisfactory to the Office
50 demonstrating that the area and number of prospective broadband recipients

- 1 proposed to be served can be provided the minimum upload and download
2 speeds indicated in the application.
- 3 (7) The provisions in G.S. 143B-1373(e) are replaced with the following:
4 Applications shall be made publicly available by posting on the website of the
5 Department of Information Technology for a period of at least 20 days prior
6 to award. During the 20-day period, any interested party may submit
7 comments to the Secretary concerning any pending application. A broadband
8 service provider currently providing broadband service in a project area
9 proposed in an application may submit a protest of any application on the
10 grounds the proposed project covers an area that is a protected area under
11 subsection (c) of this section or that the proposed project area contains ten
12 percent (10%) or more of total households with access to broadband service
13 as defined in this section. Protests shall be submitted in writing, accompanied
14 by all credible and relevant supporting documentation, including specific
15 addresses, and detailed mapping demonstrating that the protesting broadband
16 provider has installed infrastructure sufficient to provide broadband service to
17 the specific addresses provided in the protest, along with an attestation that
18 broadband service is available to the exterior of the structure at the specific
19 addresses indicated. The protest shall be considered by the Office in
20 connection with the review of the application. Upon submission of evidence
21 satisfactory to the Office that the proposed project area includes a protected
22 area or prospective broadband recipients that are presently served, as
23 measured using a methodology satisfactory to the Office, the Office may work
24 with an applicant to amend an application to reduce the number of unserved
25 prospective broadband recipients in the project area to reflect an accurate level
26 of current broadband service. The Office may revise application scores in
27 accordance with amended applications; however, the Office may reject any
28 amended application resulting in a lower application score to the extent that
29 the lower score would have impacted the ranking of the application in the
30 initial scoring process. For applications with filed protests, the Secretary shall
31 issue a written decision to the protesting party at least 15 days prior to the
32 approval of that application. Following a protest that is granted for a portion
33 of the application, the Office may release to an applicant the locations or areas
34 declared ineligible. The information released to the applicant is not a public
35 record, as that term is defined under G.S. 132-1, and shall remain confidential.
36 Any provider submitting a protest shall verify that the information in the
37 protest is accurate and that the protest is submitted in good faith. The Office
38 may deny any protest or application that contains inaccurate information.
39 As a means of resolving a protest, the Office may utilize speed tests to
40 determine if the protested area or individual households or businesses
41 currently have access to broadband service as defined in this section. The
42 Department shall publish the speed test methodology it uses to assess speed
43 levels pursuant to this section. All decisions regarding the speed test to be
44 utilized and the manner by which the speed tests are applied shall be made by
45 the Secretary or the Secretary's designee.
- 46 (8) The partnership scoring provision in G.S. 143B-1373(g)(1) is replaced with
47 the following:
48 Projects proposing a partnership shall be given points in their application
49 score. A proposed partnership shall (i) be in writing, (ii) provide the specific
50 terms and conditions of the partnership, and (iii) be signed and attested to by
51 the parties. A county or nonprofit may enter into proposed agreements with

1 more than one applicant. For the purposes of scoring under this subdivision,
 2 one point shall be given for a proposed partnership that will make available
 3 existing infrastructure that has been installed for the partner's enterprise,
 4 nonconsumer broadband purposes, or any other property, buildings, or
 5 structures owned by the partner, for a proposed project under this section. A
 6 county or nonprofit entity that proposes to provide a financial match shall be
 7 given one point. Notwithstanding Article 8 of Chapter 143 of the General
 8 Statutes, or any provision of law to the contrary, a county may use unrestricted
 9 general funds or federal American Rescue Plan Act (P.L. 117-1) funds
 10 allocated to it for the purpose of improving broadband infrastructure for a
 11 financial match. An applicant shall receive two additional points for a
 12 proposed partnership where the county's financial match is comprised entirely
 13 from federal American Rescue Plan Act (P.L. 117-2) funds intended for
 14 broadband infrastructure. Nothing in this subdivision shall be deemed to
 15 authorize a county to provide broadband service. For projects where the
 16 application includes a proposed partnership, the agreement shall contain a
 17 provision requiring a certification of the existence of the partnership prior to
 18 disbursement of grant funds.

19 (9) The scoring model measures contained in G.S. 143B-1373(g)(5) are replaced
 20 with the following:

21 a. For projects proposed in the Piedmont or Coastal Plain Regions:

22 **Est. Cost per**

23 Household/Business	Points
24 Up to \$3,500	9
25 \$3,500, up to \$5,000	8
26 \$5,000, up to \$6,000	7
27 \$6,000 and over	0

28 b. For projects located in the Mountain Region:

29 **Est. Cost per**

30 Household/Business	Points
31 Up to \$4,500	9
32 \$4,500, up to \$6,000	8
33 \$6,000, up to \$7,000	7
34 \$7,000 and over	0

35 (10) The base speed multiplier provided in G.S. 143B-1373(g)(6) shall be
 36 administered as follows:

37 **Minimum Download:**

38 Minimum Upload	Score Multiplier
39 100:20 Mbps. or greater.	1.00
40 100 Mbps., symmetrical	2.00
41 Greater than 100:100 Mbps.	3.00

42 An applicant proposing minimum download and minimum upload speeds of
 43 less than 100 Mbps., symmetrical, shall provide an attestation to the Office
 44 that, upon project completion, the completed infrastructure will be scalable to
 45 a minimum of 100 Mbps. download and 100 Mbps. upload on or before
 46 December 31, 2026, subject to the return of all federal American Rescue Plan
 47 Act (P.L. 117-2) funds received under this section and all of the grant
 48 forfeiture provisions in G.S. 143B-1373(l).

49 (11) Additional points shall be awarded to counties providing a portion of a
 50 project's matching funds entirely from federal American Rescue Plan Act
 51 (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:

County Match	Points
\$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:

County Match	Points
\$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:

Score	Matching Requirement
12.0 points or less	50%
Greater than 12.0 points, but less than 17.5 points	45%
17.5 points, up to 22.0 points	40%
Greater than 22.0 points	30%

Up to fifty percent (50%) of matching funds paid by the grant recipient may be comprised of third-party funding, including funds from other grant programs or federal funds, to the extent applicable rules permit. A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is partially comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of twenty-five percent (25%). A grant recipient receiving a portion of matching funds from a county, where the county portion of matching funds is entirely comprised of federal American Rescue Plan Act (P.L. 117-2) funding, may have the grant recipient's portion of the matching requirement imposed under this subdivision reduced to a maximum of fifteen percent (15%).

SECTION 38.4.(b) The Department of Information Technology shall utilize a portion of the administrative funds authorized in this Part for legal and appraisal services needed to assist the Department of Administration in administering the provisions of G.S. 146-29.2(b1). The Department of Administration shall utilize all available resources to prioritize the review

1 and disposition of requests for collocation, installation, and operation of equipment for
2 broadband providers receiving grants under this Part.

3 4 **COMPLETING ACCESS TO BROADBAND PROGRAM**

5 **SECTION 38.6.(a)** Article 15 of Chapter 143B of the General Statutes is amended
6 by adding a new section to read:

7 **"§ 143B-1373.1. Completing Access to Broadband program.**

8 (a) As used in this section, the following definitions apply:

- 9 (1) Broadband service. – Terrestrially deployed internet access service with
10 transmission speeds of at least 25 megabits per second (Mbps) download and
11 at least 3 megabits per second upload (25:3).
- 12 (2) Department. – The Department of Information Technology.
- 13 (3) Eligible area. – An area that is unserved or underserved in a county. A county
14 that has utilized federal funding for broadband infrastructure projects on or
15 after May 1, 2021, is not eligible.
- 16 (4) Office. – The Broadband Infrastructure Office within the Department of
17 Information Technology.
- 18 (5) Project area. – An eligible area that is jointly determined by a requesting
19 county and the Broadband Infrastructure Office within the Department of
20 Information Technology as requiring project funding under this section to
21 further complete the deployment of broadband service in the county.
- 22 (6) Unserved or underserved. – A location within a county that has no deployment
23 of broadband service or that has internet access service that does not meet the
24 definition of broadband service. Areas where a private provider has been
25 designated to receive funds through other State- or federally funded programs
26 designed specifically for broadband deployment shall be considered served if
27 such funding is intended to result in construction of broadband in the area
28 within 18 months or for the duration of the federal funding program for that
29 area, or if the funding recipient is otherwise in good standing with the funding
30 agency's regulations governing the funding program.

31 (b) The Completing Access to Broadband Fund (CAB Fund) is established as a special
32 revenue fund in the Department of Information Technology. The Secretary may award grants
33 from the CAB Fund projects meeting the criteria established under this section. State funds
34 appropriated to this Fund shall be considered an information technology project within the
35 meaning of G.S. 143C-1-2. The Office shall establish procedures in accordance with this section
36 that allow every county in the State to participate in the Completing Access to Broadband
37 program. Monies awarded from the CAB Fund shall be used for infrastructure and infrastructure
38 costs, as those terms are defined in G.S. 143B-1373(a). The State shall not be obligated for funds
39 committed for project costs from the CAB Fund in excess of those sums appropriated by the
40 General Assembly to the CAB Fund.

41 (c) In collaboration with the Broadband Infrastructure Office, a county may request
42 funding under this section for either a defined eligible project area that is mutually identified by
43 the county and the Office or for a project that was not awarded a grant in the most recent round
44 of grant awards under G.S. 143B-1373. All identified projects shall be subject to the bid process
45 requirements in this subsection. In selecting project areas to receive funding, the Office shall give
46 priority to eligible areas that a county has requested funding for based upon utilizing the Office's
47 Community Broadband Planning Playbook and those counties that meet the criteria established
48 in subsection (e) of this section. The Department shall utilize its authority under Part 4 of this
49 Article to develop competitive bid processes for the procurement of the construction, installation,
50 and operation of broadband infrastructure. Notwithstanding Article 8 of Chapter 143 of the
51 General Statutes, or any other provision of law to the contrary, the Department may delegate to

1 a county the authority to select a provider for the project area in accordance with Part 4 of this
 2 Article. The Department shall reserve the authority to approve the selection of a county pursuant
 3 to this subsection. Unless the county has bid processes acceptable to the Office, the Office shall
 4 utilize customizable forms and procedures developed by the Department for the purposes of this
 5 subsection. Selections made pursuant to this subsection are not subject to the Department's
 6 administrative review authority under Article 3A of Chapter 150B of the General Statutes or the
 7 Department's administrative rules regarding information technology bid protests and contested
 8 case procedures. Selection of project areas shall be subject to the protections provided in
 9 G.S. 143B-1373(c). In conjunction with the bid process, a proposed project area shall be posted
 10 on the Department's website for a period of at least 10 days. Upon submission of credible
 11 evidence, a broadband service provider may request a project scope adjustment to the Office in
 12 accordance with G.S. 143B-1373(e). Upon a finding that the evidence submitted by the
 13 broadband service provider is credible, the Office shall work with the county to amend the scope
 14 of the project. The Office shall develop and administer any agreement entered into pursuant to
 15 this section. Nothing in this subsection shall be deemed to grant authority for a county to own,
 16 operate, or otherwise control broadband infrastructure contracted for under this section.

17 (d) A broadband service provider selected for a project under this section may provide
 18 up to thirty percent (30%) of the total estimated project cost. The Office may commit up to
 19 thirty-five percent (35%) of the total estimated project cost from monies in the CAB Fund. The
 20 county requesting the project shall be responsible for at least thirty-five percent (35%) of the total
 21 estimated project cost and shall utilize federal American Rescue Plan Act (P.L. 117-2) funds or
 22 nonrestricted general funds for that purpose. In the event CAB Fund monies are insufficient to
 23 fund a project, a county may increase its share of the total estimated project cost, or the Office
 24 may adjust the scope of the project to meet the level of available funding. No county may receive
 25 more than four million dollars (\$4,000,000) in aggregate funding from the CAB Fund in any
 26 single fiscal year.

27 (e) Notwithstanding the project cost responsibility allocations in subsection (d) of this
 28 section, for a county receiving from the federal government less than an aggregate of eight
 29 million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a
 30 broadband service provider selected for a project shall provide not less than fifteen percent (15%)
 31 of the total estimated project cost. If a broadband service provider provides more than fifteen
 32 percent (15%) of the total estimated project cost, the State and county cost responsibilities shall
 33 be equally apportioned. The following cost responsibility allocations for counties meeting the
 34 requirements of this subsection and the State apply:

<u>Direct Federal Funds Received</u>	<u>County Responsibility</u>	<u>State Responsibility</u>
\$250,000, up to \$4,000,000	5%, minimum	Up to 80%
\$4,000,000, up to \$8,000,000	10%, minimum	Up to 75%

38 (f) A broadband service provider selected for a project under this section shall enter into
 39 an agreement with the Office that shall include the project description, time lines, benchmarks,
 40 proposed broadband speeds, and any other information and documentation the Office deems
 41 necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of
 42 American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall
 43 provide its portion of the total estimated project costs to the Office to be combined with CAB
 44 Funds awarded for the project and placed in a separate project account. The Office shall provide
 45 project oversight and, upon completion of established benchmarks in the project agreement, the
 46 Office shall disburse funds from the project account to the broadband service provider. The
 47 forfeiture provisions in G.S. 143B-1373(l) shall apply to agreements entered into under this
 48 section."

49 **SECTION 38.6(b)** The Department may use up to ninety million dollars
 50 (\$90,000,000) of State Fiscal Recovery Funds appropriated to the Completing Access to
 51 Broadband Fund in this act to provide grants to internet service providers, local government

1 entities, and nonprofits for the provision and installation of infrastructure, as that term is defined
2 in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and
3 underserved households in this State. The Department shall ensure that grant funds are awarded
4 and utilized in compliance with applicable federal guidelines.

5
6 **EXPANSION OF THE G.R.E.A.T. PROGRAM FOR FIXED WIRELESS AND**
7 **SATELLITE BROADBAND GRANTS**

8 **SECTION 38.7.(a)** Article 15 of Chapter 143B of the General Statutes is amended
9 by adding a new section to read:

10 **"§ 143B-1373.1. G.R.E.A.T. program fixed wireless and satellite broadband grants.**

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

12 (1) Broadband service. – Internet access service provided by low-orbit
13 geostationary satellites or fixed wireless networks with (i) a latency of 500
14 milliseconds or less and (ii) transmission speeds that are equal to or greater
15 than the requirements for the minimum performance tier, as provided by the
16 Federal Communications Commission in Paragraph 39 of the report and order
17 adopted January 30, 2020, and released February 7, 2020.

18 (2) Equipment. – The antenna and any necessary hardware provided by a
19 broadband service provider to a subscriber that enables the subscriber to
20 connect to the broadband service. The term does not include a modem.

21 (3) Fixed wireless provider. – A broadband service provider that provides internet
22 access to a subscriber via fixed antenna that receives a radio link from the
23 provider's network to the subscriber.

24 (4) Grantee. – A broadband provider that has been awarded a grant pursuant to
25 this section.

26 (5) Office. – The Broadband Infrastructure Office in the Department of
27 Information Technology.

28 (6) Satellite broadband provider. – A broadband service provider that provides
29 Internet access directly to consumers via satellite technology.

30 (7) Secretary. – The Secretary of the Department of Information Technology.

31 (8) Unserved household. – A household located in this State that does not have
32 access to broadband service from a wireline or wireless service provider. A
33 household that is included in an area where a grant from the Growing Rural
34 Economies with Access to Technology (GREAT) program pursuant to
35 G.S. 143B-1373 has been awarded is not eligible for a grant under this section.

36 (b) Applications for grants will be submitted at times designated by and on forms
37 prescribed by the Secretary. Notwithstanding any other provision of law, if the Secretary deems
38 some of the information in an application to contain proprietary information, the Secretary may
39 provide that such information is not a public record, as that term is defined in G.S. 132-1, subject
40 to public records or other laws requiring the disclosure of such information and have that portion
41 of the application redacted. An application shall include, at a minimum, the following
42 information:

43 (1) The identity of the applicant.

44 (2) The specific address of the subscriber.

45 (3) A description of the services provided, including the upstream and
46 downstream broadband speeds delivered, latency metrics, and any applicable
47 data caps. Any applicant proposing a data cap below 150 Gigabytes of usage
48 per month shall also provide justification to the satisfaction of the Office that
49 the proposed cap is in the public interest and consistent with industry
50 standards.

- 1 (4) The cost to be charged to the unserved household for the equipment needed to
2 connect to the broadband service for the next two years.
- 3 (5) Evidence of a contract with the subscriber, including the amount charged for
4 the equipment and the installation of the equipment, necessary for providing
5 broadband service to the subscriber.
- 6 (6) The terms and conditions imposed upon the subscriber, including restrictions
7 on use and possession of equipment used for broadband service connection.
- 8 (7) Any other information or supplementary documentation requested by the
9 Office.

10 (c) The Office shall determine eligibility for a grant pursuant to this section based upon
11 the information provided in the application of a broadband service provider and any other
12 information or supplementary documentation requested by the Office. As a measurement of the
13 provision of broadband equipment to an unserved household, the Office shall award grants to
14 applicants that demonstrate the provision of equipment that has provided broadband service to
15 an unserved household. The Office shall provide grants to eligible broadband service providers
16 for providing broadband service equipment to unserved households as follows:

- 17 (1) Up to one thousand one hundred dollars (\$1,100) for the provision of satellite
18 broadband equipment to any single unserved household, or up to seven
19 hundred dollars (\$700.00) for the provision of fixed wireless broadband
20 equipment to any single unserved household, providing broadband speeds of
21 50 megabits per second download and 3 megabits per second upload or
22 greater.
- 23 (2) Up to seven hundred dollars (\$700.00) for the provision of satellite broadband
24 equipment to any single unserved household, or up to five hundred dollars
25 (\$500.00) for the provision of fixed wireless broadband equipment to any
26 single unserved household, providing less than 50 megabits per second
27 download and 3 megabits per second upload.

28 The grants awarded by the Office shall not exceed the cost of the broadband provider's
29 equipment, including any installation costs, necessary to provide broadband service to the
30 unserved household.

31 (d) Eligibility for a grant award is dependent upon the household maintaining broadband
32 service with the grantee for at least 24 consecutive months. No grant shall be awarded for
33 providing broadband service at an address that the Office has previously awarded a grant under
34 this section. A grantee shall submit documentation to the Office annually that will provide
35 information sufficient for the Office to verify eligibility of subscriptions, including that the
36 household was unserved. Payment of grant funds is subject to documentation showing eligibility
37 of subscriptions.

38 (e) The Office shall require a grantee to enter into an agreement. The agreement shall
39 contain at least all of the following:

- 40 (1) An address of the household subscribing for broadband service for which the
41 grant is sought.
- 42 (2) A provision that requires the grantee to maintain its service for the subscriber
43 for at least 24 consecutive months.
- 44 (3) A provision establishing the conditions under which the grant agreement may
45 be terminated and under which grant funds may be recaptured by the Office.
- 46 (4) A provision stating that unless the agreement is terminated pursuant to its
47 terms, the agreement is binding and constitutes a continuing contractual
48 obligation of the State and the grantee.
- 49 (5) A provision that establishes any allowed variation in the terms of the
50 agreement that will not subject the grantee to grant reduction, amendment, or
51 termination of the agreement.

- 1 (6) A provision describing the manner in which the amount of the grant will be
 2 measured and administered to ensure compliance with the agreement and this
 3 section.
- 4 (7) A provision stating that any recapture of a grant and any reduction in the
 5 amount of the grant or the term of the agreement must, at a minimum, be
 6 proportional to the failure to comply measured relative to the condition or
 7 criterion with respect to which the failure occurred.
- 8 (8) A provision describing the methodology the Office will use to verify
 9 subscriptions and the types of information required to be submitted by the
 10 grantee.
- 11 (9) A provision stating that the grantee may not impose data caps upon any
 12 eligible subscription, for the term of the agreement.
- 13 (10) A provision stating that the equipment necessary for a subscriber to receive
 14 broadband service from the grantee shall be deemed a fixed asset upon the
 15 property of the eligible subscription and shall transfer with the property to any
 16 successors.
- 17 (11) Any other provision the Office deems necessary.

18 (f) If the grantee fails to meet or comply with any condition or requirement set forth in
 19 an agreement, the Office shall reduce the amount of the grant or the term of the agreement, may
 20 terminate the agreement, or both. The reduction in the amount or the term must, at a minimum,
 21 be proportional to the failure to comply measured relative to the condition with respect to which
 22 the failure occurred. If the Office finds that the grantee has manipulated or attempted to
 23 manipulate data with the purpose of increasing the amount of a grant, the Office shall
 24 immediately terminate the agreement and take action to recapture any grant funds disbursed in
 25 any year in which the Office finds the grantee manipulated or attempted to manipulate data with
 26 the purpose of increasing the amount of a grant.

27 (g) The grantee shall certify and provide to the Office evidence consistent with a Federal
 28 Communications Commission attestation that the proposed minimum upstream and minimum
 29 downstream broadband speeds and latency metrics identified in the application guidelines are
 30 and will be available throughout the project area during the term of the agreement prior to any
 31 end user connections. A grantee may receive a disbursement of a grant only after the Office has
 32 certified that the grantee has met the terms and conditions of the agreement. A grantee shall
 33 submit a certification of compliance with the agreement to the Office. The Office shall require
 34 the grantee to provide any necessary evidence of compliance to verify that the terms of the
 35 agreement have been met.

36 (h) The Office shall require that a grantee offer the proposed advertised minimum
 37 download and minimum upload speeds and subscription cost identified in the application for the
 38 duration of the 24 consecutive months provided in the agreement. Upon request, a grantee shall
 39 provide to the Office evidence consistent with a Federal Communications Commission
 40 attestation that the grantee is making available the proposed advertised speed, or a faster speed,
 41 as contained in the grant agreement."

42 **SECTION 38.7.(b)** The Department may utilize up to one million dollars
 43 (\$1,000,000) in funds appropriated to the Growing Rural Economies with Access to Technology
 44 Fund established in G.S. 143B-1373(b) for grants awarded under this section.

45 **SECTION 38.7.(c)** This section becomes effective July 1, 2022.

46 **BROADBAND MAPPING**

47 **SECTION 38.8.(a)** G.S. 143B-1321 reads as rewritten:

48 "**§ 143B-1321. Powers and duties of the Department; cost-sharing with exempt entities.**

49 (a) The Department shall have the following powers and duties:

50 ...

1 (34) Prepare and maintain statewide broadband maps incorporating current and
2 future federal data along with State data collected by the Department or
3 provided to the Department from other sources to identify the capabilities and
4 needs related to broadband distribution and access and serve as the sole source
5 provider of broadband mapping for State agencies.

6 "

7 **SECTION 38.8.(b)** G.S. 143B-1370 reads as rewritten:

8 **"§ 143B-1370. Communications services.**

9 (a) The State CIO shall exercise authority for telecommunications and other
10 communications included in information technology relating to the internal management and
11 operations of State agencies. In discharging that responsibility, the State CIO shall do the
12 following:

13 ...

14 (5) Provide for the establishment, management, and operation, through either
15 State ownership, by contract, or through commercial leasing, of the following
16 systems and services as they affect the internal management and operation of
17 State agencies:

- 18 a. Central telephone systems and telephone networks, including Voice
19 over Internet Protocol and Commercial Mobile Radio Systems.
- 20 b. Satellite services.
- 21 c. Closed-circuit TV systems.
- 22 d. Two-way radio systems.
- 23 e. Microwave systems.
- 24 f. Related systems based on telecommunication technologies.
- 25 g. The "State Network," managed by the Department, which means any
26 connectivity designed for the purpose of providing Internet Protocol
27 transport of information for State agencies.
- 28 h. ~~Broadband~~Broadband, including serving as the sole source of agency
29 broadband maps.

30 "

31 **SECTION 38.8.(c)** G.S. 143B-1373 reads as rewritten:

32 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

33 ...

34 (m) The Office of Broadband Infrastructure in the Department of Information Technology
35 (Office) shall be the designated agency for receipt and disbursement of federal grant funds
36 intended for the State for broadband expansion and shall seek available federal grant funds for
37 that purpose. All federal grant funds received for the purpose of broadband expansion shall be
38 disbursed in accordance with this section. The Office shall serve as the designated agency for the
39 receipt of all State, federal, and private grants, gifts, or matching funds for broadband mapping,
40 as provided by G.S. 143B-1370(a)(5)h. Funds received under this subsection shall remain
41 unexpended until appropriated by an act of the General Assembly.

42 "

43 **FACILITATION OF BROADBAND DEPLOYMENT**

44 **SECTION 38.9.** Article 15 of Chapter 160A of the General Statutes is amended by
45 adding a new section to read:

46 **"§ 160A-296.1. Facilitation of broadband deployment.**

47 (a) Except as provided in G.S. 160D-935, a city shall issue a written decision to approve
48 or deny an application for a permit or encroachment to conduct activities in the city's
49 rights-of-way that has been submitted by an entity deploying broadband service, as defined in
50 G.S. 143B-1373(a), within 30 days of the submission of the application. If a written decision has
51

1 not been issued within the 30-day period, the application shall be deemed approved by the city.
2 An application submitted pursuant to this section shall include information concerning the
3 identity of the applicant and any contractors for the applicant, the type of installation and related
4 facilities to be installed, the proposed construction time line, and the location or address of the
5 proposed construction or installation. A city may deny an application that fails to meet reasonable
6 guidelines established pursuant to this section and shall provide the reasons for denial to the
7 applicant. An applicant may cure the deficiencies identified in the application denial and resubmit
8 a revised application at no additional cost to the applicant. A city shall review only the portion
9 of a resubmitted application relating to the deficiencies initially identified and shall approve or
10 deny the resubmitted application within 10 days of resubmission. A city shall include a method
11 to designate applications submitted pursuant to this section as being submitted by an entity
12 deploying broadband service.

13 (b) In administering the provisions of this section, a city may do the following:

- 14 (1) Determine reasonable guidelines for the installation of facilities in the city's
15 rights-of-way to prevent any activities from interfering with or endangering
16 public use of city streets.
- 17 (2) Require an applicant to promptly repair any damage caused by the applicant
18 or an agent of the applicant.
- 19 (3) Require that an applicant execute an affidavit evidencing financial
20 responsibility or obtain commercially reasonable insurance that demonstrates
21 adequate resources to repair any damage caused by the applicant or an agent
22 of the applicant.

23 A city may not impose additional conditions or requirements on an applicant beyond those
24 listed in this subsection. A city may not require an entity that has been issued a valid certificate
25 of public convenience by the Public Utilities Commission or a franchise to provide video
26 programming services issued by the Secretary of State to enter into a master encroachment
27 agreement or other similar agreement as a condition of approval of an application under this
28 section."

30 BROADBAND ACCELERATION

31 SECTION 38.10.(a) G.S. 153A-459 reads as rewritten:

32 "**§ 153A-459. Authorization to provide grants. County broadband acceleration.**

33 A county may provide grants to unaffiliated ~~qualified private or nonprofit~~ providers of
34 ~~high-speed Internet access service, broadband service,~~ as that term is defined in
35 ~~G.S. 160A-340(4), G.S. 143B-1373(a)(2),~~ for the purpose of expanding broadband service in
36 unserved areas ~~for economic development~~ in the county. The grants shall be awarded on a
37 technology neutral basis, shall be open to ~~qualified applicants,~~ all private or nonprofit providers
38 of broadband service, and may require matching funds by the private ~~provider or nonprofit~~
39 providers. A county shall seek and consider requests for proposal from ~~qualified private providers~~
40 ~~within the county~~ prior to awarding a broadband grant and shall use reasonable means to ensure
41 that potential applicants are made aware of the ~~grant, including, at a minimum, compliance with~~
42 ~~the notice procedures set forth in G.S. 160A-340.6(e).~~ grant; provided, however, a county is not
43 required to seek and consider requests for proposal when providing financial or other support in
44 connection with an application from a private provider for a broadband service grant under
45 G.S. 143B-1373. The county shall may use only unrestricted general fund revenue as well as
46 State or federal funds for the grants. For the purposes of this section, a qualified private provider
47 is a private provider of high-speed Internet access service in the State prior to the issuance of the
48 grant proposal. For purposes of this section, the term "unserved area" has the same meaning as
49 in G.S. 143B-1373(a)(14). For any grants awarded pursuant to this section after the date this
50 section becomes effective, the term "unserved area" shall not include any location where a private
51 provider has been designated to receive funds through State- or federally funded programs

1 designed specifically for broadband service deployment if the recipient of the funding is in good
2 standing with the grantor agency's requirements regarding construction build-out and time lines.
3 Nothing in this section authorizes a county to provide high-speed Internet broadband service."

4 **SECTION 38.10.(b)** The Broadband Pole Replacement Program (hereinafter
5 "Program") is hereby established for the purpose of speeding and facilitating the deployment of
6 broadband service to individuals, businesses, agricultural operations, and community access
7 points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by
8 communications service providers. A communications service provider who pays or incurs the
9 costs of removing and replacing an existing pole in connection with a qualified project may apply
10 to the Department for reimbursement in an amount equal to fifty percent (50%) of eligible pole
11 replacement costs paid or incurred by the applicant or ten thousand dollars (\$10,000), whichever
12 is less, for each pole replaced.

13 **SECTION 38.10.(c)** The funds appropriated in this act for the Program shall be held
14 by the Department in a special fund and shall not revert to the General Fund but shall remain
15 available to reimburse communications service providers as authorized in this section until
16 December 30, 2026, provided that reimbursements shall comply with applicable federal
17 guidelines for the use of these recovery funds. The Department may use up to one percent (1%)
18 of the funds appropriated for the Program, not to exceed the total sum of one hundred thousand
19 dollars (\$100,000) in each fiscal year, to administer the Program. The Department shall issue
20 guidelines for the implementation of the Program and shall take all actions necessary to obtain
21 access to the Coronavirus Capital Projects Fund for such purpose, including applying for such
22 funding to the United States Treasury and promulgating any additional program requirements
23 required by the United States Treasury as a condition of obtaining access to such funding.

24 **SECTION 38.10.(d)** Each applicant for reimbursement under the Program shall
25 provide the following in a form specified by the Department:

- 26 (1) Information sufficient to establish the number, cost, and eligibility of pole
27 replacements and the identity of the communications service provider
28 attaching the broadband facilities.
- 29 (2) Documentation sufficient to establish that the pole replacements have been
30 completed or are scheduled for completion not later than 90 days after the
31 applicant has been reimbursed as authorized by this section.
- 32 (3) The amount of reimbursement requested and documentation or information
33 justifying the amount requested.
- 34 (4) A verified statement from an officer or agent of the applicant declaring that
35 the contents of the application are true and accurate.
- 36 (5) Any other information the Department deems necessary for final review of the
37 application and award of reimbursement.

38 **SECTION 38.10.(e)** No later than 60 days after the date the Department receives a
39 completed application for reimbursement under the Program, the Department shall review the
40 application and, if the application establishes that the applicant has paid or incurred costs eligible
41 for reimbursement under the Program and there are sufficient funds in the Program special fund,
42 shall reimburse the applicant as authorized in this section. The Department shall reimburse an
43 applicant no later than 30 days after the date the Department determines reimbursement can be
44 made as provided in this subsection. If a communications service provider incurs eligible pole
45 replacement costs, the pole owner shall cooperate and coordinate with the provider to supply all
46 information required by the Department to aid the provider in promptly completing and
47 submitting an application for reimbursement under the Program. A pole owner shall reasonably
48 and promptly cooperate with any request by the Department for substantiation of charges
49 assessed by the pole owner.

50 **SECTION 38.10.(f)** If there are insufficient funds in the Program special fund to
51 reimburse an applicant, the application for reimbursement shall be denied. However, the

1 applicant may resubmit the application for reimbursement if sufficient funds are appropriated by
2 the General Assembly to the Program special fund. If there are insufficient funds in the Program
3 special fund to reimburse an applicant, and the communications service provider must reimburse
4 "reasonable and actual cost" of the pole owner under G.S. 62-350(a), the term "reasonable and
5 actual cost" shall mean the reasonable cost of advancing the retirement of the pole that would
6 have occurred in the absence of the attachment, which presumptively is capped at the sum of the
7 following:

- 8 (1) The net book value of the existing pole being retired as a result of the
9 attachment.
- 10 (2) The incremental cost, if any, of installing a pole with greater capacity relative
11 to the average installation cost of a new pole installed by the municipality or
12 membership corporation. A municipality or membership corporation may also
13 assess and include in its incremental costs a resource redeployment charge
14 equal to nine percent (9%) of the calculated actual, direct costs and overhead.
15 The resource redeployment charge is intended to hold neutral a municipality's
16 or membership corporation's electric consumers from increased electric rates
17 attributable to otherwise uncaptured costs arising from compliance with this
18 section.
- 19 (3) Any other incremental costs proved by the municipality or membership
20 corporation of advancing the retirement, except that the incremental costs
21 shall not include any costs associated with the future installation of a pole the
22 municipality or membership corporation would have installed if there was no
23 attachment being made. If the pole owner lacks records sufficient to establish
24 reasonable and actual cost as defined in this subsection, a portion of the total
25 cost associated with the pole replacement shall be presumptively assigned to
26 the communications service provider based on the age of the pole being
27 replaced, as follows:
 - 28 a. 0, up to 12 years – 90%.
 - 29 b. 12, up to 22 years – 45%.
 - 30 c. 22, up to 35 years, or pole age unknown – 25%.
 - 31 d. 35 years and up – 10%.

32 **SECTION 38.10.(g)** A pole owner shall promptly review a request for access,
33 perform surveys, provide estimates and final invoices, and complete, or require the completion
34 by other attaching entities, of any make-ready work necessary for purposes of offering broadband
35 service in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready
36 costs to the communications service provider within sixty (60) days after receipt of a complete
37 application for access. If requested by the communications service provider, the pole owner shall
38 provide accompanying documentation indicating the basis of all estimated fees or other charges,
39 including but not limited to administrative costs, that form the basis of its estimate. A good-faith
40 estimate shall remain valid for fourteen (14) days. To accept a good-faith estimate, a
41 communications service provider must provide the pole owner with written acceptance and
42 payment of the good-faith estimate. For a request for access affecting up to thirty (30) utility
43 poles for the purpose of providing broadband service to an unserved area, make-ready work shall
44 be completed within ninety (90) days of written acceptance and payment of the good-faith
45 estimate by the communication service provider. For a request for access affecting more than
46 thirty (30) utility poles for the purpose of providing broadband service to an unserved area, make-
47 ready work shall be conditioned upon payment of the good-faith estimate and shall be completed
48 within a reasonable timeframe mutually agreed to by the communications service provider and
49 the pole owner. A pole owner may treat multiple requests from a single communications service
50 provider as one application for access when the requests are filed within 90 days of one another.
51 A pole owner may deviate from the time limits specified in this subsection during performance

1 of make-ready for good and sufficient cause that renders it infeasible to complete make-ready
2 within the time limits specified in this subsection. Any deviation from the time limits specified
3 in this subsection shall extend for a period no longer than necessary. A communications service
4 provider shall promptly be notified, in writing, of the reason for a deviation and the new
5 completion date estimate. A communications service provider shall provide notice, in writing, to
6 the pole owner no later than fourteen (14) days after attaching equipment to a pole in an unserved
7 area.

8 **SECTION 38.10.(h)** A party subject to a dispute arising under subsection (f) or (g)
9 of this section may invoke the dispute procedures authorized in G.S. 62-350 in the same manner
10 as a party seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission
11 shall issue a final order resolving the dispute within 120 days of the date the proceedings were
12 initiated; provided, however, the Commission may extend the time for issuance of a final order
13 for good cause and with the agreement of all parties. In such a dispute, the Commission shall
14 apply the provisions of this section notwithstanding any contrary provisions of any existing
15 agreement.

16 **SECTION 38.10.(i)** No later than 60 days after the date funds are appropriated to
17 the Program special fund, and on a quarterly basis thereafter, the Department shall maintain and
18 publish on its website all of the following:

- 19 (1) The number of applications for reimbursement received, processed, and
20 rejected, including the reasons applications were rejected.
- 21 (2) The amount of each reimbursement, the total number of reimbursements, and
22 the status of any pending reimbursements.
- 23 (3) The estimated remaining balance in the Program special fund.

24 **SECTION 38.10.(j)** The following definitions apply in this section:

- 25 (1) Broadband service. – As defined in G.S. 143B-1373(a).
- 26 (2) Communications service provider. – As defined in G.S. 62-350(e).
- 27 (3) Department. – The Department of Information Technology.
- 28 (4) Eligible pole replacement cost. – The actual and reasonable costs paid or
29 incurred by a party after June 1, 2021, to remove and replace a pole, including
30 the amount of any expenditures to remove and dispose of the existing pole,
31 purchase and install a replacement pole, and transfer any existing facilities to
32 the new pole. The term includes costs paid or incurred by the party responsible
33 for the costs of a pole replacement to reimburse the party that performs the
34 pole replacement. The term does not include costs that the party incurs initially
35 that have been reimbursed to the party by another party ultimately responsible
36 for the costs.
- 37 (5) Pole. – Any pole used, wholly or partly, for any wire communications or
38 electric distribution, irrespective of who owns or operates the pole.
- 39 (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 40 (7) Qualified project. – A project undertaken by a communications service
41 provider that is not affiliated with a pole owner seeking to provide qualifying
42 internet access service on a retail basis to one or more households, businesses,
43 agricultural operations, or community access points in an unserved area.
- 44 (8) Qualifying internet access service. – Fixed, terrestrial internet access service
45 with such speeds and technical capabilities required by the United States
46 Treasury for projects under the Coronavirus Capital Projects Fund established
47 by section 9901 of the American Rescue Plan Act and codified at section 604
48 of the Social Security Act, provided that if the United States Treasury does
49 not establish such requirements, qualifying internet access shall mean service
50 offered over a network that is capable of speeds of 100 megabits per second
51 or faster in both the downstream and upstream directions.

- 1 (9) Unserved area. – An area in which, according to the most recent map of fixed
2 broadband internet access service made available by the Federal
3 Communications Commission, fixed, terrestrial broadband service at speeds
4 of at least 25 megabits per second download and at least 3 megabits per second
5 upload is unavailable at the time the communications service provider
6 requests access. A pole shall be presumed to be located in an unserved area if
7 the pole is located in an area that is the subject of a federal or State grant to
8 deploy broadband service, the conditions of which limit the availability of a
9 grant to unserved areas.

10 **SECTION 38.10.(k)** If any provision of this section or its application is held invalid,
11 the invalidity does not affect other provisions or applications of this section that can be given
12 effect without the invalid provisions or application, and to this end, the provisions of this section
13 are severable.

14 **SECTION 38.10.(l)** G.S. 160D-931 reads as rewritten:

15 **"§ 160D-931. Definitions.**

16 The following definitions apply in this Part:

17 ...

- 18 (7) City utility pole. – A pole owned by a city (i) in the city right-of-way that
19 provides lighting, traffic control, or a similar ~~function-function~~ and (ii) as part
20 of a public enterprise owned or operated by a city pursuant to Article 16 of
21 Chapter 160A of the General Statutes consisting of an electric power
22 generation, transmission, or distribution system.

23"

24 **SECTION 38.10.(m)** G.S. 160D-935 reads as rewritten:

25 **"§ 160D-935. Collocation of small wireless facilities.**

26 ...

27 (a1) A city may not charge a wireless provider who is taxed under G.S. 105-164.4(a)(4c)
28 and submits an application under G.S. 160D-935(d) or G.S. 160D-936(j) either of the following:

- 29 (1) A fee for the collocation of a small wireless facility or the installation,
30 modification, or replacement of a utility pole or city utility pole in the city
31 right-of-way, including, without limitation, a fee under subsections (e) and (f)
32 of this section or a fee for a building permit, electrical permit, inspection, lane
33 closure, or work permit of any kind.
34 (2) Except for recurring charges assessed under G.S. 160D-937(a), (c), and (d), a
35 recurring charge for the collocation of a small wireless facility in the city
36 right-of-way or the installation, modification, or replacement of a utility pole
37 or city utility pole in the city right-of-way, including, without limitation, a
38 recurring charge under G.S. 160D-936(f).

39 ...

40 (e) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may charge an
41 application fee that shall not exceed the lesser of (i) the actual, direct, and reasonable costs to
42 process and review applications for collocated small wireless facilities, (ii) the amount charged
43 by the city for permitting of any similar activity, or (iii) one hundred dollars (\$100.00) per facility
44 for the first five small wireless facilities addressed in an application, plus fifty dollars (\$50.00)
45 for each additional small wireless facility addressed in the application. In any dispute concerning
46 the appropriateness of a fee, the city has the burden of proving that the fee meets the requirements
47 of this subsection.

48 (f) ~~Subject to the limitations provided in G.S. 160A-296(a)(6), a~~ A city may impose a
49 technical consulting fee for each application, not to exceed five hundred dollars (\$500.00), to
50 offset the cost of reviewing and processing applications required by this section. The fee must be
51 based on the actual, direct, and reasonable administrative costs incurred for the review,

1 processing, and approval of an application. A city may engage an outside consultant for technical
2 consultation and the review of an application. The fee imposed by a city for the review of the
3 application shall not be used for either of the following:

4"

5 **SECTION 38.10.(n)** G.S. 160D-936 reads as rewritten:

6 "**§ 160D-936. Use of public right-of-way.**

7 ...

8 (f) Except as provided in this Part, a city may assess a right-of-way charge under this
9 section for use or occupation of the right-of-way by a wireless provider, ~~subject to the restrictions~~
10 ~~set forth under G.S. 160A-296(a)(6).~~ provider. In addition, charges authorized by this section
11 shall meet all of the following requirements:

12"

13 **SECTION 38.10.(o)** G.S. 160D-937 reads as rewritten:

14 "**§ 160D-937. Access to city utility poles to install small wireless facilities.**

15 ...

16 (i) ~~This section shall not apply to an excluded entity. Nothing in this Part shall be~~
17 ~~construed to apply to an electric membership corporation organized under Chapter 117 of the~~
18 ~~General Statutes that owns or controls poles, ducts, or conduits and is exempt from regulation~~
19 ~~under section 224 of the Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended.~~
20 Nothing in this section shall be construed to affect the authority of an excluded entity—electric
21 membership corporation to deny, limit, restrict, or determine the rates, fees, terms, and conditions
22 for the use of or attachment to its utility poles, city utility poles, poles or wireless support
23 structures by a wireless provider. This section shall not be construed to alter or affect the
24 provisions of G.S. 62-350, and the rates, terms, or conditions for the use of poles, ducts, or
25 conduits by communications service providers, as defined in G.S. 62-350, are governed solely
26 by G.S. 62-350. For purposes of this section, "excluded entity" means (i) a city that owns or
27 operates a public enterprise pursuant to Article 16 of Chapter 160A of the General Statutes
28 consisting of an electric power generation, transmission, or distribution system or (ii) an electric
29 membership corporation organized under Chapter 117 of the General Statutes that owns or
30 controls poles, ducts, or conduits, but which is exempt from regulation under section 224 of the
31 Communications Act of 1934, 47 U.S.C. § 151, et seq., as amended. G.S. 62-350, of poles, ducts,
32 or conduits owned by electric membership corporations."

33 **SECTION 38.10.(p)** This section is effective when it becomes law. Subsections (b)
34 through (k) of this section expire December 31, 2024.

35 STATE SURPLUS COMPUTERS FOR NONPROFITS

36 **SECTION 38.11.(a)** G.S. 143-64.03 reads as rewritten:

37 "**§ 143-64.03. Powers and duties of the State agency for surplus property.**

38 (a) The State Surplus Property Agency is authorized and directed to:

- 39 (1) Sell all State owned supplies, materials, and equipment that are surplus,
40 obsolete, or unused and sell all seized vehicles and other conveyances that the
41 State Surplus Property Agency is authorized to sell;
- 42 (2) Warehouse such property; and
- 43 (3) Distribute such property to tax-supported or nonprofit tax-exempt
44 organizations.
45

46 (b) The State Surplus Property Agency is authorized and empowered to act as a
47 clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to
48 locate property available for acquisition from State agencies, to ascertain the terms and conditions
49 under which the property may be obtained, to receive requests from agencies and private
50 nonprofit tax-exempt organizations, and transmit all available information about the property,
51 and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions

1 for the acquisition of State surplus property. ~~When~~ Prioritization should be given to distributing
2 computer equipment to nonprofit entities that refurbish computers and donate them to
3 low-income students or households in this State, the State Surplus Property Agency shall
4 distribute the computer equipment at no cost or the lowest possible cost to the nonprofit entities
5 and must give consideration to the counties where the computer equipment will be donated to
6 ensure that all geographic regions of the State benefit from the distributions.

7 (b1) Nothing in this Article, or any administrative rules promulgated under this Article,
8 shall be deemed to prohibit The University of North Carolina from conveying surplus computer
9 equipment at no cost and The University of North Carolina is encouraged to prioritize distribution
10 to nonprofit entities that refurbish computers to donate to low-income students or households in
11 the State. Any conveyance to a nonprofit under this subsection shall be conditioned upon, and in
12 consideration of, the nonprofit's promise to refurbish the computer equipment and its donation to
13 low-income students or households in the State and the nonprofit's reporting of information
14 required by this subsection. After an initial conveyance, The University of North Carolina shall
15 not convey additional surplus computer equipment to a nonprofit, unless that nonprofit has
16 reported the information required by this subsection for prior conveyances.

17 When making a distribution under this subsection, The University of North Carolina shall
18 keep records on the type of computer equipment distributed, the number distributed, the name of
19 the nonprofit that received the distributions, and the nonprofit's report on donations of refurbished
20 computers to low-income students or households in the State. If the nonprofit is unable to
21 refurbish computer equipment for any reason, its report shall include the disposition of such
22 computer equipment. A nonprofit shall provide a report to the Board of Governors of The
23 University of North Carolina by December 1, 2021, and by December 1 of each year thereafter.
24 The report shall contain the information required by this subsection and any other information
25 the Board of Governors deems reasonably necessary to ensure the conditions required under this
26 subsection are satisfied. The Board of Governors of The University of North Carolina shall
27 submit a report containing the information required to be collected under this subsection to the
28 Joint Legislative Education Oversight Committee by February 1, 2022, and by February 1 of
29 each year thereafter.

30"

31 **SECTION 38.11.(b)** This section is effective when it becomes law.

32
33 **JLOCIT/STUDY STATE INFORMATION TECHNOLOGY INTERNAL SERVICE**
34 **RATES/REVIEW ALTERNATIVE COST RECOVERY METHODS**

35 **SECTION 38.12.** The Joint Legislative Oversight Committee on Information
36 Technology (JLOCIT) shall conduct a study of best practices and make recommendations for
37 legislative proposals to formulate a new budget and cost accounting model for State information
38 technology goods and services provided to State agencies by the Department of Information
39 Technology (DIT). The JLOCIT shall do at least the following in conducting this examination:

- 40 (1) Evaluate the current internal service fund rate structure under
41 G.S. 143B-1333, including the methodologies used by DIT in setting rates and
42 fees and whether industry standards are reflected for the goods and services
43 for which State agencies are charged. The specific matters for review include,
44 but are not limited to, whether those rates and fees are (i) understandable, (ii)
45 priced on usage, (iii) predictable for planning purposes, (iv) related to value
46 received, (v) priced competitively with open market services, and (vi) readily
47 adjustable to factor in unplanned events.
- 48 (2) Focus on the internal service rates and fees charged by DIT for State agency
49 internet service, Wide Area Network costs, and any other costs of information
50 technology goods and services that the JLOCIT deems appropriate.

- 1 (3) Review alternative ways to capture and recover the costs of information
2 technology goods and services that DIT provides to State agencies.
- 3 (4) Examine how replacement costs are accounted for and built into State agency
4 operating budgets.
- 5 (5) Review whether some State agencies should pay for information technology
6 using the current or a similar rate system or if some should have information
7 technology charges and costs funded differently.

8 The JLOCIT may make an interim report of its findings, conclusions, and legislative
9 recommendations to the 2022 Regular Session and shall make a final report to the 2023 General
10 Assembly.

11 12 **PART XXXIX. SALARIES AND BENEFITS**

13 14 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 15 **INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022**

16 **SECTION 39.1.(a)** Effective July 1, 2021, except as provided by subsection (b) of
17 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
18 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
19 position on June 30, 2021, is awarded:

- 20 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)
21 of annual salary in the 2021-2022 fiscal year.
- 22 (2) Any salary adjustment otherwise allowed or provided by law.

23 **SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of
24 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
25 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
26 position on June 30, 2022, is awarded:

- 27 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)
28 of annual salary in the 2022-2023 fiscal year.
- 29 (2) Any salary adjustment otherwise allowed or provided by law.

30 **SECTION 39.1.(b)** For the 2021-2023 fiscal biennium, the following persons are
31 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this
32 section:

- 33 (1) Employees of local boards of education.
- 34 (2) Local community college employees.
- 35 (3) Employees of The University of North Carolina.
- 36 (4) Clerks of superior court compensated under G.S. 7A-101.
- 37 (5) Correctional employees to which Section 39.14 of this Part applies.
- 38 (6) Law enforcement officers to which Section 39.15 of this Part applies.
- 39 (7) Employees of schools operated by the Department of Health and Human
40 Services, the Department of Public Safety, and the State Board of Education
41 who are paid based on the Teacher Salary Schedule.
- 42 (8) Judicial employees paid under Article 29A, 29B, or 29C of Chapter 7A of the
43 General Statutes, unless an exception to this exemption is applicable.

44 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by
45 this section on a prorated and equitable basis.

46 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from
47 receiving the full salary increases provided in this section solely because the employee's salary
48 after applying the legislative increase is above the maximum of the salary range prescribed by
49 the State Human Resources Commission.

50

1 **BONUSES AWARDED TO STATE EMPLOYEES AND LOCAL EDUCATION**
2 **EMPLOYEES FOR WORK DURING THE PANDEMIC**

3 **SECTION 39.2.(a)** The General Assembly finds that North Carolina's response
4 efforts to the COVID-19 pandemic have included the extraordinary work of State employees and
5 local school employees at all levels and in all agencies. Essential services were continuously
6 provided throughout the pandemic to the citizens of North Carolina, including, but not limited
7 to, public health, public safety, transportation, education, and public recreation. Therefore, it is
8 appropriate that State employees and local education employees who worked to continue the
9 operations and services of government during the pandemic receive additional pay for their
10 efforts during the emergency.

11 **SECTION 39.2.(b)** Further, the General Assembly finds that certain employees were
12 at increased risk of exposure to COVID-19 due to job duties that required significant in-person
13 interaction. These employees should receive additional pay due to the increased personal risk
14 involved in providing the essential services associated with their job duties.

15 **SECTION 39.2.(c)** By October 31, 2021, employers of State employees and local
16 education employees shall administer a one-time, lump sum bonus of five hundred dollars
17 (\$500.00) to all permanent full-time State employees and local education employees employed
18 by the employer continuously from March 10, 2020, through October 1, 2021.

19 **SECTION 39.2.(d)** Employers of State employees and local education employees
20 shall provide by October 31, 2021, an additional one-time, lump sum bonus of one thousand
21 dollars (\$1,000) to each permanent full-time State employee or local education employee
22 employed by an eligible employer continuously from March 10, 2020, through October 1, 2021,
23 if the employee earns an annual salary that does not exceed seventy-five thousand dollars
24 (\$75,000) or if the employee was employed by an eligible employer in any of the following
25 positions during the period of March 10, 2020, through October 1, 2021:

- 26 (1) As a public school principal.
- 27 (2) As a law enforcement officer.
- 28 (3) In the Division of Adult Correction and Juvenile Justice of the Department of
29 Public Safety with job duties requiring frequent in-person contact.
- 30 (4) In a position at a 24-hour residential or treatment facility operated by the
31 Department of Health and Human Services.

32 **SECTION 39.2.(e)** In addition to the bonuses authorized by subsections (c) and (d)
33 of this section, by October 31, 2021, employers of State employees and local education
34 employees shall provide an additional one-time, lump sum bonus of five hundred dollars
35 (\$500.00) to each permanent full-time State employee or local education employee employed by
36 an eligible employer continuously from March 10, 2020, through October 1, 2021, if the
37 employee earns an annual salary that does not exceed forty thousand dollars (\$40,000) or the
38 employee was employed by an eligible employer in any of the following positions during the
39 period of March 10, 2020, through October 1, 2021:

- 40 (1) As a public school principal.
- 41 (2) As a law enforcement officer.
- 42 (3) In the Division of Adult Correction and Juvenile Justice of the Department of
43 Public Safety with job duties requiring frequent in-person contact.
- 44 (4) In a position at a 24-hour residential or treatment facility operated by the
45 Department of Health and Human Services.

46 **SECTION 39.2.(f)** The following definitions apply for the purposes of administering
47 the bonuses authorized by this section:

- 48 (1) The term "State employee" includes all State employees in all State agencies,
49 departments, and institutions regardless of funding source.

- 1 (2) The term "local education employee" includes all employees of community
2 colleges, local school administrative units, innovative schools, regional
3 schools, and public charter schools regardless of funding source.

4 **SECTION 39.2.(g)** Of the funds appropriated in this act from the State Fiscal
5 Recovery Fund, the sum of five hundred seventy-eight million dollars (\$578,000,000) for the
6 2021-2022 fiscal year is allocated to provide the one-time, lump sum bonuses authorized in this
7 section to State employees and local education employees for work performed during the
8 COVID-19 pandemic.

9 **SECTION 39.2.(h)** The premium pay bonuses awarded by this section:

- 10 (1) Are in addition to any regular wage or other bonuses the employee receives
11 or is scheduled to receive.
12 (2) Are not considered compensation for any retirement system administered by
13 the State.

14 **SECTION 39.2.(i)** Permanent part-time employees shall receive the bonuses
15 authorized in this section on a prorated and equitable basis.

16 **SECTION 39.2.(j)** The Office of State Budget and Management shall ensure that
17 the funds for the bonuses authorized by this section are used only for the purposes set forth in
18 this section. If the Director of the Budget determines that funds appropriated to a State agency
19 for these bonuses exceed the amount required by that agency, the Director may reallocate those
20 funds to another State agency for payment of these bonuses. Notwithstanding G.S. 143C-4-9,
21 funds appropriated for these bonuses in excess of the amounts required for implementation shall
22 not be credited to the Pay Plan Reserve.

23 **SECTION 39.2.(k)** Any funds remaining after these bonuses are awarded in
24 accordance with this section shall be credited to the State Fiscal Recovery Fund.

25 GOVERNOR AND COUNCIL OF STATE

26 **SECTION 39.3.(a)** Effective July 1, 2021, G.S. 147-11 reads as rewritten:

27 "**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to**
28 **represent Governor's office.**

29 (a) The salary of the Governor shall be ~~one hundred fifty-four thousand seven hundred~~
30 ~~forty-three dollars (\$154,743)~~ one hundred fifty-eight thousand six hundred twelve dollars
31 (\$158,612) annually, payable monthly.

32 (b) ~~He~~ ~~The Governor~~ shall be paid annually the sum of eleven thousand five hundred
33 dollars (\$11,500) as an expense allowance in attending to the business for the State and for
34 expenses out of the State and in the State in representing the interest of the State and people,
35 incident to the duties of ~~his~~ ~~the~~ office, the said allowance to be paid monthly.

36 (c) In addition to the foregoing allowance, the actual expenses of the Governor while
37 traveling outside the State on business incident to ~~his~~ ~~the~~ office shall be paid by a warrant drawn
38 on the State Treasurer. Whenever a person who is not a State official or employee is designated
39 by the Governor to represent the Governor's office, ~~such~~ ~~the~~ person shall be paid actual travel
40 expenses incurred in the performance of such duty; provided that the payment of ~~such~~ ~~the~~ travel
41 expense shall conform to the provisions of the biennial appropriation act in effect at the time the
42 payment is made."

43 **SECTION 39.3.(a1)** Effective July 1, 2022, G.S. 147-11(a), as amended by
44 subsection (a) of this section, reads as rewritten:

45 (a) The salary of the Governor shall be ~~one hundred fifty-eight thousand six hundred~~
46 ~~twelve dollars (\$158,612)~~ one hundred sixty-two thousand five hundred seventy-seven dollars
47 (\$162,577) annually, payable monthly."

48 **SECTION 39.3.(b)** Effective July 1, 2021, the annual salaries for members of the
49 Council of State, payable monthly, are set as follows:

50 **Council of State**

Annual Salary

1	Lieutenant Governor	\$140,116
2	Attorney General	140,116
3	Secretary of State	140,116
4	State Treasurer	140,116
5	State Auditor	140,116
6	Superintendent of Public Instruction	140,116
7	Agriculture Commissioner	140,116
8	Insurance Commissioner	140,116
9	Labor Commissioner	140,116

10 **SECTION 39.3.(b1)** Effective July 1, 2022, the annual salaries for members of the
 11 Council of State, payable monthly, are set as follows:

12	Council of State	Annual Salary
13	Lieutenant Governor	\$143,619
14	Attorney General	143,619
15	Secretary of State	143,619
16	State Treasurer	143,619
17	State Auditor	143,619
18	Superintendent of Public Instruction	143,619
19	Agriculture Commissioner	143,619
20	Insurance Commissioner	143,619
21	Labor Commissioner	143,619

23 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

24 **SECTION 39.4.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for
 25 the following executive branch officials for the 2021-2022 fiscal year are as follows:

26	Executive Branch Officials	Annual Salary
27	Chairman, Alcoholic Beverage	
28	Control Commission	\$125,821
29	State Controller	175,200
30	Commissioner of Banks	141,214
31	Chair, Board of Review, Division	
32	of Employment Security	138,516
33	Members, Board of Review,	
34	Division of Employment Security	136,823
35	Chairman, Parole Commission	138,516
36	Full-Time Members of the Parole Commission	128,072
37	Chairman, Utilities Commission	157,017
38	Members of the Utilities Commission	141,214
39	Executive Director, North Carolina	
40	Agricultural Finance Authority	122,530

41 **SECTION 39.4.(a1)** Effective July 1, 2022, the annual salaries, payable monthly,
 42 for the following executive branch officials for the 2022-2023 fiscal year are as follows:

43	Executive Branch Officials	Annual Salary
44	Chairman, Alcoholic Beverage	
45	Control Commission	\$128,966
46	State Controller	179,580
47	Commissioner of Banks	144,745
48	Chair, Board of Review, Division	
49	of Employment Security	141,979
50	Members, Board of Review,	
51	Division of Employment Security	140,244

1	Chairman, Parole Commission	141,979
2	Full-Time Members of the Parole Commission	131,273
3	Chairman, Utilities Commission	160,942
4	Members of the Utilities Commission	144,745
5	Executive Director, North Carolina	
6	Agricultural Finance Authority	125,593

7

8 **JUDICIAL BRANCH**

9 **SECTION 39.5.(a)** Effective July 1, 2021, the annual salaries, payable monthly, for
10 the following judicial branch officials for the 2021-2022 fiscal year are as follows:

11	Judicial Branch Officials	Annual Salary
12	Chief Justice, Supreme Court	\$164,859
13	Associate Justice, Supreme Court	160,581
14	Chief Judge, Court of Appeals	158,041
15	Judge, Court of Appeals	153,939
16	Judge, Senior Regular Resident Superior Court	149,785
17	Judge, Superior Court	145,634
18	Chief Judge, District Court	132,350
19	Judge, District Court	128,198
20	Chief Administrative Law Judge	129,297
21	District Attorney	140,834
22	Assistant Administrative Officer of the Courts	135,621
23	Public Defender	140,834
24	Director of Indigent Defense Services	145,152

25 **SECTION 39.5.(a1)** Effective July 1, 2022, the annual salaries, payable monthly,
26 for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

27	Judicial Branch Officials	Annual Salary
28	Chief Justice, Supreme Court	\$168,980
29	Associate Justice, Supreme Court	164,595
30	Chief Judge, Court of Appeals	161,992
31	Judge, Court of Appeals	157,787
32	Judge, Senior Regular Resident Superior Court	153,530
33	Judge, Superior Court	149,275
34	Chief Judge, District Court	135,659
35	Judge, District Court	131,403
36	Chief Administrative Law Judge	132,529
37	District Attorney	144,355
38	Assistant Administrative Officer of the Courts	139,011
39	Public Defender	144,355
40	Director of Indigent Defense Services	148,781

41 **SECTION 39.5.(b)** The district attorney or public defender of a judicial district, with
42 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
43 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
44 defenders, respectively, in that district such that the average salaries of assistant district attorneys
45 or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed
46 eighty-four thousand six hundred fifty-eight dollars (\$84,658) and the minimum salary of any
47 assistant district attorney or assistant public defender is at least forty-five thousand four hundred
48 thirty-seven dollars (\$45,437), effective July 1, 2021.

49 **SECTION 39.5.(b1)** The district attorney or public defender of a judicial district,
50 with the approval of the Administrative Officer of the Courts or the Commission on Indigent
51 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant

1 public defenders, respectively, in that district such that the average salaries of assistant district
 2 attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed
 3 eighty-six thousand seven hundred seventy-four dollars (\$86,774) and the minimum salary of
 4 any assistant district attorney or assistant public defender is at least forty-six thousand five
 5 hundred seventy-three dollars (\$46,573), effective July 1, 2022.

6
 7 **CLERKS OF SUPERIOR COURT**

8 **SECTION 39.6.(a)** Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

9 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
 10 annual salary, payable in equal monthly installments, based on the number of State-funded
 11 assistant and deputy clerks of court as determined by the Administrative Office of Court's
 12 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
13 0-19	\$97,375 <u>\$99,809</u>
14 20-29	107,625 <u>110,316</u>
15 30-49	117,875 <u>120,822</u>
16 50-99	128,125 <u>131,328</u>
17 100 and above	130,688 <u>133,955</u>

18
 19 If the number of State-funded assistant and deputy clerks of court as determined by the
 20 Administrative Office of Court's workload formula changes, the salary of the clerk shall be
 21 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 22 for that new number, except that the salary of an incumbent clerk shall not be decreased by any
 23 change in that number during the clerk's continuance in office."

24 **SECTION 39.6.(a1)** Effective July 1, 2022, G.S. 7A-101(a), as amended by
 25 subsection (a) of this section, reads as rewritten:

26 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
 27 annual salary, payable in equal monthly installments, based on the number of State-funded
 28 assistant and deputy clerks of court as determined by the Administrative Office of Court's
 29 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
30 0-19	\$99,809 <u>\$102,305</u>
31 20-29	110,316 <u>113,074</u>
32 30-49	120,822 <u>123,842</u>
33 50-99	131,328 <u>134,611</u>
34 100 and above	133,955 <u>137,304</u>

35
 36 If the number of State-funded assistant and deputy clerks of court as determined by the
 37 Administrative Office of Court's workload formula changes, the salary of the clerk shall be
 38 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 39 for that new number, except that the salary of an incumbent clerk shall not be decreased by any
 40 change in that number during the clerk's continuance in office."

41
 42 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

43 **SECTION 39.7.(a)** Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

44 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 45 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 46 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
47 Minimum	\$34,780 <u>\$35,650</u>
48 Maximum	64,258 <u>65,864</u>

1	Deputy Clerks	Annual Salary
2	Minimum	\$31,200 <u>\$31,980</u>
3	Maximum	50,466 <u>51,728.</u> "

4 **SECTION 39.7.(a1)** Effective July 1, 2022, G.S. 7A-102(c1), as amended by
 5 subsection (a) of this section, reads as rewritten:

6 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 7 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 8 following minimum and maximum rates:

10	Assistant Clerks and Head Bookkeeper	Annual Salary
11	Minimum	\$35,650 <u>\$36,541</u>
12	Maximum	65,864 <u>67,511</u>

14	Deputy Clerks	Annual Salary
15	Minimum	\$31,980 <u>\$32,780</u>
16	Maximum	51,728 <u>53,021.</u> "

17
 18 **MAGISTRATES**

19 **SECTION 39.8.(a)** Effective July 1, 2021, G.S. 7A-171.1(a)(1) reads as rewritten:

20 "(a) The Administrative Officer of the Courts, after consultation with the chief district
 21 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 22 (1) A full-time magistrate shall be paid the annual salary indicated in the table set
 23 out in this subdivision. A full-time magistrate is a magistrate who is assigned
 24 to work an average of not less than 40 hours a week during the term of office.
 25 The Administrative Officer of the Courts shall designate whether a magistrate
 26 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
 27 shall increase to the next step every two years on the anniversary of the date
 28 the magistrate was originally appointed for increases to Steps 1 through 3, and
 29 every four years on the anniversary of the date the magistrate was originally
 30 appointed for increases to Steps 4 through 6.

31
 32 Table of Salaries of Full-Time Magistrates

33	Step Level	Annual Salary
34	Entry Rate	\$40,576 <u>\$41,590</u>
35	Step 1	\$43,571 <u>\$44,660</u>
36	Step 2	\$46,802 <u>\$47,972</u>
37	Step 3	\$50,222 <u>\$51,478</u>
38	Step 4	\$54,322 <u>\$55,680</u>
39	Step 5	\$59,259 <u>\$60,740</u>
40	Step 6	\$64,792 <u>\$66,412.</u> "

41 **SECTION 39.8.(a1)** Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by
 42 subsection (a) of this section, reads as rewritten:

43 "(a) The Administrative Officer of the Courts, after consultation with the chief district
 44 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 45 (1) A full-time magistrate shall be paid the annual salary indicated in the table set
 46 out in this subdivision. A full-time magistrate is a magistrate who is assigned
 47 to work an average of not less than 40 hours a week during the term of office.
 48 The Administrative Officer of the Courts shall designate whether a magistrate
 49 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
 50 shall increase to the next step every two years on the anniversary of the date
 51 the magistrate was originally appointed for increases to Steps 1 through 3, and

every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$41,590\$42,630
Step 1	\$44,660\$45,777
Step 2	\$47,972\$49,171
Step 3	\$51,478\$52,764
Step 4	\$55,680\$57,072
Step 5	\$60,740\$62,259
Step 6	\$66,412,\$68,072."

TRIAL COURT PERSONNEL/SALARY SCHEDULES

SECTION 39.8A.(a) Article 29A of Chapter 7A of the General Statutes, as amended by this act, is further amended by adding a new section to read:

"§ 7A-358. Trial court administrator compensation.

(a) A full-time trial court administrator 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 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>

(b) A part-time trial court administrator shall be paid an annual salary based on the following formula: (i) the average number of hours a week that a part-time trial court administrator is assigned work shall be multiplied by the annual salary payable to a full-time trial court administrator who has the same number of years of State judicial branch service as does the part-time trial court administrator 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 trial court administrator.

(c) For the purposes of this section, a full-time trial court administrator is one that is assigned to work an average of not less than 40 hours a week and a part-time trial court administrator 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 administrator is full-time or part-time.

(d) The Administrative Office of the Courts shall provide trial court administrators with longevity pay at the same rates as are provided by the State to its employees subject to the North Carolina Human Resources Act."

SECTION 39.8A.(b) Article 29B of Chapter 7A of the General Statutes, as created in this act, is amended by adding a new section to read:

"§ 7A-368. Trial court coordinator compensation.

(a) A trial court coordinator 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 Trial Court Coordinators

<u>Years of Service</u>	<u>Annual Salary</u>
<u>0</u>	<u>\$55,000</u>

1	<u>1</u>	\$56,100
2	<u>2</u>	\$57,222
3	<u>3</u>	\$58,366
4	<u>4</u>	\$59,333
5	<u>5-9</u>	\$60,724
6	<u>10-14</u>	\$63,760
7	<u>15-19</u>	\$66,948
8	<u>20-24</u>	\$70,295
9	<u>25 or more</u>	\$73,810.

(b) A part-time trial court coordinator shall be paid an annual salary based on the following formula: (i) the average number of hours a week that a part-time trial court coordinator is assigned work shall be multiplied by the annual salary payable to a full-time trial court coordinator who has the same number of years of State judicial branch service as does the part-time trial court coordinator 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 trial court 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>

1	<u>4</u>	<u>\$51,957</u>
2	<u>5-9</u>	<u>\$52,996</u>
3	<u>10-14</u>	<u>\$55,646</u>
4	<u>15-19</u>	<u>\$58,428</u>
5	<u>20-24</u>	<u>\$61,349</u>
6	<u>25 or more</u>	<u>\$64,416.</u>

7 (b) A part-time trial judicial assistant shall be paid an annual salary based on the
 8 following formula: (i) the average number of hours a week that a part-time judicial assistant is
 9 assigned work shall be multiplied by the annual salary payable to a full-time judicial assistant
 10 who has the same number of years of State judicial branch service as does the part-time judicial
 11 assistant and the product of that multiplication shall be divided by the number 40 and (ii) the
 12 quotient shall be the annual salary payable to that part-time judicial assistant.

13 (c) For the purposes of this section, a full-time judicial assistant is one that is assigned to
 14 work an average of not less than 40 hours a week and a part-time judicial assistant is one that is
 15 assigned to work an average of less than 40 hours a week. The Administrative Office of the
 16 Courts shall designate whether a judicial assistant is full-time or part-time.

17 (d) The Administrative Office of the Courts shall provide judicial assistants with
 18 longevity pay at the same rates as are provided by the State to its employees subject to the North
 19 Carolina Human Resources Act.

20 (e) A family court case coordinator shall be paid an annual salary and provided longevity
 21 pay in the same manner as set forth by this section for a judicial assistant."

22 **SECTION 39.8A.(d)** Effective July 1, 2022, G.S. 7A-371 reads as rewritten:

23 **"§ 7A-371. Judicial assistant compensation.**

24 (a) A Judicial Assistant I shall be paid an annual salary based upon years of State judicial
 25 branch service as set forth in the following table:

26 Table of Salaries of Full-Time Judicial Assistant I

27	Years of Service	Annual Salary
28	0	<u>\$42,000</u> <u>\$43,050</u>
29	1	<u>42,840</u> <u>43,911</u>
30	2	<u>43,697</u> <u>44,789</u>
31	3	<u>44,571</u> <u>45,685</u>
32	4	<u>45,462</u> <u>46,599</u>
33	5-9	<u>46,371</u> <u>47,530</u>
34	10-14	<u>48,690</u> <u>49,907</u>
35	15-19	<u>51,125</u> <u>52,403</u>
36	20-24	<u>53,681</u> <u>55,023</u>
37	25 or more	<u>56,365</u> <u>57,774.</u>

38 (a1) A Judicial Assistant II shall be paid an annual salary based upon years of State judicial
 39 branch service as set forth in the following table:

40 Table of Salaries of Full-Time Judicial Assistant II

41	Years of Service	Annual Salary
42	0	<u>\$48,000</u> <u>\$49,200</u>
43	1	<u>48,960</u> <u>50,184</u>
44	2	<u>49,939</u> <u>51,187</u>
45	3	<u>50,938</u> <u>52,211</u>
46	4	<u>51,957</u> <u>53,256</u>
47	5-9	<u>52,996</u> <u>54,321</u>
48	10-14	<u>55,646</u> <u>57,037</u>
49	15-19	<u>58,428</u> <u>59,889</u>
50	20-24	<u>61,349</u> <u>62,883</u>
51	25 or more	<u>64,416</u> <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%).

SECTION 39.9.(a1) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 39.9.(a3) Temporary employees of the General Assembly employed pursuant to G.S. 120-32(1) are eligible to receive the bonuses awarded by Section 39.2 of this Part.

SECTION 39.9.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.10.(a) Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred sixteen thousand seven hundred thirty two dollars (\$116,732)~~, one hundred nineteen thousand six hundred fifty dollars (\$119,650), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 39.10.(b) Effective July 1, 2022, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred nineteen thousand six hundred fifty dollars (\$119,650)~~, one hundred twenty-two thousand six hundred forty-two dollars (\$122,642), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS/READING CLERKS

1 **SECTION 39.11.(a)** Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:
 2 "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~
 3 ~~hundred sixty dollars (\$460.00)~~ four hundred seventy-two dollars (\$472.00) per week plus
 4 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
 5 at the rate provided for members of the General Assembly for one round trip only from their
 6 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General
 7 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
 8 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
 9 shall serve during sessions only."

10 **SECTION 39.11.(b)** Effective July 1, 2022, G.S. 120-37(b), as amended by
 11 subsection (a) of this section, reads as rewritten:

12 "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~
 13 ~~hundred seventy-two dollars (\$472.00)~~ four hundred eighty-three dollars (\$483.00) per week plus
 14 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
 15 at the rate provided for members of the General Assembly for one round trip only from their
 16 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General
 17 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
 18 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
 19 shall serve during sessions only."
 20

21 **COMMUNITY COLLEGES**

22 **SECTION 39.12.(a)** Community college personnel shall receive the following
 23 legislative salary increases:

- 24 (1) Effective July 1, 2021, the State Board of Community Colleges shall provide:
 - 25 a. Community college non-faculty personnel with an across-the-board
 - 26 salary increase in the amount of two percent (2%).
 - 27 b. Community college faculty personnel with an across-the-board salary
 - 28 increase in the amount of three and one-half percent (3.5%).
- 29 (2) Effective July 1, 2022, the State Board of Community Colleges shall provide:
 - 30 a. Community college non-faculty personnel with an across-the-board
 - 31 salary increase in the amount of two percent (2%).
 - 32 b. Community college faculty personnel with an across-the-board salary
 - 33 increase in the amount of three and one-half percent (3.5%).

34 **SECTION 39.12.(b)** The minimum salaries for nine-month, full-time curriculum
 35 community college faculty for the 2021-2022 fiscal year are as follows:

Education Level	Minimum Salary
	2021-2022
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

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 43 **SECTION 39.12.(b1)** The minimum salaries for nine-month, full-time curriculum
 44 community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	Minimum Salary
	2022-2023
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

1 **SECTION 39.12.(c)** No full-time faculty member shall earn less than the minimum
 2 salary for the faculty member's education level. The pro rata hourly rate of the minimum salary
 3 for each education level shall be used to determine the minimum salary for part-time faculty
 4 members.

5 **SECTION 39.12.(d)** Effective July 1, 2021, no State-funded community college
 6 employee shall earn less than thirteen dollars (\$13.00) per hour.

7 **SECTION 39.12.(e)** Effective July 1, 2022, no State-funded community college
 8 employee shall earn less than fifteen dollars (\$15.00) per hour.

9
 10 **THE UNIVERSITY OF NORTH CAROLINA**

11 **SECTION 39.13.** Employees of The University of North Carolina shall receive the
 12 following legislative salary increases:

13 (1) Effective July 1, 2021, the Board of Governors of The University of North
 14 Carolina shall provide SHRA employees, EHRA faculty, and teachers
 15 employed by the North Carolina School of Science and Mathematics with an
 16 across-the-board salary increase in the amount of two and one-half percent
 17 (2.5%).

18 (1a) Effective July 1, 2021, the Board of Governors of The University of North
 19 Carolina shall provide EHRA nonfaculty employees earning annual salaries
 20 less than ninety-five thousand dollars (\$95,000) with an across-the-board
 21 salary increase in the amount of one and one-half percent (1.5%).

22 (2) Effective July 1, 2022, the Board of Governors of The University of North
 23 Carolina shall provide SHRA employees, EHRA faculty, and teachers
 24 employed by the North Carolina School of Science and Mathematics with an
 25 across-the-board salary increase in the amount of two and one-half percent
 26 (2.5%).

27 (2a) Effective July 1, 2022, the Board of Governors of The University of North
 28 Carolina shall provide EHRA nonfaculty employees earning annual salaries
 29 less than ninety-five thousand dollars (\$95,000) with an across-the-board
 30 salary increase in the amount of one and one-half percent (1.5%).

31
 32 **CORRECTIONAL OFFICER SALARY SCHEDULE**

33 **SECTION 39.14.(a)** State employees serving as correctional officers in the
 34 Department of Public Safety, Division of Adult Correction, shall be compensated at a specific
 35 pay rate on the basis of a salary schedule determined according to the duration of the employee's
 36 correctional officer work experience.

37 **SECTION 39.14.(b)** The following annual salary schedule applies under subsection
 38 (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and
 39 July 1, 2022, respectively:

40
 41

	FY 2021-22			FY 2022-23		
Experience	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

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51 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE**

1 **SECTION 39.15.(a)** Law enforcement officers of the State Highway Patrol, Alcohol
 2 Law Enforcement, and the State Bureau of Investigation compensated pursuant to an
 3 experience-based salary schedule shall be compensated based on the officer's respective work
 4 experience pursuant to the salary schedule in subsection (b) of this section.

5 **SECTION 39.15.(b)** The following annual salary schedule applies under subsection
 6 (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for
 7 each respective fiscal year:

9 Years of Experience	FY 2021-22	FY 2022-23
10 0	47,384	48,569
11 1	50,464	51,726
12 2	53,744	55,088
13 3	57,237	58,669
14 4	60,957	62,482
15 5	64,919	66,543
16 6+	69,139	70,868

17
 18 **MOST STATE EMPLOYEES**

19 **SECTION 39.16.** Unless otherwise expressly provided by this Part, the annual
 20 salaries in effect for the following persons on June 30, 2021, and June 30, 2022, shall be
 21 legislatively increased as provided by Section 39.1 of this act:

- 22 (1) Permanent, full-time State officials and persons whose salaries are set in
 23 accordance with the State Human Resources Act.
- 24 (2) Permanent, full-time State officials and persons in positions exempt from the
 25 State Human Resources Act.
- 26 (3) Permanent, part-time State employees.
- 27 (4) Temporary and permanent hourly State employees.

28
 29 **ALL STATE-SUPPORTED PERSONNEL**

30 **SECTION 39.17.(a)** The legislative salary increases provided by this act in each
 31 year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to
 32 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to
 33 June 30, 2021, for the 2021-2022 fiscal year or June 30, 2022, for the 2022-2023 fiscal year.

34 **SECTION 39.17.(b)** For the 2021-2023 fiscal biennium, payroll checks issued to
 35 employees after July 1, 2021, and July 1, 2022, respectively, that represent payment of services
 36 provided prior to July 1 of each year shall not be eligible for salary increases provided for in this
 37 act.

38 **SECTION 39.17.(c)** This section applies to all employees paid from State funds,
 39 whether or not subject to or exempt from the North Carolina Human Resources Act, including
 40 employees of public schools, community colleges, and The University of North Carolina.

41
 42 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

43 **SECTION 39.18.(a)** The Office of State Budget and Management shall ensure that
 44 the appropriations made by this act for legislatively mandated salary increases and employee
 45 benefits are used only for those purposes.

46 **SECTION 39.18.(b)** If the Director of the Budget determines that funds appropriated
 47 to a State agency for legislatively mandated salary increases and employee benefits exceed the
 48 amount required by that agency for those purposes, the Director may reallocate those funds to
 49 other State agencies that received insufficient funds for legislatively mandated salary increases
 50 and employee benefits.

1 **SECTION 39.18.(c)** Funds appropriated for legislatively mandated salary and
2 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
3 to provide salary increases in excess of those required by the General Assembly, or to increase
4 the budgeted salary of filled positions to the minimum of the position's respective salary range.

5 **SECTION 39.18.(d)** Any funds appropriated for legislatively mandated salary and
6 employee benefit increases in excess of the amounts required to implement the increases shall be
7 credited to the Pay Plan Reserve.

8 **SECTION 39.18.(e)** No later than May 1, 2022, for the 2021-2022 fiscal year, and
9 subsequently May 1, 2023, for the 2022-2023 fiscal year, the Office of State Budget and
10 Management shall report to the Joint Legislative Commission on Governmental Operations and
11 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary
12 increases and employee benefits. This report shall include at least the following information for
13 each State agency for each year of the 2021-2023 fiscal biennium:

- 14 (1) The total amount of funds that the agency received for legislatively mandated
15 salary increases and employee benefits.
- 16 (2) The total amount of funds transferred from the agency to other State agencies
17 pursuant to subsection (b) of this section. This section of the report shall
18 identify the amounts transferred to each recipient State agency.
- 19 (3) The total amount of funds used by the agency for legislatively mandated salary
20 increases and employee benefits.
- 21 (4) The amount of funds credited to the Pay Plan Reserve.

22 23 **PAY PLAN RESERVE/CORRECTIONAL OFFICERS/COURT PERSONNEL**

24 **SECTION 39.19.** Effective July 1, 2021, G.S. 143C-4-9(a) reads as rewritten:

25 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
26 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other
27 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to
28 fund statutory and scheduled pay expenses authorized by:

- 29 (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant
30 to an experience-based salary schedule.
- 31 (2) G.S. 7A-102.
- 32 (3) G.S. 7A-171.1.
- 33 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 34 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General
35 Assembly.
- 36 (6) The Act, for law enforcement officers of the State Bureau of Investigation and
37 Alcohol Law Enforcement.
- 38 (7) The Act, for correctional officers compensated pursuant to the Correctional
39 Officer Salary Schedule.
- 40 (8) The Act, for Trial Court Administrators, Court Coordinators, Judicial
41 Assistants I, and Judicial Assistants II employed by the Administrative Office
42 of the Courts."

43 44 **STATE AGENCY TEACHERS**

45 **SECTION 39.20.** Employees of schools operated by the Department of Health and
46 Human Services, the Department of Public Safety, and the State Board of Education who are
47 paid on the Teacher Salary Schedule shall be paid as authorized under this act.

48 49 **ONE-TIME BONUS PAYMENT PROGRAM FOR ELIGIBLE DIRECT CARE** 50 **WORKERS**

1 **SECTION 39.21.(a)** One-Time Bonus. – Of the funds appropriated in this act to the
2 Department of Health and Human Services (DHHS) from the State Fiscal Recovery Fund, one
3 hundred thirty-three million dollars (\$133,000,000) shall be used to distribute a one-time
4 payment to eligible providers to be passed along as a one-time bonus payment to each of the
5 eligible direct care workers employed by the eligible provider for continuing to provide critical
6 services during the COVID-19 pandemic. Up to one million dollars (\$1,000,000) of these funds
7 may be used by DHHS to administer this one-time bonus payment program.

8 **SECTION 39.21.(b)** Eligible Provider. – For the purposes of this section, the term
9 "eligible provider" means a provider that is enrolled in the Medicaid or NC Health Choice
10 program in any of the following provider categories:

- 11 (1) Providers who provide services through the following Medicaid waiver
12 programs:
 - 13 a. The Community Alternatives Program for Children (CAP/C).
 - 14 b. The Community Alternatives Program for Disabled Adults
15 (CAP/DA).
 - 16 c. The North Carolina Innovations waiver.
 - 17 d. The Traumatic Brain Injury (TBI) waiver.
- 18 (2) Personal care services (PCS) providers.
- 19 (3) Intermediate care facilities for individuals with intellectual disabilities
20 (ICF/IIDs), including ICF/IID-level group homes.
- 21 (4) Home health providers.
- 22 (5) Nursing homes.
- 23 (6) Behavioral health residential facilities, including Level III and Level IV
24 residential treatment facilities, psychiatric residential treatment facilities
25 (PRTFs), medical management and crisis stabilization facilities, and facilities
26 providing inpatient substance use disorder treatment.

27 **SECTION 39.21.(c)** Eligible Direct Care Workers. – An eligible provider shall
28 designate its employees who are direct care workers eligible for the one-time bonus payment
29 program authorized by this section. Only employees who meet all of the following criteria may
30 be so designated by an eligible provider:

- 31 (1) The employee is a direct care worker as determined by DHHS. DHHS shall
32 include workers who do at least one of the following in the definition of direct
33 care worker:
 - 34 a. Interact directly with patients or clients.
 - 35 b. Provide direct care support services at a licensed health care facility.
- 36 (2) The employee has been employed by the same eligible provider since March
37 10, 2020, through August 1, 2021.
- 38 (3) The employee has worked at least 1,000 hours providing direct care services
39 between March 10, 2020, and August 1, 2021.
- 40 (4) The employee is not an employee of the State or otherwise eligible for any
41 employment-related bonus under this act.

42 **SECTION 39.21.(d)** Procedure to Participate. – To participate in the one-time bonus
43 payment program, each eligible provider shall submit the number of direct care workers the
44 provider has designated as eligible, including a description of the position held by any direct care
45 worker the provider has designated as eligible that supports designation that the position meets
46 the criteria of direct care worker, to DHHS by no later than September 1, 2021. Prior to receiving
47 any funds, the eligible provider shall submit an attestation that any funds received in accordance
48 with this section shall be provided directly to designated eligible direct care workers by no later
49 than November 1, 2021.

50 Upon receipt of the information and attestation required by this subsection from an
51 eligible provider, and no later than October 1, 2021, DHHS shall review the submitted

1 information provided against historical Medicaid and NC Health Choice claims data of that
 2 eligible provider to evaluate the reasonableness of the submitted number of direct care workers
 3 designated as eligible for the one-time bonus payment under this section. No payment shall be
 4 made to an eligible employer until all information submitted is reviewed and the total number of
 5 potential eligible direct care workers is ascertained. If, based upon the information submitted by
 6 a provider, DHHS determines that the number of direct care workers designated is not correct or
 7 that the provider is not an eligible provider, then, by no later than October 15, 2021, DHHS shall
 8 provide notice to the provider and include the reason for the determination and the number of
 9 eligible direct care workers determined to be correct by DHHS, if applicable. If DHHS makes
 10 any determination of ineligibility, then DHHS shall reserve funds in the amount necessary to
 11 make full payment as was applied for in case that determination is later modified.

12 No later than October 15, 2021, DHHS shall issue a one-time payment, including
 13 associated payroll costs, to each eligible provider in the amount required to provide bonuses to
 14 eligible direct workers, subject to the other requirements of this section.

15 **SECTION 39.21.(e)** Bonus Amount Calculation. – Subject to the requirements of
 16 subsection (d) of this section, the amount of the one-time bonus available for eligible direct care
 17 workers shall be calculated as the lesser of the following amounts:

- 18 (1) One hundred thirty-three million dollars (\$133,000,000) minus both the
 19 amount used by DHHS for administration of this one-time bonus payment
 20 program and the amount determined to be necessary to cover the associated
 21 payroll costs for each eligible provider divided by the total number of direct
 22 care workers designated by eligible providers as eligible employees.
- 23 (2) Two thousand dollars (\$2,000).

24 **SECTION 39.21.(f)** Any funds remaining after all payments are made to eligible
 25 providers in accordance with this section shall be credited to the State Fiscal Recovery Fund.

26 **SECTION 39.21.(g)** Nothing in this section shall be construed to create an
 27 entitlement to the distribution of funds by DHHS under this section.

28
 29 **SALARY-RELATED CONTRIBUTIONS**

30 **SECTION 39.22.(a)** Effective for the 2021-2023 fiscal biennium, required employer
 31 salary-related contributions for employees whose salaries are paid from department, office,
 32 institution, or agency receipts shall be paid from the same source as the source of the employee's
 33 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
 34 part from department, office, institution, or agency receipts, required employer salary-related
 35 contributions may be paid from the General Fund or Highway Fund only to the extent of the
 36 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
 37 employee, and the remainder of the employer's requirements shall be paid from the source that
 38 supplies the remainder of the employee's salary. The requirements of this section as to source of
 39 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
 40 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
 41 severance pay, separation allowances, and applicable disability income benefits.

42 **SECTION 39.22.(b)** Effective July 1, 2021, the State's employer contribution rates
 43 budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022
 44 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 45 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 46 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 47 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
48 Retirement	16.38%	16.38%	6.84%	40.02%	28.43%

1	Disability	0.09%	0.09%	0.09%	0.00%	0.00%
2	Death	0.13%	0.13%	0.00%	0.00%	0.66%
3	Retiree Health	6.26%	6.26%	6.26%	6.26%	6.26%
4	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

5
6 **Total Contribution**

7	Rate	22.86%	27.86%	13.19%	46.28%	35.35%
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8 The rate for teachers and State employees and State law enforcement officers includes
9 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

10 **SECTION 39.22.(c)** Effective July 1, 2022, the State's employer contribution rates
11 budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023
12 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
13 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
14 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
15 below:

16		Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
19	Retirement	16.73%	16.73%	6.84%	40.63%	27.83%
20	Disability	0.09%	0.09%	0.09%	0.00%	0.00%
21	Death	0.13%	0.13%	0.00%	0.00%	0.66%
22	Retiree Health	6.53%	6.53%	6.53%	6.53%	6.53%
23	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

24
25 **Total Contribution**

26	Rate	23.48%	28.48%	13.46%	47.16%	35.02%
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27 The rate for teachers and State employees and State law enforcement officers includes
28 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

29 **SECTION 39.22.(d)** Effective July 1, 2021, the maximum annual employer
30 contributions for the 2021-2022 fiscal year, payable monthly, by the State to the North Carolina
31 State Health Plan for Teachers and State Employees for each covered employee and the average
32 covered retiree are as follows:

- 33 (1) For employees, six thousand nine hundred ninety-six dollars (\$6,996).
- 34 (2) For retirees, four thousand eight hundred forty dollars (\$4,840). In applying
35 this subdivision, the annual employer contribution for the average retiree shall
36 be calculated assuming the retiree enrollment counts remain at the April 2021
37 level throughout the 2021-2022 fiscal year.

38 **SECTION 39.22.(e)** Effective July 1, 2022, the maximum annual employer
39 contributions for the 2022-2023 fiscal year, payable monthly, by the State to the North Carolina
40 State Health Plan for Teachers and State Employees for each covered employee or retiree are as
41 follows:

- 42 (1) For employees, seven thousand two hundred ninety-seven dollars (\$7,297).
- 43 (2) For retirees, five thousand forty-nine dollars (\$5,049).

44
45 **ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE**
46 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
47 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
48 **RETIREMENT SYSTEM**

49 **SECTION 39.23.(a)** G.S. 135-5 is amended by adding new subsections to read:
50 "(xxx) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
51 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose

1 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)
2 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
3 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
4 made, then the payment shall be payable to the member's legal representative. No beneficiary
5 shall be deemed to have acquired a vested right to any future supplemental payments.

6 (yyy) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living
7 supplement payment shall be made to or on account of beneficiaries who are living as of
8 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The
9 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as
10 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the
11 beneficiary dies before the payment is made, then the payment shall be payable to the member's
12 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
13 supplemental payments."

14 **SECTION 39.23.(b)** G.S. 135-65 is amended by adding new subsections to read:

15 "(ii) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
16 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose
17 retirement commenced on or before September 1, 2021. The payment shall be two percent (2.0%)
18 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
19 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
20 made, then the payment shall be payable to the member's legal representative. No beneficiary
21 shall be deemed to have acquired a vested right to any future supplemental payments.

22 (jj) After September 1, 2022, but on or before October 31, 2022, a one-time cost-of-living
23 supplement payment shall be made to or on account of beneficiaries who are living as of
24 September 1, 2022, and whose retirement commenced on or before September 1, 2022. The
25 payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance payable as
26 of September 1, 2022, and shall not be prorated for date of retirement commencement. If the
27 beneficiary dies before the payment is made, then the payment shall be payable to the member's
28 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
29 supplemental payments."

30 **SECTION 39.23.(c)** G.S. 120-4.22A is amended by adding new subsections to read:

31 "(cc) In accordance with subsection (a) of this section, on or before October 31, 2021, a
32 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
33 are living as of September 1, 2021, and whose retirement commenced on or before September 1,
34 2021. The payment shall be two percent (2.0%) of the beneficiary's annual retirement allowance
35 payable as of September 1, 2021, and shall not be prorated for date of retirement commencement.
36 If the beneficiary dies before the payment is made, then the payment shall be payable to the
37 member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
38 any future supplemental payments.

39 (dd) In accordance with subsection (a) of this section, after September 1, 2022, but on or
40 before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on
41 account of beneficiaries who are living as of September 1, 2022, and whose retirement
42 commenced on or before September 1, 2022. The payment shall be two percent (2.0%) of the
43 beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be
44 prorated for date of retirement commencement. If the beneficiary dies before the payment is
45 made, then the payment shall be payable to the member's legal representative. No beneficiary
46 shall be deemed to have acquired a vested right to any future supplemental payments."

47 **SECTION 39.23.(d)** Notwithstanding any other provision of law to the contrary, in
48 order to administer the one-time cost-of-living supplement for retirees provided for in
49 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department
50 of State Treasurer may increase receipts from the retirement assets of the corresponding

1 retirement system or pay costs associated with the administration of the payment directly from
2 the retirement assets.

3
4 **INCREASE IN IN-SERVICE DEATH BENEFITS FOR MEMBERS OF THE**
5 **LEGISLATIVE RETIREMENT SYSTEM**

6 The General Assembly of North Carolina enacts:

7 **SECTION 39.24.(a)** G.S. 120-4.27 reads as rewritten:

8 "**§ 120-4.27. Death benefit.**

9 ~~The designated beneficiary of a member who dies while in service after completing one year~~
10 ~~of creditable service shall receive a lump-sum payment of an amount equal to the deceased~~
11 ~~member's highest annual salary, to a maximum of fifteen thousand dollars (\$15,000). For~~
12 ~~purposes of this death benefit "in service" means currently serving as a member of the North~~
13 ~~Carolina General Assembly. "In service" also means service in the Uniformed Services, as that~~
14 ~~term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment~~
15 ~~Rights Act, Public Law 103-353, if that service begins during the member's term of office. If the~~
16 ~~participant does not return immediately after that service to employment with a covered employer~~
17 ~~in this System, then the participant shall be deemed "in service" until the date on which the~~
18 ~~participant was first eligible to be separated or released from his or her involuntary military~~
19 ~~service.~~

20 (a) Death Benefit Generally. – The death benefit provided by this section shall be
21 designated a group life insurance benefit payable under an employee welfare benefit plan that is
22 separate and apart from the Retirement System but under which the members of the Retirement
23 System shall participate and be eligible for group life insurance benefits. The Board of Trustees
24 is authorized to provide the death benefit in the form of group life insurance either by purchasing
25 a contract or contracts of group life insurance with any life insurance company or companies
26 licensed and authorized to transact business in the State of North Carolina for the purpose of
27 insuring the lives of qualified members in service, or by establishing or affiliating with a separate
28 trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

29 (b) Death While in Service. – The designated beneficiary of a member who dies while in
30 service after completing one year of creditable service shall receive a lump-sum payment of fifty
31 thousand dollars (\$50,000). For purposes of this section, the phrase "in service" means a member
32 who is either of the following:

- 33 (1) Currently serving as a member of the North Carolina General Assembly.
34 (2) Engaged in service in the Uniformed Services, as that term is defined in
35 section 4303(16) of the Uniformed Services Employment and Reemployment
36 Rights Act, Public Law 103-353, if that service begins during the member's
37 term of office. If the member does not return immediately after that service in
38 the Uniformed Services to employment with a covered employer in the
39 Retirement System, then the member shall be deemed to have been "in
40 service" until the date on which the member was first eligible to be separated
41 or released from involuntary military service.

42 (c) Death of a Retired Member. – Upon receipt of ~~proof,~~ proof satisfactory to the Board
43 of ~~Trustees,~~ Trustees of the death of a retired member of the Retirement System or Retirement
44 ~~Fund-Fund,~~ a death benefit shall be paid as follows:

- 45 (1) If the death of the retired member occurs on or after July 1, 1988, but before
46 January 1, 1999, ~~there shall be paid~~ a death benefit shall be paid to the
47 surviving spouse of ~~a~~ the deceased retired member, or to the deceased retired
48 member's legal representative if not survived by a spouse; provided the retired
49 member has elected, when first eligible, to make, and has continuously made,
50 in advance of ~~his~~ the member's death required contributions as determined by
51 the Retirement System on a fully contributory basis, through retirement

1 allowance deductions or other methods adopted by the Retirement System, to
2 a group death benefit trust fund administered by the Board of Trustees
3 separate and apart from the Retirement System's Annuity Savings Fund and
4 Pension Accumulation Fund. This death benefit shall be a lump-sum payment
5 in the amount of five thousand dollars (\$5,000) upon the completion of
6 twenty-four months of ~~contributions required under this subsection.~~ required
7 contributions. Should death occur before the completion of twenty-four
8 months of ~~contributions required under this subsection,~~ required
9 contributions, the deceased retired member's surviving spouse or legal
10 representative if not survived by a spouse shall be paid the sum of the retired
11 member's contributions required by this ~~subsection~~ subdivision plus interest
12 to be determined by the Board of Trustees.

13 (2) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
14 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
15 the retired member occurs on or after January 1, 1999, but before July 1, 2004,
16 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
17 the deceased retired member, or to the deceased retired member's legal
18 representative if not survived by a spouse; provided the retired member has
19 elected, when first eligible, to make, and has continuously made, in advance
20 of ~~his~~ the member's death required contributions as determined by the
21 Retirement System on a fully contributory basis, through retirement allowance
22 deductions or other methods adopted by the Retirement System, to a group
23 death benefit trust fund administered by the Board of Trustees separate and
24 apart from the Retirement System's Annuity Savings Fund and Pension
25 Accumulation Fund. This death benefit shall be a lump-sum payment in the
26 amount of six thousand dollars (\$6,000) upon the completion of 24 months of
27 ~~contributions required under this subsection.~~ required contributions. Should
28 death occur before the completion of 24 months of ~~contributions required~~
29 ~~under this subsection,~~ required contributions, the deceased retired member's
30 surviving spouse or legal representative if not survived by a spouse shall be
31 paid the sum of the retired member's contributions required by this ~~subsection~~
32 subdivision plus interest to be determined by the Board of Trustees.

33 (3) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
34 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
35 the retired member occurs on or after July 1, 2004, but before July 1, 2007,
36 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
37 the deceased retired member, or to the deceased retired member's legal
38 representative if not survived by a spouse; provided the retired member has
39 elected, when first eligible, to make, and has continuously made, in advance
40 of ~~his~~ the member's death required contributions as determined by the
41 Retirement System on a fully contributory basis, through retirement allowance
42 deductions or other methods adopted by the Retirement System, to a group
43 death benefit trust fund administered by the Board of Trustees separate and
44 apart from the Retirement System's Annuity Savings Fund and Pension
45 Accumulation Fund. This death benefit shall be a lump-sum payment in the
46 amount of nine thousand dollars (\$9,000) upon the completion of 24 months
47 of ~~contributions required under this subsection.~~ required contributions. Should
48 death occur before the completion of 24 months of ~~contributions required~~
49 ~~under this subsection,~~ required contributions, the deceased retired member's
50 surviving spouse or legal representative if not survived by a spouse shall be

- 1 paid the sum of the retired member's contributions required by this subsection
2 subdivision plus interest to be determined by the Board of Trustees.
- 3 (4) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
4 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
5 the retired member occurs on or after July 1, 2007, but before January 1, 2015,
6 ~~there shall be paid~~ a death benefit shall be paid to the surviving spouse of a
7 the deceased retired member, or to the deceased retired member's legal
8 representative if not survived by a spouse; provided the retired member has
9 elected, when first eligible, to make, and has continuously made, in advance
10 of ~~his~~ the member's death required contributions as determined by the
11 Retirement System on a fully contributory basis, through retirement allowance
12 deductions or other methods adopted by the Retirement System, to a group
13 death benefit trust fund administered by the Board of Trustees separate and
14 apart from the Retirement System's Annuity Savings Fund and Pension
15 Accumulation Fund. This death benefit shall be a lump-sum payment in the
16 amount of ten thousand dollars (\$10,000) upon the completion of 24 months
17 of ~~contributions required under this subsection.~~ required contributions. Should
18 death occur before the completion of 24 months of ~~contributions required~~
19 ~~under this subsection,~~ required contributions, the deceased retired member's
20 surviving spouse or legal representative if not survived by a spouse shall be
21 paid the sum of the retired member's contributions required by this subsection
22 subdivision plus interest to be determined by the Board of Trustees.
- 23 (5) ~~Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a~~
24 ~~retired member of the Retirement System or Retirement Fund~~ If the death of
25 the retired member occurs on or after January 1, 2015, ~~there shall be paid~~ a
26 death benefit shall be paid to the person or persons designated by the member
27 or, if the member has not designated a beneficiary, to the surviving spouse of
28 the deceased retired member or, if not survived by a designated beneficiary or
29 spouse, to the deceased retired member's legal representative; provided the
30 retired member has elected, when first eligible, to make, and has continuously
31 made, in advance of the member's death required contributions as determined
32 by the Retirement System on a fully contributory basis, through retirement
33 allowance deductions or other methods adopted by the Retirement System, to
34 a group death benefit trust fund, the North Carolina Teachers' and State
35 Employees' Benefit Trust, administered by the Board of Trustees separate and
36 apart from the Retirement System's Annuity Savings Fund and Pension
37 Accumulation Fund. ~~Employer and non-employer contributions to the Benefit~~
38 ~~Trust and earnings on those contributions are irrevocable. The assets of the~~
39 ~~Benefit Trust are dedicated to providing benefits to members and beneficiaries~~
40 ~~in accordance with the Plan's benefit terms. The assets of the Benefit Trust are~~
41 ~~not subject to the claims of creditors of the employees and non-employees~~
42 ~~making contributions to the Benefit Trust, are not subject to the claims of any~~
43 ~~creditors of the Benefit Trust's trustees and administrators, and are not subject~~
44 ~~to the claims of creditors of members and beneficiaries. Benefit Trust assets~~
45 ~~may be used for reasonable expenses to administer benefits provided by the~~
46 ~~Fund as approved by the Board of Trustees.~~ The death benefit payable under
47 this subsection subdivision shall be a lump-sum payment in the amount of ten
48 thousand dollars (\$10,000) upon the completion of 24 months of ~~contributions~~
49 ~~required under this subsection.~~ required contributions. Should death occur
50 before the completion of 24 months of ~~contributions required under this~~
51 ~~subsection,~~ required contributions, the deceased retired member's designated

1 beneficiary or beneficiaries, or surviving spouse if not survived by a
2 designated beneficiary, or legal representative if not survived by a designated
3 beneficiary or spouse, shall be paid the sum of the retired member's
4 contributions required by this ~~subsection~~ subdivision plus interest to be
5 determined by the Board of Trustees."

6 **SECTION 39.24.(b)** Subsection (a) of this section is retroactively effective to
7 January 1, 2020, and applies to eligible deaths occurring on or after that date.

8 **SECTION 39.24.(c)** Of the funds appropriated in this act to the General Assembly,
9 the sum of thirty-five thousand eight hundred thirty eight dollars (\$35,838) in nonrecurring funds
10 for the 2021-2022 fiscal year shall be used to make a contribution to the Teachers' and State
11 Employees' Benefit Trust by December 31, 2021, to fund the increase in the Legislative
12 Retirement System death benefit authorized under G.S. 120-4.27, as amended by subsection (a)
13 of this act.

14 **SECTION 39.24.(d)** Except as otherwise provided, this section is effective when it
15 becomes law.

16 **ESTABLISH NC RETIREMENT HEALTH REIMBURSEMENT ARRANGEMENT**

17 **SECTION 39.25.(a)** Chapter 135 of the General Statutes is amended by adding a
18 new Article to read:

19 "Article 3C.

20 "NC Retirement Health Reimbursement Arrangement.

21 "Part 1. General.

22 **"§ 135-49.1. Definitions.**

- 23 (1) Eligible retiree. – A retired employee of an employing entity or a retired
24 member of the General Assembly who meets all of the following:
25 a. Is receiving monthly retirement benefits from the Teachers' and State
26 Employees' Retirement System, the Consolidated Judicial Retirement
27 System, the Legislative Retirement System, or the Optional
28 Retirement Programs established under G.S. 135-5.1 and
29 G.S. 135-5.4.
30 b. Either (i) first earned contributory retirement service in one of the
31 retirement systems listed in sub-subdivision a. of this subdivision after
32 January 1, 2021, or (ii) earned contributory retirement service in one
33 of those retirement systems prior to January 1, 2021, but withdrew that
34 service and later became a member of one of the retirement systems
35 again on or after January 1, 2021.
36 c. Is not eligible for participation in the State Health Plan for Teachers
37 and State Employees.
38 (2) Employee. – Any permanent (i) full-time employee or (ii) part-time employee
39 who is designated as half-time or more of an employing entity.
40 (3) Employing entity. – An entity participating in the Teachers' and State
41 Employees' Retirement System, the Consolidated Judicial Retirement System,
42 or the Optional Retirement Programs established under G.S. 135-5.1 and
43 G.S. 135-5.4.
44 (4) Health reimbursement arrangement or HRA. – A retiree-only health
45 reimbursement arrangement that, in accordance with 29 U.S.C. § 1191a, is not
46 subject to the requirements of Part 7 of Subtitle B of Subchapter I of Chapter
47 18 of Title 29 of the United States Code.
48 (5) NC Retirement HRA Fund. – The trust fund established under G.S. 135-49.60.
49 (6) Participant. – An eligible retiree who is currently participating in the NC
50 Retirement HRA.
51

1 (7) Potential participant. – An active employee or a member of the General
2 Assembly who either (i) first earned service in the Teachers' and State
3 Employees' Retirement System, the Consolidated Judicial Retirement System,
4 the Legislative Retirement System, or the Optional Retirement Programs
5 established under G.S. 135-5.1 and G.S. 135-5.4 on or after January 1, 2021,
6 or (ii) earned service prior to January 1, 2021, but withdrew that service and
7 later became a member of one of the retirement systems again on or after
8 January 1, 2021. Any individual eligible for participation in the State Health
9 Plan for Teachers and State Employees upon retirement is not a potential
10 participant.

11 **"§ 135-49.5. Creation and administration.**

12 (a) There is established a retiree-only health reimbursement arrangement known as the
13 NC Retirement HRA. Prior to enrolling in the NC Retirement HRA, an eligible retiree shall be
14 required to meet all criteria for participation under this Article.

15 (b) The NC Retirement HRA shall be administered by the State Treasurer in accordance
16 with this Article.

17 (c) The State Treasurer may adopt rules implementing this Article.

18 (d) In issuing the NC Retirement HRA plan documents, the State Treasurer shall ensure
19 that it is clear that the NC Retirement HRA is a retiree-only HRA.

20 (e) Contracts for administration of the NC Retirement HRA, governmental filings
21 associated with the NC Retirement HRA, and the administration of the NC Retirement HRA plan
22 itself shall be clearly separate from any benefit administered to non-retirees by the Department
23 of State Treasurer.

24 **"§ 135-49.10. No entitlement.**

25 (a) The General Assembly reserves the right to alter, amend, or repeal this Article. If the
26 General Assembly exercises this right, then, notwithstanding any representation in any plan
27 document issued pursuant to this Article or any other representations that may be made, no
28 employee or retiree shall have an entitlement, contract right, or any other right to any benefit
29 created under this Article.

30 (b) The State Treasurer may amend or repeal any rules adopted under this Article.

31 (c) This Article shall create no private cause of action to enforce its provisions in any
32 court of law or any other forum against the State, its agencies, departments, or institutions, or
33 any other officer, employee, or agent thereof.

34 "Part 2. Participation in the NC Retirement HRA Provisions.

35 **"§ 135-49.15. Participation in the NC Retirement HRA.**

36 (a) In order to be eligible for participation in the NC Retirement HRA, an eligible retiree
37 must meet all of the following criteria:

38 (1) The eligible retiree was an employee of an employing entity or a member of
39 the General Assembly during a period in which the General Assembly
40 assigned an NC Retirement HRA credit amount under G.S. 135-49.25(a).

41 (2) During any period of participation, the eligible retiree has not returned to work
42 at any employing entity and is not currently being paid for any work by any
43 employing entity, regardless of whether that work earns service in the
44 Teachers' and State Employees' Retirement System, the Consolidated Judicial
45 Retirement System, or the Optional Retirement Programs established under
46 G.S. 135-5.1 and G.S. 135-5.4.

47 (3) During any period of participation, the eligible retiree is not a member of the
48 General Assembly.

49 (b) Upon the first day of the month after the month in which an eligible retiree with a full
50 or reduced retirement benefit under the Teachers' and State Employees' Retirement System, the
51 Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional

1 Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4, an eligible retiree shall
2 be enrolled as a participant in the NC Retirement HRA provided that eligible retiree meets all of
3 the criteria for participation under this Article.

4 **"§ 135-49.20. Forfeiture of participation.**

5 (a) If a participant in the NC Retirement HRA dies, then the participant's individual NC
6 Retirement HRA account is immediately forfeited, except to the extent provided under subsection
7 (b) of this section.

8 (b) In the event of the death of a participant in the NC Retirement HRA, the participant's
9 estate or representatives may submit claims for eligible expenses. Claims shall be submitted no
10 later than 180 days after the participant's death.

11 (c) If any individual withdraws service earned in the Teachers' and State Employees'
12 Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement
13 System, or the Optional Retirement Programs established under G.S. 135-5.1 and G.S. 135-5.4,
14 then any credit amounts attributable to that individual under this Article will be forfeited and no
15 longer considered a period of employment under G.S. 135-49.15(a)(1). The following shall also
16 apply:

17 (1) There shall be no options for the purchase of any previous period of
18 employment that is forfeited under this section.

19 (2) Service purchased in any applicable retirement system shall not be considered
20 a period of employment under G.S. 135-49.15(a)(1).

21 **"§ 135-49.25. Deposits into participant HRA accounts.**

22 (a) Upon enrollment in the NC Retirement HRA, an individual NC Retirement HRA
23 account shall be created for the new participant. The State Treasurer shall deposit the amount
24 associated with the participant in accordance with G.S. 135-49.35 into that participant's
25 individual HRA account.

26 (b) In addition to the amount to be deposited under subsection (a) of this section, the State
27 Treasurer shall credit the participant's individual HRA account with any applicable prorated
28 investment returns minus any expenses of administering the NC Retirement HRA or the NC
29 Retirement HRA Fund for the time period in which the new participant was a potential
30 participant.

31 (c) At the end of each calendar year, the State Treasurer shall credit each participant's
32 individual HRA account with any applicable prorated investment returns. At this time, the State
33 Treasurer shall also debit, in equal amounts, each participant's individual HRA account with any
34 applicable expenses of administering the NC Retirement HRA or the NC Retirement HRA Fund.

35 **"§ 135-49.30. Use of HRA participant account funds.**

36 Funds in a participant's individual NC Retirement HRA account may only be used for
37 purposes allowable under federal law.

38 **"§ 135-49.35. NC Retirement HRA credit amounts.**

39 (a) Beginning with the 2022 calendar year, the General Assembly may set an annual
40 amount to be considered an NC Retirement HRA credit amount for that calendar year.

41 (b) If, by December 1 of any year, the General Assembly has not set an NC Retirement
42 HRA credit amount in accordance with subsection (a) of this section for the next calendar year,
43 then there shall be no NC Retirement HRA credit amount for the next calendar year.

44 (c) Credit amounts under this section shall be attributable to a potential participant on a
45 prorated basis. If a potential participant was not an employee or member of the General Assembly
46 for the full calendar year in which the General Assembly has set an NC Retirement HRA credit
47 amount, then, for any period in which the participant was not (i) employed for the entirety of the
48 corresponding pay period or (ii) a member of the General Assembly for a complete month, there
49 shall be no attributable credit amount for that pay period or month, as applicable.

50 (d) The Department of State Treasurer shall keep an accounting of the total credit
51 amounts under this section for each potential participant. Information regarding the total credit

1 amount attributable to a potential participant shall be readily available to that potential
2 participant.

3 **"§ 135-49.40. Contributions made for potential participants.**

4 (a) An employing entity that employs any potential participant for whom an NC
5 Retirement HRA credit amount would be attributable under this section shall submit the
6 applicable prorated portion of the credit amount due for each applicable employee to the
7 Department of State Treasurer each pay period.

8 (b) The General Assembly shall submit the applicable prorated portion of the credit
9 amount due for each potential participant to the Department of State Treasurer monthly.

10 (c) The Department of State Treasurer shall deposit all contributions made under this
11 section into the NC Retirement HRA Fund.

12 **"§ 135-49.45. Purchased service credit.**

13 Service purchased in any applicable retirement system shall not be considered a period of
14 employment under G.S. 135-49.15(a)(1).

15 "Part 3. NC Retirement HRA Fund.

16 **"§ 135-49.60. NC Retirement HRA trust fund created.**

17 (a) The NC Retirement HRA Fund is established as a trust fund in which accumulated
18 contributions made under G.S. 135-49.40, and any earnings on those contributions, shall be
19 deposited.

20 (b) The assets of the NC Retirement HRA Fund are dedicated to providing benefits to
21 participants in the NC Retirement HRA in accordance with the NC Retirement HRA benefit
22 terms, which may be amended in accordance with this Article.

23 (c) The Board of Trustees shall be the trustee for the NC Retirement HRA Fund.

24 (d) The assets of the NC Retirement HRA Fund are not subject to the claims of any of
25 the following:

26 (1) Creditors of the employers making contributions to the Retirement HRA
27 Fund.

28 (2) Creditors of the Fund's trustees and administrators.

29 (3) Creditors of account holders.

30 **"§ 135-49.65. Use of the NC Retirement HRA Fund funds.**

31 (a) Funds in the NC Retirement HRA Fund shall be used only for the NC Retirement
32 HRA, including payment of any accrued reasonable investment and administrative expenses.

33 (b) No funds shall be made available to any eligible retiree unless that eligible retiree is
34 a participant in the NC Retirement HRA."

35 **SECTION 39.25.(b)** G.S. 135-7(a) reads as rewritten:

36 "(a) Vested in Board of Trustees. – The Board of Trustees shall be the trustee of the several
37 funds created by this Chapter as provided in this section and in ~~G.S. 135-8~~G.S. 135-8 and
38 G.S. 135-49.4."

39 **SECTION 39.25.(c)** G.S. 147-69.2(a) is amended by adding a new subdivision to
40 read:

41 "(24) The NC Retirement HRA Fund."

42 **SECTION 39.25.(d)** The NC Retirement HRA credit amount for the 2022 calendar
43 year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C
44 of Chapter 135 of the General Statutes, as enacted by this section.

45 **SECTION 39.25.(e)** The NC Retirement HRA credit amount for the 2023 calendar
46 year is set at five hundred dollars (\$500.00) and shall be applied in accordance with Article 3C
47 of Chapter 135 of the General Statutes, as enacted by this section.

48 **SECTION 39.25.(f)** This section becomes effective January 1, 2022.

49
50 **PART XL. CAPITAL**

1	CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS	
2	APPROPRIATIONS	
3	SECTION 40.1.(a) The following agency capital improvement projects have been	
4	assigned a project code for reference to allocations in this Part, past allocations, and for intended	
5	project support by the General Assembly for future fiscal years:	
6	Agency Capital Improvement Project	Project Code
7	Administrative Office of the Courts–	
8	Supreme Court & Court of Appeals-Lexan Windows	AOC21-1
9		
10	Department of Agriculture and Consumer Services	
11	Eaddy Building–Addition & Renovation	DACS21-1
12	Tidewater Research Station–Swine Unit Replacements	DACS21-2
13	NCFS–County Offices	DACS21-3
14	NCFS–Region 1 Headquarters	DACS21-4
15	Mountain Island State Forest—Improvements	DACS21-5
16	Commissioner Troxler Building–New Chiller	DACS21-6
17		
18	Department of Labor	
19	Be Pro Be Proud–Skilled Trade Program Equipment	DOL21-1
20		
21	Department of Health and Human Services	
22	New Broughton Hospital–	
23	New Maintenance Facility	DHHS21-1
24		
25	Department of Environmental Quality	
26	Reedy Creek Laboratory	DEQ21-1
27	Water Resources Development Projects	DEQ-WRD21
28		
29	Department of Natural and Cultural Resources	
30	NC Museum of Art–Light Control	DNCR21-1
31	NC Museum of Art–Amphitheater Restoration	DNCR21-2
32	NC Museum of Natural History–Dueling Dinosaurs Lab	DNCR21-3
33	Fort Fisher Historic Site–New Visitor Center	DNCR21-4
34	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
35	NC Zoo–Asia/Australia Exhibits	DNCR21-6
36	NC Zoo–Parking/Trams	DNCR21-7
37	NC Transportation Museum–Powerhouse Renovation	DNCR21-8
38	Thomas Day House	DNCR21-9
39	Graveyard of the Atlantic	DNCR21-10
40	Historic Sites	DNCR21-11
41	Pisgah View State Park	DNCR21-12
42	NC Museum of History–Expansion	DNCR21-13
43	NC Transportation Museum–Train Shed Renovation	DNCR21-14
44	NC Museum of Art–Science Laboratory & Education Center	DNCR21-15
45	NC Museum of Art–The Porch venue	DNCR21-16
46	NC Museum of Art–Community Arts & Education Center	DNCR21-17
47	NC Museum of Art–Repairs & Renovations	DNCR21-18
48		
49	Department of Administration	
50	DHHS/Dix Campus Relocation	DOA21-1
51	Dix Campus Relocation–Utilities & Mail Service Warehouse	DOA21-2

1	State Gov't. Complex Chiller Plant	DOA21-3
2	DHHS/Utility Infrastructure Support	DOA21-4
3		
4	Department of Insurance	
5	Office of State Fire Marshal–	
6	Land Development & Training Center	DOI21-1
7		
8	Department of Public Instruction	
9	Center for the Advancement of Teaching	DPI21-1
10		
11	Department of Public Safety	
12	Richmond Regional JDC–Raise the Age Renovations	DPS21-1
13	Samarcand–Live Fire Training Building	DPS21-2
14	Samarcand–Driving Track	DPS21-3
15	Samarcand–Parking Lot	DPS21-4
16	East Montgomery–Safer Schools Training Academy	DPS21-5
17	State Highway Patrol–	
18	Viper Building	DPS21-6
19	Garner Road Armory	DPS21-7
20	State Bureau of Investigation–	
21	Headquarters & Building 12 Renovation	DPS21-9
22	National Guard–	
23	Federal Match Funding Pool	NG21-1
24	Nash County Readiness Center	NG21-2
25	Burke County Readiness Center	NG21-3
26	Guilford Regional Readiness Center	NG21-4
27		
28	General Assembly	
29	Renovations/Elevator Repair	NCGA21-1
30	Downtown Government Complex/Master Plan	NCGA21-2
31	Old State Capitol	NCGA21-4
32		
33	The University of North Carolina	
34	North Carolina State University–	
35	Apiculture Facility	UNC/NCS21-1
36	E-Sports Facility	UNC/NCS21-2
37	E-Sports Truck	UNC/NCS21-3
38	S.T.E.M. Building	UNC/NCS20-1
39	University of North Carolina at Chapel Hill–	
40	Business School	UNC/CH20-1
41	Nursing School Renovation	UNC/CH20-2
42	Ackland Art Museum	UNC/CH21-1
43	Elizabeth City State University–	
44	New Residence Hall	UNC/ECS21-1
45	Sky Bridge	UNC/ECS21-2
46	New Dining Facility	UNC/ECS21-3
47	Flight School	UNC/ECS21-4
48	Appalachian State University–	
49	Peacock Hall/Business	UNC/ASU21-1
50	North Carolina School of Science and Math-Morganton–	
51	Repair & Renovation and Wellness Center	UNC/SSM21-1

1	North Carolina Central University–	
2	Lab Equipment	UNC/NCC21-1
3	East Carolina University–	
4	Brody School of Medicine	UNC/ECU21-1
5	University of North Carolina at Pembroke–	
6	Health Sciences Center	UNC/PEM21-1
7	Fayetteville State University–	
8	Dormitories	UNC/FSU21-1
9	College of Education	UNC/FSU21-2
10	Parking Deck	UNC/FSU21-3
11	Western Carolina University–	
12	Moore Building/Upper Campus Infrastructure	UNC/WCU21-1
13	Winston-Salem State University–	
14	K.R. Williams Auditorium	UNC/WSS21-1
15		
16	Repairs and Renovations-The University of North Carolina	UNC/R&R21
17	Repairs and Renovations-State Agencies (non-UNC)	R&R21
18	Community College Capital Allocations	CC21
19	UNC- Engineering North Carolina's Future	UNC/ENG21
20	Connect NC Bond Funds	CNC21
21	Historic Sites	HIST21
22	SCIF-Related Personnel	PERS21
23	OSBM Flexibility Funds	FLEX21

24 **SECTION 40.1.(b)** This subsection authorizes the following capital projects and
 25 allocates funding in the 2021-2023 fiscal biennium based upon projected cash flow needs for the
 26 authorized projects. The authorizations provided in this subsection represent the maximum
 27 amount of funding from the State Capital and Infrastructure Fund that may be expended on each
 28 project. An additional action by the General Assembly is required to increase the maximum
 29 authorization for any of the projects listed.

30 There is allocated from the State Capital and Infrastructure Fund to the Office of State
 31 Budget and Management for the 2021-2023 fiscal biennium the following amounts for capital
 32 improvement project codes, as defined in subsection (a) of this section:

33 **Capital Improvements–**

34	State Capital and	Total	FY	FY
35	Infrastructure Fund	Project Authorization	2021-2022	2022-2023
36	AOC21-1	\$135,000	\$135,000	–
37	DACS21-1	1,632,000	1,632,000	–
38	DACS21-2	3,518,000	3,518,000	–
39	DACS21-3	4,000,000	4,000,000	–
40	DACS21-4	8,000,000	4,000,000	–
41	DACS21-5	1,500,000	1,500,000	–
42	DACS21-6	2,400,000	2,400,000	–
43	DOL21-1	5,000,000	5,000,000	–
44	DHHS21-1	1,600,000	1,600,000	–
45	DEQ21-1	55,000,000	5,500,000	13,750,000
46	DEQ-WRD21	N/A	44,469,664	35,231,560
47	DNCR21-1	1,000,000	1,000,000	–
48	DNCR21-2	4,448,102	4,448,102	–
49	DNCR21-3	2,500,000	2,500,000	–
50	DNCR21-4	8,000,000	4,000,000	–
51	DNCR21-5	10,000,000	5,000,000	5,000,000

1	DNCR21-6	75,000,000	41,233,563	33,766,437
2	DNCR21-7	5,000,000	5,000,000	—
3	DNCR21-8	4,000,000	4,000,000	—
4	DNCR21-9	800,000	800,000	—
5	DNCR21-10	4,200,000	4,200,000	—
6	DNCR21-11	15,000,000	15,000,000	—
7	DNCR21-12	12,200,000	9,000,000	3,200,000
8	DNCR21-13	60,000,000	8,000,000	15,000,000
9	DNCR21-14	6,000,000	6,000,000	—
10	DNCR21-15	6,500,000	6,500,000	—
11	DNCR21-16	5,000,000	5,000,000	—
12	DNCR21-17	3,000,000	3,000,000	—
13	DNCR21-18	5,000,000	5,000,000	—
14	DOA21-1	244,000,000	50,000,000	60,500,000
15	DOA21-2	13,700,000	13,700,000	—
16	DOA21-3	21,875,000	10,286,748	11,588,252
17	DOA21-4	5,000,000	5,000,000	—
18	DOI21-1	3,500,000	3,500,000	—
19	DPI21-1	23,416,952	19,482,815	3,934,137
20	DPS21-1	10,702,952	10,702,952	—
21	DPS21-2	1,831,000	1,831,000	—
22	DPS21-4	475,000	475,000	—
23	DPS21-5	4,170,000	4,170,000	—
24	DPS21-6	7,139,374	7,139,374	—
25	DPS21-7	17,845,933	8,922,967	8,922,967
26	DPS21-9	81,632,759	8,163,276	20,408,190
27	NG21-1	N/A	8,000,000	—
28	NG21-2	9,500,000	500,000	9,000,000
29	NG21-3	3,250,000	150,000	3,100,000
30	NG21-4	15,700,000	15,700,000	—
31	NCGA21-1	2,450,000	2,450,000	—
32	NCGA21-2	13,191,316	1,800,000	—
33	NCGA21-4	6,300,000	300,000	6,000,000
34	UNC/NCS21-1	4,000,000	4,000,000	—
35	UNC/NCS21-2	12,000,000	6,000,000	6,000,000
36	UNC/NCS21-3	4,000,000	4,000,000	—
37	UNC/NCS20-1	160,000,000	18,250,000	36,500,000
38	UNC/CH20-1	150,000,000	10,000,000	18,750,000
39	UNC/CH20-2	45,000,000	13,750,000	18,000,000
40	UNC/CH21-1	120,000,000	6,000,000	15,000,000
41	UNC/ECS21-1	40,000,000	10,000,000	30,000,000
42	UNC/ECS21-2	2,500,000	2,500,000	—
43	UNC/ECS21-3	7,500,000	7,500,000	—
44	UNC/ECS21-4	34,000,000	4,000,000	10,000,000
45	UNC/ASU21-1	25,000,000	12,500,000	12,500,000
46	UNC/SSM21-1	12,000,000	12,000,000	—
47	UNC/NCC21-1	3,011,000	3,011,000	—
48	UNC/ECU21-1	215,000,000	21,500,000	53,750,000
49	UNC/PEM21-1	91,000,000	9,100,000	22,750,000
50	UNC/FSU21-1	40,000,000	4,000,000	10,000,000
51	UNC/FSU21-2	63,000,000	6,300,000	15,750,000

1	UNC/FSU21-3	10,000,000	10,000,000	–
2	UNC/WCU	9,200,000	9,200,000	–
3	UNC/WSS21-1	57,000,000	5,700,000	14,250,000
4	UNC/R&R21	N/A	250,000,000	250,000,000
5	R&R21	N/A	213,975,000	528,650,081
6	CC21	400,000,000	100,000,000	100,000,000
7	CNC21	258,000,000	182,333,333	17,491,667
8	PERS21	N/A	2,000,000	2,000,000
9	FLEX21	100,000,000	50,000,000	50,000,000
10	UNC/ENG21	90,000,000	45,000,000	45,000,000

11 **SECTION 40.1.(c)** Funds allocated for project codes R&R21 and UNC/R&R21 in
12 subsection (b) of this section for the 2021-2023 fiscal biennium shall be utilized for repairs and
13 renovations pursuant to G.S. 143C-8-13. The cost for any single repair and renovation project
14 for a State agency other than The University of North Carolina that is not otherwise specifically
15 authorized in this Part shall not exceed fifteen million dollars (\$15,000,000). The Office of State
16 Budget and Management shall consult with or report to the Joint Legislative Commission on
17 Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of
18 Governors shall report to the Joint Legislative Commission on Governmental Operations in
19 accordance with G.S. 143C-8-13(b).

20 **SECTION 40.1.(c1)** Of the funds allocated for project code R&R21, the following
21 sums shall be allocated for the following projects:

- 22 (1) One million six hundred seventy-three thousand five hundred dollars
23 (\$1,673,500) for the 2021-2022 fiscal year to the Department of Justice for
24 repairs and renovations at the Edneyville Justice Academy.
- 25 (2) Two million eight hundred thirty-six thousand nine hundred fifty-two dollars
26 (\$2,836,952) for the 2021-2022 fiscal year to the Department of Justice for
27 repairs and renovations at the Salemburg Justice Academy.
- 28 (3) Three million six hundred seventy-five thousand dollars (\$3,675,000) for the
29 2021-2022 fiscal year to the Department of Health and Human Services for
30 repair and renovation of the Avery Building on the Broughton Hospital
31 campus.
- 32 (4) Five hundred thousand dollars (\$500,000) for each fiscal year of the
33 2021-2023 fiscal biennium to the Department of Natural and Cultural
34 Resources for repairs and renovations projects at Tryon Palace.
- 35 (5) Two million dollars (\$2,000,000) for the 2021-2022 fiscal year to the
36 Department of Public Instruction for repairs and renovations of the historic
37 Superintendent's House located on the campus of North Carolina School for
38 the Deaf to preserve and enhance the existing structure and site for the
39 preservation and display of artifacts and exhibits related to the history of
40 Broughton Hospital and other historic structures in the area, and for use as a
41 multipurpose venue.
- 42 (6) One million one hundred thousand dollars (\$1,100,000) for the 2021-2022
43 fiscal year to the Department of Public Instruction for repairs and renovations
44 to the chapel located on the campus of the North Carolina School for the Deaf.
- 45 (7) Four million five hundred thousand dollars (\$4,500,000) for the 2021-2022
46 fiscal year to the Department of Public Safety for repairs and renovations
47 related to the Safer Schools Training Academy.
- 48 (8) Three million six hundred forty thousand dollars (\$3,640,000) to the
49 Department of Revenue for security improvements at various locations
50 throughout the State.

(9) It is the intent of the General Assembly to provide repair and renovation funding to the Department of Administration for the Mail Service Center relocation project beginning with the 2023-2024 fiscal year.

SECTION 40.1.(c2) Of the funds allocated for project code UNC/R&R21, the following sums shall be allocated for the following projects:

(1) Thirty million dollars (\$30,000,000) for each fiscal year of the 2021-2023 fiscal biennium to North Carolina State University for repairs and renovations to Dabney Hall.

(2) Ten million dollars (\$10,000,000) for the 2021-2022 fiscal year to North Carolina State University for repairs and renovations to Polk Hall.

SECTION 40.1.(d) The Board of Governors of The University of North Carolina shall utilize the funds allocated for project code UNC/R&R21 in subsection (b) of this section 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:

UNC Constituent Institution	Proposed Project Cost
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
Total Proposed Project Authorizations- Appalachian State University	43,150,000
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

1	Chilled Water Extension to Whichard & Graham	6,475,000
2	Main Campus-Relocate Steam & Condensate, Phase 1	5,000,000
3	Health Science Building Envelope Infiltration Repairs	5,000,000
4	Brody Building Freight Elevators-Emergency Power	250,000
5	Science & Technology-Replace Roof	400,000
6	Old Cafeteria Building-Install Steam Manhole & Replace Piping	300,000
7	Health Science Campus Catwalks/Central Utility Plant	225,000
8	Warren Life Sciences-Replace Roof-Section B	300,000
9	Health Science Campus Central Utility Plant Transformers 1 & 2	404,000
10	Bate Upgrade Elevators (2)	350,000
11	Rivers-Replace Roof	300,000
12	Christenbury-Replace Roof	410,000
13	Brody Building Envelope Infiltration Repairs, Phase 1	1,500,000
14	Brody Chilled Water Loop Valve Replacement	100,000
15	Jenkins Art North Building Envelope Repairs	1,750,000
16	McGinnis Scene Shop-Replace Roof	100,000
17	Brody-Inline Fan Replacement, Phase 1	200,000
18	Jenkins Art-Replace Distribution Sub Panels, Westside Jenkins Art	225,000
19	Messick-Upgrade/Replace Elevator	150,000
20	Building 127-Upgrade/Replace Elevator	150,000
21	Coastal Studies Annex-Repair & Coat Siding & Roofing	100,000
22	School of Dental Medicine/Comm. Svc. Learning Ctrs. Upgrades	
23	(HVAC & Indoor Air Quality)	203,000
24	Main Campus Steam Plant-Install Steam Blanket for Boilers	100,000
25	McGinnis Auditorium-Upgrade/Replace Elevator	300,000
26	Brewster-HVAC Controls Optimization/D Wing	400,000
27	Greenville Centre-HVAC Controls Upgrade	
28	(Specific Remote Terminal Unit Variable Air Volumes)	300,000
29	Plate & Frame Heat Exchanger for Science & Technology/	
30	Central Chiller Plant w/Controls Upgrade	300,000
31	Old Cafeteria Building Controls Upgrade (Specific Direct Digital Control)	300,000
32	Carol Belk Building-HVAC System (Specific Variable Air Volume Integration)	300,000
33	Rivers Building-HVAC System (Specific Variable Air Volume)	300,000
34	Austin Building-Air Handlers Replacement	1,500,000
35	Warren Life Sciences-Extend Sprinkler System to Original Section	181,000
36	Building 43-Upgrade Freight Elevator/Replace Shaft and Jack	230,000
37	Main Campus-Replace Power Distribution System Steam Plant	250,000
38	Biotechnology Building-Upgrade Laboratory Exhaust System	452,000
39	Biotechnology Building-Replace Exhaust Fans	130,134
40	Repair & Repave Service Drive at West End Dining/	
41	Behind White Residence Hall	150,000
42	Wright Building/Wright Auditorium-Fire Alarm System Upgrade	300,000
43	Old Cafeteria & Ragsdale Annex-Replace Roof	240,000
44	Brody School of Medicine-Replace Computer Room Air Conditioning Units	200,000
45	Cotanche Data Center-Renovations to Improve Fire Protec. Syst./Data Rooms	210,000
46	Howell Science Building South	30,000,000
47	Total Proposed Project Authorizations- East Carolina University	93,335,134
48	Elizabeth City State University-	
49	Repair Campus Main Switch	700,000
50	Repair Campus Pump Station	650,000
51	Infrastructure Upgrades-Water & Electrical, Phase 1	12,000,000

1	Emergency Generator Power–Operations	4,900,000
2	Emergency Generator Power–Residence Halls	2,100,000
3	Campus-Wide Lockdown System	2,000,000
4	Building Demolition (4 Buildings)	1,500,000
5	Butler Residence Hall Renovations	2,500,000
6	Underground Infrastructure–	
7	(Replace all campus plumbing gate valves/infrastructure for fire pump)	150,000
8	Underground Infrastructure–	
9	(Replace 6-in. with 8-in. line to improve water volume/Campus North)	300,000
10	Jenkins Hall, Phase 2–Renovation of Laboratory and Classroom	400,000
11	Vaughn Center–Repair Student Phys. Ed. Learning Spaces–	
12	(Pool, flooring, ceilings & building envelope)	550,000
13	Fine Arts–Roof Replacement	200,000
14	Dixon Hall–Classroom & Laboratory Renovations	400,000
15	ITC–Air Handler Replacement	300,000
16	Lester Hall–Demolition	495,000
17	Infrastructure Upgrades–Water & Electrical, Phase 2	27,000,000
18	Total Proposed Project Authorizations- Elizabeth City State University	56,145,000
19	Fayetteville State University–	
20	Lyons Science Renovation	1,500,000
21	Butler Renovation–(HVAC, Bldg. Envelope, Fire Alarm)	3,450,000
22	A.B. Rosenthal Building–Targeted Renovation	10,000,000
23	Campus-Wide Utility Infrastructure	9,950,000
24	Barber/Collins Admin Complex–Roof Replacement	200,000
25	Campus-Wide Exterior Lighting Retrofit	400,000
26	Campus-Wide Brick Paver & Concrete Walk Repairs	500,000
27	Telecom–Roof Replacement	150,000
28	Butler–Roof Replacement	650,000
29	Chesnutt–MEP (Generator)	400,000
30	Telecom–MEP (Central Plant Tie, AHU, BAS, MDP, Generator)	750,000
31	University Advancement–MEP (AHU, Heat Pumps, BAS, MDP)	600,000
32	FM Complex–MEP (HVAC, MDP, Generator, Restrooms)	450,000
33	Harris CBE–Precast Concrete Structural Repair	100,000
34	Cook–Exterior Stairs & Patio Repairs	100,000
35	J. Knuckles Science Annex–Roof Replacement	150,000
36	H.T. Chick–Targeted Renovation	9,500,000
37	Total Proposed Project Authorizations- Fayetteville State University	38,850,000
38	North Carolina Agricultural & Technical State University–	
39	Carver Hall–Comprehensive Modernization, Phase 1	9,700,000
40	Price Hall–Renovation, Phase 1	8,000,000
41	Marteen Hall Renovation	9,100,000
42	General Classroom, B Side–Roof Repairs	1,241,107
43	Boiler Replacement	1,459,200
44	Hines Hall–HVAC Modifications	300,000
45	Waterproofing Buildings	600,000
46	IRC Building–HVAC Repairs/Replacement	705,274
47	Dudley–HVAC Repairs/Controls	403,305
48	McNair Hall–HVAC Repairs	250,000
49	Elevator Repairs/Replacement	450,000
50	Campus-Wide Steam Leaks	500,000
51	Building Steam System Repairs	200,000

1	Moore Gym/Hodgin Hall/Fraiser Hall–Roof Repairs	1,000,000
2	Price Hall/1020 Wendover/Hodgin Hall/Campbell Hall/C.H. Moore–	
3	Window Replacement	200,000
4	1020 Wendover/Price/Corbett Sports Center/Campbell, & Carver–	
5	Asbestos Abatement	150,000
6	Campus-Wide–Back Flow Preventors	300,000
7	Beef Barn/Bull Barn/Calf Barn/Dairy Barn	100,000
8	Carver Hall–Comprehensive Modernization, Phase 2	10,400,000
9	Price Hall Renovation, Phase 2	8,500,000
10	Total Proposed Project Authorizations- North Carolina Agricultural &	
11	Technical State University	53,558,886
12	North Carolina Central University–	
13	Lee Biology Renovation	8,100,000
14	B.N. Duke Auditorium–Steam to Natural Gas Conversion	350,000
15	Art Museum–Roof Replacement	250,000
16	Campus-Wide Steam System Repairs	
17	(Steam Traps, Valves, Leaks, Piping & Insulation Replacement, MHs)	600,000
18	Robinson Science Building–Repair & Restore Brick Façade	300,000
19	Hubbard Totton Building–Elevator Replacement	350,000
20	Campus-Wide ADA Compliance Upgrades, Phase 2	100,000
21	William Jones Building–HVAC Upgrades	450,000
22	Walker PE Complex–Elevator Replacement	350,000
23	Sanitary Sewer System–	
24	(Locate/assess terra-cotta pipes; stop inflow and infiltration)	100,000
25	Roof Gutters & Vent Repairs	310,000
26	Taylor Building–Repair & Restore Brick Façade	161,000
27	Water System–Re-route South and East Sides/Increase Capacity	135,000
28	Campus-Wide Annual Flat Roof Diagnostics, Prev. Maint., & Leak Repairs	300,000
29	Fire Alarm Systems Upgrades & Repairs	250,000
30	Steam Plant–Roof Repair	40,000
31	Asbestos/Mold Remediation & Contaminants Removal	300,000
32	Shepard Library–ITS/NOC/HVAC Upgrades	230,000
33	Fine Arts Building–Fire Alarm System Replacement	495,000
34	Miller Morgan Building–VFDs Replacement	80,000
35	B.N. Duke Auditorium–Repair & Restore Brick Façade	300,000
36	Edmonds Building–Brick Façade Repair & ADA Access	
37	(Ease of Entry & Code Compliant Steps and Handrails)	245,300
38	Taylor Education Building Renovation	13,750,000
39	Total Proposed Project Authorizations- North Carolina Central University	53,300,000
40	North Carolina School of Science and Mathematics–	
41	Campus-Wide HVAC Renovations	2,000,000
42	Chiller Replacement	3,000,000
43	Building Envelope Repairs	5,850,000
44	Cafeteria Renovation	2,500,000
45	Academic Commons & Dining Hall Renovation	12,400,000
46	Total Proposed Project Authorizations- North Carolina School of Science &	
47	Mathematics	25,750,000
48	North Carolina State University–	
49	Page Hall–Building Envelope Repairs & Plumbing Upgrades	4,000,000
50	Scott Hall–HVAC Renovation	5,000,000
51	Mann Hall–HVAC & Plumbing Renovation	10,000,000

1	Kilgore Hall–HVAC Renovation	10,000,000
2	North & Central Campus–Domestic Water Line Replacement	4,303,000
3	Poe Hall–Fire Protection Systems	3,500,000
4	Thomas Hall–HVAC Renovation	4,000,000
5	Research Building III–HVAC Upgrades	900,000
6	Original Campus–Domestic Water Line Repair Under RR Tracks	270,000
7	Scott Hall Labs–Renovation	2,500,000
8	Brooks Hall–Renovation, Phase 1	1,500,000
9	Mann Hall–Electrical Upgrades	950,000
10	Thomas Hall Labs–Renovation	1,000,000
11	CVM Equine AHU Replacement	300,000
12	McKimmon–ADA Improvements/Restrooms	500,000
13	Morrill Drive Domestic Water Line Replacement	661,000
14	Nelson, Park Alumni, Beef Ed. Unit, Schaub, CVM Research–	
15	Fire Alarm Panel Replacement	250,000
16	Campus-Wide Domestic Water Line & Valve Replacement, Phase 2	650,000
17	Don Ellis, Brooks–BAS Controls Upgrade, Phase 1	100,000
18	Campus-Wide Asbestos Removal Steam System	650,000
19	Caldwell Hall–Pointing & Caulking	100,000
20	Research Building I–AHU Replacement	850,000
21	Research Building IV–HVAC Upgrades	1,100,000
22	Centennial Campus–Repair Steam Leaks	550,000
23	CVM Main–Fire Alarm Upgrade, Phase 3	400,000
24	Mann Hall–Fire Sprinkler System	500,000
25	Campus Steam Leak Repair–MH13	200,000
26	Gardner Labs–Renovation	480,000
27	Textiles–COT Pod 2, South Side Foundation Waterproofing	350,000
28	Campus Cooling Tower Refurbish at CBC	250,000
29	Biltmore–Code Deficiencies	2,000,000
30	Campus Upgrade Sanitary/Storm Water System, Phase 1	844,000
31	Campus Chilled Water System Improvements	575,000
32	Kilgore–Foundation Waterproofing	350,000
33	Cox–Pointing & Caulking	300,000
34	Tompkins Hall–Above-Grade Waterproofing/Pointing	200,000
35	Yarborough–Chiller Controls Upgrade	146,000
36	Campus Sewer Line Replacement/Court of NC	175,000
37	111 Lampe Drive Renovation	42,000,000
38	Total Proposed Project Authorizations- North Carolina State University	102,404,000
39	University of North Carolina at Asheville–	
40	Campus Safety Improvements, Access Control, Cameras	2,300,000
41	Campus Roadway Repairs	4,400,000
42	Campus-Wide–Arc Flash Compliance, Phase II	150,000
43	Replace & Upgrade Fueling Station/Compliant Storage Tanks & System	
44	(FCAP #31053)	150,000
45	Replace Pedestrian Paths/Main Quad to Owen Hall	250,000
46	Replace Walkways in Tennent Park/ADA Accessible Path to	
47	Main Quadrangle/Carmichael Hall	250,000
48	Repair Concrete at Carmichael Plaza & Walk Along Ramsey/Tennent Park	200,000
49	Reuter Center–Replace BAS; Add VFD to AHU (FCAP #31131)	150,000
50	Reuter Center/Riverside Warehouse–Roof Replacements (FCAP #14433)	475,000
51	Rework Intersection at Edgewood & University Heights	250,000

1	Utility Location Survey/Installation of Underground Utility Markers	200,000
2	Zageir Hall–Replace Machinery w/new HE Models (FCAP #31124)	225,000
3	Underground Waterline Repairs–	
4	(Replace Domestic Waterline/Valves & Assoc. Work)	506,000
5	Campus-Wide–Implement Interoperable Communications/911 Commission	250,000
6	Campus-Wide–Install Sub-Metering in all Buildings:	
7	(Gas, Electric, Domestic Hot Water, Rain Water Systems, & Heating)	150,000
8	Replace Sidewalks at Zageir Hall	150,000
9	Weizenblatt Hall–Replace Low Slope Roof w/New Membrane Roof	175,000
10	118 W.T. Weaver–HVAC Replacement	
11	(Replace Major HVAC Equip./Update Controls)	518,974
12	Campus-Wide–Replace Deteriorated/Rusted Handrails w/Aluminum	250,000
13	Lipinsky Renovation	10,000,000
14	Total Proposed Project Authorizations- University of North Carolina at	
15	Asheville	20,999,974
16	University of North Carolina at Chapel Hill–	
17	Wilson Library–Means of Egress	9,300,000
18	Swain Hall–Targeted Renovation	5,800,000
19	Phillips Hall–1958 Central HVAC System	6,000,000
20	Hamilton Hall–Central HVAC System	8,800,000
21	Wilson Library–1953 Central HVAC System AHU 1 & 2	7,000,000
22	Wilson Library–1953 Central HVAC System AHU 3	4,000,000
23	462 Art Studio Bldg.–Steel Roof	219,772
24	12 Carroll Hall–Replace Roofing/Built-Up Roof, Sector C	406,823
25	209 First Dental–Replace Roofing/Slate Roof	565,120
26	166 General Storeroom–Replace Roofing/Built-Up Roof, Sector 5	577,490
27	625 ITS Building–Manning–Replace Roofing/Built-Up Roof	672,719
28	27 Memorial Hall–Replace Barrel Roof	330,000
29	226 Old Clinic–Replace Built-Up Roof	283,355
30	5 South Building–Replace Metal Roof/Gutters & Install Fall Protection	927,239
31	228 Brinkhous-Bullitt Building–Electrical Service & Distribution	
32	(Replace Main/Sub-Distribution)	4,843,986
33	12 Carroll Hall–Repair & Renovate Elevator #1618	746,929
34	12 Carroll Hall–Repair & Renovate Elevator #6442	464,850
35	41 Coastal Process Environmental Health Lab Building–	
36	System Cumulative Deficiencies	675,000
37	13 Davie Hall–Replace Air Handling Unit 1A, 1st Floor, 1967 Bldg.	428,865
38	13 Davie Hall–Replace Air Handling Unit 1B, 1st Floor, 1967 Bldg.	169,045
39	3 Ackland Art Museum–Install Bldg. Automation System	236,625
40	13 Davie Hall–Replace Air Handling Unit 1C, 1st Floor, 1967 Bldg.	225,461
41	14 Dey Hall–Repair & Renovate Elevator #4576	407,206
42	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
43	AHU 01/Office, 1st Floor	255,456
44	369 Friday Center–Replace Heating/Cooling Air Handling Units:	
45	AHU 02/Mail/Book Room, 1st Floor	272,402
46	462 Art Studio Building–Install Fire Sprinkler System	326,540
47	211 Brauer Hall–Fire Alarm Systems:	
48	Replace Fire Alarm Initiating Devices & Control Panel	565,868
49	13 Davie Hall–Fire Alarm Systems:	
50	Replace Fire Alarm Control Panel	135,985
51	498 Kenan Center–Fire Alarm Systems:	

1	Replace Initiating Devices & Control Panel	200,000
2	3 Ackland Art Museum–Air Handling Units:	
3	(AHU 2, Rear Galleries, Admin, 1983 Building)	419,748
4	24 Wilson Library–Replace AHU 7 HVAC System	5,086,299
5	3 Ackland Art Museum–Replace Windows/Painted Wood Window	484,785
6	328 Bingham Facility (Building 1)–Replace Roofing/EPDM Roof	225,560
7	228 Brinkhous-Bullitt Building–Provide Roof Fall Protection	156,547
8	229 Burnett-Womack Building–Provide Roof Fall Protection	138,419
9	Total Proposed Project Authorizations- University of North Carolina at	
10	Chapel Hill	61,348,094
11	University of North Carolina at Charlotte–	
12	Atkins Library Tower–ADA & Elev.	10,000,000
13	Smith–Replace HVAC & Controls, Envelope, Replace Roof	5,950,000
14	Atkins Library Tower–Fire & Smoke Systems	3,840,000
15	Woodward–Controls & Lab HVAC Modernization	2,700,000
16	Friday–HVAC, Controls & Electrical Upgrade	9,700,000
17	Atkins–Roof	911,250
18	Reese–Roof	226,100
19	Reese–Fire Systems	773,500
20	Memorial Hall–Fire Systems	327,250
21	Duke–HVAC & Controls	654,500
22	Friday–Roof	1,011,000
23	RUP-2–HVAC & Controls	416,500
24	King–Fire Systems & Abatement	729,000
25	Fretwell–HVAC & Controls	1,574,009
26	Memorial Hall–Envelope	120,311
27	Memorial Hall–Roof	188,792
28	Reese–Envelope	995,269
29	King–Envelope	839,459
30	Grigg–HVAC & Controls	561,202
31	Friday–Fire Systems	631,072
32	Rowe–Elevators	156,334
33	Rowe–Electrical	154,042
34	Fretwell–Fire Systems	362,670
35	Cameron–Second Floor Renovation	19,100,000
36	Burson–Renovation	25,900,000
37	Total Proposed Project Authorizations- University of North Carolina at	
38	Charlotte	87,822,260
39	University of North Carolina at Greensboro–	
40	Coleman–Fire Alarm Replacement	2,440,000
41	Steam Distribution Replacement, Phase IV-B	1,550,000
42	Campus Chiller Water Infrastructure & Equip. Improvements	10,400,000
43	Petty Bldg.–Portico Waterproofing	712,031
44	MHRA Building–Fire Alarm System Replacement	985,327
45	Mossman Bldg.–Roof Replacement	773,128
46	Campus-Wide ADA Compliance–Restrooms/Entrances, etc.	400,000
47	UNCG State Building–Exterior Envelope Repairs	762,000
48	Cone Art Bldg.–Replace Gallery Lighting/Light Controls, Phases 2 & 3	861,750
49	Replace Generator Diesel Fuel Tank	839,175
50	Campus-Wide–Replace Property-Line Fences/Replace Underground	
51	Piping for Roof Drainage	230,000

1	Sullivan Science Bldg.–Replace HVAC/Greenhouse	683,434
2	Campus-Wide–Pedestrian Crosswalks Repair & Upgrade	486,000
3	Armfield-Preyer/Visitor's Center–Exterior Renovation & Waterproofing	435,000
4	Campus-Wide Walks and Hardscape Improvements	240,000
5	Campus-Wide Asbestos & Lead Abatement	240,000
6	Petty Bldg.–Replace EST QuickStart Fire Alarm System	400,000
7	Sink Bldg./Maintenance Compound–Asphalt Replacement	140,000
8	Coleman Bldg.–VCT Flooring Abatement & Replacement	250,000
9	996 Spring Garden/1605 Spring Garden/535 Tate Street/2900 Oakland Ave.–	
10	Fire Alarm Upgrade	250,000
11	Cone Arts/Lecture Hall, Room 103–Seating, Flooring, Lighting, Other Upgrades	187,000
12	Jackson Library–Renovation/Addition	81,000,000
13	Total Proposed Project Authorizations- University of North Carolina at	
14	Greensboro	104,264,845
15	University of North Carolina at Pembroke–	
16	Jacobs Hall–Demolition/Site Restoration	1,250,000
17	Campus Roof Replacements	1,500,000
18	Campus Safety & Regional Emergency Response Center	4,480,000
19	Campus Gas Line Replacement	550,000
20	Jones Pool–HVAC Replacement	1,300,000
21	Livermore & Jones–Generator	424,500
22	Honors College–Renovation	250,000
23	Jones Auxiliary Gym/Dance Studio–Flooring/Studio Upgrades	625,000
24	Education–Boiler Replacement	110,000
25	Chavis–Air Handlers	390,000
26	Moore Hall & Chavis–Boiler Replacement	190,000
27	Lumbee Hall & Old Main–Elevator Replacement	465,000
28	Jones/Livermore/Lumbee/Old Main–FACP Replacement	682,000
29	Jones–Ceiling Repaint	110,000
30	Business Administration Renovation	12,500,000
31	Total Proposed Project Authorizations- University of North Carolina at	
32	Pembroke	24,826,500
33	University of North Carolina School of the Arts–	
34	Stevens Center–Roof, Water Intrusion, Bldg. Envelope	4,800,000
35	Gray Building–Roof, Bldg. Envelope, HVAC, Fire Suppression	3,350,000
36	Performance Place/Workplace/WPV–Roof Replacements	2,435,000
37	Gray Building–New Electrical Service Main	256,000
38	Design and Production/Workplace/Film Building 3–Life Safety Code Correction	134,000
39	Admin/Aquarius/Facilities/D&P Storage/WorkplaceWest V/Demille–	
40	Install Exit/Egress Lighting	115,000
41	Workplace–Renovate Drama Studios	448,000
42	Drainage & Landscape Improvements/Common Area at Moore & Sanford	397,000
43	Workplace–Renovate Drama Administrative Offices	323,000
44	Facilities Management–Install Shop Exhaust & Heating System	95,000
45	Gray Building–Remove Boilers	123,000
46	Film School, Buildings 1 & 2–Repair & Replace Windows	202,000
47	Film Archives Building–A/C & Controls	485,000
48	Performance Place, Film 2–	
49	Provide Heating/Cooling to Control Booth and Foley Booth	87,000
50	Gray Building–Modifications to Heating/Ventilation/AC System for Police	101,000
51	Film School–Paint Rooftop Components	81,000

1	Facilities Management–Resurface Drives/Vehicle Staging	75,000
2	Design & Production–Renovate Administrative/Faculty Offices	162,000
3	Design & Production–Mechanical System Retrocommissioning	134,000
4	Campus-Wide ADA/Misc. Improvements	39,000
5	Chapel St. Buildings–Roof Replacement	34,000
6	300 Waughtown–Exterior Waterproofing & Repairs	73,000
7	Film School, Building 3–Theater Dimmers	232,000
8	Hanes Student Commons–Motor Control Center	150,000
9	Commons Building–Upgrade Air Distribution & Controls	93,000
10	Commons–Partial Interior Renovation	75,000
11	Residence Halls A-F–Replace Floor Slabs, Sidewalks, & Stairs	118,000
12	Stevens Center Renovation, Phase 1	25,000,000
13	Total Proposed Project Authorizations- University of North Carolina School	
14	of the Arts	39,617,000
15	University of North Carolina at Wilmington–	
16	Coastal Marine Studies–Plumbing, Mech., Elec. Renovation	9,930,000
17	West Side Energy Plant Modernization	3,926,440
18	Wagoner/Hurst/Hamilton Roadways–Storm Water Refurbishment	2,500,000
19	Warehouse/Receiving–Replace Fire Alarm System	161,000
20	Telecommunications–Replace Fire Alarm System	62,000
21	Kenan Auditorium–Fire/Life Safety Improvements	75,000
22	Isaac Bear Bldg.–Fire Sprinkler	410,000
23	Alderman Hall–Replace Windows	280,000
24	Randall Library Renovation & Expansion	61,500,000
25	Total Proposed Project Authorizations- University of North Carolina at	
26	Wilmington	78,844,440
27	Western Carolina University–	
28	Killian Building–HVAC Upgrades/Window Replacement	3,570,000
29	Reid Building–Roof Replacement	2,520,000
30	Moore Building–Abatement, Demo. & Struct. Improvements	7,100,000
31	Moore Building–Infrastructure & Accessibility	4,200,000
32	HFR Building–Roof Replacement	660,000
33	Campus-Wide Fire Alarm System Upgrades	300,000
34	Reid Building–Gym Floor Replacement	275,000
35	Undersized Water Main Replacements/Non-Functioning Valves/Upgrade Lines	3,000,000
36	Facilities Management Building–Roof Replacement	193,000
37	Highlands Biological Station–Structural Repairs	250,000
38	Ramsey Activities Center–Elevator Replacement	250,000
39	HFR Building–Chiller Replacement	200,000
40	Old Student Union–Foundation & Exterior Repair	450,000
41	Hunter Library–Cooling Tower Replacement	175,000
42	Campus-Wide Egress Lighting/Exit Light Replacement	100,000
43	Moore Building Renovation	15,000,000
44	Total Proposed Project Authorizations- Western Carolina University	38,243,000
45	Winston-Salem State University–	
46	Hauser Hall Renovations–Restore the Core	9,500,000
47	Computer Science–Roof Repair	120,000
48	Gaines Complex–Roof Replacement	660,000
49	Computer Science–Exterior Wall Repairs	110,000
50	W.B. Atkinson–Exterior Wall Repairs	125,000
51	Elva Jones Computer Science–HVAC Upgrades/BAS Controls Replacement	1,450,000

1	O'Kelly Library–Upgrade HVAC Make-Up Air System	375,000
2	1600 Lowery St.–Add Fire Alarm System	125,000
3	Campus-Wide Fire Alarm System Upgrades	750,000
4	R.J. Reynolds–Roof Replacement	205,000
5	Coltrane Hall–Exterior Wall Repairs/Door & Window Replacement	275,000
6	O'Kelly Library–Upgrade Electrical System	250,000
7	Hauser Hall–Renovation, Phase 2	7,500,000
8	Total Proposed Project Authorizations- Winston-Salem State University	21,445,000
9	PBS North Carolina–	
10	Tower Lighting/FAA Markers/Tower Elev. Repair	2,200,000
11	Bryan Center–Replace HVAC Air Handler & Controls	2,707,000
12	Bryan Center–Chiller & Cooling Tower Replacement	1,120,000
13	Total Proposed Project Authorizations- PBS North Carolina	6,027,000
14	North Carolina Arboretum–	
15	Infrastructure Restoration & Road Projects	1,000,000
16	Total Proposed Project Authorizations- North Carolina Arboretum	1,000,000
17	SECTION 40.1.(e) Of the funds in the State Capital and Infrastructure Fund	
18	allocated in subsection (b) of this section for project code CC21, the following amounts are	
19	allocated for capital improvement projects at community colleges in this State in the aggregate	
20	amount of four hundred million dollars (\$400,000,000). Funds allocated pursuant to this	
21	subsection shall be used for the purpose of issuing allotted proceeds to community colleges for	
22	new construction or rehabilitation of existing facilities and repairs and renovations in accordance	
23	with the following:	
24	Community College	Proceeds Allotment
25	Alamance CC	\$ 7,938,704
26	Asheville-Buncombe TCC	\$ 8,265,643
27	Beaufort County CC	\$ 4,149,414
28	Bladen CC	\$ 3,520,119
29	Blue Ridge CC	\$ 2,905,574
30	Brunswick CC	\$ 2,278,736
31	Caldwell CC and TI	\$ 6,909,954
32	Cape Fear CC	\$ 9,986,372
33	Carteret CC	\$ 3,375,700
34	Catawba Valley CC	\$ 8,655,880
35	Central Carolina CC	\$10,031,233
36	Central Piedmont CC	\$20,000,000
37	Cleveland CC	\$ 7,598,247
38	Coastal Carolina CC	\$ 8,460,455
39	College of the Albemarle	\$ 6,376,529
40	Craven CC	\$ 5,765,056
41	Davidson County CC	\$ 6,755,089
42	Durham TCC	\$ 6,188,478
43	Edgecombe CC	\$ 5,417,837
44	Fayetteville TCC	\$20,000,000
45	Forsyth TCC	\$14,572,113
46	Gaston College	\$ 9,009,858
47	Guilford TCC	\$19,525,968
48	Halifax CC	\$ 2,996,526
49	Haywood CC	\$ 2,105,434
50	Isothermal CC	\$ 5,007,321
51	James Sprunt CC	\$ 3,144,017

1	Johnston CC	\$ 5,111,793
2	Lenoir CC	\$11,826,322
3	Martin CC	\$ 2,190,242
4	Mayland CC	\$ 3,829,850
5	McDowell TCC	\$ 2,173,649
6	Mitchell CC	\$ 3,397,210
7	Montgomery CC	\$ 1,860,231
8	Nash CC	\$ 7,753,111
9	Pamlico CC	\$ 1,222,332
10	Piedmont CC	\$ 3,001,442
11	Pitt CC	\$14,535,241
12	Randolph CC	\$ 5,418,451
13	Richmond CC	\$ 7,526,958
14	Roanoke Chowan CC	\$ 2,217,281
15	Robeson CC	\$ 6,555,976
16	Rockingham CC	\$ 4,407,523
17	Rowan-Cabarrus CC	\$12,614,170
18	Sampson CC	\$ 5,203,976
19	Sandhills CC	\$ 4,970,448
20	Southeastern CC	\$ 6,701,009
21	South Piedmont CC	\$ 5,560,411
22	Southwestern CC	\$ 5,020,226
23	Stanly CC	\$ 5,610,190
24	Surry CC	\$ 7,888,312
25	Tri-County CC	\$ 2,055,656
26	Vance-Granville CC	\$ 7,394,217
27	Wake TCC	\$20,000,000
28	Wayne CC	\$ 9,149,360
29	Western Piedmont CC	\$ 3,947,229
30	Wilkes CC	\$ 5,514,320
31	Wilson CC	\$ 4,402,607

32 **SECTION 40.1.(f)** There is created within the Community Colleges System Office
33 the Community Colleges Building Fund as an interest-bearing capital project fund. At the
34 beginning of each fiscal year, the Office of State Budget and Management shall transfer an
35 amount equal to the amount allocated for community college capital projects in the most recent
36 Current Operations Appropriations Act to the Community Colleges Building Fund. Proceeds
37 disbursed from the Fund shall be used for new construction or rehabilitation of existing facilities,
38 repairs and renovations, building of technology infrastructure, and the purchase of measures to
39 ensure building security. Projects for facilities for centralized administration, trailers, relocatable
40 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such
41 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life
42 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or
43 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and
44 capital needs to administer the proceeds from the Community Colleges Building Fund and shall
45 prioritize allocation of funds among projects for new construction and repairs and renovations
46 by ranking the projects for the various community colleges according to greatest need and the
47 ability for disbursed funds to be expended and projects completed expeditiously.

48 A county that is a development tier three area, as provided in the annual ranking
49 performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2020 calendar
50 year, shall provide local matching funds from county funds, other non-State funds, or a
51 combination of these sources for such proceeds in the amount of one dollar (\$1.00) of local

1 matching funds for every one dollar (\$1.00) of such proceeds. The provisions of G.S. 115D-31,
2 or any other provision of law permitting prior expenditures to be used for match purposes, do not
3 apply for purposes of meeting the matching funds requirements of this section. For rehabilitation
4 of existing facilities and repairs and renovations, community colleges are not required to match
5 proceeds allocated in this section. Each community college receiving the proceeds allocated
6 pursuant to subsection (e) of this section shall report by January 1, and quarterly thereafter, to
7 the Community Colleges System Office on the projects funded from those allocations, and the
8 Community Colleges System Office shall combine the reports and submit them in accordance
9 with G.S. 143C-8-14. Allocations from the fund shall not be used to retire debt issued or
10 authorized prior to July 1, 2021. The amount distributed to any single community college shall
11 not exceed the amount listed in the allocation schedule in subsection (e) of this section. Interest
12 credited to the Community Colleges Building Fund shall revert to the State Capital and
13 Infrastructure Fund.

14 **SECTION 40.1.(g)** For project code NCGA21-2, the Legislative Services Office
15 shall utilize funds appropriated for the 2021-2022 fiscal year to expand upon the Government
16 Facilities Master Plan initiated pursuant to Section 36.2(a) of S.L. 2018-5, with a focus on
17 potential remodeling expenditures and the use of temporary workspace options to more
18 effectively renovate and remodel State-owned property for the following:

- 19 (1) The Department of Public Instruction/Education Building.
- 20 (2) Dobbs Building.
- 21 (3) Bath Building.
- 22 (4) Albemarle Building.
- 23 (5) The Department of Administration Building.

24 The expanded Government Facilities Master Plan outlined in this subsection shall
25 also consider available options for consolidating the facilities of the Department of Commerce,
26 The University of North Carolina System Office, the Community Colleges System Office, and
27 the Department of Public Instruction into a single location located in the downtown government
28 complex.

29 **SECTION 40.1.(h)** In connection with the expanded Government Facilities Master
30 Plan described in subsection (g) of this section, the Legislative Services Office, utilizing the
31 Alternative Workplace Requirements methodology developed for the State of North Carolina
32 during a project conducted with the assistance of the Office of State Auditor in 2019, shall direct
33 a study of the Albemarle Building to determine the necessary space to house the Office of the
34 State Auditor, considering the necessary amount of square footage that employees, or groups of
35 employees, need in order to perform the required tasks for their positions. The cost of the study
36 described in this subsection shall not exceed one hundred thousand dollars (\$100,000) and shall
37 be funded utilizing funds available to the Department of Insurance.

38 **SECTION 40.1.(j)** For project code NCGA21-4, the Legislative Services Office
39 shall utilize the funds allocated to develop a long-term master maintenance plan for the State
40 Capitol Building, including the Capitol Square, with a focus on the roof of the structure and
41 potential capital repairs, rehabilitation, renovation, and restoration expenditures for the structure
42 and its infrastructure system components. The Legislative Services Office shall seek input from
43 the Department of Natural and Cultural Resources and The North Carolina State Capitol
44 Foundation, Inc., to ensure the integrity and historic significance of the structure is properly
45 considered and maintained.

46 **SECTION 40.1.(k)** For project code NCGA21-4, the General Assembly shall be
47 considered the funded agency, pursuant to G.S. 143-135.26(1) and, notwithstanding
48 G.S. 143-341 or any other provision of law to the contrary, shall have final authority over any
49 rehabilitation, renovation, or restoration activity identified by the long-term master maintenance
50 plan developed pursuant to subsection (j) of this section. The Department of Administration and
51 the Department of Natural and Cultural Resources shall provide resources and guidance to the

1 Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken
2 pursuant to this subsection. Any rehabilitation, renovation, or restoration activity undertaken
3 pursuant to this subsection shall be in compliance with G.S. 143-138.

4 **SECTION 40.1.(l)** Section 1(e) of S.L. 2020-81 reads as rewritten:

5 "SECTION 1.(e) For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the
6 University of North Carolina at Chapel Hill is authorized to spend up to one hundred fifty million
7 dollars (\$150,000,000) on the project, but shall commit to providing funding of at least
8 seventy-five million dollars (\$75,000,000) from non-State sources on or before June 30, 2022,
9 as a match for the intended State allocations totaling seventy-five million dollars (\$75,000,000)
10 for the project."

11 **SECTION 40.1.(m)** Section 1(f) of S.L. 2020-81 reads as rewritten:

12 "SECTION 1.(f) For project code UNC/NCS20-1, notwithstanding G.S. 143C-4-5, North
13 Carolina State University is authorized to spend up to one hundred sixty million dollars
14 (\$160,000,000) on the project, but shall commit to providing funding of at least eighty million
15 dollars (\$80,000,000) from non-State sources on or before June 30, 2022, as a match for the
16 intended State allocations totaling eighty million dollars (\$80,000,000) for the project."

17 **SECTION 40.1.(m1)** For project code UNC/CH21-1, the University of North
18 Carolina at Chapel Hill is authorized to spend up to one hundred twenty million dollars
19 (\$120,000,000) on the project, but shall commit to providing funding of at least sixty million
20 dollars (\$60,000,000) from non-State sources on or before June 30, 2024, as a match for the
21 intended State allocations totaling sixty million dollars (\$60,000,000) for the project.

22 **SECTION 40.1.(n)** For the Gaston Aquatics Center (Center) grant allocated in this
23 Part, Gaston Aquatics, Inc., a nonprofit organization, shall match the sum of four million dollars
24 (\$4,000,000) to the Center for pool construction on a one-to-one basis. The Center shall have
25 four years in which to raise the matching funds. Upon raising the initial sum of two million
26 dollars (\$2,000,000) in non-State funding, the Center shall receive the sum of two million dollars
27 (\$2,000,000). Upon raising an additional sum of one million dollars (\$2,000,000), the Center
28 shall receive the sum of two million dollars (\$2,000,000). Funds allocated in this Part to the
29 Center that have not been disbursed by June 30, 2025, shall revert to the State Capital and
30 Infrastructure Fund.

31 **SECTION 40.1.(o)** For the Gaston Community Foundation grant allocated in this
32 Part, Gaston Community Foundation (Foundation) shall match the sum of two million dollars
33 (\$2,000,000) on a one-to-one basis. The Foundation shall have four years in which to raise the
34 matching funds. Upon raising the initial sum of one million dollars (\$1,000,000) in non-State
35 funding, the Foundation shall receive the sum of one million dollars (\$1,000,000). Upon raising
36 an additional sum of one million dollars (\$1,000,000), the Foundation shall receive the sum of
37 one million dollars (\$1,000,000). Funds allocated in this Part to the Foundation that have not
38 been disbursed by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

39 **SECTION 40.1.(p)** From the funds allocated in this Part to the Gaston County
40 Family YMCA, the Warlick Family YMCA (Warlick) shall be allotted the sum of five hundred
41 thousand dollars (\$500,000) upon raising matching funds in the sum of five hundred thousand
42 dollars (\$500,000) in non-State funds. Funds allocated in this Part that have not been disbursed
43 by June 30, 2025, shall revert to the State Capital and Infrastructure Fund.

44 **SECTION 40.1.(q)** For project code DACS21-4, the Department of Agriculture and
45 Consumer Services shall select a site located in Duplin County for the construction of the new
46 Region One headquarters for the North Carolina Forestry Service.

47 **SECTION 40.1.(q1)** Section 3.9 of S.L. 2020-97 reads as rewritten:

48 "SECTION 3.9. The funds allocated to the North Carolina Forest Service by subdivision
49 (10) of Section 4.1 of S.L. 2016-124 and that are unencumbered and unexpended for those
50 purposes or for the additional purposes authorized by Section 12.9 of S.L. 2017-57 shall be used
51 by the Department of Agriculture and Consumer Services for the following purposes:

1 (1) ~~The purchase and renovation of an existing facility for use as a regional~~
2 ~~headquarters and training facility construction authorization and partial~~
3 ~~support of construction of a Region One headquarters and training facility for~~
4 ~~the North Carolina Forest Service. The facility shall include, but is not limited~~
5 ~~to, an office building with classrooms, an equipment maintenance facility, and~~
6 ~~multibay equipment shelters.~~

7 (2) Support of operations and other receipt-supported activities such as
8 maintenance and repairs at the North Carolina State Fair and the Western
9 North Carolina Agriculture Center."

10 **SECTION 40.1.(r)** For project code DNCR21-11, notwithstanding
11 G.S. 143-341(4)e. and Article 6 of Chapter 146 of the General Statutes, the Department of
12 Natural and Cultural Resources may enter into a memorandum of understanding or a lease
13 agreement with a nonprofit entity for the operation of the Hayes Manor facility and the Wyse
14 Fork Battlefield and other activities related to the operation of those sites.

15 At each of the sites receiving funding under project code DNCR21-11, the
16 Department of Natural and Cultural Resources shall seek to partner with nonprofit organizations
17 to provide funds and in-kind contributions for site development, preservation, or operational
18 support in order to minimize the use of public funds. The Department of Natural and Cultural
19 Resources shall report to the Joint Legislative Oversight Committee on Agriculture and Natural
20 and Economic Resources and the Fiscal Research Division no later than April 1, 2022, with an
21 estimate of any additional recurring costs associated with acquisition, maintenance, and operation
22 of the sites acquired pursuant to this subsection.

23 The Department of Natural and Cultural Resources shall utilize the remaining funds
24 allocated for project code DNCR21-11 for repairs and renovations projects at Historic Sites
25 located in this State.

26 **SECTION 40.1.(s)** For the Holy Angels grant allocated in this Part, Holy Angels
27 Services, Inc., a nonprofit organization, shall utilize funds received to pay for costs associated
28 with the construction of up to three new group homes with up to a combined total of 20
29 intermediate care facility for individuals with intellectual disabilities (ICF/IID) beds operating
30 these new homes. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E
31 of the General Statutes, or any other provision of law to the contrary, Holy Angels Services, Inc.,
32 shall be exempt from certificate of need review for the construction of each group home,
33 including up to a combined total of 20 new ICF/IID beds operating in the group homes, for which
34 funding was received under this Part. These group homes and beds shall be subject to existing
35 licensure laws and requirements.

36 **SECTION 40.1.(t)** The following entities receiving a grant allocated in this Part shall
37 utilize funds received for the same purpose and subject to the same guidelines and limitations set
38 forth in Section 9F.9(a) of this act:

- 39 (1) Harnett Health Systems, Incorporated.
- 40 (2) Good Hope Hospital, Incorporated.
- 41 (3) Johnston Health Enterprises, Incorporated.

42 **SECTION 40.1.(u)** Notwithstanding the State Medical Facilities Plan, Article 9 of
43 Chapter 131E of the General Statutes, or any other provision of law to the contrary, the following
44 entities shall be exempt from certificate of need review for the construction of any behavioral
45 health-related facilities or beds for which grants are allocated in this Part, provided those facilities
46 and beds shall be subject to existing licensure laws and requirements:

- 47 (1) Randolph Health, with regard to any construction or beds in a psychiatric unit
48 at Randolph Hospital.
- 49 (2) Gateway of Hope Addiction Recovery Center.
- 50 (3) Jonas Hill, a division of Caldwell Memorial Hospital, Incorporated.

1 (4) Hope Alive, Inc., with regard to construction or beds related to the Robeson
2 County Substance Abuse System of Care project.

3 (5) Cabarrus County, with regard to the construction of, or beds associated with,
4 a new behavioral health center.

5 **SECTION 40.1.(v)** For project code DOA21-2, the Department of Administration
6 may utilize a sum not exceeding eight million dollars (\$8,000,000) of the funds allocated for the
7 project for the purpose of entering into lease agreements to facilitate the completion of the
8 project.

9 **SECTION 40.1.(w)** For project code FLEX21, after making a reasonable attempt to
10 adjust the project scope to meet the amount authorized by the General Assembly, the Office of
11 State Budget and Management may utilize the funds allocated to supplement separate funds
12 allocated for any State agency project listed in subsection (b) of this section in accordance with
13 G.S. 143C-8-7.1(d). Funds utilized pursuant to this subsection may not be used to increase the
14 amount authorized for a project by more than ten percent (10%).

15 **SECTION 40.1.(x)** Notwithstanding any provision of law or the Committee Report
16 referenced in Section 43.2 of this act to the contrary, of the funds appropriated in this Part for
17 grants to non-State entities, the following grants allocated in this Part for the 2021-2022 fiscal
18 year are modified as follows:

19 (1) Tri-County Community College Workforce Program Equipment is reduced
20 by seven hundred fifty thousand dollars (\$750,000).

21 (2) Tri-County Community College Truck Driver Training Equipment is reduced
22 by fifty thousand dollars (\$50,000).

23 (3) Tri-County Community College Dental Assisting Equipment is reduced by
24 fifty thousand dollars (\$50,000).

25 (4) Tri-County Community College Cultural and Historical Engagement Center
26 is reduced by two hundred fifty thousand dollars (\$250,000).

27 **SECTION 40.1.(y)** Notwithstanding any provision of law or the Committee Report
28 referenced in Section 43.2 of this act to the contrary, there is allocated from funds appropriated
29 to the State Capital and Infrastructure Fund the sum of one million one hundred thousand dollars
30 (\$1,100,000) in nonrecurring funds for the 2021-2022 fiscal year to be provided in the form of a
31 grant to Southwestern Community College for the expansion of the Macon County Campus
32 facility and the addition of a new science classroom.

33 **SECTION 40.1.(z)** Notwithstanding any provision of law or the Committee Report
34 referenced in Section 43.2 of this act to the contrary, the amount allocated for the Elizabeth City
35 State University Crime Lab project from the State Capital and Infrastructure Fund in this Part is
36 reduced by two million five hundred thousand dollars (\$2,500,000) in nonrecurring funds for the
37 2021-2022 fiscal year.

38 **SECTION 40.1.(aa)** Notwithstanding any provision of law or the Committee Report
39 referenced in Section 43.2 of this act to the contrary, of the funds appropriated to the State Capital
40 and Infrastructure Fund, the sum of seven hundred thousand dollars (\$700,000) in nonrecurring
41 funds for the 2021-2022 fiscal year is allocated as follows:

42 (1) Four hundred thousand dollars (\$400,000) in the form of a grant to the Town
43 of Catawba for bridge restoration.

44 (2) Three hundred thousand dollars (\$300,000) in the form of a grant to the Town
45 of Catawba for sidewalks.

46 **SECTION 40.1.(bb)** Notwithstanding any provision of law or the Committee Report
47 referenced in Section 43.2 of this act to the contrary, of the funds appropriated in this Part for
48 grants to non-State entities, the following grants allocated in this Part for the 2021-2022 fiscal
49 year are modified as follows:

50 (1) Town of Candor Downtown Facilities is reduced by two hundred thousand
51 dollars (\$200,000).

- (2) Town of Dobbin Heights Community Center Renovation is reduced by twenty thousand dollars (\$20,000).
- (3) Town of Hamlet Downtown Facilities is reduced by fifty thousand dollars (\$50,000).
- (4) Town of Troy Main Street/Community Park is reduced by thirty thousand dollars (\$30,000).

SECTION 40.1.(cc) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, there is allocated from funds appropriated to the State Capital and Infrastructure Fund the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2021-2022 fiscal year to be provided in the form of a grant to the City of Rockingham for downtown improvements.

SECTION 40.1.(dd) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the funds allocated from the State Capital and Infrastructure fund in the form of a grant in the amount of one hundred thirty thousand dollars (\$130,000) in nonrecurring funds for the 2021-2022 fiscal year to the Town of Fairfield for equipment shall instead be allocated to Pender County for equipment.";

SECTION 40.1.(ee) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the amount allocated for the NCGA Covered Walkway project from the State Capital and Infrastructure Fund in this Part is reduced by three million dollars (\$3,000,000) in nonrecurring funds for the 2021-2022 fiscal year and is reduced by five million dollars (\$5,000,000) in nonrecurring funds for the 2022-2023 fiscal year.

SECTION 40.1.(ff) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the grant allocated from the State Capital and Infrastructure Fund for the NC WWI Memorial shall be allocated to the Department of Natural and Cultural Resources for a WWI veterans memorial by the North Carolina National Guard Museum Foundation.

SECTION 40.1.(gg) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the grant amount allocated to Piedmont Rescue Mission from the State Capital and Infrastructure Fund in this Part is reduced by twenty thousand dollars (\$20,000) in nonrecurring funds for the 2021-2022 fiscal year.

SECTION 40.1.(hh) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, there is allocated from funds appropriated to the State Capital and Infrastructure Fund the sum of twenty thousand dollars (\$20,000) in nonrecurring funds for the 2021-2022 fiscal year to be provided in the form of a grant to Sustainable Alamance, a nonprofit organization, to be used for equipment.

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	—	—

1	DOA21-1	50,000	60,500	54,000	64,500	—	—
2	DNCR21-13	8,000	15,000	22,000	15,000	—	—
3	DPS21-3	—	—	—	11,409	—	—
4	DPS21-9	8,163	20,408	32,653	20,408	—	—
5	UNC/ECU21-1	21,500	53,750	86,000	53,750	—	—
6	UNC/NCS20-1	18,250	36,500	18,250	—	—	—
7	UNC/CH20-1	10,000	18,750	20,000	19,250	—	—
8	UNC/CH20-2	13,750	18,000	10,750	—	—	—
9	UNC/CH21-1	6,000	15,000	24,000	15,000	—	—
10	UNC/PEM21-1	9,100	22,750	36,400	22,750	—	—
11	UNC/ECS21-4	4,000	10,000	10,000	10,000	—	—
12	UNC/FSU21-1	4,000	10,000	16,000	10,000	—	—
13	UNC/FSU21-2	6,300	15,750	25,200	15,750	—	—
14	UNC/WSS21-1	5,700	14,250	22,800	14,250	—	—
15	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
27	(1) Princeville Flood Damage Reduction	\$5,197,500	\$5,197,500
28	(2) Carolina Beach CSDM	4,750,000	1,083,333
29	(3) Wilmington Harbor DA Maintenance	3,663,642	7,334,000
30	(4) Kure Beach CSDM	4,889,423	825,641
31	(5) Surf City/North Topsail Beach CSRM	14,537,000	14,537,000
32	(6) Ocean Isle CSDM	494,599	1,534,615
33	(7) WRD Grant Program—State & Local Projects	2,750,000	1,500,000
34	(8) WRD Grant Program—EQIP Projects	2,000,000	2,750,000
35	(9) Manteo Old House Channel, Sec. 204, CAP, (65/35)	2,700,000	—
36	(10) Wrightsville Beach CSDM	3,487,500	469,471
37	TOTALS	\$44,469,664	\$35,231,560

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 (1) U.S. Army Corps of Engineers project feasibility studies.
- 2 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
- 3 require State matching funds in the current fiscal year.
- 4 (3) State-local water resources development projects.
- 5 (4) NRCS-EQIP stream restoration projects.
- 6 (c) Reports. – The Department shall submit semiannual reports on the use of funds from
- 7 the Water Resource Development Grant Special Fund to the Joint Legislative Oversight
- 8 Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division,
- 9 and the Office of State Budget and Management on or before March 1 and September 1. Each
- 10 report shall include all of the following:
- 11 (1) The project name.
- 12 (2) The estimated cost of each project.
- 13 (3) The date that work on each project began or is expected to begin.
- 14 (4) The date that work on each project was completed or is expected to be
- 15 completed.
- 16 (5) The actual cost of the project.

17 The semiannual reports also shall show those projects advanced in schedule and those
 18 projects delayed in schedule."

19 **SECTION 40.3.(c)** The following project funds shall be transferred to the Water
 20 Resources Development Grants Special Fund established in G.S. 143-215.73B(a), as enacted in
 21 subsection (b) of this section:

Fund Number	Project Title	Allotment Balance
24 4T17	DWR – State & Local Projects	\$187,438.98
25 4U07	DWR – State & Local Water Res Develop Grant	317,000.00
26 4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
27 4U10	DWR – Environmental Qual Incent Prog	259,732.98
28 4V11	DWR – NRCS EQUIP	53,123.81
29 4V12	DWR – State & Local Projects	465,701.71
30 4Y13	DWR – NRCS EQUIP	881,757.48
31 4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
32 4Y16	DWR – State & Local Projects	1,857,851.47
33 4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
34 4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
35 4Y26	DWR – Town of Rutherfordton Stream	500,000.00
36 4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
37 4O01	DWR – Princeville Flood Damage Reduction	
38	(Pre-Contr/Design)	3,465,000.00
39 4O02	DWR – Carolina Beach CSRM	1,754,946.65
40 4O03	DWR – Kure Beach CSRM	2,187,500.37
41 4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
42 4O05	DWR – Ocean Isle CSRM	1,040,016.76
43 4O06	DWR – Planning Assistance to Communities	244,613.13
44 4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
45 4O08	DWR – Morehead City Maintenance	1,980,627.09
46 4O09	DWR – Surf City/North Topsail CSRM	12,500,000.00
47 4O10	DWR – Dan River Regional Water Supply Project	34,000.00
48 4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
49 4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project	
50	Mods. (50/50)	333,500.00
51 4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem	

1		Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
2	4O14	DWR – Lumberton 205, CAP, Flood Damage	
3		Reduction (50/50)	125,000.00
4	4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
5	4O16	DWR – North Topsail Beach Shoreline Protection –	
6		Phases 1-4	1,500,000.00
7	4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
8	4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
9	4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
10	TOTALS		\$50,151,639.23

11
 12 **SECTION 40.3.(d)** Notwithstanding any other provision of law to the contrary,
 13 funds allocated in prior acts of the General Assembly for the water resources development project
 14 entitled "North Topsail Beach Shoreline Protection – Phase 2" may also be used for Phase 1, 3,
 15 or 4 of that project.

16 **SECTION 40.3.(e)** G.S. 143-215.72(d) is amended by adding a new subdivision to
 17 read:

18 "(4) A single project shall consist of all the landowners and other participants
 19 under a project design contract approved by the Natural Resources
 20 Conservation Service for a contiguous section of stream."

21
 22 **NATIONAL GUARD PROJECTS**

23 **SECTION 40.4.(a)** From the funds allocated in this Part for project code NG21-1,
 24 the Office of State Budget and Management may disburse to the Department of Public Safety
 25 funds needed to provide a State match for federal funds for projects included in the latest Armory
 26 and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs
 27 of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the
 28 North Carolina National Guard in an amount not exceeding eight million dollars (\$8,000,000)
 29 during the 2021-2022 fiscal year. Funds allocated to project code NG21-1 shall not revert.

30 **SECTION 40.4.(b)** No later than June 1, 2023, and every two years thereafter until
 31 project completion, the Department shall report on the use of these funds to the Joint Legislative
 32 Commission on Governmental Operations, the Fiscal Research Division of the General
 33 Assembly, and the Office of State Budget and Management. Each report shall include all of the
 34 following:

- 35 (1) The status of all projects undertaken pursuant to this section.
- 36 (2) The estimated total cost of each project.
- 37 (3) The date that work on each project began or is expected to begin.
- 38 (4) The date that work on each project was completed or is expected to be
- 39 completed.
- 40 (5) The actual cost of each project, including federal matching funds.
- 41 (6) Facilities planned for closure or reversion.
- 42 (7) A list of projects advanced in schedule, those projects delayed in schedule,
- 43 and an estimate of the amount of funds expected to revert to the General Fund.

44
 45 **NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

46 **SECTION 40.5.(a)** The General Assembly authorizes the following capital projects
 47 to be funded with receipts or from other non-General Fund and non-State Capital and
 48 Infrastructure Fund sources available to the appropriate department:

49		Amount of Non-General Fund
50	Name of Project	Funding Authorized
51		FY 2021-2022 FY 2022-2023

1			
2	Department of Natural and Cultural Resources		
3	Edenton State Historic Site–		
4	Frinks House Renovations	\$300,000	–
5	Transportation Museum–		
6	Southern Railway Car Exhibit Renovations	287,442	–
7	Bennett Place State Historic Site–		
8	Visitor Center Renovations	300,000	–
9	USS NC Battleship–		
10	Mast Repairs	1,000,000	–
11	Living With Water	2,335,431	–
12	Bentonville State Historic Site–		
13	Harper House Renovations	115,000	–
14	NC Museum of Art–		
15	Terrace & Green Project	2,500,000	–
16	Brunswick Town State Historic Site–		
17	Shoreline Stabilization	3,000,000	–
18	Charlotte Hawkins Brown Museum–		
19	Memorial Galen Stone Hall	1,100,000	–
20	Tea House Renovations	425,000	–
21	Department of Agriculture and Consumer Services		
22	State Fair–Repairs & Improvements	5,000,000	–
23	NC Forest Service–		
24	Design & Install New Bridges	25,000	\$100,000
25	Equipment Shelters	500,000	500,000
26	Parking Lot Expansions	500,000	250,000
27	Picnic Shelters	25,000	50,000
28	Restrooms	25,000	125,000
29	Storage Buildings	125,000	–
30	Viewing Platforms	25,000	125,000
31	State Research Stations–		
32	Equipment Storage Shelter	500,000	–
33	Dilapidated Building Demolition	100,000	–
34	Livestock & Mission Critical Facility Improvements	–	500,000
35	Irrigation Improvements at Research Stations	–	500,000
36	Department of Military and Veterans Affairs		
37	New State Veterans Home–Raleigh	85,700,000	–
38	Department of Public Safety		
39	Alcoholic Beverage Control–		
40	Office Roof Replacement	864,000	–
41	Warehouse Office Renovation	480,000	–
42	Warehouse Storage	313,000	–
43	Wildlife Resources Commission		
44	Land Acquisition	10,000,000	6,000,000
45	Setzer Hatchery Revision	18,500,000	–
46	Samarcand Training Facility	7,500,000	–
47	New Bern Depot Boat Storage Facility	275,000	–
48	Marion Aquaculture Building	360,000	–
49	Elizabethtown Depot Storage Shed	200,000	–
50	McKinney Lake Residence	300,000	–
51	Sandhills Depot Pole Shed	200,000	–

1	District 7 Storage Building—Wilkesboro	140,000	—
2	Burnsville Depot	500,000	—
3	Balsam Depot Renovation	400,000	—
4	Game Land Improvements	1,000,000	—
5	Morganton Pole Shed	—	130,000
6	Mills River Depot Pole Shed	—	150,000
7	Caswell Depot Storage Building	—	440,000
8	Rhems Depot Storage Building	—	230,000

10 **TOTAL AMOUNT OF NON-GENERAL**
 11 **FUND CAPITAL PROJECTS**
 12 **AUTHORIZED**

\$144,919,873 \$9,100,000

13 **SECTION 40.5.(b)** From funds deposited with the State Treasurer in a capital
 14 improvement account to the credit of the Department of Agriculture and Consumer Services
 15 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021-2022
 16 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022-2023 fiscal year
 17 shall be transferred to the Department of Agriculture and Consumer Services to be used,
 18 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article
 19 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as
 20 land appraisals, land surveys, title searches, and environmental studies, and for the management
 21 of the plant conservation program preserves owned by the Department.

22 **SECTION 40.5.(c)** Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by
 23 Section 9.1(a) of S.L. 2018-97, the Department of Military and Veterans Affairs may utilize
 24 funds in an amount not exceeding twenty-nine million nine hundred ninety-five thousand dollars
 25 (\$29,995,000) in funds appropriated in this act from the North Carolina Veterans Home Trust
 26 Fund established under G.S. 143B-1293 to provide the required State match for federal funding
 27 for the construction of a new State veterans nursing facility in Wake County. Any federal funds
 28 received for this purpose are hereby appropriated.

30 **STATE CONSTRUCTION CHANGES**

31 **SECTION 40.6.** G.S. 143-341 reads as rewritten:

32 **"§ 143-341. Powers and duties of Department.**

33 The Department of Administration has the following powers and duties:

34 ...

35 (3) Architecture and Engineering:

36 a. To examine and approve all plans and specifications for the
 37 construction or renovation of the following:

38 1. All State buildings or buildings located on State lands, except
 39 those buildings over which a local building code inspection
 40 department has and exercises jurisdiction. For the purposes of
 41 this sub-sub-subdivision, buildings, facilities, or projects
 42 located on State lands that are (i) privately owned or privately
 43 leased and (ii) located within the North Carolina Global
 44 TransPark are exempt.

45 2. All community college buildings requiring the estimated
 46 expenditure of public money for construction or repair work
 47 for which public bidding is required under G.S. 143-129 of two
 48 million dollars (\$2,000,000) or more prior to the awarding of a
 49 contract for such work; and to examine and approve all
 50 changes in those plans and specifications made after the
 51 contract for such work has been awarded.

- 1 ...
- 2 c. To supervise the letting of all contracts for the design, construction or
- 3 renovation of all State buildings and all community college buildings
- 4 whose plans and specifications must be examined and approved under
- 5 a.2. of this subdivision.
- 6 d. To supervise and inspect all work done and materials used in the
- 7 construction or renovation of all State buildings and all community
- 8 college buildings whose plans and specifications must be examined
- 9 and approved under a.2. of this subdivision; to act as the appropriate
- 10 official inspector or inspection department for purposes of
- 11 G.S. 143-143.2; and no such work may be accepted by the State or by
- 12 any State agency until it has been approved by the Department.
- 13 "

GRANTS TO NON-STATE ENTITIES

SECTION 40.8. Requirements. – For purposes of this Part, nonrecurring funds allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined by G.S. 143C-1-1(d), are subject to all of the following requirements:

- 19 (1) As soon as practicable after the effective date of this act, each State agency
- 20 administering grants shall begin disbursement of funds to each grantee
- 21 non-State entity when all applicable requirements are met. However,
- 22 disbursement of grant funds allocated for the 2021-2022 fiscal year shall
- 23 commence no later than 100 days after the date this act becomes law and
- 24 disbursement in full to all grantees shall be completed no later than nine
- 25 months after the date this act becomes law. Disbursement of grants allocated
- 26 for the 2022-2023 fiscal year shall be completed no later than 100 days after
- 27 the beginning of the 2022-2023 fiscal year.
- 28 (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.
- 29 (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless
- 30 otherwise indicated, nonrecurring funds appropriated in this Part as grants
- 31 shall not revert until expended or the particular project has been completed.
- 32 (4) Grants to each grantee non-State entity shall be used for nonsectarian,
- 33 nonreligious purposes only.
- 34 (5) By October 1, 2021, and then quarterly thereafter, the Office of State Budget
- 35 and Management shall report to the Fiscal Research Division on the schedule
- 36 for and status of grant disbursement. At a minimum, the report shall include
- 37 the following for each grant:
- 38 a. The date when the disbursing agency issued the initial contract.
- 39 b. The date when the contract was sent to the grantee non-State entity.
- 40 c. The date when the fully executed contract was returned to the
- 41 disbursing agency.
- 42 d. The date when the contract was executed.
- 43 e. The date when a grant was disbursed in full.

CONNECT NC BOND CHANGE/DEBT AVOIDANCE

SECTION 40.9.(a) The General Assembly finds the following:

- 47 (1) The use of general obligation bonds can be an efficient method for financing
- 48 needs of the State.
- 49 (2) Debt service, even on general obligation bonds, is a cost that can be avoided
- 50 if the State has funds to directly pay for capital needs.

- 1 (3) Where the State provides a general obligation bond question to the voters, it
2 is tantamount to representing both that capital improvements covered by the
3 debt question are needed by the State and that the incurrence of debt for those
4 purposes is the most responsible, cost-effective way of meeting those needs.
- 5 (4) If subsequent economic changes affect the validity of those representations,
6 including where, as here, management of State resources has resulted in
7 having sufficient funding for such capital improvements, thereby obviating
8 the need to incur debt service costs, then such changes also affect the
9 representations and assumptions on which the voters rely in voting for the
10 issuance of the debt. Stated alternatively, voters make assumptions on the need
11 for debt based on the amount and uses set forth in the ballot question, and, if
12 circumstances change those assumptions, the State has an obligation to avoid
13 associated costs if it would be inefficient to incur them.
- 14 (5) This section allocates funds to satisfy the needs and purposes for which
15 indebtedness was originally authorized by the voters of this State pursuant to
16 S.L. 2015-280. Accordingly, funding and debt service costs using the general
17 obligation debt for such purposes would be redundant and would frustrate the
18 assumptions made by (and the representations made to) the voters of this State
19 at the time the debt obligation was approved by the voters as to the State's
20 need.

21 **SECTION 40.9.(b)** For project code CNC21, the Office of State Budget and
22 Management shall allocate the sum of two hundred fifty-eight million dollars (\$258,000,000) for
23 the purposes described in Section 1(f) of S.L. 2015-280, as amended by Section 36.7(a) of S.L.
24 2018-5. Funds allocated pursuant to this subsection will be used to fully fund all projects
25 authorized and listed in S.L. 2015-280, and further debt authorized by that Session Law may not
26 be used to increase the total funding for any project authorized above the applicable project
27 amount provided in S.L. 2015-280.

28 **SECTION 40.9.(c)** The State Treasurer shall not issue more than an aggregate
29 principal amount of one billion six hundred million dollars (\$1,600,000,000) of general
30 obligation bonds of the State authorized pursuant to Section 1 of S.L. 2015-280. The authority to
31 issue additional bonds or notes previously authorized under S.L. 2015-280 above the amount
32 provided in this subsection is repealed, and the bond referendum authorized by and held pursuant
33 to S.L. 2015-280 no longer provides authority to issue further debt, other than refunding bonds,
34 authorized by that act.

35 **SECTION 40.9.(d)** Subdivision (3) of Section 1(f) of S.L. 2015-280 is repealed.

36 **SECTION 40.9.(e)** Section 4(b) of S.L. 2015-280 reads as rewritten:

37 **"SECTION 4.(b)** Any funds retained by the Office of State Budget and Management
38 pursuant to subsection (a) of this section at the time a project is completed shall be retained by
39 the Office of State Budget and Management ~~until reallocated for other purposes by the General~~
40 ~~Assembly-Management.~~ The Office of State Budget and Management shall report to the Joint
41 Legislative Oversight Committee on Capital Improvements on any funds retained pursuant to
42 this subsection within 90 days of a project's completion."
43

44 **CAPITAL PROJECT REPORTING/OTHER CHANGES**

45 **SECTION 40.10.(a)** It is the intent of the General Assembly to consolidate reporting
46 for capital improvement projects. With the exception of the statutory requirements contained in
47 G.S. 143C-8-14, any reporting requirements imposed on capital improvement projects for State
48 agencies authorized by a previous act of the General Assembly are hereby repealed.

49 **SECTION 40.10.(b)** G.S. 143C-8-13 reads as rewritten:

50 **"§ 143C-8-13. Repairs and Renovations.**

51 ...

1 (b) Allocation and Reallocation of Funds for Particular Projects. –Any funds that are
2 allocated to the Board of Governors of The University of North Carolina or to the Office of State
3 Budget and Management may be allocated or reallocated ~~by at the discretion of~~ those agencies
4 for repairs [constituent institution parameter] and renovations projects so long as all of the
5 following conditions are satisfied:

6 (1) Any project that receives an allocation or reallocation satisfies the
7 requirements of subsection (a) of this section.

8 (2) ~~If the allocation or reallocation of funds from one project to another under this~~
9 ~~section is two million five hundred thousand dollars (\$2,500,000) or more for~~
10 ~~a particular project, the~~ The Office of State Budget and Management or the
11 Board of Governors, as appropriate, ~~consults with~~ shall report to the ~~Joint~~
12 ~~Legislative Commission on Governmental Operations Fiscal Research~~
13 ~~Division on the initial allocation prior to the expenditure or reallocation of~~
14 ~~funds.~~

15 (3) ~~If the allocation or reallocation of funds from one project to another under this~~
16 ~~section is less than two million five hundred thousand dollars (\$2,500,000) for~~
17 ~~a particular project, On or before August 1 each year, the Office of State~~
18 ~~Budget and Management or the Board of Governors, as appropriate, shall~~
19 ~~submit a final report showing the allocation or reallocation of funds is reported~~
20 ~~during the preceding fiscal year to the Joint Legislative Commission on~~
21 ~~Governmental Operations within 60 days of the expenditure or~~
22 ~~reallocation.~~ the Joint Legislative Capital Improvements Oversight Committee
23 ~~and the Fiscal Research Division.~~

24 (4) If the funds were previously allocated for a repairs and renovations project
25 that was not specifically allocated for by an act of the General Assembly;
26 provided, however, if a project specifically allocated for by the General
27 Assembly has been completed, then funds may be reallocated pursuant to this
28 subsection.

29"

30 **SECTION 40.10.(c)** G.S. 143C-8-12 reads as rewritten:

31 **"§ 143C-8-12. Capital improvement projects from sources other than the General Fund.**

32 (a) University Projects. – Notwithstanding any other provision of this Chapter, the Board
33 of Governors of The University of North Carolina may approve any of the following:

34 (1) Expenditures to plan a capital improvement project of The University of North
35 Carolina, the planning for which is to be funded entirely with non-General
36 Fund ~~money and non-State Capital and Infrastructure Fund monies.~~

37 (2) Expenditures for a capital improvement project of The University of North
38 Carolina that is to be funded and operated entirely with non-General Fund
39 ~~money and non-State Capital and Infrastructure Fund monies.~~

40 (3) A change in the scope of any previously approved capital improvement project
41 of The University of North Carolina provided that both the project and change
42 in scope are funded entirely with non-General Fund ~~money and non-State~~
43 Capital and Infrastructure Fund monies.

44 Nothing in this subsection shall be construed to prohibit expenditures for planning for a
45 project that has been authorized by an act of the General Assembly and funded with an allocation
46 from the State Capital and Infrastructure Fund.

47 (b) Carryforward Funds. – For purposes of this section, the term "non-General Fund
48 ~~money" and non-State Capital and Infrastructure Fund monies" includes funds carried forward~~
49 ~~from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall~~
50 ~~only be used for projects listed in G.S. 143C-8-13(a).~~

51"

ENGINEERING NC'S FUTURE

SECTION 40.11.(a) The General Assembly finds that the STEM Program Needs Assessment published by The University of North Carolina in 2019 highlighted the importance of STEM programs as drivers of economic investment, expansion, and employment throughout the State. The General Assembly has made significant investments to bolster health science programming with funding for capital improvement projects at the University of North Carolina at Chapel Hill, the University of North Carolina at Pembroke, and East Carolina University. In addition to the investments in the health sciences, the General Assembly is initiating Engineering N.C.'s Future with significant investments in key engineering programs at North Carolina State University, North Carolina Agricultural and Technical University, and the University of North Carolina at Charlotte. The investments in Engineering N.C.'s Future will support the continued growth of related economic investments and job opportunities in the State by expanding enrollment opportunities at these constituent institutions to enable more students to pursue an education in engineering fields. Engineering N.C.'s Future provides thirty-five million dollars (\$35,000,000) among these constituent institutions for curriculum improvements, research equipment, and administration in this act. In addition, the General Assembly intends to provide ninety million dollars (\$90,000,000) in funding for capital improvements at these constituent institutions over the next two years.

SECTION 40.11.(b) The funds allocated for project code UNC/ENG21 shall be allocated by the Board of Governors of The University of North Carolina in equal amounts among North Carolina State University, the University of North Carolina at Charlotte, and North Carolina Agricultural and Technical University. Funds allocated by the Board of Governors may be used by each recipient institution for capital improvements to existing buildings on that institution's campus that will allow for expanded offerings and enrollments related to that campus' engineering program. The Board of Governors may determine the priority and timing of funds allocated to the constituent institutions listed in this subsection.

SCIF AUTHORIZED USES

SECTION 40.12. G.S. 143C-4-3.1(e) reads as rewritten:

"(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations supported by the General Fund. In addition to meeting the debt service obligations supported by the General Fund, monies in the Fund may be used for the following purposes:

- (1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.
- (2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.
- (3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).
- (4) Projects and grants identified in the Current Operations Appropriations Act or that have been authorized and funded by an act of the General Assembly. With the exception of health facilities licensed under Chapter 131E or Chapter 122C of the General Statutes, grants intended for affordable housing or other residential purposes are not an allowable use of monies in the Fund."

RENDEZVOUS STATE FOREST

SECTION 40.13.(a) For the Rendezvous Mountain Park grant allocated in this Part, the Department of Agriculture and Consumer Services (DACCS) shall transfer to the Department of Natural and Cultural Resources (DNCR) that portion of the Rendezvous Mountain Educational State Forest allocated to the North Carolina Forest Service that is situated in Wilkes County,

1 containing approximately 1,124 acres, and that is comprised of parcel identification numbers
2 37193-3911-63-9178, 37193-3910-88-5480, 37193-3910-75-5457, and 37193-3910-94-3160.

3 **SECTION 40.13.(b)** The General Assembly authorizes the Department of Natural
4 and Cultural Resources to add the portion of land described in subsection (a) of this section to
5 the State Parks System, as provided in G.S. 143B-135.54(b), and which shall be designated as a
6 satellite annex of Stone Mountain State Park.

7 **SECTION 40.13.(c)** The Department of Agriculture and Consumer Services and the
8 Wildlife Resources Commission shall renegotiate any lease of land for game land purposes in
9 the Rendezvous Mountain Educational State Forest to encompass all or a portion of the lands
10 remaining after the transfer of land pursuant to subsection (a) of this section. The Department of
11 Agriculture shall retain timber rights to any lands subject to the renegotiated lease agreements.
12 The Department of Agriculture and Consumer Services shall renegotiate any existing leases for
13 wireless or other similar communication towers that may be in effect on the land transferred
14 pursuant to subsection (a) of this section.

15 16 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL 17 OF DENTISTRY**

18 **SECTION 40.14.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)
19 of S.L. 2009-209, reads as rewritten:

20 "**SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council
21 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
22 incur special indebtedness in order to provide funds to the State to be used, together with other
23 available funds, to pay the capital facility costs of the projects described in this subsection. In
24 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special
25 indebtedness:

- 26 (1) In the maximum aggregate principal amount of sixty-one million five hundred
27 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to
28 finance the capital facility costs of completing a School of Dentistry building
29 building, life safety improvements to the Brody School of Medicine, and
30 renovation of space at the ECU Health Science Campus, Brody School of
31 Medicine, to accommodate the dental school at East Carolina University and
32 no more than 10 satellite dental clinics across the State. No more than a
33 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of
34 special indebtedness may be issued or incurred under this subdivision prior to
35 July 1, 2009. No more than a maximum aggregate amount of sixty million
36 dollars (\$60,000,000) of special indebtedness may be issued or incurred under
37 this subdivision prior to July 1, 2010.

38"

39 **SECTION 40.14.(b)** Nothing in this section shall be construed to authorize any
40 entity to issue or incur additional indebtedness.

41 42 **OSBM COORDINATED DEVELOPMENT GRANTS**

43 **SECTION 40.15.(a)** Of the funds appropriated by this act to the Office of State
44 Budget and Management (OSBM) for coordinated development grants for the 2021-2023 fiscal
45 biennium, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2021-2022
46 fiscal year and ten million dollars (\$10,000,000) in nonrecurring funds for the 2022-2023 fiscal
47 year is allocated and shall be held to make grants for activities to promote economic growth and
48 job creation in counties challenged by low population density. The first grants awarded for these
49 purposes shall be made for economic development in any tier two county having a population
50 over 45,000 and a population density of less than 50 persons per square mile, according to the
51 most recent federal decennial census.

1 **SECTION 40.15.(b)** The grants authorized by this section shall be awarded in full
2 by no later than February 15, 2022. By May 15, 2022, the OSBM shall report to the Fiscal
3 Research Division on the process used to make the initial grant award.
4

5 **PART XLI. TRANSPORTATION**

6 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

7 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are
8 repealed.
9

10 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated
11 revenues for the Highway Fund as follows:

12	For Fiscal Year 2023-2024	\$2,628.0 million
13	For Fiscal Year 2024-2025	\$2,724.2 million
14	For Fiscal Year 2025-2026	\$2,814.8 million
15	For Fiscal Year 2026-2027	\$2,833.6 million
16	For Fiscal Year 2027-2028	\$2,875.9 million

17 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated
18 revenues for the Highway Trust Fund as follows:

19	For Fiscal Year 2023-2024	\$1,758.1 million
20	For Fiscal Year 2024-2025	\$1,797.5 million
21	For Fiscal Year 2025-2026	\$1,809.0 million
22	For Fiscal Year 2026-2027	\$1,843.8 million
23	For Fiscal Year 2027-2028	\$1,878.7 million

24 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the
25 Office of State Budget and Management, shall develop a five-year revenue forecast. The
26 five-year revenue forecast developed under this subsection shall be used (i) to develop the
27 five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic
28 Transportation Improvement Program, and (iii) by the Department of the State Treasurer to
29 compute transportation debt capacity.
30

31 **DOT/BUDGET REORGANIZATION**

32 **SECTION 41.2.(a)** It is the intent of the General Assembly that the Department of
33 Transportation have a transparent budget that is representative of the Department's mission and
34 goals and aligns to the internal organization of the Department.

35 **SECTION 41.2.(b)** The Department shall create within the Financial Management
36 Division of the Department of Transportation the Budget Section dedicated to the management
37 of the budget for the Department. The Budget Section shall be separate from the other sections
38 in the Financial Management Division and shall directly report to the Chief Financial Officer of
39 the Department. The initial duty of the Budget Section, with the assistance of the Office of State
40 Budget and Management, shall be to reorganize the entire budget of the Department of
41 Transportation using the following criteria:

- 42 (1) The Highway Fund Budget Code shall contain Fund Codes representative of
43 divisional organizational units within the Department of Transportation. The
44 Divisions include: Highway Division, Ferry Division, Rail Division, Public
45 Transportation, Bicycle and Pedestrian, Secretary's Office, Board of
46 Transportation, Facilities Management, and others determined by the Office
47 of State Budget and Management in conjunction with the Department of
48 Transportation and in consultation with the Fiscal Research Division.
- 49 (2) The current Fund Codes shall be combined to create a budget message
50 indicative of the divisions and units within the Department.

- 1 (3) The Fund Codes shall be developed as prescribed in the State Budget Manual
2 to include the six account groups. All relevant full-time equivalent (FTE)
3 positions shall be correctly assigned to the Fund Code and Organizational
4 Unit.
- 5 (4) The Field Codes shall be eliminated, and the complete personal services
6 budget, including full-time equivalent positions, shall be assigned to the
7 organizational Fund Code unit.
- 8 (5) The Fund Codes shall include any receipts collected and used for the units,
9 including federal receipts.
- 10 (6) The Highway Division's Fund Code shall include distinct responsible cost
11 centers for specific programs and grants established by the General Assembly.
12 The Accounts shall include relevant personal services, purchased services,
13 grants-in-aid, leases, and the entire operating budgets for the Division.
- 14 (7) The Department shall develop options for groupings of projects within the
15 Highway Trust Fund – Strategic Transportation Investments and consider
16 identifying funded projects by the project's first year of funding. The
17 Department shall work with OSBM in developing the comprehensive budget
18 structure for the Highway Trust Fund.

19 **SECTION 41.2.(c)** Notwithstanding any other provision of law to the contrary, the
20 Department of Transportation shall reclassify additional vacant full-time equivalent positions,
21 pursuant to the classification system established by the State Human Resources Commission, to
22 the Financial Management Division, with one Budget Manager and up to three additional Budget
23 Analysts, for the Budget Section.

24 **SECTION 41.2.(d)** No later than November 1, 2021, and March 31, 2022, the
25 Department shall submit a report to the Joint Legislative Transportation Oversight Committee
26 and the Fiscal Research Division on the status of the creation of the Budget Office. The report
27 shall include the identification of the positions to be reclassified to the Budget Office and the
28 schedule and status for advertising and filling positions.

30 **BUILD NC BONDS/MAX CASH BALANCE EXCEPTION**

31 **SECTION 41.3.(a)** G.S. 142-97(2)a. reads as rewritten:

- 32 "a. The Department of Transportation's average month-end cash balance
33 for the first three months in the calendar year prior to the date of
34 determination is equal to or less than ~~one billion dollars~~
35 (\$1,000,000,000) two billion dollars (\$2,000,000,000)."

36 **SECTION 41.3.(b)** This section is effective when it becomes law and applies to the
37 issuance and sale of Build NC Bonds during the fiscal year ending June 30, 2022, and each fiscal
38 year thereafter.

40 **SPEND PLAN TECHNICAL REVISION**

41 **SECTION 41.4.** G.S. 143C-6-11.1(a) reads as rewritten:

42 "(a) The Department of Transportation shall develop a comprehensive cash-spending
43 plan, known as the "Spend Plan," that is based on the appropriations of the General Assembly,
44 to spend money from any source, including federal funds and bond proceeds, for programs,
45 functions, activities or objects, by the Department."

47 **INDEMNIFY WILMINGTON FOR MAP ACT**

48 **SECTION 41.5.(a)** The Department of Transportation shall defend, indemnify, and
49 hold harmless the Wilmington Urban Area Metropolitan Planning Organization and its members
50 against any claims, civil actions, and proceedings arising out of the filing or amendment of a
51 transportation corridor official map in accordance with Article 2E of Chapter 136 of the General

1 Statutes, as it existed before its repeal, for the proposed Hampstead Bypass (R-3300) that extends
2 from the Wilmington Bypass in New Hanover County to U.S. Highway 17 in Pender County.

3 **SECTION 41.5.(b)** The Department of Transportation shall defend, indemnify, and
4 hold harmless the City of Wilmington and its members and employees against any claims, civil
5 actions, and proceedings arising out of the filing or amendment of all transportation corridor
6 official maps, including for Military Cutoff Road (U-4751) and the Martin Luther King/Kerr
7 Ave. Project (U-3338), filed by the City of Wilmington in accordance with Article 2E of Chapter
8 136 of the General Statutes and G.S. 160A-458.4 as they existed before their repeal.

9 **SECTION 41.5.(c)** This section is effective when it becomes law and applies
10 retroactively to June 13, 2019.

11 12 **DMV PERFORMANCE DASHBOARD EXPANSION**

13 **SECTION 41.6.(a)** Expand Performance Dashboard. – No later than October 1,
14 2021, the Department of Transportation shall expand the performance dashboard available on the
15 Department's website to display the total number of transactions completed by the Division of
16 Motor Vehicles per month and year-to-date. The performance dashboard report shall sort the
17 transactions by type and indicate whether the transactions were conducted in person, by mail, or
18 by online application.

19 **SECTION 41.6.(b)** Establish Performance Dashboard Archive. – No later than
20 October 1, 2021, the Department shall maintain and make available from the performance
21 dashboard an archive of all prior performance dashboard reports.

22 **SECTION 41.6.(c)** Paperless Operations Report. – By March 15, 2022, the Division
23 of Motor Vehicles shall submit a report to the Joint Legislative Transportation Oversight
24 Committee and the Fiscal Research Division. The report shall contain all of the following:

- 25 (1) A list of services provided by the Division that currently involve paper
26 correspondence of any kind.
- 27 (2) A list of services provided by the Division involving paper correspondence
28 that could be made paperless.
- 29 (3) A description of requirements to implement paperless transactions for the
30 services identified in subdivision (2) of this subsection, including one-time
31 and recurring costs.
- 32 (4) A description of the processes the Division is currently pursuing to implement
33 paperless transactions for the services identified in subdivision (2) of this
34 subsection.
- 35 (5) An estimate of when the processes described in subdivision (4) of this
36 subsection will be fully implemented.

37 38 **DMV MOBILE UNIT DEPLOYMENT AND REOPENING CLOSED DRIVERS** 39 **LICENSE OFFICES**

40 **SECTION 41.7.(a)** The Division of Motor Vehicles shall utilize mobile units on a
41 rotating basis at drivers license offices closed due to the COVID-19 pandemic. The deployment
42 of mobile units shall continue until Executive Order No. 116 (2020), Declaration of a State of
43 Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19,
44 is rescinded. The mobile units deployed pursuant to this subsection shall (i) operate five days per
45 week between the hours of 9:00 A.M. and 5:00 P.M. and (ii) not require appointments for service.
46 The Division shall make a reasonable effort to notify the public of the operation of mobile units.

47 **SECTION 41.7.(b)** The Division shall open drivers license offices closed due to the
48 COVID-19 pandemic 14 days after the rescission of Executive Order No. 116 or August 15,
49 2021, whichever is earlier.

50 **SECTION 41.7.(c)** This section is effective when it becomes law, except that
51 subsection (a) becomes effective 14 days after that date.

DMV SALARY ADJUSTMENT FUND

SECTION 41.10.(a) For the 2021-2023 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Salary Adjustment Fund shall only be used for the salary adjustment of Division of Motor Vehicle personnel. To be eligible for a salary increase under this section, a DMV employee must not have any active disciplinary action and must not have received a salary adjustment under the authority provided in Section 34.19 of S.L. 2018-5.

SECTION 41.10.(b) No later than January 1 and June 30 of each year of the 2021-2023 fiscal biennium, the Department shall submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the actions taken pursuant to this section. The report shall contain all of the following:

- (1) The total amount of salary adjustments implemented pursuant to this section.
- (2) The average percentage increase in salary for each employee whose salary was increased pursuant to this section.
- (3) The total number of employees whose salaries were increased pursuant to this section.
- (4) The methodology used by the Department to calculate salary adjustments pursuant to this section.
- (5) A description of any proposed future salary adjustments.

AVIATION/DIVISION ANNUAL REPORT

SECTION 41.11. Article 7 of Chapter 63 of the General Statutes is amended by adding a new section to read:

"§ 63-74.5. Division of Aviation annual report.

Beginning October 1, 2021, and annually thereafter, the Division of Aviation shall submit to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division a report containing the following information from the prior fiscal year:

- (1) A list of all public use airports within the State, their municipality and county, status as commercial services or general aviation, airport code, and the following corresponding information:
 - a. Total amount of funds allocated to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development, and State Transportation Improvement Program dollars and total number of projects receiving allocations.
 - b. Total amount of funds disbursed to each airport subtotaling federal, Commercial Services, State Aid to Airports, Special Projects, Economic Development, and State Transportation Improvement Program dollars and total number of projects receiving disbursements.
 - c. Total amount of unallocated State appropriations for Commercial Services, State Aid to Airports, Special Projects, and Economic Development.
- (2) Summary of activities related to unmanned aircraft systems, including total number of drones owned subtotalled by units of the Department of Transportation and by other State agencies, purposes and uses of drones in each unit and agency, a list describing each private sector partnership to which the Division of Aviation is a party, and any other activities of this unit.
- (3) Total number of trips and flight hours by each manned aircraft owned by the Department of Transportation, subtotalled by agency, fees charged to each agency, and total cost of providing services to each agency.

- 1 (4) Summary of activities related to Safety and Education, including total
2 expenditures, number and description of programs, and number of
3 participants."
4

5 **QUARTERLY ALLOCATIONS TO PORTS AUTHORITY AND COMMERCIAL**
6 **AIRPORTS**

7 **SECTION 41.12.(a)** G.S. 136-176(b3) reads as rewritten:

8 "(b3) Funds appropriated to the North Carolina State Ports Authority from the Highway
9 Trust Fund may only be used (i) to pay debt service or related financing costs and expenses on
10 revenue bonds or notes issued by the State Ports Authority and (ii) for capital projects. An
11 appropriation to the State Ports Authority from the Highway Trust Fund constitutes an agreement
12 by the State to pay the funds appropriated to the State Ports Authority within the meaning of
13 G.S. 159-81(4). Notwithstanding the foregoing, it is the intention of the General Assembly that
14 the appropriation of funds to the State Ports Authority, the enactment of this subsection, and the
15 issuance of bonds or notes by the State Ports Authority in reliance thereon shall not in any manner
16 constitute a pledge of the faith and credit and taxing power of the State, and nothing contained
17 herein shall prohibit the General Assembly from amending an appropriation made to the State
18 Ports Authority at any time to decrease or eliminate the amount annually appropriated to the State
19 Ports Authority. Funds appropriated to the State Ports Authority for the purposes described in
20 this subsection are not subject to the formula set forth in G.S. 136-189.11. The Department of
21 Transportation shall disburse funds appropriated under this subsection to the State Ports
22 Authority on a quarterly basis beginning September 30 of each fiscal year."

23 **SECTION 41.12.(b)** G.S. 63-74(d) reads as rewritten:

24 "(d) Permissible Uses, Reporting, and Return of Funds. – The Department of
25 Transportation shall not allocate funds to an airport under this section until that airport has
26 provided a report outlining how the airport will use the funds in conformance with the purposes
27 of the program. Airports shall submit their report between July 1 and August 15 of the fiscal year.
28 No later than 45 days from the date the Department receives the report required under this
29 subsection, the Department shall ~~make a determination~~ determine whether the intended use of
30 the funds matches the purposes of the program and, if so, allocate funds under this section to the
31 compliant airport. The Department of Transportation shall disburse funds appropriated under this
32 section on a quarterly basis beginning September 30 of the fiscal year. An airport that receives
33 funds under this section shall return the funds to the Department if the funds are in the possession
34 or control of the airport and not expended or encumbered by ~~August 31~~ September 30 of the year
35 following the fiscal year in which the Department makes the allocation. All funds returned to the
36 Department under this section, or retained by the Department for failure of an eligible airport to
37 submit a report under this subsection, shall be credited to the fund from which they were
38 appropriated and shall remain unexpended and unencumbered until appropriated by the General
39 Assembly."

40 **SECTION 41.12.(c)** Notwithstanding G.S. 63-74(d), as revised by subsection (b) of
41 this section, for the 2021-2022 fiscal year, airports shall submit their report on the use of funds
42 no later than November 15, 2021, and the Department shall disburse funds to compliant airports
43 no later than December 31, 2021, March 31, 2022, and June 30, 2022.
44

45 **AVIATION/GRANT FUNDS NOT AUTHORIZED TO FUND POSITIONS**

46 **SECTION 41.13.(a)** The following positions shall not be paid for by funds
47 appropriated to the State Aid to Airports grant program:

48 60015627 Airport Preservation Engineer
49 60016342 Technical Trainer II
50 60020073 Business Officer II
51 60020271 Engineer III

1	60026296	Program Manager II
2	60015619	Aviation Safety Specialist
3	60027110	Engineer II
4	60015609	Engineering Supervisor III
5	60015610	Engineer III
6	60015612	Engineer III
7	60015613	Engineer II
8	60015621	Engineer II
9	60015622	Engineer III
10	60029095	Engineer III

11 **SECTION 41.13.(b)** Article 7 of Chapter 63 of the General Statutes is amended by
 12 adding a new section to read:

13 **"§ 63-74.2. Division of Aviation grant funded positions prohibited.**

14 The Department of Transportation shall not create or authorize any Division of Aviation
 15 positions that are paid for using State funds appropriated for State Aid to Airports or any other
 16 airport aid program."

17
 18 **AVIATION/STATE PLANE COST OF USE RATE ANALYSIS**

19 **SECTION 41.14.(a)** The Division of Aviation shall conduct a rates and charges
 20 analysis for the Hawker Beechcraft King Air B200 passenger aircraft (King Air). The report shall
 21 contain a comparison of the market rates of private aircraft providers in North Carolina and
 22 surrounding states and an analysis of actual operating-cost-rate for the King Air. The Division of
 23 Aviation shall submit the results of the study, including a recommended rate, to the Joint
 24 Legislative Transportation Oversight Committee and the Fiscal Research Division by December
 25 1, 2021.

26 **SECTION 41.14.(b)** During the 2021-2023 fiscal biennium, unless the General
 27 Assembly modifies the rate after the study required by subsection (a) of this section, the
 28 Department of Transportation shall charge one thousand two hundred dollars (\$1,200) per hour
 29 to State agencies, excluding the Department of Transportation, for use of the King Air until June
 30 30, 2023.

31
 32 **FERRY CAPITAL SPECIAL FUND**

33 **SECTION 41.15.(a)** G.S. 136-82 reads as rewritten:

34 **"§ 136-82. Department of Transportation to establish and maintain ferries.**

35 ...

36 (c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a
 37 special fund separate from the Highway Fund within the Department of Transportation.

38 (d) Use of Toll Proceeds. – The Department of Transportation shall ~~credit~~ deposit the
 39 proceeds from tolls collected on North Carolina Ferry System routes and ~~certain route-generated~~
 40 receipts ~~generated~~ authorized under subsection (f) of this section to ~~reserve accounts fund codes~~
 41 within the ~~Highway Fund~~ Ferry Capital Special Fund for each of the Highway Divisions in which
 42 system terminals are located and fares are earned. For the purposes of this subsection, fares are
 43 earned based on the terminals from which a passenger trip originates and terminates. Commuter
 44 pass receipts shall be ~~credited~~ deposited proportionately to each ~~reserve account fund code~~ based
 45 on the distribution of trips originating and terminating in each Highway Division. The proceeds
 46 ~~credited~~ deposited to each ~~reserve account fund code~~ shall be used exclusively for prioritized
 47 North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which
 48 the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement
 49 projects or supplement funds allocated for ferry passenger vessel replacement projects approved
 50 in the Transportation Improvement Program.

51 ...

1 (f) Authority to Generate Certain Receipts. – The Department of Transportation,
2 notwithstanding any other provision of law, may operate or contract for the following
3 receipt-generating activities and, ~~except as otherwise provided in subsection (f1) of this section,~~
4 ~~use the proceeds for ferry passenger vessel replacement projects in the manner set forth in~~
5 ~~subsection (d) of this section:~~ activities. The proceeds collected on North Carolina Ferry System
6 routes from receipts generated under this subsection shall be deposited and used in accordance
7 with subsection (d) of this section. The proceeds collected from receipts generated from the
8 Shipyard shall be deposited and used in accordance with subsection (f1) of this section.

- 9 (1) Operation of, concessions on the ferries and at ferry facilities to provide to
10 passengers on the ferries food, drink, and other refreshments, personal comfort
11 items, Internet access, and souvenirs publicizing the ferry system.
- 12 (2) Sponsorships, including, but not limited to, the sale of naming rights to any
13 ferry vessel, ferry route, or ferry facility.
- 14 (3) Advertising on or within any ferry vessel or at any ferry facility, including,
15 but not limited to, display advertising and advertising delivered to passengers
16 through the use of video monitors, public address systems installed in
17 passenger areas, and other electronic media.
- 18 (4) Any other receipt-generating activity not otherwise forbidden by applicable
19 law pertaining to public health or safety.

20 The Department may issue rules to implement this subsection.

21 (f1) Use of Receipts Generated From Shipyard. – The Department of Transportation shall
22 ~~credit-deposit~~ the proceeds from receipts generated under subsection (f) of this section from
23 activities performed by the North Carolina State Shipyard to a ~~reserve account-fund code~~ within
24 the ~~Highway Fund-Ferry Capital Special Fund~~ to be used exclusively for improvements to the
25 Shipyard, including equipment and associated infrastructure. ~~Notwithstanding the restrictions on~~
26 ~~the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a~~
27 ~~proportional amount of the proceeds credited to each reserve account described in subsection (d)~~
28 ~~of this section to replace or repair equipment in accordance with this subsection if there is an~~
29 ~~insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.~~

30 (f2) ~~Reserve Account-Ferry Systemwide Fund Code~~ and Disposition of Marine Vessels. –
31 There is created in the ~~Highway Fund-Ferry Capital Special Fund~~ a Ferry Systemwide ~~reserve~~
32 ~~account-fund code~~. The funds in the ~~account~~ this fund code shall be used for the acquisition or
33 construction of marine vessels to maintain existing service capacity by replacing marine vessels
34 that have reached the end of their useful life, as determined by the Department of Transportation.
35 The Department of Transportation shall decommission and dispose of a marine vessel subject to
36 replacement in a timely manner after the replacement marine vessel is operationalized.
37 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition
38 of a marine vessel shall be ~~credited-deposited~~ to the ~~reserve account-fund code~~ established under
39 this subsection. Nothing in this subsection shall be construed as prohibiting the Department of
40 Transportation from using funds held in the ~~reserve account-fund code~~ established under this
41 subsection to supplement funds ~~credited-deposited~~ to a ~~reserve account-fund code~~ under
42 subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger
43 vessel replacement projects in the Highway Division in which the funds ~~credited-deposited~~ to the
44 ~~reserve account-fund code~~ under subsection (d) of this section are earned. For purposes of this
45 subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than
46 passenger-only vessels.

47 ...

48 (h) Transfer of Funds. – Notwithstanding G.S. 136-44.2(f), G.S. 136-44.2(f1), and any
49 other provision of law to the contrary, beginning with the 2021-2022 fiscal year, no later than 45
50 days after the first day of the fiscal year, the Department of Transportation shall transfer from the

1 Highway Fund to the Ferry Systemwide fund code of the Ferry Capital Special Fund all
2 unexpended funds for the Ferry Division's budget from the prior fiscal year.

3 (i) Semiannual Report. – No later than March 1 and September 1 of each year, the Ferry
4 Division shall submit a report to the Joint Legislative Transportation Oversight Committee and
5 the Fiscal Research Division that contains the total cost to operate each ferry route."

6 **SECTION 41.15.(b)** G.S. 136-16.10 reads as rewritten:

7 "**§ 136-16.10. Allocations by Department Chief Financial Officer to eliminate overdrafts.**

8 The Chief Financial Officer of the Department of Transportation shall allocate at the
9 beginning of each fiscal year from the various appropriations made to the Department of
10 Transportation for State Construction, State Funds to Match Federal Highway Aid, ~~State~~
11 ~~Maintenance, and Ferry Operations,~~ and State Maintenance sufficient funds to eliminate all
12 overdrafts on State maintenance and construction projects, and these allocations shall not be
13 diverted to other purposes."

14 **SECTION 41.15.(c)** G.S. 136-44.2(f1)(2) reads as rewritten:

15 "(2) The unallotted and unencumbered balances on the last day of the fiscal year
16 for the following:

- 17 a. Funds appropriated from the Highway Fund for the multimodal
18 programs of the Department, consisting of funds for bicycle and
19 pedestrian, ~~ferry,~~ railroad, aviation, and public transportation
20 programs, excluding funds deposited in the Freight Rail & Rail
21 Crossing Safety Improvement Fund.
22 b. Funds appropriated from the Highway Fund for the construction
23 programs of the Department, consisting of funds for secondary
24 construction, access and public service roads, spot safety
25 improvement, small urban construction, and economic development
26 programs."

27 **SECTION 41.15.(d)** Subdivision (2) of subsection (b) of Section 35.1 of S.L.
28 2016-94 is repealed.

30 DOT/RECLASSIFICATION AUTHORITY FOR CERTAIN POSITIONS

31 **SECTION 41.16.** Notwithstanding any other provision of law to the contrary, the
32 Department of Transportation shall reclassify vacant positions, pursuant to the classification
33 system established by the State Human Resources Commission, to the following positions:

- 34 (1) Up to four full-time equivalent (FTE) positions in the Office of Civil Rights.
35 (2) Up to seven FTE positions in the Purchasing Division to manage the
36 procurement and contractual needs of the Department.
37 (3) Up to four FTE positions in the Department's Finance Division to improve
38 financial operations and performance.

40 DOT/FACILITIES PLAN

41 **SECTION 41.17.(a)** The Department of Transportation shall develop a 10-year
42 Facilities Plan for the Department's current and future facility needs. The plan shall identify the
43 need for replacement and major renovations of all Department-owned buildings and include the
44 following components: complete facility inventory, condition analysis, building and site usage,
45 building capacity analysis with square footage, staff replacement, renovation cost estimates, and
46 proposed 10-year replacement and renovations schedule. The Department shall seek input from
47 all units of the Department to develop the comprehensive plan of the Department. The
48 Department is authorized to contract with an outside consultant to conduct the study.

49 **SECTION 41.17.(b)** The Department shall submit a report to the Joint Legislative
50 Transportation Oversight Committee, the Joint Legislative Oversight Committee on Capital
51 Improvements, and the Fiscal Research Division. The report shall include all components of the

1 plan, including the proposed 10-year schedule, estimated costs, and the status of all building
 2 replacements and renovations underway by the Department. The report is due no later than March
 3 1, 2023.

4
 5 **REPORT ON PREVENTIVE MAINTENANCE PLAN FOR DOT BUILDINGS**

6 **SECTION 41.18.(a)** The Facilities Division of the Department of Transportation
 7 shall develop a preventive maintenance program for all buildings owned by the Department. The
 8 plan shall include a schedule to examine the building systems, including lighting and electrical,
 9 safety, HVAC, building interior, full building exterior, and a short-term and long-term plan for
 10 repair and maintenance.

11 **SECTION 41.18.(b)** No later than March 1, 2022, the Facilities Division shall
 12 submit a report to the Joint Legislative Transportation Oversight Committee and the Fiscal
 13 Research Division on the plan, schedule, and an estimate of recurring funds needed for
 14 maintenance and repair.

15
 16 **CAPITAL, REPAIRS, AND RENOVATIONS**

17 **SECTION 41.19.** For the 2021-2023 fiscal biennium, the funds appropriated in this
 18 act from the Highway Fund to the Department of Transportation for capital, repairs, and
 19 renovations shall be used as follows:

20	FY 2021-22	FY 2022-23
21 Item		
22 Polk Maintenance Shop	\$745,285	
23 Currituck Equipment and Maintenance Storage Facility	\$447,544	
24 Cleveland County Div. 12 Office		\$5,022,534
25 Alleghany Equipment Shop		\$162,000
26 Ferry Facilities – Hatteras Dolphins and Exterior Door, 27 Silver Lake Dolphins and Gantries, Minnesott Gantry 28 and Ramp, and Cedar Island Ticket Booth	\$860,000	
29 Other Statewide – Repairs	\$1,637,500	\$1,681,250
30 Shipyard Water Tower	\$771,015	
31		
32 Total	\$4,461,344	\$6,865,784

33
 34 **DOT/CONTRACTING AUTHORITY FOR CERTAIN CAPITAL ITEMS**

35 **SECTION 41.20.(a)** Notwithstanding G.S. 143-135.26(1), or any other provision of
 36 law to the contrary, for the 2021-2023 fiscal biennium, the Department of Transportation shall
 37 have the authority to (i) procure design services and (ii) oversee the solicitation, bidding, and
 38 contracting for the construction of the capital replacement projects listed in Section 41.19 of this
 39 act and shall not be subject to the jurisdiction of the Department of Administration, if the
 40 estimated cost of the design and construction of the replacement building is less than two million
 41 dollars (\$2,000,000). The Department of Transportation shall advertise and award contracts in
 42 the manner required by Article 3 and Article 8 of Chapter 143 of the General Statutes. Upon
 43 request, the Department of Administration shall assist the Department of Transportation in
 44 advertising and awarding a contract under this section.

45 **SECTION 41.20.(b)** No later than 30 days after the end of each fiscal quarter, the
 46 Department of Transportation shall report to the Joint Legislative Transportation Oversight
 47 Committee and the Fiscal Research Division on the status of all contracts awarded by the
 48 Department of Transportation under subsection (a) of this section. The report shall include for
 49 each capital replacement project:

- 50 (1) The estimated cost of the design and construction of the replacement structure.
- 51 (2) The method for replacement, to include design phase through construction.

- 1 (3) Any assistance provided by the Department of Administration.
 2 (4) The issued request for proposal, selection criteria, bid amounts, and selected
 3 contractor.
 4 (5) The status of project, total contract cost, amount paid-to-date, and anticipated
 5 completion date.
 6

7 REVISE CASH WATCH REPORT

8 **SECTION 41.21.** G.S. 143C-6-11(n) reads as rewritten:

9 "(n) Cash Watch Weekly Report. – The Department of Transportation shall publish for
 10 public review a weekly report of the Department's cash position, which shall be entitled "NCDOT
 11 Cash Watch Numbers." The report shall be issued as a press release to all interested parties,
 12 posted on the Department's Web site, and submitted to the Joint Legislative Transportation
 13 Oversight Committee and the Fiscal Research Division. In addition to any cash flow category the
 14 Department determines is beneficial to include, the report shall contain the following:

- 15 (1) Total Cash and Bond Proceeds
 16 (2) Add Receipts
 17 a. Add subcategory of federal receipts
 18 b. Add subcategory of federal receipts (declared disaster
 19 reimbursements)
 20 (3) Less Disbursements
 21 a. Payroll
 22 b. Debt Service
 23 c. STI Construction Costs
 24 d. General Operating Costs
 25 e. Map Act Claims/Settlements
 26 f. State Aid Payments
 27 g. Disaster-Related Costs
 28 h. Other
 29 (4) Reserved Cash
 30 a. GARVEE/Federal Repayment Reserve
 31 b. Transportation Emergency Reserve
 32 c. Trustee Accounts – Build NC proceeds
 33 d. Trustee Accounts – GARVEE
 34 e. Trustee Accounts – Other Bonds
 35 f. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
 36 g. Repealed by Session Laws 2020-91, s. 4.10(a), effective July 1, 2020.
 37 (5) Unreserved Cash Balance Total
 38 a. Highway Fund Total
 39 b. Highway Trust Fund Total
 40 c. Statutory Cash Requirement"
 41

42 HIGHWAY DIVISIONS ANNUAL REPORT

43 **SECTION 41.22.** G.S. 143C-6-11 is amended by adding a new subsection to read:

44 "(s) No later than September 1 of each year, the Department of Transportation shall submit
 45 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division an
 46 annual report on the prior fiscal year allocations and expenditures for each highway division that
 47 contains the following information:

- 48 (1) A chart detailing all Highway Fund allocations allotted to each highway
 49 division by category and purpose, the actual amount spent by each division,
 50 and any funds remaining for each division for the fiscal year.

- 1 (2) The amount of funds reallocated between divisions under G.S. 136-44.6 by
2 division source and recipient.
3 (3) The overdrafts and carryforward amounts in total and by division."
4

5 REST AREAS

6 **SECTION 41.23.(a)** No later than August 15, 2021, the Department of
7 Transportation shall open and fully operate all rest areas owned or maintained by the Department.

8 **SECTION 41.23.(b)** Article 7 of Chapter 136 of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 136-102.10. Rest areas report.**

11 No later than October 1 of each year, the Department shall submit an annual report to the
12 Joint Legislative Transportation Oversight Committee and the Fiscal Research Division that
13 contains the following information:

- 14 (1) Total inventory of rest areas.
15 (2) Location and description of each rest area to include condition of the rest area
16 buildings, parking, landscape, ingress and egress roads, restrooms, lighting,
17 vending, whether collocated with a welcome center, and availability of Wi-Fi
18 and cell phone service strength.
19 (3) Most recent reopening date and the reason and length of closure before
20 reopening.
21 (4) Actual expenditures by categories to include staff, contracts, building
22 operations, and other maintenance.
23 (5) Number of estimated visitors and how estimated visitors are calculated.
24 (6) Planned renovations and closures for renovations."
25

26 INCREASE NUMBER OF BOARD OF TRANSPORTATION APPOINTEES 27 PERMITTED FROM THE SAME HIGHWAY DIVISION

28 **SECTION 41.24.** G.S. 143B-350(b)(1) reads as rewritten:

29 "(b) Membership of the Board. –

- 30 (1) Number, appointment. – The Board of Transportation shall have 20 voting
31 members. Voting members shall be appointed as provided in subdivisions (2)
32 and (3) of this subsection for terms of office beginning July 31 of the year of
33 initial appointment, and every four years thereafter. Fourteen of the members
34 shall be division members appointed by the Governor. Six members shall be
35 at-large members appointed by the General Assembly, three upon
36 recommendation of the President Pro Tempore of the Senate and three upon
37 recommendation of the Speaker of the House of Representatives. The
38 Secretary of Transportation shall serve as an ex officio nonvoting member of
39 the Board. No more than ~~two~~ three members of the Board may reside in the
40 same highway division."
41

42 LITTER CLEANUP

43 **SECTION 41.25.(a)** G.S. 136-28.12 reads as rewritten:

44 **"§ 136-28.12. Litter removal coordinated with mowing of highway rights-of-way.**

45 ~~The Department of Transportation shall, to the extent practicable, schedule the removal of~~
46 ~~debris, trash, and litter from highways and highway rights-of-way prior to the mowing of~~
47 ~~highway rights-of-way. The Department of Transportation shall include as a term of any contract~~
48 ~~that it enters into for the mowing of a highway right-of-way that the contracting party shall, to~~
49 ~~the extent practicable, coordinate with the scheduled removal of debris, trash, and litter from the~~
50 ~~highway and highway right-of-way prior to the mowing of the highway right-of-way.~~

1 (a) For State-maintained roads, the Department of Transportation shall coordinate litter
 2 removal and mowing as follows:

3 (1) If the highway right-of-way to be mowed is part of the primary road system,
 4 the Department shall schedule the removal of litter before the right-of-way is
 5 mowed.

6 (2) If the highway right-of-way to be mowed is part of the secondary road system,
 7 the Department shall schedule, to the extent practicable, the removal of litter
 8 before the right-of-way is mowed.

9 (b) The Department shall require as a term of any contract to mow or remove litter that
 10 the contracting party agree to the provisions in subsection (a) of this section."

11 **SECTION 41.25.(b)** Report on Litter Management System. – On or before January
 12 15, 2022, the Department of Transportation shall report to the Joint Legislative Transportation
 13 Oversight Committee and the Fiscal Research Division on the effectiveness of the Department's
 14 Litter Management System website and interactive map, including impacts on participation in
 15 litter management programs.

16 **SECTION 41.25.(c)** This section is effective when it becomes law. Subsection (a)
 17 of this section applies to contracts entered into on or after January 1, 2022.

18
 19 **AUTHORIZE REVISOR OF STATUTES TO MAKE CONFORMING CHANGES TO**
 20 **STATUTE FOR THE DMV QUADRENNIAL FEE INCREASE**

21 **SECTION 41.26.** G.S. 20-4.02 reads as rewritten:

22 "**§ 20-4.02. Quadrennial adjustment of certain fees and rates.**

23 (a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter,
 24 the Division shall adjust the fees and rates imposed pursuant to the statutes listed in this
 25 subsection for inflation in accordance with the Consumer Price Index computed by the Bureau
 26 of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection
 27 shall be rounded to the nearest cent and all other adjustments under this subsection shall be
 28 rounded to the nearest twenty-five cents (25¢):

29 ...

30 (c) Rules. – The provisions of Chapter 150B of the General Statutes ~~shall~~ do not apply to
 31 the inflation adjustment required by this section.

32 (d) Consultation and Publication. – At least 90 days prior to making an adjustment
 33 pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1 to
 34 the contrary, the Division shall (i) consult with the Joint Legislative Commission on
 35 Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations
 36 Committee on ~~Department of~~ Transportation and the House of Representatives Appropriations
 37 Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the
 38 offices of the Division and on the Division's ~~Web site.~~ website. After making the adjustment, the
 39 Division shall notify the Revisor of Statutes who shall adjust the amounts in statute.

40"

41
 42 **POWELL BILL REDUCTIONS PROHIBITED**

43 **SECTION 41.27.** For the 2021-2023 fiscal biennium, the Department of
 44 Transportation shall not reduce the funds appropriated under this act to the State Aid–Powell Bill
 45 Fund for allocation under the Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).

46
 47 **TRANSPORTATION EMERGENCY RESERVE/INCREASE RESERVE**

48 **SECTION 41.28.** G.S. 136-44.2E reads as rewritten:

49 "**§ 136-44.2E. Transportation Emergency Reserve.**

50 ...

1 (b) Funding; Use of Funds. – Subject to subsection (d) of this section, no later than July
2 30 of each fiscal year, the Department of Transportation shall transfer from the Highway Fund
3 to the Emergency Reserve the sum of ~~one hundred twenty five million dollars (\$125,000,000),~~
4 one hundred fifty million dollars (\$150,000,000), and these funds are hereby appropriated for
5 expenses related to an emergency. For purposes of this section, the term "emergency" has the
6 same meaning as in G.S. 166A-19.3.

7 ...

8 (d) Limitation on Funds. – The total funds in the Emergency Reserve shall not exceed the
9 sum of ~~one hundred twenty five million dollars (\$125,000,000).~~ one hundred fifty million dollars
10 (\$150,000,000). If a transfer under subsection (b) of this section would cause the Emergency
11 Reserve to exceed this limitation, the amount transferred shall equal the difference between ~~one~~
12 ~~hundred twenty five million dollars (\$125,000,000)~~ one hundred fifty million dollars
13 (\$150,000,000) and the amount of funds in the Emergency Reserve on the transfer date set forth
14 in subsection (b) of this section.

15"

17 **AUTHORIZE ONLINE RENEWALS FOR DMV-ISSUED LICENSES, PERMITS,** 18 **CERTIFICATES, AND REGISTRATIONS**

19 **SECTION 41.29.** Article 1 of Chapter 20 of the General Statutes is amended by
20 adding a new section to read:

21 **"§ 20-4.04. Division authority to create electronic systems for renewals.**

22 (a) Authorization. – The Division is authorized to establish and maintain electronic
23 systems and means for renewals of all licenses, permits, certificates, and registrations issued by
24 the Division pursuant to this Chapter for the purposes of administrative efficiency and to
25 modernize Division systems and practices. This authorization does not supersede or modify
26 specific renewal authorizations set out in this Chapter.

27 (b) Reporting Requirement. – By December 31, 2021, and annually thereafter, the
28 Division must report to the Joint Legislative Transportation Oversight Committee, the Fiscal
29 Research Division, and the Legislative Analysis Division any electronic system or means for
30 renewal that has been implemented or is in the process of being implemented. This report shall
31 also include any proposed legislative recommendations necessary as conforming changes to the
32 General Statutes."

34 **HANDICAPPED PLACARD ONLINE RENEWAL**

35 **SECTION 41.30.(a)** G.S. 20-37.6(c1) reads as rewritten:

36 "(c1) Application and Renewal; Medical Certification. – The initial application for a
37 distinguishing license plate, removable windshield placard, or temporary removable windshield
38 placard shall be accompanied by a certification of a licensed physician, a licensed
39 ophthalmologist, a licensed optometrist, a licensed physician assistant, a licensed nurse
40 practitioner, or the Division of Services for the Blind that the applicant or person in the applicant's
41 custody or care is handicapped or by a disability determination by the United States Department
42 of Veterans Affairs that the applicant or person in the applicant's custody or care is handicapped.
43 For an initial application for a temporary removable windshield placard only, the certification
44 that the applicant is handicapped may be made by a licensed certified nurse midwife. The
45 application for a temporary removable windshield placard shall contain additional certification
46 to include the period of time the certifying authority determines the applicant will have the
47 disability. Distinguishing license plates shall be renewed annually, but subsequent applications
48 shall not require a medical certification that the applicant is handicapped, except that a registered
49 owner that certified pursuant to subsection (b) of this section that the registered owner is the
50 guardian or parent of a handicapped person must recertify every five years. Removable
51 windshield placards shall be renewed every five years, and, except for a person certified as totally

1 and permanently disabled at the time of the initial application or a prior renewal under this
2 subsection, the renewal shall require a medical recertification that the person is handicapped;
3 provided that a medical certification shall not be required to renew any placard that expires after
4 the person to whom it is issued is 80 years of age. Temporary removable windshield placards
5 shall expire no later than six months after issuance. The Division shall offer renewal of
6 handicapped credentials in person and online on the Division's website."

7 **SECTION 41.30.(b)** This section becomes effective October 1, 2021.

8
9 **DISQUALIFICATIONS FOR LIFE FROM DRIVING A COMMERCIAL MOTOR**
10 **VEHICLE FOR CERTAIN CONVICTIONS OF SEVERE FORMS OF**
11 **TRAFFICKING IN PERSONS**

12 **SECTION 41.31.(a)** G.S. 20-17.4 is amended by adding a new subsection to read:

13 "(c2) Life. – A person shall be disqualified from driving a commercial motor vehicle for
14 life, without the possibility of reinstatement, if convicted of a major disqualifying offense as
15 defined in 49 C.F.R. § 383.51(b)(10)."

16 **SECTION 41.31.(b)** This section becomes effective December 1, 2021, and applies
17 to offenses committed on or after that date.

18
19 **INSURANCE COMPANIES TO SUBMIT POLICY NOTIFICATIONS TO DIVISION**
20 **ELECTRONICALLY**

21 **SECTION 41.32.(a)** G.S. 20-309.2(c) reads as rewritten:

22 "(c) Form of Notice. – ~~Any insurer with twenty-five million dollars (\$25,000,000) or more~~
23 ~~in annual vehicle insurance premium volume shall submit the notices required under this section~~
24 ~~by electronic means. All other insurers may shall~~ submit the notices required under this section
25 by either paper or electronic means."

26 **SECTION 41.32.(b)** This section becomes effective October 1, 2021.

27
28 **REVISE VEHICLE DEALER LICENSING LAWS**

29 **SECTION 41.33.(a)** G.S. 20-287 reads as rewritten:

30 **"§ 20-287. Licenses required; penalties.**

31 (a) License Required. – It shall be unlawful for any new motor vehicle dealer, used motor
32 vehicle dealer, motor vehicle sales representative, manufacturer, factory branch, factory
33 representative, distributor, distributor branch, distributor representative, or wholesaler to engage
34 in business in this State without first obtaining a license as provided in this Article. If any motor
35 vehicle dealer acts as a motor vehicle sales representative, the dealer shall obtain a motor vehicle
36 sales representative's license in addition to a motor vehicle dealer's license. ~~A sales representative~~
37 ~~may have only one license. The sales representative license shall show the name of the each~~
38 ~~dealer or wholesaler employing the sales representative. An individual who has submitted an~~
39 ~~application to the Division for a sales representative license pursuant to G.S. 20-288(a) shall be~~
40 ~~permitted to may~~ engage in activities as a sales representative while the application is pending
41 ~~provided that~~ under the following conditions: (i) the sales representative applicant is actively and
42 directly supervised by a licensed motor vehicle dealer or a licensed sales representative
43 designated by the dealer, provided further that (ii) the applicant certifies in the application that
44 the applicant has not been previously denied a sales representative license for any dealer by the
45 Division and that Division on nonprocedural grounds, and (iii) the applicant has not been
46 previously convicted of a felony. Any license issued by the Division to a motor vehicle dealer,
47 manufacturer, factory branch, factory representative, distributor, distributor branch, distributor
48 representative, or wholesaler under this Article may not be assigned, sold, or otherwise
49 transferred to any other person or entity.

50 (b) Civil Penalty for Violations by Licensee. – In addition to any other punishment or
51 remedy under the law for any violation of this section, the Division may levy and collect a civil

1 penalty, in an amount not to exceed one thousand dollars (\$1,000) for each violation, against any
 2 person who has obtained a license pursuant to this ~~section~~, ~~section~~, or is an applicant for a license
 3 under this section, if it finds that the ~~licensee~~-person has violated any of the provisions of
 4 G.S. 20-285 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by
 5 the Division relating to the sale of vehicles, vehicle titling, or vehicle registration. If the Division
 6 finds that a sales representative applicant has violated any of these provisions, the penalty shall
 7 be assessed against the applicant unless the Division finds that a dealership owner, manager, or
 8 officer had knowledge of the violation before the application was submitted to the Division.

9 (c) Civil Penalty for Violations by Person Without a License. – In addition to any other
 10 punishment or remedy under the law for any violation of this section, the Division may levy and
 11 collect a civil penalty, in an amount not to exceed five thousand dollars (\$5,000) for each
 12 violation, against any person who is required to obtain a license under this section and has not
 13 obtained the license, if it finds that the person has violated any of the provisions of G.S. 20-285
 14 through G.S. 20-303, Article 15 of this Chapter, or any statute or rule adopted by the Division
 15 relating to the sale of vehicles, vehicle titling, or vehicle registration."

16 **SECTION 41.33.(b)** G.S. 20-294 reads as rewritten:

17 "**§ 20-294. Grounds for denying, suspending, placing on probation, or revoking licenses.**

18 ~~The~~ In accordance with G.S. 20-295 and G.S. 20-296, the Division may deny, suspend, place
 19 on probation, or revoke a license issued under this Article for any one or more of the following
 20 grounds:

- 21 (1) Making a material misstatement in an application for a license.
- 22 (2) Willfully and intentionally failing to comply with this Article, Article 15 of
 23 this Chapter, or G.S. 20-52.1, 20-75, 20-79.1, 20-79.2, 20-108, 20-109,
 24 20-109.3, or a rule adopted by the Division under this Article. It shall be an
 25 affirmative defense, exclusive to the dealer licensee, if the violation is a result
 26 of fraud, theft, or embezzlement against the licensee. Responsible persons,
 27 including officers, directors, and sales representative licensees, may be
 28 charged individually if they actively and knowingly participated in the
 29 unlawful activity. This affirmative defense is waived if any violation charged
 30 creates an unrecoverable loss for a citizen or another licensed motor vehicle
 31 dealer of this State.
- 32 ...
- 33 (4) Willfully defrauding any retail or wholesale buyer, to the buyer's damage, or
 34 any other person in the conduct of the licensee's business.
- 35 ...
- 36 (6) Using unfair methods of competition or unfair or deceptive acts or
 37 ~~practices~~-practices that cause actual damages to the buyer.
- 38 ...
- 39 (9) Being convicted of an offense set forth under ~~G.S. 20-106~~, G.S. 14-71.2,
 40 20-106.1, 20-107, or 20-112 while holding such a license or within five years
 41 next preceding the date of filing the application; or being convicted of a felony
 42 involving moral turpitude under the laws of this State, another state, or the
 43 United States. It shall be an affirmative defense, and will operate as a stay of
 44 this violation, if the person charged is determined to qualify and obtains
 45 expunction, certificate of relief, or pardon or if the violative conviction is
 46 vacated. If relief is granted, this violation is dismissed. If relief is denied, the
 47 stay is lifted.
- 48 ...
- 49 (11) Knowingly giving an incorrect certificate of title, or failing to give a certificate
 50 of title to a purchaser, a lienholder, or the Division, as appropriate, after a
 51 vehicle is sold. It shall be an affirmative defense, exclusive to the dealer

licensee, if it is found that the violation is a result of fraud, theft, or embezzlement against the licensee. Officers, directors, members, and sales representative licensees may be charged individually if they actively and knowingly participated in the unlawful activity. This affirmative defense is waived if any violation charged creates an unrecoverable loss for a citizen or another licensed motor vehicle dealer of this State.

(12) ~~Making~~ Knowingly making a material misstatement in an application for a dealer license plate.

...."

SECTION 41.33.(c) G.S. 14-86.1(a) reads as rewritten:

"(a) All conveyances, including vehicles, watercraft or aircraft, used to unlawfully conceal, convey or transport property in violation of G.S. 14-71, 14-71.1, or ~~20-106, 14-71.2,~~ or used by any person in the commission of armed or common-law robbery, or used in violation of G.S. 14-72.7, or used by any person in the commission of any larceny when the value of the property taken is more than two thousand dollars (\$2,000) shall be subject to forfeiture as provided herein, except that:

...."

SECTION 41.33.(d) G.S. 20-299 reads as rewritten:

"§ 20-299. Acts of officers, directors, partners, salesmen and other representatives.

(a) ~~If a licensee is a copartnership or a corporation, it shall be sufficient cause for the denial, suspension or revocation of a license that any officer, director or partner of the copartnership or corporation has committed any act or omitted any duty which would be cause for refusing, suspending or revoking a license to such party as an individual. Each licensee shall be responsible for the acts of any or all of his salesmen while acting as his agent. The Division may deny, suspend, place on probation, or revoke a license issued to a corporation, limited liability company, limited liability partnership, or any other business entity that is a licensee under this Article if more than fifty percent (50%) of the business entity ownership engaged in conduct prohibited by G.S. 20-294. A license issued to a business entity under this Article may also be revoked if any damages suffered due to a violation of this Article are not satisfied, including damages caused by a sales representative while acting as an agent of the business entity. An owner of a business entity that did not engage personally in a violation of G.S. 20-294 and did not knowingly omit any duty may not be penalized for the acts of a business entity found to have violated this section.~~

...."

SECTION 41.33.(e) This section becomes effective October 1, 2021.

DMV/STUDY TRANSFERRING VEHICLE DEALER LICENSE AND SAFETY AND EMISSIONS INSPECTION HEARINGS FROM DMV TO OFFICE OF ADMINISTRATIVE HEARINGS

SECTION 41.34.(a) The Division of Motor Vehicles, in consultation with the Office of Administrative Hearings and the Attorney General, shall study the feasibility of transferring (i) dealer license hearings pursuant to G.S. 20-296 and (ii) safety and emissions inspection hearings pursuant to Article 3A of Chapter 20 of the General Statutes from the Division of Motor Vehicles to the Office of Administrative Hearings. The study shall:

- (1) Provide a five-year history of the number of dealer license and safety and emissions inspection hearings conducted by the Division, including annually collected receipts.
- (2) Identify personnel requirements for these hearings, including the total number of Division staff assigned to the hearings and the educational and professional requirements associated with all assigned positions.

- 1 (3) Provide an itemized estimate of costs incurred by the Division when
2 conducting these hearings.
- 3 (4) Describe the Division's current procedures for administrating these hearings,
4 including the appeals process.
- 5 (5) Propose new procedures for administrating these hearings if they are
6 transferred, including the new fee structure and appeals process. This proposal
7 shall clearly highlight the differences between the current administrative
8 procedures and the proposed new procedures.
- 9 (6) Evaluate the advantages and disadvantages of the current administrative
10 procedures and the proposed new procedures.
- 11 (7) Examine applicable federal and State law, noting any due process
12 implications.
- 13 (8) Provide a plan for implementing the transfer of hearings. The plan shall
14 address (i) anticipated workload changes, (ii) anticipated changes to staffing
15 needs for any entity affected by the transfer, (iii) estimated one-time and
16 annual costs to the Division or any other State agency resulting from the
17 transfer, (iv) estimated cost savings for the Division or any other State agency
18 resulting from the transfer, (v) changes in revenue for the Division or any
19 other State agency resulting from the transfer, (vi) legislative changes
20 necessary to implement the plan, and (vii) an estimated time line for
21 implementation, including steps required to facilitate the transfer.
- 22 (9) Provide separate statements from the Division, the Attorney General, and the
23 Office of Administrative Hearings indicating whether they are in favor of or
24 opposed to implementing the transfer.
- 25 (10) Explore any other issue deemed relevant.

26 **SECTION 41.34.(b)** By January 31, 2022, the Division of Motor Vehicles shall
27 submit the findings of the study to the Joint Legislative Transportation Oversight Committee and
28 the Fiscal Research Division.

30 **LENDERS MAY OBTAIN COLOR IMAGE OF BORROWER'S DRIVERS LICENSE**

31 **SECTION 41.35.(a)** G.S. 20-30(6) reads as rewritten:

- 32 "(6) To make a color photocopy or otherwise make a color reproduction of a
33 drivers license, learner's permit, or special identification ~~card which has been~~
34 ~~color photocopied or otherwise reproduced in color,~~ card, unless such color
35 photocopy or other color reproduction was authorized by the Commissioner
36 or is made to comply with G.S. 163-230.2. It shall be lawful to make a black
37 and white photocopy of a drivers license, learner's permit, or special
38 identification card or otherwise make a black and white reproduction of a
39 drivers license, learner's permit, or special identification card. This
40 subdivision does not apply to a lender that is licensed or otherwise authorized
41 to engage in the lending business in this State, or to a licensed motor vehicle
42 dealer, creating, storing, or receiving, in the ordinary course of business, a
43 color image of a drivers license, learner's permit, or special identification card
44 of a borrower or loan applicant."

45 **SECTION 41.35.(b)** This section becomes effective October 1, 2021.

47 **MANDATORY REPLACEMENT OF DEALER PLATES**

48 **SECTION 41.36.(a)** G.S. 20-79 is amended by adding a new subsection to read:

49 "(c1) Dealer Plate Mandatory Replacement. – Notwithstanding G.S. 20-63.1, registration
50 plates issued under this section shall be replaced every three years."

51 **SECTION 41.36.(b)** This section becomes effective October 1, 2021.

PRINT LICENSE RENEWAL GRACE PERIOD ON DEALER'S BLUE LICENSE

SECTION 41.37.(a) G.S. 20-295(b) reads as rewritten:

"(b) Pending License Renewal Grace Period. – When an application for license renewal has been timely submitted prior to expiration of the license, the license shall remain valid for up to 30 days after the expiration date until the Division grants or denies the application. The Division shall (i) ensure that any database maintained by the Division that indicates the status of a license issued under this Article reflects that the license continues to be valid during this period. period and (ii) send a temporary license to the applicant for display while the Division reviews the application."

SECTION 41.37.(b) This section becomes effective October 1, 2021.

MANUFACTURED HOMES

SECTION 41.38.(a) G.S. 20-109.2 reads as rewritten:

"§ 20-109.2. Surrender of title to manufactured home.

...

(d) Application for Title After Cancellation. – If the owner of a manufactured home whose certificate of title has been cancelled under this section subsequently seeks to separate the manufactured home from the real property, the owner may apply for a new certificate of title. The owner must submit to the Division an affidavit containing the same information set out in subsection (b) of this section, verification that the manufactured home has been removed from the real property, verification of the identity of the current owner of the real property upon which the manufactured home was located, and written consent of any affected owners of recorded mortgages, deeds of trust, or security interests in the real property where the manufactured home was placed. ~~The Commissioner may require evidence sufficient to demonstrate that all affected owners of security interests have been notified and consent.~~ Upon receipt of this information, together with a title application and required fee, the Division shall issue a new title for the manufactured home in the name of the current owner of the real property upon which the manufactured home was located.

...

(f) No Right of Action. – A person damaged by the cancellation of a certificate of title pursuant to subsection (a1) of this section does not have a right of action against the ~~Division.~~ Division or a commission contractor of the Division."

SECTION 41.38.(b) G.S. 20-58.3A(g) reads as rewritten:

"(g) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes and a commission contractor of the Division shall not be subject to a claim or cause of action related to the renewal of the perfection of a security interest or the failure to acknowledge or give effect to an expired perfection of a security interest on a certificate of title for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~ Division, or a commission contractor of the Division, on any application for renewal submitted to the ~~Division~~ Division, or a commission contractor of the Division, by a third party pursuant to this section or based on the automatic expiration of a perfection of a security interest pursuant to this section."

SECTION 41.38.(c) G.S. 20-58.4 reads as rewritten:

"§ 20-58.4. Release of security interest.

...

(c) An owner, upon securing the release of any security interest in a vehicle shown upon the certificate of title issued therefor, may exhibit the documents evidencing such release, signed by the person or persons making such release, and the certificate of title to the ~~Division~~ Division, or a commission contractor of the Division, which shall, when satisfied as to the genuineness ~~and~~

1 ~~regularity~~ of the release, issue to the owner either a new certificate of title in proper form or an
2 endorsement or rider attached thereto showing the release of the security interest.

3 (d) If an owner exhibits documents evidencing the release of a security interest as
4 provided in subsection (c) of this section but is unable to furnish the certificate of title to the
5 ~~Division~~ Division, or a ~~commission contractor of the Division~~, because it is in possession of a
6 prior secured party, the Division, when satisfied as to the genuineness ~~and regularity~~ of the
7 release, shall procure the certificate of title from the person in possession thereof for the sole
8 purpose of noting thereon the release of the subsequent security interest, following which the
9 Division shall return the certificate of title to the person from whom it was obtained and notify
10 the owner that the release has been noted on the certificate of title.

11 ...

12 (e1) If the vehicle is a manufactured home, the owner may proceed in accordance with
13 subsection (e) of this section or may, in the alternative, provide the Division with a sworn
14 affidavit by the owner stating that the debt has been satisfied and that either:

- 15 (1) After diligent inquiry, the owner has been unable to determine the identity or
16 the current location of the secured creditor or its successor in interest; or
17 (2) The secured creditor has not responded within 30 days to a written request
18 from the owner to release the secured creditor's security interest.

19 For purposes of this subsection, the term "owner" shall mean any of the following: (i) the
20 owner of the manufactured home; (ii) the owner of real property on which the manufactured
21 home is affixed; or (iii) a title insurance company as insurer of an insured owner of real property
22 on which the manufactured home is affixed.

23 (e2) The Division ~~may~~ shall treat either of the methods employed by the owner pursuant
24 to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section
25 when satisfied as to the genuineness, truth and sufficiency thereof. ~~Prior to cancellation of a~~
26 ~~security interest under the provisions of this subsection, at least 15 days' notice of the pendency~~
27 ~~thereof shall be given to the secured party at his last known address by the Division by registered~~
28 ~~letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15~~
29 ~~days after the Division gives notice, the secured party responds to the Division indicating that~~
30 ~~the security interest remains in effect. Before cancelling a security interest under this section, the~~
31 Division, or a commission contractor of the Division, shall send notice to the last known address
32 of the secured party. If the secured party files an objection within 15 days after notice was sent,
33 the security interest shall not be cancelled.

34 (f) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the
35 General Statutes and a commission contractor of the Division shall not be subject to a claim of
36 cause of action related to the release of the perfection of a security interest on a certificate of title
37 for a manufactured home pursuant to this section if the claim is based on reliance by the ~~Division~~
38 Division, or a commission contractor of the Division, on any release, affidavit, notation of the
39 certificate of title, or documents evidencing the release or satisfaction of a security interest
40 submitted to the ~~Division~~ Division, or a commission contractor of the Division, by a third party
41 pursuant to this section."

42 **SECTION 41.38.(d)** The Division of Motor Vehicles shall create a form for use by
43 employees, agents, and commission contractors of the Division in the cancellation, release, or
44 renewal of a security interest in a manufactured home and the surrender of title to a manufactured
45 home. On or before December 1, 2021, the Division shall publish this form on its website and
46 otherwise make it available to the public.

47 **SECTION 41.38.(e)** This section becomes effective October 1, 2021.

48
49 **APPLICATION FOR NOTATION OF SECURITY INTEREST BY LENDER**
50 **MODIFICATIONS**

51 **SECTION 41.39.(a)** G.S. 20-58(a)(2) reads as rewritten:

1 "(2) If the vehicle is registered in this State, the application for notation of a
2 security interest shall be in the form prescribed by the Division, signed by the
3 debtor, and contain the date of application of each security interest, and name
4 and address of the secured party from whom information concerning the
5 security interest may be obtained. The application may be signed by electronic
6 signature by the debtor without notarization, provided the application is
7 submitted by a licensed or regulated lender in this State having a lienholder
8 identification number issued by the Division. The application must be
9 accompanied by the existing certificate of title unless in the possession of a
10 prior secured party or in the event the manufacturer's statement of origin or
11 existing certificate of title (i) was not delivered to the dealer or (ii) was lost or
12 misplaced on the date the dealer sells or transfers the motor vehicle. If there
13 is an existing certificate of title issued by this or any other jurisdiction in the
14 possession of a prior secured party, the application for notation of the security
15 interest shall in addition contain the name and address of such prior secured
16 party. An application for notation of a security interest may be signed by the
17 secured party instead of the debtor when the application is accompanied by
18 documentary evidence of the applicant's security interest in that motor vehicle
19 signed by the debtor and by affidavit of the applicant stating the reason the
20 debtor did not sign the application. An application for a notation of a security
21 interest submitted to the Division signed by the secured party instead of the
22 debtor does not require documentary evidence of the applicant's security
23 interest in that motor vehicle signed by the debtor, provided the application is
24 submitted by a licensed or regulated lender in this State having a lienholder
25 identification number issued by the Division. In the event the certificate
26 cannot be obtained for recordation of the security interest, when title remains
27 in the name of the debtor, the Division shall cancel the certificate and issue a
28 new certificate of title listing all the respective security interests. Neither the
29 Division nor its commission contractors shall be liable for any cause of action
30 arising from a notation of security interest placed on a certificate of title
31 pursuant to applications submitted to the Division fraudulently or erroneously
32 by a licensed or regulated lender in this State having a lienholder identification
33 number issued by the Division. Any entity offering an electronic signature
34 process for applications submitted pursuant to this subdivision assumes all
35 responsibility and liability for the accuracy of the signature. The Division and
36 its commission contractors shall be held harmless from any liability to a claim
37 arising from applications submitted with an inaccurate electronic signature
38 pursuant to this subdivision."

39 **SECTION 41.39.(b)** This section becomes effective October 1, 2021, and applies to
40 applications for notation of security interests submitted to the Division of Motor Vehicles on or
41 after that date.

42 43 **ELECTRONIC LIEN SYSTEM CONTRACTORS MUST HAVE EXPERIENCE IN** 44 **ELECTRONIC LIENS**

45 **SECTION 41.40.(a)** G.S. 20-58.4A(d) reads as rewritten:

46 "(d) Qualified vendors and service providers shall have experience in directly providing
47 electronic lien and title solutions to State motor vehicle departments or agencies."

48 **SECTION 41.40.(b)** This section becomes effective October 1, 2021.

49 50 **COMMERCIAL DRIVER TRAINING SCHOOL ROAD TEST AUTHORIZATION**

1 **SECTION 41.41.(a)** G.S. 20-11(d)(3), as amended by S.L. 2021-24, reads as
2 rewritten:

3 "(3) Passes a road test administered by the ~~Division~~Division or by a commercial
4 driver training school certified by the Division to administer road tests."

5 **SECTION 41.41.(b)** G.S. 20-320 reads as rewritten:

6 **"§ 20-320. Definitions.**

7 As used in this Article:

8 (1) "Commercial driver training school" or "school" means a business enterprise
9 conducted by an individual, association, partnership or corporation which
10 educates or trains persons to operate or drive motor ~~vehicles~~vehicles,
11 administers road tests pursuant to G.S. 20-329, or which furnishes educational
12 materials to prepare an applicant for an examination given by the State for a
13 driver's license or learner's permit, and charges a consideration or tuition for
14 such service or materials.

15 (2) "Commissioner" means the Commissioner of Motor Vehicles.

16 (3) "Instructor" means any person who operates a commercial driver training
17 school or who teaches, conducts classes, gives demonstrations, administers
18 road tests, or supervises practical training of persons learning to operate or
19 drive motor vehicles in connection with operation of a commercial driver
20 training school."

21 **SECTION 41.41.(c)** Article 14 of Chapter 20 of the General Statutes is amended by
22 adding a new section to read:

23 **"§ 20-329. Commercial driver training school road test certification.**

24 (a) A licensed commercial driver training school is authorized to administer road tests
25 required for licensure under G.S. 20-11(d)(3) only when certified under this section by the
26 Division.

27 (b) A person that successfully passes a road test required for licensure administered by a
28 commercial driver training school may submit proof to the Division that the person passed the
29 road test, in a format specified by the Division, for the purpose of meeting the requirement of
30 G.S. 20-11(d)(3).

31 (c) The Commissioner may adopt rules for school certification to administer road tests,
32 including requirements concerning location, equipment, instructors, schedule of fees and
33 charges, insurance, bond or other security in such sum and with such provisions as the
34 Commissioner deems necessary to protect adequately the interests of the public, and such other
35 matters as the Commissioner may prescribe."

36 **SECTION 41.41.(d)** This section becomes effective October 1, 2021.
37

38 **MODIFY USE OF DOT/DMV INFORMATION TECHNOLOGY FUNDS**

39 **SECTION 41.42.** Funds appropriated in S.L. 2013-360 and S.L. 2014-100 from the
40 Highway Fund to the Department of Transportation for replacement of the State Titling and
41 Registration System (STARS), the State Automated Driver License System (SADLS), and the
42 Liability Insurance Tracking and Enforcement System (LITES) may be used by the Department
43 for IT innovation and technology modernization for the Division of Motor Vehicles and to
44 advance the development and implementation of replacement systems for Division mainframe
45 applications, including the State Titling and Registration System (STARS), the State Automated
46 Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System
47 (LITES), which includes the procurement of contractual services, hardware, and software for
48 these modernization and replacement efforts.
49

50 **BRIDGE NAMING**

1 **SECTION 41.43.** Notwithstanding any provision of law to the contrary, the
 2 Department of Transportation shall designate the bridges described in the subdivisions below as
 3 follows:

- 4 (1) The bridge on State Road 1341 that crosses Reedy Meadow Swamp in Bladen
 5 County as the "Ronald Phillip Allen Jr. Bridge."
- 6 (2) The bridge that connects Bruton Smith Boulevard and Concord Mills
 7 Boulevard and crosses part of Interstate 85 in the city of Concord in Cabarrus
 8 County as the "Officer Jason Shuping Bridge."
- 9 (3) The bridge on O'Berry Road crossing U.S. Highway 117 in Wayne County as
 10 the "Trooper Nolan Sanders Bridge."

11
 12 **SPECIAL PROJECTS/GRANTS-IN-AID**

13 **SECTION 41.44.(a)** Special Projects. – Of the funds appropriated in this act to the
 14 Department of Transportation for special projects, the Department of Transportation, Highways
 15 Division, shall use the following sums in nonrecurring funds for the following transportation
 16 special projects:

18 Special Project Description	18 FY 2021-22
19 Columbus County Garage	250,000
20 Ocean Blvd connecting Dow Rd in New Hanover County	485,000
21 Airport Rd Bridge connector in Gaston County	3,000,000
22 Intersection improvements US-17 and SR-1136	1,250,000
23 NC-18 Greenway crossing in Caldwell County	250,000
24 Duke St. paving project in Caldwell County	250,000
25 City of Jacksonville interchange project	5,000,000
26 Build road from Slade Park to Town of Badin	1,000,000
27 New road connecting Truist Sports Park 28 to Yadkin Valley Drive	500,000
29 Fire Tower Rd repair in Alamance County	250,000
30 School crossing improvements in Alamance County	75,000
31 Morrow Mountain State Park road improvements	1,000,000
32 Restore bridge in Catawba County	1,000,000
33 Town of Youngsville roundabout	2,000,000
34 Big Branch Rd in Haywood County	900,000
35 Old Monroe Rd Improvements in Town of Indian Trail	10,000,000
36 Secondary roads in Ashe County and Watauga County	1,200,000
37 Relocation of US-17 bridge in Town of Hertford	800,000
38 Upgrade Weeping Mary Lane in Bertie County	1,200,000
39 C Street Improvements in City of Jacksonville	50,000
40 Whiteville Driver License Office/Troop B District V	1,200,000
41 NC-179/Ocean Isle Beach Rd (SR-1184)	7,000,000
42 Brawley School Rd construction in Iredell County	12,000,000
43 Pink Hill Elementary Driveway Safety in Lenoir County	250,000
44 I-95/I-74 Industrial Park access road and 45 roundabout in City of Lumberton	350,000
46 Chapel and Main St. repairs in Town of St. Pauls	200,000
47 Traffic light at NC-9 and Sandy Plain Rd	75,000
48 Holberts Cove Rd and Green River Cove Rd signage	75,000
49 Green River Cove Rd and NC-176 corridor repairs	1,500,000
50 Dock Rd bridge repairs in Columbus County	9,500,000
51 NC-41 improvements in Robeson County	1,775,000

1	NC-710 improvements in Robeson County	1,775,000
2	NC-71 improvements in Robeson County	1,775,000
3	SR-2413 improvements in Robeson County	1,775,000
4	Mitchell Mountain Bridge replacement in Sparta	500,000
5	Shoals Rd improvements in Surry County	300,000
6	NC-268 widening and shoulder upgrade	
7	in Surry County and Wilkes County	500,000
8	NC-103 and McBride Rd improvements	500,000
9	NC-89 and I-77 lighting improvements in Surry County	500,000
10	NC-601 widening in Surry County	500,000
11	Town of Elkin and Town of Jonesville pedestrian footbridge	12,000,000
12	Howard Heights Rd improvements in Jones County	300,000
13	Neuse Dr improvements in Carteret County	70,000
14	Greensboro Randolph Mega Site transportation projects	250,000
15	NC-16 Business and SR-1439/SR-1387 Intersection	
16	Improvements in Lincoln County	2,300,000
17	Total	\$87,430,000

18 **SECTION 41.44.(b)** Special Projects Report. – No later than January 31, 2022, and
19 quarterly thereafter, the Department of Transportation shall submit a report to the Joint
20 Legislative Transportation Oversight Committee and the Fiscal Research Division containing the
21 following information:

- 22 (1) The scope of the project.
- 23 (2) The project management method, indicating if the project is managed at the
24 local highway division level or at the central office and all contracts associated
25 with the project.
- 26 (3) The actual project begin date and the projected or actual end-date.
- 27 (4) The total cost of the project and remaining project funds.

28 **SECTION 41.44.(c)** Grants-in-Aid for the 2021-2022 Fiscal Year. – Of the funds
29 appropriated in this act to the Department of Transportation for grants-in-aid, the following sums
30 in nonrecurring funds shall be disbursed to the following entities to be used exclusively for
31 transportation-related projects:

32	Recipient	FY 2021-22
33	Albert J. Ellis Airport	29,000,000
34	Western Piedmont Council of Governments	5,000,000
35	City of Lumberton	2,355,000
36	City of Whiteville	2,000,000
37	Columbus County Municipal Airport	7,000,000
38	Emerging Technology Institute	2,000,000
39	Harnett Regional Jetport	2,000,000
40	Johnston Regional Airport	4,000,000
41	Town of Aberdeen	350,000
42	Town of Bakersville	500,000
43	Town of Carolina Beach	650,000
44	Town of Edenton	5,000,000
45	Town of Fuquay-Varina	10,000,000
46	Town of Holly Springs	2,500,000
47	Town of Lake Waccamaw	2,500,000
48	Town of Lenoir	250,000
49	Town of Mooresville	5,000,000
50	Town of Murphy	100,000

1	Town of Robbinsville	1,100,000
2	Town of Sparta	7,000,000
3	Town of Spruce Pine	1,000,000
4	Town of Stallings	1,600,000
5	Town of Statesville	3,000,000
6	Town of Tabor City	2,700,000
7	Town of Vanceboro	250,000
8	Town of Weddington	500,000
9	Town of Weldon	750,000
10	Town of Youngsville	1,000,000
11	Total	\$99,105,000

12 **SECTION 41.44.(d)** Grants-in-Aid Report. – No later than January 31, 2022, and
 13 quarterly thereafter until all grant-in-aid funds are disbursed, the Department of Transportation
 14 shall submit a report to the Joint Transportation Oversight Committee and the Fiscal Research
 15 Division containing the following information:

- 16 (1) Recipient of the grant-in-aid.
- 17 (2) Effective date of each contract.
- 18 (3) Date funds were disbursed for each grant.
- 19 (4) Description of projects funded by each grant.

20
 21 **STUDY/MULTISTATE TRANSPORTATION PROJECT STIP CRITERIA**

22 **SECTION 41.45.** The Department of Transportation shall study ways to change the
 23 State Transportation Improvement Program (STIP) prioritization process in order to promote
 24 multistate transportation projects. No later than March 1, 2022, the Department of Transportation
 25 shall submit a report on the study and any recommended legislation to the Joint Legislative
 26 Transportation Oversight Committee (JLTOC) and the Fiscal Research Division.

27
 28 **STI FUNDING OF BICYCLE AND PEDESTRIAN IMPROVEMENTS**

29 **SECTION 41.46.(a)** G.S. 136-189.10 reads as rewritten:

30 **"§ 136-189.10. Definitions.**

31 The following definitions apply in this Article:

- 32 ...
- 33 (2) Division needs projects. – Includes only the following:
- 34 ...
- 35 g. ~~Federally~~Federal or local government funded independent bicycle and
- 36 pedestrian improvements.
- 37 "

38 **SECTION 41.46.(b)** G.S. 136-189.11 reads as rewritten:

39 **"§ 136-189.11. Transportation Investment Strategy Formula.**

40 ...

41 (d) Transportation Investment Strategy Formula. – Funds subject to the Formula shall be
 42 distributed as follows:

- 43 ...
- 44 (3) Division Need Projects. – Thirty percent (30%) of the funds subject to this
 45 section shall be allocated in equal share to each of the Department divisions,
 46 as defined in G.S. 136-14.1, and used for Division Need Projects.
- 47 ...
- 48 c. Bicycle and pedestrian limitation. – The Department ~~shall not~~may
 49 provide financial support for federal or local government funded
 50 independent bicycle and pedestrian improvement projects, ~~except for~~
 51 ~~federal funds administered by the Department for that purpose. This~~

1 sub-subdivision shall not apply to funds allocated to a municipality
 2 pursuant to G.S. 136-41.1 that are committed by the municipality as
 3 matching funds for federal funds administered by the Department and
 4 used for bicycle and pedestrian improvement projects. This limitation
 5 shall not apply to funds authorized for projects in the State
 6 Transportation Improvement Program that are scheduled for
 7 construction as of October 1, 2013, in State fiscal year 2012-2013,
 8 2013-2014, or 2014-2015-projects.

9 "

10 **SECTION 41.46.(c)** This section is effective when it becomes law.

12 REVISIONS TO OUTDOOR ADVERTISING CONTROL ACT

13 **SECTION 41.47.(a)** G.S. 136-128 is amended by adding a new subdivision to read:

14 "**(5e)** "Sign not conforming to State standards" shall mean a sign which was legally
 15 erected but does not conform to the zoning, size, lighting, and spacing criteria
 16 established in State law, or State rules and regulations of the Department
 17 authorized by this Article and promulgated at a later date, or a sign which was
 18 legally erected but later fails to conform to the zoning, size, lighting, and
 19 spacing criteria established in State law, or State rules and regulations of the
 20 Department authorized by this Article."

21 **SECTION 41.47.(b)** Article 11 of Chapter 136 of the General Statutes is amended
 22 by adding a new section to read:

23 **"§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.**

24 **(a)** Subject to subsection (c) of this section, in order to minimize the amount of just
 25 compensation due, whenever property on which a lawfully erected outdoor advertising sign is
 26 located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department
 27 of Transportation, and the acquiring party requires removal of the sign, or whenever the
 28 construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor
 29 advertising sign, the eligible sign is permitted to be relocated and reconstructed, subject to all of
 30 the following requirements:

- 31 **(1)** The new site for relocation is permitted to be any area within 660 feet of the
 32 nearest edge of the right-of-way of a highway on the National System of
 33 Interstate and Defense Highways or the federal aid primary highway system
 34 within the same zoning jurisdiction as the relocated site or, if the relocated site
 35 is within an unzoned city or county, then within the same territorial limits.
- 36 **(2)** The new site for relocation must be conforming to State standards as set forth
 37 in this Article and pursuant to rules and regulations promulgated by the
 38 Department as authorized by this Article.
- 39 **(3)** The new site for relocation must be along a highway on the interstate system
 40 or primary systems that has the same route number and letter or one of the
 41 same route numbers and letters as the highway adjacent to the relocated site.
- 42 **(4)** The reconstruction of the outdoor advertising sign at the new site shall comply
 43 with G.S. 136-131.2.
- 44 **(5)** The new site for relocation shall not be within an historic district lawfully
 45 established by a local city or county government pursuant to Part 4 of Article
 46 9 of Chapter 160D of the General Statutes, unless consented to by a resolution
 47 adopted by the applicable local governing board.
- 48 **(6)** The new site for relocation shall not be adjacent to any scenic highway as
 49 provided in G.S. 136-129.2; provided, however, if a relocated sign is already
 50 adjacent to a scenic highway, it may be relocated within the same parcel.

(7) The construction work related to the relocation of the outdoor advertising sign shall commence within one year after the date of removal.

The express allowances of relocation and reconstruction in this section shall apply to any lawfully erected outdoor advertising sign anywhere within this State that is required to be removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3, or the Department of Transportation, including such signs that are not subject to the jurisdiction of the Department of Transportation.

(b) Subject to subsection (c) of this section, any outdoor advertising sign that does not otherwise qualify for relocation as provided in subsection (a) of this section and for which there is in effect a valid permit issued by the Department of Transportation pursuant to this Article is permitted to be relocated and reconstructed subject to all of the requirements listed in subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10 years from the date of the last relocation pursuant to this subsection, however, this temporal limitation does not apply to relocations within the same parcel.

(c) A sign not conforming to State standards shall not be relocated pursuant to this section unless the nonconformity is removed as part of the relocation.

(d) The Department shall not require additional permits, nor revoke any existing permits, for any action taken pursuant to this section. The Department may require within 30 days of the completion of any action taken pursuant to this section an addendum to an existing permit showing or describing the changes to the conditions of the outdoor advertising sign. The rights set forth in this section shall attach to a permit issued by the Department of Transportation and shall expire with the voluntary cancellation of such permit or after the permit has been lawfully revoked and any appeals pursuant to G.S. 136-134.1 have been exhausted. The rights set forth in this section do not run with or attach to the land."

SECTION 41.47.(c) This section becomes effective January 1, 2022, and applies to signs legally erected or that require removal on or after that date.

NOT-FOR-HIRE ANTIQUE HEAVY VEHICLE PLATES

SECTION 41.48.(a) G.S. 20-79.4 reads as rewritten:

"§ 20-79.4. Special registration plates.

...
(b) Types. – The Division shall issue the following types of special registration plates:

...
(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least 30 years old measured from the date of ~~manufacture~~ manufacture, including vehicles weighing more than 6,000 pounds. The plate for an historic vehicle shall bear the word "Antique" unless the vehicle is a model year 1943 or older. The plate for a vehicle that is a model year 1943 or older shall bear the word "Antique" or the words "Horseless Carriage", at the option of the vehicle owner. The plate for an historic vehicle weighing more than 6,000 pounds shall bear the phrase "Not-for-hire."

...."

SECTION 41.48.(b) G.S. 20-88 reads as rewritten:

"§ 20-88. Property-hauling vehicles.

...
(b) The following fees are imposed on the annual registration of self-propelled property-hauling vehicles; the fees are based on the type of vehicle and its weight:

SCHEDULE OF WEIGHTS AND RATES

Rates Per Hundred Pound Gross Weight

Farmer Rate

1	Not over 4,000 pounds	\$0.38
2	4,001 to 9,000 pounds inclusive	.52
3	9,001 to 13,000 pounds inclusive	.65
4	13,001 to 17,000 pounds inclusive	.88
5	Over 17,000 pounds	1.00

Rates Per Hundred Pound Gross Weight

General Rate

8	Not over 4,000 pounds	\$0.77
9	4,001 to 9,000 pounds inclusive	1.05
10	9,001 to 13,000 pounds inclusive	1.30
11	13,001 to 17,000 pounds inclusive	1.77
12	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:

Position Number	Position Description
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
60016708	Transportation Worker IV
60016747	Transportation Worker IV
60016822	Transportation Worker II
60016863	Transportation Worker III
60016938	Engineering Technician I
60016980	Transportation Supervisor I
60017047	Engineering Technician I
60017138	Administrative Associate II
60017171	Administrative Associate II
60017182	Transportation Worker II
60017230	Engineering Specialist I
60017359	Engineering Technician II

1	60017364	Engineering Technician I
2	60017379	Engineer II
3	60017411	Engineering Specialist II
4	60017441	Engineering Technician II
5	60017642	Engineering Supervisor I
6	60017661	Transportation Supervisor I
7	60017797	Engineer II
8	60017878	Engineer I
9	60017904	Engineering Technician III
10	60017912	Engineering Technician III
11	60017920	Engineering Technician III
12	60018140	Applications Technician II
13	60018188	Engineering Technician I
14	60018237	Transportation Worker I
15	60018292	Transportation Worker I
16	60018405	Engineering Technician II
17	60018437	Real Property Agent I
18	60018454	Engineering Technician I
19	60018632	Ferry Mate
20	60019047	Transportation Worker I
21	60019063	Transportation Worker II
22	60019066	Transportation Worker I
23	60019076	Transportation Worker I
24	60019084	Transportation Worker I
25	60019094	Transportation Worker II
26	60019114	Engineering Technician I
27	60019176	Transportation Worker I
28	60019186	Transportation Worker I
29	60019196	Transportation Worker I
30	60019200	Transportation Worker I
31	60019215	Engineering Technician I
32	60019222	Transportation Worker I
33	60019237	Transportation Worker II
34	60019242	Transportation Worker I
35	60019285	Transportation Worker I
36	60019291	Transportation Worker I
37	60019307	Transportation Worker I
38	60019308	Transportation Worker I
39	60019326	Transportation Worker II
40	60019358	Transportation Worker I
41	60019374	Transportation Worker I
42	60019399	Engineering Technician I
43	60019435	Transportation Supervisor II
44	60019449	Transportation Supervisor I
45	60019456	Transportation Worker I
46	60019457	Engineering Technician I
47	60019512	Engineering Technician I
48	60019516	Engineering Technician III
49	60019517	Engineering Technician II
50	60019521	Engineering Technician III
51	60019556	Engineering Technician II

1	60019560	Engineering Technician II
2	60019562	Engineering Technician III
3	60019568	Engineering Specialist I
4	60019577	Engineering Technician I
5	60019584	Engineer II
6	60019585	Engineering Technician I
7	60019592	Engineering Technician II
8	60019594	Engineering Technician II
9	60019598	Engineering Technician II
10	60019607	Engineering Technician I
11	60019609	Engineering Technician I
12	60019613	Engineering Technician I
13	60019623	Engineering Technician I
14	60019709	Transportation Worker I
15	60019769	Transportation Worker I
16	60019793	Transportation Worker I
17	60019881	Transportation Supervisor I
18	60019897	Transportation Worker IV
19	60019901	Transportation Worker IV
20	60019983	Transportation Worker IV
21	60020032	Engineering Technician I
22	60021224	Engineering Technician II
23	60021295	Transportation Supervisor I
24	60021318	Transportation Worker IV
25	60021359	Engineer II
26	60021542	Engineering Technician III
27	60021602	Engineering Technician I
28	60021615	Engineering Technician I
29	60021655	Engineering Technician II
30	60021684	Transportation Supervisor I
31	60021690	Transportation Worker IV
32	60021704	Transportation Worker IV
33	60021712	Transportation Worker IV
34	60021814	Transportation Worker I
35	60021829	Transportation Worker II
36	60021847	Transportation Worker II
37	60021879	Transportation Worker II
38	60021908	Transportation Supervisor I
39	60021937	Transportation Worker IV
40	60021972	Transportation Worker III
41	60022021	Transportation Supervisor I
42	60022090	Transportation Worker II
43	60022108	Transportation Worker I
44	60022132	Transportation Supervisor I
45	60022226	Engineering Supervisor II
46	60022270	Engineering Supervisor II
47	60022402	Transportation Worker III
48	60022418	Transportation Worker III
49	60022431	Engineering Manager II
50	60022435	Transportation Supervisor I
51	60022604	Engineering Supervisor I

1	60022621	Engineering Technician I
2	60022629	Engineering Technician I
3	60022632	Engineering Supervisor II
4	60022685	Engineer II
5	60022697	Engineering Technician I
6	60022708	Engineer Specialist I
7	60022710	Engineering Technician I
8	60022720	Transportation Supervisor I
9	60023390	Engineering Technician I
10	60023418	Vehicle/Equipment Repair Technician II
11	60023452	Engineering Technician I
12	60023748	Engineering Technician I
13	60023764	Engineering Technician II
14	60023784	Engineering Technician I
15	60023789	Engineering Technician I
16	60023847	Transportation Supervisor I
17	60023972	Bridge Inspector II
18	60024157	Maintenance/Construction Technician I
19	60024187	Vehicle/Equipment Repair Technician II
20	60024202	Vehicle/Equipment Repair Technician II
21	60024310	Vehicle/Equipment Repair Technician II
22	60024344	Administrative Associate II
23	60024357	Vehicle/Equipment Repair Technician III
24	60024362	Vehicle/Equipment Repair Technician III
25	60024379	Vehicle/Equipment Repair Technician II
26	60024385	Vehicle/Equipment Repair Technician I
27	60024388	Vehicle/Equipment Repair Technician I
28	60024389	Vehicle/Equipment Repair Technician I
29	60024403	Vehicle/Equipment Repair Supervisor I
30	60024422	Vehicle/Equipment Repair Technician III
31	60024466	Vehicle/Equipment Repair Technician I
32	60024474	Administrative Associate II
33	60024740	Machinist
34	60024851	Applications Technician II
35	60025098	Engineering Supervisor I
36	60025203	Engineering Technician II
37	60025381	Engineer III
38	60025413	Program Analyst II
39	60025467	Engineer II
40	60025626	Transportation Worker I
41	60025640	Transportation Worker II
42	60025655	Engineering Technician II
43	60025992	Engineering Manager I
44	60026288	Transportation Worker III
45	60026332	Transportation Worker II
46	60026335	Transportation Worker I
47	60026702	Real Property Agent I
48	60026749	Real Property Agent I
49	60026751	Real Property Agent I
50	60026780	Real Property Agent I
51	60026799	Real Property Agent I

1	60026855	Real Property Appraiser I
2	60026862	Real Property Appraiser I
3	60026875	Real Property Appraiser I
4	60026878	Real Property Appraiser I
5	60026927	Real Property Agent I
6	60026935	Real Property Appraiser II
7	60027163	Engineer III
8	60027364	Engineer III
9	60027615	Engineer I
10	60028919	Administrative Specialist I
11	60029238	Management Engineer I
12	60029269	Engineer II
13	60029310	IT Business System Analyst II
14	60029316	Engineer III
15	60029490	Environmental Program Consultant
16	60029492	Engineer III
17	65010879	Program Coordinator IV
18	65013355	Engineer III
19	65022664	Ferry Crew Member II

20 **SECTION 41.49.(b)** This section is effective when it becomes law.

21

22 **RAIL PROPERTY TRANSFER**

23 **SECTION 41.50.** Notwithstanding Section 4.15(b) of S.L. 2020-91, no later than
 24 June 30, 2022, the Rail Division shall (i) relocate the three rolling stock marked RNCX 400025,
 25 RNCX 400206, and RNCX 400208 to the North Carolina Transportation Museum and (ii)
 26 transfer to the North Carolina Transportation Museum Foundation, Employer Identification
 27 Number 58-1315178, any ownership interest in the three rolling stock identified in this section.

28

29 **MODIFY CAP ON CERTAIN PUBLIC PRIVATE PARTNERSHIPS**

30 **SECTION 41.51.** G.S. 136-18(39a)a. reads as rewritten:

31 "(39a) a. The Department of Transportation ~~or~~ and Turnpike Authority, ~~as~~
 32 ~~applicable,~~ Authority may enter into up to three agreements each with
 33 a private entity as provided under subdivision (39) of this section for
 34 which the provisions of this section apply."
 35

36 **MODIFY LIMIT ON FUNDS TO PAY MAP ACT SETTLEMENT COSTS**

37 **SECTION 41.52.(a)** Section 1.4(a) of S.L. 2019-251 reads as rewritten:

38 "**SECTION 1.4.(a)** Limitation on Funds to Pay Map Act Settlement Costs. – The
 39 Department of Transportation may use no more than ~~one hundred fifty million dollars~~
 40 ~~(\$150,000,000)~~ three hundred million dollars (\$300,000,000) each fiscal year to pay
 41 compensation for damages arising from the Department's recordation of a transportation corridor
 42 map under Article 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not
 43 apply to the payment of compensation for Map Act damages arising from a Turnpike project. For
 44 purposes of this section, the term "Turnpike project" has the same meaning as in
 45 G.S. 136-89.181."

46 **SECTION 41.52.(b)** Section 1.4(a) of S.L. 2019-251, as amended by subsection (a)
 47 of this section, reads as rewritten:

48 "**SECTION 1.4.(a)** Limitation on Funds to Pay Map Act Settlement Costs. – The
 49 Department of Transportation may use no more than ~~three hundred million dollars~~
 50 ~~(\$300,000,000)~~ five million dollars (\$5,000,000) each fiscal year to pay compensation for
 51 damages arising from the Department's recordation of a transportation corridor map under Article

1 2E of Chapter 136 of the General Statutes (Map Act). This limitation does not apply to the
2 payment of compensation for Map Act damages arising from a Turnpike project. For purposes
3 of this section, the term "Turnpike project" has the same meaning as in G.S. 136-89.181."

4 **SECTION 41.52.(c)** Subsection (a) of this section is effective when it becomes law.
5 Subsection (b) of this section becomes effective July 1, 2022.

7 **APPROVAL OF PORTS AUTHORITY CONSULTANT SERVICE CONTRACTS**

8 **SECTION 41.53.** G.S. 143-64.24 is amended by adding a new subdivision to read:

9 "(9) The North Carolina State Ports Authority. The North Carolina State Ports
10 Authority may only contract to obtain the services of a consultant after the
11 proposed contract is approved by the Board of the North Carolina State Ports
12 Authority."

14 **PORTS AUTHORITY ANNUAL REPORT**

15 **SECTION 41.54.** Article 20 of Chapter 136 of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 136-280. Annual report.**

18 Beginning October 1, 2021, and annually thereafter, the North Carolina State Ports Authority
19 (Authority) shall submit to the Joint Legislative Transportation Oversight Committee and the
20 Fiscal Research Division a report on funds appropriated to the Authority from the Highway Fund
21 and Highway Trust Fund. The report shall include the following:

- 22 (1) Total funds appropriated to the Authority since the 2015-2016 fiscal year
23 through the end of the prior fiscal year, total appropriations spent by fiscal
24 year, planned spending of any remaining unspent appropriations, and a
25 breakdown of amount spent and planned to spend by project with a description
26 of each project. Project description shall include how each project relates to
27 the goals of the Authority outlined in the Authority's Strategic Plan.
- 28 (2) Allocations of total funds appropriated for the current fiscal year, including a
29 breakdown of amount of planned spending by project with a description of
30 each project. Project description shall include how each project relates to the
31 goals of the Authority outlined in the Authority's Strategic Plan.
- 32 (3) Progress on metrics and goals outlined in the Authority's Strategic Plan."

34 **REVISIONS TO HIGHWAY MAINTENANCE IMPROVEMENT PROGRAM**

35 **SECTION 41.55.(a)** G.S. 143B-350(f)(4a) reads as rewritten:

36 "(4a) To approve a schedule of State highway maintenance projects and their
37 anticipated cost. This schedule is designated the Highway Maintenance
38 Improvement Program and is established in G.S. 136-44.3A. The Board shall
39 publish the schedule on the Department's ~~Web site by April 1~~ website by June
40 1 of each year. The document that contains the Highway Maintenance
41 Improvement Program shall include the anticipated funding sources for the
42 improvement projects included in the Highway Maintenance Improvement
43 Program, ~~a list of any changes made from the previous year's Highway~~
44 ~~Maintenance Improvement Program, and the reasons for the~~
45 ~~changes.~~ Program."

46 **SECTION 41.55.(b)** G.S. 136-44.3A reads as rewritten:

47 **"§ 136-44.3A. Highway Maintenance Improvement Program.**

48 (a) Definitions. – The following definitions apply in this Article:

- 49 (1) ~~Cape seal treatment. — A chip seal treatment followed by a slurry seal~~
50 ~~treatment.~~

- 1 (2) ~~Chip seal treatment. — A type of pavement preservation treatment applied to~~
2 ~~existing asphalt pavement. The treatment involves spraying an asphalt~~
3 ~~emulsion onto the roadway, applying a layer of aggregate chips, and rolling~~
4 ~~the chips into the emulsion. This term includes single, double, and triple chip~~
5 ~~seal treatments.~~
- 6 (3) Highway Maintenance Improvement Program. – The schedule of State
7 highway maintenance projects required under G.S. 143B-350(f)(4a).
- 8 (4) Highway Maintenance Improvement Program Needs Assessment. – A report
9 of the amount of funds needed, the number of affected lane miles, and the
10 percentage of the primary and secondary system roads that are rated to need a
11 resurfacing or pavement preservation treatment within the Highway
12 Maintenance Improvement Program's five year time period but are not
13 programmed due to funding constraints needed and the quantity of work to be
14 accomplished to meet and sustain the performance standards for the State
15 highway system in each of the maintenance program categories.
- 16 (5) ~~Microsurfacing treatment. — A type of pavement preservation treatment that~~
17 ~~involves mixing fine aggregate, asphalt emulsion, minerals, water, and a~~
18 ~~polymer additive, and applying the mixture to the roadway.~~
- 19 (6) ~~Pavement preservation treatment. – Includes full width surface treatments~~
20 ~~used to extend or renew. A pavement preservation treatment is a roadway~~
21 ~~improvement practice that improves roadway quality and extends or renews~~
22 ~~the pavement life. Types of pavement preservation treatment include~~
23 ~~hot-mixed asphalt overlays, cape seal treatment, chip seal treatment,~~
24 ~~microsurfacing, crack sealing, slurry seal, and fog seal.~~
- 25 (7) Rehabilitation. – A contract resurfacing maintenance program that involves
26 applying multiple layers of pavement that exceed two inches.
- 27 (8) Resurfacing. – A contract resurfacing program that involves applying one
28 layer that does not exceed two inches of pavement.
- 29 (9) ~~Slurry seal treatment. — A type of pavement preservation treatment that~~
30 ~~involves mixing fine aggregate, asphalt emulsion, minerals, and water, and~~
31 ~~applying the mixture to the roadway.~~
- 32 ...
- 33 (c) Highway Maintenance Improvement Program. – After the annual inspection of roads
34 within the State highway system, each highway division shall determine and report to the Chief
35 Engineer on (i) the need for rehabilitation, resurfacing, or pavement preservation treatments, (ii)
36 the need for bridge and general maintenance, and (iii) projected changes to the condition of
37 pavement on primary and secondary roads for each year over a five year period. The Chief
38 Engineer shall establish a five year priority list for each highway division based on the Chief
39 Engineer's estimate of need. In addition, the Chief Engineer shall establish a five year
40 improvement schedule, sorted by county, for rehabilitation, resurfacing, and pavement
41 preservation treatment activities. The schedule shall be based on the amount of funds
42 appropriated to the contract resurfacing program and the pavement preservation program in the
43 fiscal year preceding the issuance of the Highway Maintenance Improvement Program for all
44 five years of the Highway Maintenance Improvement Program. State funding for the Highway
45 Maintenance Improvement Program shall be limited to funds appropriated from the State
46 Highway Fund system, all of the following shall occur:
- 47 (1) The Chief Engineer shall establish the annual cost to meet and sustain the
48 performance standards for pavement, bridge, and general maintenance
49 activities for the State highway system.
- 50 (2) The Division Engineer for each highway division shall determine and report
51 to the Chief Engineer a five-year improvement schedule, sorted by county, for

1 pavement, bridge, and general maintenance activities within each highway
 2 division. The schedule shall be based on the amount of funds appropriated to
 3 the pavement, bridge, and general maintenance programs in the fiscal year
 4 preceding the issuance of the Highway Maintenance Improvement Program
 5 for all five years of the Highway Maintenance Improvement Program. State
 6 funding for the Highway Maintenance Improvement Program shall be limited
 7 to funds appropriated from the State Highway Fund.

8 ...

9 (g) Report. – The Department shall submit the Highway Maintenance Improvement
 10 Program and Highway Maintenance Improvement Program Needs Assessment to the General
 11 Assembly by ~~April 1~~ June 1 of each year. If the General Assembly is in session, the Department
 12 shall report to the House of Representatives Appropriations Subcommittee on Transportation,
 13 the Senate Appropriations Committee on Transportation, and the Fiscal Research Division. If the
 14 General Assembly is not in session, the Department shall report to the Joint Legislative
 15 Transportation Oversight Committee and the Fiscal Research Division."

17 INCREASE FUNDING FOR HISTORICAL MARKER PROGRAM

18 SECTION 41.56. G.S. 136-42.3 reads as rewritten:

19 "§ 136-42.3. Historical marker program.

20 The Department of Transportation ~~may spend up to sixty thousand dollars (\$60,000) a year~~
 21 ~~to purchase historical markers prepared and delivered to it by the Department of Natural and~~
 22 ~~Cultural Resources.~~ shall transfer one hundred thousand dollars (\$100,000) each fiscal year to
 23 the Department of Natural and Cultural Resources for the purchase of historical markers. The
 24 Department of Transportation shall erect the markers on sites selected by the Department of
 25 Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of
 26 State highway maintenance funds. No provision in this section shall be construed to prevent the
 27 expenditure of any federal highway funds that may be available for this purpose."
 28

29 AUTHORIZE STATE BUREAU OF INVESTIGATION TO PLACE AUTOMATIC 30 LICENSE PLATE READER SYSTEMS ON DEPARTMENT OF 31 TRANSPORTATION RIGHT-OF-WAY

32 SECTION 41.57.(a) G.S. 136-18 is amended by adding a new subdivision to read:

33 "(47) To enter into agreements with the North Carolina State Bureau of
 34 Investigation for the placement and use of automatic license plate reader
 35 systems, as defined in G.S. 20-183.30(1), within land or right-of-way owned
 36 by the Department of Transportation; provided that (i) the use of the land or
 37 right-of-way is temporary in nature, (ii) the automatic license plate reader
 38 system is completely above ground, moveable, and contains no combustible
 39 fuel, and (iii) the placement and use does not unreasonably interfere with the
 40 operation and maintenance of public utility facilities or cause the facilities to
 41 fail to comply with all applicable laws, codes, and regulatory requirements.
 42 Placement and use of an automatic license plate reader system and related
 43 equipment under this subdivision must be terminated and removed by the
 44 Department upon request by any affected public utility. The Department or a
 45 public utility may relocate an automatic license plate reader system and related
 46 equipment in the event that the Department or public utility needs immediate
 47 access to its utilities or facilities and shall only be liable for damages to the
 48 automatic license plate reader system and related equipment caused solely by
 49 its gross negligence or willful misconduct. If an automatic license plate reader
 50 system or related equipment is moved for immediate access, the Department
 51 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.

REMOVE HMMWV ("HUMVEE") AFFIDAVIT REQUIREMENT FOR REGISTRATION AND TITLE APPLICATIONS

SECTION 41.58.(a) G.S. 20-53.5 reads as rewritten:

"§ 20-53.5. Titling and registration of HMMWV.

(a) Registration and Certificate of Title. – The Division shall register and issue a certificate of title for an HMMWV if ~~all of the following conditions are met:~~

~~(1) The applicant for the title and registration of the HMMWV has provided to the Division a sworn affidavit from a manufacturer, motor vehicle dealer, or seller of the HMMWV certifying that the vehicle complies with all applicable federal motor vehicle safety standards for vehicles designed for highway use.~~

~~(2) The the vehicle has a vehicle identification number that matches the vehicle ownership documents. If the vehicle does not have a vehicle identification number, the Division shall assign one to the vehicle prior to registration. The existence of a valid vehicle identification number for the vehicle shall be verified by the License and Theft Bureau of the Division prior to its registration and titling.~~

(b) Applicability of This Chapter. – All provisions of this Chapter shall apply to an HMMWV, including the provisions of Article 3A and Article 9A of this Chapter, to the same extent they would apply to any other registered motor vehicle.

(c) Fees. – The vehicle registration fees applicable to property-hauling vehicles shall apply to the registration of an HMMWV.

(d) No Liability for Operations. – Neither the State nor its commission contract agents shall be liable for any injury or damages resulting from the operation of an HMMWV registered or titled pursuant to this section."

SECTION 41.58.(b) This section becomes effective October 1, 2021, and applies to applications for registration and certificate of title submitted on or after that date.

PART XLII. FINANCE

PERSONAL INCOME TAX REDUCTION

SECTION 42.1.(a) G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is ~~five and one-quarter percent (5.25%)~~ four and ninety-nine hundredths percent (4.99%) of the taxpayer's North Carolina taxable income."

SECTION 42.1.(b) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$21,500 <u>\$25,500</u>
Head of Household	16,125 <u>19,125</u>
Single	10,750 <u>12,750</u>
Married, filing separately	10,750 <u>12,750</u> ."

SECTION 42.1.(c) This section is effective for taxable years beginning on or after January 1, 2022.

ELIMINATE TAX ON MILITARY PENSION INCOME

SECTION 42.1A.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

(5a) The amount received during the taxable year from the United States government for the payments listed in this subdivision. Amounts deducted under this subdivision may not also be deducted under subdivision (5) of this subsection. The payments are:

- a. Retirement pay for service in the Armed Forces of the United States to a retired member that meets either of the following:
 - 1. Served at least 20 years.
 - 2. Medically retired under 10 U.S.C. Chapter 61. This deduction does not apply to severance pay received by a member due to separation from the member's armed forces.
- b. Payments of a Plan defined in 10 U.S.C. § 1447 to a beneficiary of a retired member eligible to deduct retirement pay under sub-subdivision a. of this subdivision.

...."

SECTION 42.1A.(b) This section is effective for taxable years beginning on or after January 1, 2021.

LIVING ORGAN DONOR PROTECTIONS

SECTION 42.1B.(a) G.S. 58-3-25 is amended by adding a new subsection to read:

"(d) No insurer shall refuse to insure or to continue to insure an individual; limit the amount, extent, or kind of coverage available to an individual; charge an individual a different amount for the same coverage; or otherwise discriminate against an individual in the offering, issuance, cancellation, price, or conditions of a policy, or in the amount of coverage provided under a policy, based solely and without any additional actuarial risks on the status of an

1 individual as a living organ donor. This subsection shall apply to health benefit plans and life,
2 accident and health, disability, disability income, and long-term care insurance policies. For the
3 purposes of this subsection, the phrase "a living organ donor" shall mean a living individual who
4 donates one or more of that individual's human organs, including bone marrow, to be medically
5 transplanted into the body of another individual."

6 **SECTION 42.1B.(b)** G.S. 131E-294(4) reads as rewritten:

7 "(4) Antidiscrimination (~~G.S. 58-3-25(b) and (e),~~ (G.S. 58-3-25, 58-3-120,
8 58-63-15(7), and 58-67-75);"

9 **SECTION 42.1B.(c)** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General
10 Statutes is amended by adding a new section to read:

11 "**§ 105-153.11. Credit for live organ donation.**

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

13 (1) Human organ. – Human bone marrow or any organ of a human, including the
14 intestine, kidney, liver, lung, or pancreas.

15 (2) Live organ donation. – A donation by a living individual of one or more of the
16 individual's human organs to another human to be transplanted using a
17 medical procedure to the body of another individual.

18 (3) Live organ donation expenses. – The total amount of the expenses listed in
19 this subdivision that are incurred by the taxpayer, that are directly related to a
20 live organ donation, and that are not reimbursed to the taxpayer by any person.
21 An expense is "directly related" if it is incurred due to a live organ donation
22 procedure or due to evaluation, recovery, follow-up visits, or rehospitalization
23 associated with a live organ donation procedure. The expenses are:

24 a. Lost wages.

25 b. Transportation, lodging, and meals.

26 (b) Credit. – A taxpayer who makes a live organ donation or who is allowed to claim as
27 a dependent a person who makes a live organ donation is allowed a credit against the tax imposed
28 by this Part equal to the lesser of the live organ donation expenses or five thousand dollars
29 (\$5,000). For the purposes of this section, "dependent" means a qualifying child or qualifying
30 relative as defined in section 152 of the Code.

31 (c) Limitation. – The credit allowed under this section may not exceed the amount of tax
32 imposed by this Part for the taxable year reduced by the sum of all other credits allowable, except
33 tax payment made by or on behalf of the taxpayer.

34 (d) Carryforward. – Any unused portion of a credit allowed in this section may be carried
35 forward for the succeeding five years."

36 **SECTION 42.1B.(d)** G.S. 105-153.5(a) reads as rewritten:

37 "(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may
38 deduct from adjusted gross income either the standard deduction amount provided in subdivision
39 (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this
40 subsection. The deduction amounts are as follows:

41 ...

42 (2) Itemized deduction amount. – An amount equal to the sum of the items listed
43 in this subdivision. The amounts allowed under this subdivision are not
44 subject to the overall limitation on itemized deductions under section 68 of
45 the Code:

46 ...

47 c. Medical and Dental Expense. – The amount allowed as a deduction for
48 medical and dental expenses under section 213 of the Code for that
49 taxable year. No deduction is allowed for live organ donation expenses
50 for which a credit was taken under G.S. 105-153.11.

51"

1 **SECTION 42.1B.(e)** Article 2 of Chapter 126 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 126-8.6. Paid leave for State employees and State-supported personnel for organ**
4 **donation.**

5 (a) Full-Time Employees. – The State Human Resources Commission shall adopt rules
6 and policies to provide that a permanent, full-time State employee may take, in addition to any
7 other leave available to the employee, up to (i) 30 days of paid leave for the purposes of serving
8 as a living organ donor and (ii) seven days for serving as a bone marrow donor. The employee
9 must have been continuously employed by the State for at least 12 months immediately preceding
10 the first request for paid organ or bone marrow donation leave.

11 (b) Part-Time Employees. – The State Human Resources Commission shall adopt rules
12 and policies to provide that a permanent, part-time State employee may take, in addition to any
13 other leave available to the employee, a prorated amount of up to (i) 30 days of paid leave for the
14 purposes of serving as a living organ donor and (ii) seven days for serving as a bone marrow
15 donor. The employee must have been continuously employed by the State for at least 12 months
16 immediately preceding the first request for paid organ or bone marrow donation leave.

17 (c) Program Requirements. – The paid leave for organ or bone marrow donation
18 authorized by this section:

19 (1) Is available without exhaustion of the employee's sick and vacation leave.

20 (2) Is in addition to, and not in lieu of, shared leave under G.S. 126-8.3, or other
21 leave authorized by federal or State law.

22 (3) May not be used for retirement purposes.

23 (4) Has no cash value upon termination from employment.

24 (d) Applicability. – This section applies to all (i) State employees and (ii) State-supported
25 personnel, with the appropriate governing board adopting rules and policies to provide paid leave
26 for organ donation to its employees as provided by this section.

27 (e) Reporting. – By April 1, 2022, and then annually thereafter, the State Human
28 Resources Commission, the State Board of Education, the State Board of Community Colleges,
29 and all State agencies, departments, and institutions shall annually report to the Office of State
30 Human Resources on the paid organ donation leave program."

31 **SECTION 42.1B.(f)** G.S. 126-5 is amended by adding a new subsection to read:

32 "(c17) The provisions of G.S. 126-8.6 shall apply to all State employees, public school
33 employees, and community college employees."

34 **SECTION 42.1B.(g)** Subsections (a) and (b) of this section are effective 30 days
35 after this act becomes law and apply to insurance contracts issued, renewed, or amended on or
36 after that date. Subsections (c) and (d) of this section are effective for taxable years beginning on
37 or after January 1, 2022. Except as otherwise provided, this section is effective when it becomes
38 law.

39
40 **CORPORATE INCOME TAX REDUCTION**

41 **SECTION 42.2.(a)** Effective for taxable years beginning on or after January 1, 2024,
42 G.S. 105-130.3 reads as rewritten:

43 **"§ 105-130.3. Corporations.**

44 A tax is imposed on the State net income of every C Corporation doing business in this State
45 at the rate of ~~two and one-half percent (2.5%).~~ two and one-quarter percent (2.25%). An S
46 Corporation is not subject to the tax levied in this section."

47 **SECTION 42.2.(b)** Effective for taxable years beginning on or after January 1, 2025,
48 G.S. 105-130.3, as amended by subsection (a) of this section, reads as rewritten:

49 **"§ 105-130.3. Corporations.**

1 A tax is imposed on the State net income of every C Corporation doing business in this State
2 at the rate of ~~two and one quarter percent (2.25%)~~. one and ninety-nine hundredths percent
3 (1.99%). An S Corporation is not subject to the tax levied in this section."
4

5 FRANCHISE TAX REDUCTION AND SIMPLIFICATION

6 **SECTION 42.3.(a)** G.S. 105-122(d) reads as rewritten:

7 "(d) Tax Base. – A corporation's tax base is the ~~greatest of the following~~:

8 (1) ~~The proportion of its net worth as set out in subsection (c1) of this section.~~

9 (2) ~~Fifty five percent (55%) of the corporation's appraised value as determined
10 for ad valorem taxation of all the real and tangible personal property in this
11 State. For purposes of this subdivision, the appraised value of tangible
12 property, including real estate, is the ad valorem valuation for the calendar
13 year next preceding the due date of the franchise tax return.~~

14 (3) ~~(Effective for taxable years beginning on or after January 1, 2020, and
15 applicable to the calculation of franchise tax reported on the 2019 and later
16 corporate income tax returns) The corporation's total actual investment in
17 tangible property in this State. For purposes of this subdivision, the total actual
18 investment in tangible property in this State is the total original purchase price
19 or consideration to the reporting taxpayer of its tangible properties, including
20 real estate, in this State plus additions and improvements thereto less (i)
21 reserve for depreciation as permitted for income tax purposes and (ii) any
22 indebtedness specifically incurred and existing solely for and as the result of
23 the purchase of any real estate and any permanent improvements made on the
24 real estate."~~

25 **SECTION 42.3.(b)** G.S. 105-114.1(b) reads as rewritten:

26 "(b) Controlled Companies. – If a corporation or an affiliated group of corporations owns
27 more than fifty percent (50%) of the capital interests in a noncorporate limited liability company,
28 the corporation or group of corporations must include in its ~~three tax bases~~ base pursuant to
29 G.S. 105-122 the same percentage of ~~(i) the noncorporate limited liability company's net worth;~~
30 ~~(ii) fifty five percent (55%) of the noncorporate limited liability company's appraised ad valorem~~
31 ~~tax value of property; and (iii) the noncorporate limited liability company's actual investment in~~
32 ~~tangible property in this State, as appropriate.~~ worth."

33 **SECTION 42.3.(c)** G.S. 105-120.2(b) reads as rewritten:

34 "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the
35 Secretary of Revenue, at the time the return is due, ~~the greater of the following~~:

36 (1) ~~A~~ a franchise or privilege tax at the rate of one dollar and fifty cents (\$1.50)
37 per one thousand dollars (\$1,000) of the amount determined under subsection
38 (a) of this section, but in no case shall the tax be more than one hundred fifty
39 thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).

40 (2) ~~If the tax calculated under this subdivision exceeds the tax calculated under~~
41 ~~subdivision (1) of this subsection, then the tax is levied at the rate of one dollar~~
42 ~~and fifty cents (\$1.50) per one thousand dollars (\$1,000) on the greater of the~~
43 ~~following:~~

44 a: ~~Fifty five percent (55%) of the appraised value as determined for ad~~
45 ~~valorem taxation of all the real and tangible personal property in this~~
46 ~~State of each such corporation plus the total appraised value of~~
47 ~~intangible property returned for taxation of intangible personal~~
48 ~~property as computed under G.S. 105-122(d).~~

49 b: ~~The total actual investment in tangible property in this State of such~~
50 ~~corporation as computed under G.S. 105-122(d)."~~

1 **SECTION 42.3.(d)** This section is effective for taxable years beginning on or after
2 January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 and later
3 corporate income tax return.

4
5 **CONFORM TO FEDERAL TAX TREATMENT FOR PANDEMIC-RELATED**
6 **ASSISTANCE/IRC UPDATE**

7 **SECTION 42.4.(a)** G.S. 105-228.90(b)(7) reads as rewritten:

8 "(7) Code. – The Internal Revenue Code as enacted as of ~~May 1, 2020, April 1,~~
9 2021, including any provisions enacted as of that date that become effective
10 either before or after that date."

11 **SECTION 42.4.(b)** Effective for tax years beginning on or after January 1, 2020,
12 G.S. 105-153.5(c2)(20) and G.S. 105-130.5(a)(32) are repealed.

13 **SECTION 42.4.(c)** G.S. 105-153.5(a)(2) reads as rewritten:

14 "(2) Itemized deduction amount. – An amount equal to the sum of the items listed
15 in this subdivision. The amounts allowed under this subdivision are not
16 subject to the overall limitation on itemized deductions under section 68 of
17 the Code:

18 a. Charitable Contribution. – The amount allowed as a deduction for
19 charitable contributions under section 170 of the Code for that taxable
20 ~~year-year~~, subject to the following provisions:

21 1. Distributions from IRAs. – For taxable years 2014 through
22 2018, a taxpayer who elected to take the income exclusion
23 under section 408(d)(8) of the Code for a qualified charitable
24 distribution from an individual retirement plan by a person
25 who has attained the age of 70 1/2 may deduct the amount that
26 would have been allowed as a charitable deduction under
27 section 170 of the Code had the taxpayer not elected to take the
28 income exclusion.

29 2. Charitable Giving During COVID-19. – For taxable ~~year 2020,~~
30 ~~years 2020 and 2021~~, notwithstanding ~~G.S. 105-228.90(b)(7),~~
31 G.S. 105-228.90(b)(7) and for purposes of this sub-subdivision
32 sub-sub-subdivision, the term "Code" means the Internal
33 Revenue Code as enacted as of January 1, 2020. For taxable
34 years beginning on or after January 1, 2021, a taxpayer may
35 only carry forward the charitable contributions from taxable
36 ~~year 2020-years 2020 and 2021~~ that exceed the applicable
37 percentage limitation for the 2020 and 2021 taxable year-years
38 allowed under this ~~sub-subdivision-sub-sub-subdivision~~. The
39 purpose for defining the Internal Revenue Code differently for
40 the 2020 and 2021 taxable year-years is to decouple from the
41 modification of limitations on charitable contributions ~~during~~
42 ~~2020~~-allowed under section 2205 of the CARES Act.~~Act and~~
43 section 213 of the Consolidated Appropriations Act, 2021.

44 b. Mortgage Expense and Property Tax. – The amount allowed as a
45 deduction for interest paid or accrued during the taxable year under
46 section 163(h) of the Code with respect to any qualified residence plus
47 the amount allowed as a deduction for property taxes paid or accrued
48 on real estate under section 164 of the Code for that taxable year. For
49 taxable years 2014 through ~~2020, 2021~~, the amount allowed as a
50 deduction for interest paid or accrued during the taxable year under
51 section 163(h) of the Code with respect to any qualified residence shall

1 not include the amount for mortgage insurance premiums treated as
 2 qualified residence interest. The amount allowed under this
 3 sub-subdivision may not exceed twenty thousand dollars (\$20,000).
 4 For spouses filing as married filing separately or married filing jointly,
 5 the total mortgage interest and real estate taxes claimed by both
 6 spouses combined may not exceed twenty thousand dollars (\$20,000).
 7 For spouses filing as married filing separately with a joint obligation
 8 for mortgage interest and real estate taxes, the deduction for these
 9 items is allowable to the spouse who actually paid them. If the amount
 10 of the mortgage interest and real estate taxes paid by both spouses
 11 exceeds twenty thousand dollars (\$20,000), these deductions must be
 12 prorated based on the percentage paid by each spouse. For joint
 13 obligations paid from joint accounts, the proration is based on the
 14 income reported by each spouse for that taxable year.

15"

16 **SECTION 42.4.(d)** G.S. 105-153.5(c2) reads as rewritten:

17 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer
 18 must make the following adjustments to the taxpayer's adjusted gross income:

19 (1) For taxable years 2014 through ~~2020, 2025~~, the taxpayer must add the amount
 20 excluded from the taxpayer's gross income for the discharge of qualified
 21 principal residence indebtedness under section 108 of the Code. The purpose
 22 of this subdivision is to decouple from the income exclusion available under
 23 federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3)
 24 of the Code, then the addition required under this subdivision is limited to the
 25 amount of discharge of qualified principal residence indebtedness excluded
 26 from adjusted gross income under section 108(a)(1)(E) of the Code that
 27 exceeds the amount of discharge of indebtedness that would have been
 28 excluded under section 108(a)(1)(B) of the Code.

29 ...

30 (18) For taxable ~~year 2020, years 2020 through 2025~~, a taxpayer must add the
 31 amount excluded from the taxpayer's gross income for payment by an
 32 employer, whether paid to the taxpayer or to a lender, of principal or interest
 33 on any qualified education loan, as defined in section 221(d)(1) of the Code,
 34 incurred by the taxpayer for education of the taxpayer. The purpose of this
 35 subdivision is to decouple from the exclusion for certain employer payments
 36 of student loans under section 2206 of the CARES ~~Act~~Act or under the
 37 Consolidated Appropriations Act, 2021.

38 (19) For taxable ~~year 2020, years beginning on or after January 1, 2020~~, a taxpayer
 39 must add the amount excluded from the taxpayer's gross income under section
 40 62(a)(22) of the Code. The purpose of this subdivision is to decouple from the
 41 allowance of a partial above-the-line deduction of qualified charitable
 42 contributions under section 2204 of the CARES ~~Act~~Act and under sections
 43 212 and 213 of the Consolidated Appropriations Act, 2021.

44 ...

45 (21) For taxable years 2021 and 2022, a taxpayer must add an amount equal to the
 46 amount by which the taxpayer's deduction under section 274(n) of the Code
 47 exceeds the deduction that would have been allowed under the Internal
 48 Revenue Code as enacted as of May 1, 2020. The purpose of this subdivision
 49 is to decouple from the increased deduction under the Consolidated
 50 Appropriations Act, 2021, for business-related expenses for food and
 51 beverages provided by a restaurant.

1 (22) For taxable years 2021 through 2025, a taxpayer must add the amount
2 excluded from the taxpayer's gross income for the discharge of a student loan
3 under section 108(f)(5) of the Code. The purpose of this subdivision is to
4 decouple from the exclusion from income for the discharge of a student loan
5 under section 9675 of the American Rescue Plan Act of 2021."

6 **SECTION 42.4.(e)** Except as otherwise provided, this section is effective when it
7 becomes law.

8
9 **REDUCE IMPACT OF FEDERAL SALT CAP BY ALLOWING CERTAIN**
10 **PASS-THROUGHS TO ELECT TO PAY TAX AT THE ENTITY LEVEL**

11 **SECTION 42.5.(a)** G.S. 105-131(b) reads as rewritten:

12 "(b) For the purpose of this Part, unless otherwise required by the context:

13 ...

14 (11) "Taxed S Corporation" means an S Corporation for which a valid election
15 under G.S. 105-131.1A(a) is in effect."

16 **SECTION 42.5.(b)** G.S. 105-131.1 reads as rewritten:

17 **"§ 105-131.1. Taxation of an S Corporation and its shareholders.**

18 (a) An S Corporation shall not be subject to the tax levied under G.S. 105-130.3. A taxed
19 S Corporation shall be subject to tax under G.S. 105-131.1A.

20 (b) ~~Each~~ Except with respect to a taxed S Corporation, each shareholder's pro rata share
21 of an S Corporation's income attributable to the State and each resident shareholder's pro rata
22 share of income not attributable to the State, shall be taken into account by the shareholder in the
23 manner and subject to the adjustments provided in Parts 2 and 3 of this Article and section 1366
24 of the Code and shall be subject to the tax levied under Parts 2 and 3 of this Article."

25 **SECTION 42.5.(c)** Part 1A of Article 4 of Chapter 105 of the General Statutes is
26 amended by adding a new section to read:

27 **"§ 105-131.1A. Taxation of S Corporation as a taxed pass-through entity.**

28 (a) Taxed S Corporation Election. – An S Corporation may elect, on its timely filed
29 annual return required under G.S. 105-131.7, to have the tax under this Article imposed on the S
30 Corporation for any taxable period covered by the return. An S Corporation may not revoke the
31 election after the due date of the return including extensions.

32 (b) Taxable Income of Taxed S Corporation. – A tax is imposed for the taxable period on
33 the North Carolina taxable income of a taxed S Corporation. The tax shall be levied, collected,
34 and paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in
35 G.S. 105-153.7. The North Carolina taxable income of a taxed S Corporation is determined as
36 follows:

37 (1) The North Carolina taxable income of a taxed S Corporation with respect to
38 such taxable period shall be equal to the sum of the following:

39 a. Each shareholder's pro rata share of the taxed S Corporation's income
40 or loss, subject to the adjustments provided in G.S. 105-153.5 and
41 G.S. 105-153.6, attributable to the State.

42 b. Each resident shareholder's pro rata share of the taxed S Corporation's
43 income or loss, subject to the adjustments provided in G.S. 105-153.5
44 and G.S. 105-153.6, not attributable to the State with respect to such
45 taxable period.

46 (2) Separately stated items of deduction are not included when calculating each
47 shareholder's pro rata share of the taxed S Corporation's taxable income. For
48 purposes of this subdivision, separately stated items are those items described
49 in section 1366 of the Code and the regulations under it.

50 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the
51 calculation of the taxed S Corporation's taxable income.

1 (c) Tax Credit. – A taxed S Corporation that qualifies for a credit may apply each
2 shareholder's pro rata share of the taxed S Corporation's credits against the shareholder's pro rata
3 share of the taxed S Corporation's income tax imposed by subsection (b) of this section. An S
4 Corporation must pass through to its shareholders any credit required to be taken in installments
5 by this Chapter if the first installment was taken in a taxable period that the election under
6 subsection (a) of this section was not in effect. An S Corporation shall not pass through to its
7 shareholders any of the following:

8 (1) Any credit allowed under this Chapter for any taxable period the S
9 Corporation makes the election under subsection (a) of this section and the
10 carryforward of the unused portion of such credit.

11 (2) Any subsequent installment of such credit required to be taken in installments
12 by this Chapter after the S Corporation makes an election under subsection (a)
13 of this section and the carryforward of any unused portion of such installment.

14 (d) Tax Credit for Income Taxes Paid to Other States. – With respect to resident
15 shareholders, a taxed S Corporation is allowed a credit against the taxes imposed by this section
16 for income taxes imposed by and paid to another state or country on income taxed under this
17 section. The credit allowed by this subsection is administered in accordance with the provisions
18 of G.S. 105-153.9.

19 (e) Deduction Allowed for Shareholders of a Taxed S Corporation. – The shareholders
20 of a taxed S Corporation are allowed a deduction as specified in G.S. 105-153.5(c3)(1). This
21 adjustment is only allowed if the taxed S Corporation complies with the provisions of subsection
22 (g) of this section.

23 (f) Addition Required for Shareholders of a Taxed S Corporation. – The shareholders of
24 a taxed S Corporation must make an addition as provided in G.S. 105-153.5(c3)(2).

25 (g) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount
26 of the tax payable as shown on the return of the taxed S Corporation must be paid to the Secretary
27 within the time allowed for filing the return. In the case of any overpayment by a taxed S
28 Corporation of the tax imposed under this section, only the taxed S Corporation may request a
29 refund of the overpayment. If the taxed S Corporation files a return showing an amount due with
30 the return and does not pay the amount shown due, the Department may collect the tax from the
31 taxed S Corporation pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of
32 collection for the amount of tax debt to the taxed S Corporation. If the tax debt is not paid to the
33 Secretary within 60 days of the date the notice of collection is mailed to the taxed S Corporation,
34 the shareholders of the S Corporation are not allowed the deduction provided in
35 G.S. 105-153.5(c3)(1). The Secretary must send the shareholders a notice of proposed
36 assessment in accordance with G.S. 105-241.9. For purposes of this subsection, the term "tax
37 debt" has the same meaning as defined in G.S. 105-243.1(a).

38 (h) Basis. – The basis of both resident and nonresident shareholders of a taxed S
39 Corporation in their stock and indebtedness of the taxed S Corporation shall be determined as if
40 the election under subsection (a) of this section had not been made and each of the shareholders
41 of the taxed S Corporation had properly taken into account each shareholder's pro rata share of
42 the taxed S Corporation's items of income, loss, and deduction in the manner required with
43 respect to an S Corporation for which no such election is in effect."

44 **SECTION 42.5.(d)** G.S. 105-131.7 is amended by adding a new subsection to read:

45 "(g) Taxed S Corporation. – Subsections (b) through (f) of this section do not apply to an
46 S Corporation with respect to any taxable period for which it is a taxed S Corporation under
47 G.S. 105-131.1A."

48 **SECTION 42.5.(e)** G.S. 105-131.8(a) reads as rewritten:

49 "~~For~~ Except as otherwise provided in G.S. 105-153.9(a)(4) with respect to a taxed S
50 Corporation, for purposes of G.S. 105-153.9 and G.S. 105-160.4, each resident shareholder is
51 considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's

1 pro rata share of any net income tax paid by the S Corporation to a state that does not measure
2 the income of S Corporation shareholders by the income of the S Corporation. For purposes of
3 the preceding sentence, the term "net income tax" means any tax imposed on or measured by a
4 corporation's net income."

5 **SECTION 42.5.(f)** G.S. 105-153.3 reads as rewritten:

6 **"§ 105-153.3. Definitions.**

7 The following definitions apply in this Part:

8 ...

9 (18a) Taxed partnership. – A partnership for which a valid election under
10 G.S. 105-154.1 is in effect.

11 (18b) Taxed pass-through entity. – A taxed S Corporation or a taxed partnership.

12 (18c) Taxed S Corporation. – Defined in G.S. 105-131(b).

13"

14 **SECTION 42.5.(g)** G.S. 105-154(d) reads as rewritten:

15 "(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted
16 in this State is owned by a nonresident individual or by a partnership having one or more
17 nonresident members, the manager of the business shall report information concerning the
18 earnings of the business in this State, the distributive share of the income of each nonresident
19 owner or partner, and any other information required by the Secretary. The distributive share of
20 the income of each nonresident partner includes any guaranteed payments made to the partner.
21 The manager of the business shall pay with the return the tax on each nonresident owner or
22 partner's share of the income computed at the rate levied on individuals under G.S. 105-153.7.
23 The business may deduct the payment for each nonresident owner or partner from the owner or
24 partner's distributive share of the income of the business in this State. If the nonresident partner
25 is not an individual and the partner has executed an affirmation that the partner will pay the tax
26 with its corporate, partnership, trust, or estate income tax return, the manager of the business is
27 not required to pay the tax on the partner's share. In this case, the manager shall include a copy
28 of the affirmation with the report required by this subsection. The affirmation must be annually
29 filed by the nonresident partner and submitted by the manager by the due date of the report
30 required in this subsection. Otherwise, the manager of the business is required to pay the tax on
31 the nonresident partner's share. Notwithstanding the provisions of G.S. 105-241.7(b), the
32 manager of the business may not request a refund of an overpayment made on behalf of a
33 nonresident owner or partner if the manager of the business has previously filed the return and
34 paid the tax due. The nonresident owner or partner may, on its own income tax return, request a
35 refund of an overpayment made on its behalf by the manager of the business within the provisions
36 of G.S. 105-241.6. This subsection does not apply to a partnership with respect to any taxable
37 period for which it is a taxed partnership."

38 **SECTION 42.5.(h)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
39 amended by adding a new section to read:

40 **"§ 105-154.1. Taxation of partnership as a taxed pass-through entity.**

41 (a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual
42 return required under G.S. 105-154(c), to have the tax under this Article imposed on the
43 partnership for any taxable period covered by the return. A partnership may not revoke the
44 election after the due date of the return, including extensions. This election cannot be made by a
45 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership
46 that has at any time during the taxable year a partner who is not one of the following:

47 (1) An individual.

48 (2) An estate.

49 (3) A trust described in section 1361(c)(2) of the Code.

50 (4) An organization described in section 1361(c)(6) of the Code.

1 (b) Taxable Income of Taxed Partnership. – A tax is imposed for the taxable period on
2 the North Carolina taxable income of a taxed partnership. The tax shall be levied, collected, and
3 paid annually. The tax is imposed on the North Carolina taxable income at the rate levied in
4 G.S. 105-153.7. The North Carolina taxable income of a taxed partnership is determined as
5 follows:

- 6 (1) The North Carolina taxable income of a taxed partnership with respect to such
7 taxable period shall be equal to the sum of the following:
- 8 a. Each partner's distributive share of the taxed partnership's income or
9 loss, subject to the adjustments provided in G.S. 105-153.5 and
10 G.S. 105-153.6, attributable to the State.
- 11 b. Each resident partner's distributive share of the taxed partnership's
12 income or loss, subject to the adjustments provided in G.S. 105-153.5
13 and G.S. 105-153.6, not attributable to the State with respect to such
14 taxable period.
- 15 (2) Separately stated items of deduction are not included when calculating each
16 partner's distributive share of the taxed partnership's taxable income. For
17 purposes of this subdivision, separately stated items are those items described
18 in section 702 of the Code and the regulations adopted under it.
- 19 (3) The adjustments required by G.S. 105-153.5(c3) are not included in the
20 calculation of the taxed partnership's taxable income.

21 (c) Tax Credit. – A taxed partnership that qualifies for a credit may apply each partner's
22 distributive share of the taxed partnership's credits against the partner's distributive share of the
23 taxed partnership's income tax imposed by subsection (b) of this section. A partnership must pass
24 through to its partners any credit required to be taken in installments by this Chapter if the first
25 installment was taken in a taxable period that the election under subsection (a) of this section was
26 not in effect. A partnership shall not pass through to its partners any of the following:

- 27 (1) Any credit allowed under this Chapter for any taxable period the partnership
28 makes the election under subsection (a) of this section and the carryforward
29 of the unused portion of such credit.
- 30 (2) Any subsequent installment of such credit required to be taken in installments
31 by this Chapter after the partnership makes an election under subsection (a) of
32 this section and the carryforward of any unused portion of such installment.

33 (d) Deduction Allowed for Partners of a Taxed Partnership. – The partners of a taxed
34 partnership are allowed a deduction as specified in G.S. 105-153.5(c3)(3). This adjustment is
35 only allowed if the taxed partnership complies with the provisions of subsection (f) of this
36 section.

37 (e) Addition Required for Partners of a Taxed Partnership. – The partners of a taxed
38 partnership must make an addition as provided in G.S. 105-153.5(c3)(4).

39 (f) Payment of Tax. – Except as provided in Article 4C of this Chapter, the full amount
40 of the tax payable as shown on the return of the taxed partnership must be paid to the Secretary
41 within the time allowed for filing the return. In the case of any overpayment by a taxed
42 partnership of the tax imposed under this section, only the taxed partnership may request a refund
43 of the overpayment. If the taxed partnership files a return showing an amount due with the return
44 and does not pay the amount shown due, the Department may collect the tax from the taxed
45 partnership pursuant to G.S. 105-241.22(1). The Secretary must issue a notice of collection for
46 the amount of the tax debt to the taxed partnership. If the tax debt is not paid to the Secretary
47 within 60 days of the date the notice of collection is mailed to the taxed partnership, the partners
48 of the partnership are not allowed the deduction provided in G.S. 105-153.5(c3)(3). The
49 Secretary must send the partners a notice of proposed assessment in accordance with
50 G.S. 105-241.9. For purposes of this subsection, the term "tax debt" has the same meaning as
51 defined in G.S. 105-243.1(a).

1 (g) Basis. – The basis of both resident and nonresident partners of a taxed partnership
2 shall be determined as if the election under subsection (a) of this section had not been made and
3 each of the partners of the taxed partnership had properly taken into account each partner's
4 distributive share of the taxed partnership's items of income, loss, and deduction in the manner
5 required with respect to a partnership for which no such election is in effect."

6 **SECTION 42.5.(i)** G.S. 105-153.5 is amended by adding a new subsection to read:

7 "(c3) Taxed Pass-Through Entities. – In calculating North Carolina taxable income, a
8 taxpayer must make the following adjustments to the taxpayer's adjusted gross income:

9 (1) A taxpayer that is a shareholder of a taxed S Corporation may deduct the
10 amount of the taxpayer's pro rata share of income from the taxed S
11 Corporation to the extent it was included in the taxed S Corporation's North
12 Carolina taxable income and the taxpayer's adjusted gross income.

13 (2) A taxpayer that is a shareholder of a taxed S Corporation must add the amount
14 of the taxpayer's pro rata share of loss from the taxed S Corporation to the
15 extent it was included in the taxed S Corporation's North Carolina taxable
16 income and the taxpayer's adjusted gross income.

17 (3) A taxpayer that is a partner of a taxed partnership may deduct the amount of
18 the taxpayer's distributive share of income from the taxed partnership to the
19 extent it was included in the taxed partnership's North Carolina taxable income
20 and the taxpayer's adjusted gross income.

21 (4) A taxpayer that is a partner of a taxed partnership must add the amount of the
22 taxpayer's distributive share of loss from the taxed partnership to the extent it
23 was included in the taxed partnership's North Carolina taxable income and the
24 taxpayer's adjusted gross income."

25 **SECTION 42.5.(j)** G.S. 105-153.9(a) reads as rewritten:

26 "(a) An individual who is a resident of this State is allowed a credit against the taxes
27 imposed by this Part for income taxes imposed by and paid to another state or country on income
28 taxed under this Part, subject to the following conditions:

29 ...
30 (4) Shareholders of a taxed S Corporation shall not be allowed a credit under this
31 section for taxes paid by the taxed S Corporation to another state or country
32 on income that is taxed to the taxed S Corporation. For purposes of allowing
33 the credit under this section for taxes paid to another state or country by a
34 taxed S Corporation's shareholders, a shareholder's pro rata share of the
35 income of the taxed S Corporation shall be treated as income taxed to the
36 shareholder under this Part and a shareholder's pro rata share of the tax
37 imposed on the taxed S Corporation under G.S. 105-131.1A shall be treated
38 as tax imposed on the shareholder under this Part.

39 (5) Partners of a taxed partnership shall not be allowed a credit under this section
40 for taxes paid by the taxed partnership to another state or country on income
41 that is taxed to the taxed partnership. The taxed partnership as defined in
42 G.S. 105-153.3(18a) is entitled to a credit under this section for all such taxes
43 paid. For purposes of allowing the credit under this section for taxes paid to
44 another state or country by a taxed partnership's partners, a partner's pro rata
45 share of the income of the taxed partnership shall be treated as income taxed
46 to the partner under this Part and a partner's pro rata share of the tax imposed
47 on the taxed partnership under G.S. 105-154.1 shall be treated as tax imposed
48 on the partner under this Part."

49 **SECTION 42.5.(k)** G.S. 105-160.4 reads as rewritten:

50 "**§ 105-160.4. Tax credits for income taxes paid to other states by estates and trusts.**

51 ...

1 (f) Fiduciaries and beneficiaries of estates and trusts who are shareholders of a taxed S
2 Corporation are not allowed a credit under this section for taxes paid by the estates and trusts or
3 by the taxed S Corporation to another state or country on income that is taxed to the taxed S
4 Corporation. The taxed S Corporation is entitled to a credit under G.S. 105-153.9(a)(4) for all
5 such taxes paid. For purposes of this subsection, the term "taxed S Corporation" is the same as
6 defined in G.S. 105-131(b).

7 (g) Fiduciaries and beneficiaries of estates and trusts who are partners of a taxed
8 partnership are not allowed a credit under this section for taxes paid by the estates and trusts or
9 by the taxed partnership to another state or country on income that is taxed to the taxed
10 partnership. The taxed partnership is entitled to a credit under G.S. 105-153.9(a)(5) for all such
11 taxes paid. For purposes of this subsection, the term "taxed partnership" is the same as defined
12 in G.S. 105-153.3."

13 **SECTION 42.5.(l)** G.S. 105-163.38 is amended by adding a new subdivision to read:

14 "**(6) Taxed pass-through entity. – Defined in G.S. 105-153.3."**

15 **SECTION 42.5.(m)** G.S. 105-163.39 is amended by adding a new subsection to
16 read:

17 "**(d) Taxed Pass-Through Entity. – This Article applies to every taxed pass-through entity**
18 **in the same manner as a corporation subject to tax under Article 4 of this Chapter, except that**
19 **G.S. 105-163.41(d)(5) shall not apply with respect to a taxable year of a taxed pass-through entity**
20 **if it was not a taxed pass-through entity during its preceding taxable year."**

21 **SECTION 42.5.(n)** This section is effective for taxable years beginning on or after
22 January 1, 2022.

23
24 **CREATE SEPARATE STATE NET OPERATING LOSS CALCULATION FOR**
25 **INDIVIDUAL INCOME TAX PURPOSES**

26 **SECTION 42.6.(a)** G.S. 105-153.5 reads as rewritten:

27 **"§ 105-153.5. Modifications to adjusted gross income.**

28 ...

29 (b) **Other Deductions. – In calculating North Carolina taxable income, a taxpayer may**
30 **deduct from the taxpayer's adjusted gross income any of the following items that are included in**
31 **the taxpayer's adjusted gross income:**

32 ...

33 **(16) A State net operating loss as allowed under G.S. 105-153.5A.**

34 (c) **Additions. – In calculating North Carolina taxable income, a taxpayer must add to the**
35 **taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's**
36 **adjusted gross income:**

37 ...

38 **(6) ~~The Any amount of allowed as a net operating loss carried to and deducted on~~**
39 **~~the federal return but not absorbed in that year and carried forward to a~~**
40 **~~subsequent year deduction under the Code.~~**

41 "

42 **SECTION 42.6.(b)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
43 amended by adding a new section to read:

44 **"§ 105-153.5A. Net operating loss provisions.**

45 **(a) State Net Operating Loss. – A taxpayer's State net operating loss for a taxable year is**
46 **the amount by which business deductions for the year exceed gross business income for the year**
47 **as determined under the Code adjusted as provided in G.S. 105-153.5 and G.S. 105-153.6. The**
48 **amount of a taxpayer's State net operating loss must also be determined in accordance with the**
49 **following modifications:**

50 **(1) No State net operating loss deduction shall be allowed.**

- 1 (2) The amount deductible on account of losses from sales or exchanges of capital
2 assets shall not exceed the amount includable on account of gains from sales
3 or exchanges of capital assets.
- 4 (3) The exclusion provided by Code section 1202 shall not be allowed.
- 5 (4) No deduction shall be allowed under G.S. 105-153.5(a1) for the child
6 deduction.
- 7 (5) The deductions which are not attributable to a taxpayer's trade or business
8 shall be allowed only to the extent of the amount of the gross income not
9 derived from such trade or business.
- 10 (6) Any deduction under Code section 199A shall not be allowed.
- 11 (b) Deduction. – A taxpayer may carry forward a State net operating loss the taxpayer
12 incurred in a prior taxable year and deduct it in the current taxable year, subject to the limitations
13 in this subsection:
- 14 (1) The loss was incurred in one of the preceding 15 taxable years.
- 15 (2) Any loss carried forward is applied to the next succeeding taxable year before
16 any portion of it is carried forward and applied to a subsequent taxable year.
- 17 (3) The taxpayer's State net operating loss deduction may not exceed the amount
18 of the taxpayer's North Carolina taxable income determined without deducting
19 the taxpayer's State net operating loss.
- 20 (4) The portion of the State net operating loss attributable to the carryforward
21 allowed under subsection (f) of this section is only allowed to the extent
22 described in subsection (f) of this section.
- 23 (c) Nonresidents. – In the case of a taxpayer that is a nonresident in the year of the loss,
24 the State net operating loss only includes income and deductions derived from a business carried
25 on in this State in the year of the loss. In the case of a taxpayer that is a nonresident in the year
26 of the deduction, the State net operating loss must be included in the numerator of the fraction
27 used to calculate taxable income as defined in G.S. 105-153.4(b).
- 28 (d) Part-Year Residents. – In the case of a taxpayer that is a part-year resident in the year
29 of the loss, the State net operating loss includes income and deductions derived from a business
30 carried on in this State while the taxpayer was a nonresident and includes business income and
31 deductions derived from all sources during the period the taxpayer was a resident. In the case of
32 a taxpayer that is a part-year resident in the year of the deduction, the State net operating loss
33 must be included in the numerator of the fraction used to calculate taxable income as defined in
34 G.S. 105-153.4(c).
- 35 (e) Administration. – A taxpayer claiming a deduction under this section must maintain
36 and make available for inspection by the Secretary all records necessary to determine and verify
37 the amount of the deduction. The Secretary or the taxpayer may redetermine a loss originating in
38 a taxable year that is closed under the statute of limitations for the purpose of determining the
39 amount of loss that can be carried forward to a taxable year that remains open under the statute
40 of limitations.
- 41 (f) Federal Net Operating Loss Carryforwards. – The portion of a taxpayer's federal net
42 operating loss carryforward that was not absorbed in tax years beginning prior to January 1, 2022,
43 may be included in the amount of a taxpayer's State net operating loss in taxable years beginning
44 on or after January 1, 2022. The federal net operating loss carryforward is only allowed as a State
45 net operating loss in tax years beginning after January 1, 2022, to the extent that it meets all of
46 the following conditions:
- 47 (1) The loss would have been allowed in that taxable year under section 172 of
48 the Code as enacted on April 1, 2021.
- 49 (2) The provisions of G.S. 105-153.5(c2)(8), (9), (10), (13), and (14) do not apply
50 to the federal net operating loss carryforward.
- 51 (3) The loss was incurred in one of the preceding 15 taxable years."

1 **SECTION 42.6.(c)** This section is effective for taxable years beginning on or after
2 January 1, 2022.

3
4 **REENACT AND MAKE PERMANENT MILL REHABILITATION CREDIT**

5 **SECTION 42.7.(a)** Effective for taxable years beginning on or after January 1, 2021,
6 Article 3H of Chapter 105 of the General Statutes is reenacted as it existed immediately before
7 its repeal for rehabilitation projects for which an application for an eligibility certification was
8 submitted on or after January 1, 2015, and reads as rewritten:

9 "Article 3H.

10 "Mill Rehabilitation Tax Credit.

11 ...

12 **"§ 105-129.71. Credit for income-producing rehabilitated mill property.**

13 ...

14 (a1) Credit for Rehabilitated Railroad Station. – A taxpayer who is allowed a credit under
15 section 47 of the Code for making qualified rehabilitation expenditures of at least ten million
16 dollars (\$10,000,000) with respect to a certified rehabilitation of an eligible railroad station is
17 allowed a credit equal to a percentage of the expenditures that qualify for the federal credit. In
18 order to be eligible for a credit allowed by this Article, the taxpayer must provide to the Secretary
19 a copy of the eligibility certification and the cost certification. The amount of the credit is equal
20 to forty percent (40%) of the qualified rehabilitation expenditures. The qualified rehabilitation
21 expenditures must be incurred on or after January 1, 2019, and the credit cannot be claimed for
22 a taxable year beginning prior to January 1, 2021. ~~The tax credit must be taken in two equal~~
23 ~~installments on returns filed for taxable years 2021 and 2022. The sum of the two installments is~~
24 ~~equal to the credit amount allowed for qualified rehabilitation expenditures incurred in taxable~~
25 ~~years 2019, 2020, and 2021. When the eligible site is placed into service in two or more phases~~
26 ~~in different years, the amount of credit that may be claimed in a year is the amount based on the~~
27 ~~qualified rehabilitation expenditures associated with the phase placed into service during that~~
28 ~~year.~~

29 For purposes of this subsection, the term "eligible railroad station" is a site located in this
30 State that satisfies all of the following conditions:

31 ...

32 (4) It is a designated local landmark as certified by a ~~city on or before June 30,~~
33 ~~2019.~~city.

34 ...

35 (7) It is issued a certificate of ~~occupaney on or before December 31,~~
36 ~~2021.~~occupancy.

37 ...

38 **~~"§ 105-129.75. Sunset and applicable expenditures.~~**

39 (a) ~~Sunset.~~—~~Except for credits allowed under G.S. 105-129.71(a1), this Article expires~~
40 ~~January 1, 2015, for rehabilitation projects for which an application for an eligibility certification~~
41 ~~is submitted on or after that date. Eligibility certifications under this Article expire January 1,~~
42 ~~2023.~~

43 (b) ~~Delayed Sunset and Applicable Expenditures.~~—~~For credits allowed under~~
44 ~~G.S. 105-129.71(a1), the following applies:~~

45 (1) ~~The qualified rehabilitation expenditures must be incurred on or after January~~
46 ~~1, 2019, and before January 1, 2022.~~

47 (2) ~~This Article expires, and a tax credit allowed under G.S. 105-127.71(a1) may~~
48 ~~not be claimed, for rehabilitation projects not completed and placed in service~~
49 ~~prior to January 1, 2022.~~

50"

1 **SECTION 42.7.(b)** Eligibility certifications, whether issued prior to January 1, 2015,
 2 or on or after January 1, 2021, do not expire. Neither the reenactment of Article 3H of Chapter
 3 105 of the General Statutes nor the repeal of G.S. 105-129.75 under this section requires a
 4 taxpayer who obtained an eligibility certification prior to January 1, 2015, for a rehabilitation
 5 project under this Article to reapply for an eligibility certification for the same project.

6 **SECTION 42.7.(c)** Except as otherwise provided, this section is effective when it
 7 becomes law.

8
 9 **EXPAND AND MAKE PERMANENT HISTORIC REHABILITATION CREDIT**

10 **SECTION 42.7A.(a)** G.S. 105-129.105 reads as rewritten:

11 "**§ 105-129.105. Credit for rehabilitating income-producing historic structure.**

12 (a) Credit. – A taxpayer who is allowed a federal income tax credit under section 47 of
 13 the Code for making qualified rehabilitation expenditures for a certified historic structure located
 14 in this State is allowed a credit equal to the sum of the following:

- 15 (1) Base amount. – The percentage of qualified rehabilitation expenditures at the
 16 levels provided in the table below:

Expenses	Up To	Rate
17 Over		
18 0	\$10 million	15.00%
19 \$10 million	\$20 million	10.00%

- 20 (2) Development tier bonus. – An amount equal to five percent (5%) of qualified
 21 rehabilitation expenditures not exceeding twenty million dollars
 22 (\$20,000,000) if the certified historic structure is located in a development tier
 23 one or two area.

- 24 (3) Targeted investment bonus. – An amount equal to five percent (5%) of
 25 qualified rehabilitation expenditures not exceeding twenty million dollars
 26 (\$20,000,000) if the certified historic structure is located on an eligible
 27 targeted investment site.

- 28 (4) Education bonus. – An amount equal to five percent (5%) of qualified
 29 rehabilitation expenditures not exceeding twenty million dollars
 30 (\$20,000,000) if the certified historic structure was originally used for an
 31 educational purpose, is used for an educational purpose following the
 32 rehabilitation, and remains used for an educational purpose for each year in
 33 which the credit, or a carryforward of the credit, is claimed. For a certified
 34 historic structure used for multiple purposes, the bonus provided in this
 35 subdivision shall be proportionate to the area of the certified historic structure
 36 used for an educational purpose.

- 37 ...
 38 (c) Definitions. – The following definitions apply in this section:

- 39 ...
 40 (2a) Educational purpose. – A purpose that has as its objective the education or
 41 instruction of human beings; it comprehends the transmission of information
 42 and the training or development of the knowledge or skills of individual
 43 persons.

44 "
 45 **SECTION 42.7A.(b)** G.S. 105-129.110 is repealed.

46 **SECTION 42.7A.(c)** Subsection (a) of this section is effective for taxable years
 47 beginning on or after January 1, 2021. The remainder of this section is effective when it becomes
 48 law.
 49

50
 51 **LIMIT GROSS PREMIUMS TAX ON SURETY BONDS**

1 **SECTION 42.8.(a)** G.S. 105-228.5(b1) reads as rewritten:

2 "(b1) Calculation of Tax Base. – In determining the amount of gross premiums from
3 business in this State, all gross premiums received in this State, credited to policies written or
4 procured in this State, or derived from business written in this State shall be deemed to be for
5 contracts covering persons, property, or risks resident or located in this State unless one of the
6 following applies:

7 (1) The premiums are properly reported and properly allocated as being received
8 from business done in some other nation, territory, state, or states.

9 (2) The premiums are from policies written in federal areas for persons in military
10 service who pay premiums by assignment of service pay.

11 Gross premiums from business done in this State in the case of life insurance contracts,
12 including supplemental contracts providing for disability benefits, accidental death benefits, or
13 other special benefits that are not annuities, means all premiums collected in the calendar year,
14 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited
15 to persons, firms, or corporations resident in this State, or in the case of group policies, for
16 contracts of insurance covering persons resident within this State. The only deductions allowed
17 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and
18 premiums that were paid in advance on life insurance contracts and subsequently refunded to the
19 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been
20 collected for the amounts as provided in the policy contracts for the time in force during the year,
21 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or
22 by any other means except waiver of premiums by companies under a contract for waiver of
23 premium in case of disability.

24 Gross premiums from business done in this State in the case of an insurer of bail bonds means
25 the amounts received by an insurer from a surety bondsman during the calendar year for bail
26 bonds written on behalf of the insurer. An insurer is subject to the definitions of gross premiums
27 under this section for gross premiums from transacting any other line of insurance business. For
28 purposes of this paragraph, the terms "bail bonds," "insurer," and "surety bondsman" have the
29 same meaning as defined in G.S. 58-71-1.

30 Gross premiums from business done in this State for all other health care plans and contracts
31 of insurance, including contracts of insurance required to be carried by the Workers'
32 Compensation Act, means all premiums written during the calendar year, or the equivalent
33 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering
34 property or risks in this State, other than for contracts of reinsurance, whether the premiums are
35 designated as premiums, deposits, premium deposits, policy fees, membership fees, or
36 assessments. Gross premiums shall be deemed to have been written for the amounts as provided
37 in the policy contracts, new and renewal, becoming effective during the year irrespective of the
38 time or method of making payment or settlement for the premiums, and with no deduction for
39 dividends whether returned in cash or allowed in payment or reduction of premiums or for
40 additional insurance, and without any other deduction except for return of premiums, deposits,
41 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies."

42 **SECTION 42.8.(b)** This section is effective for taxable years beginning on or after
43 January 1, 2022.

44
45 **EXTEND EXCISE TAX TO REMOTE SALES OF CIGARS AND MAKE CLARIFYING**
46 **CHANGES REGARDING DELIVERY SALES AND REMOTE SALES OF**
47 **TOBACCO PRODUCTS**

48 **SECTION 42.9.(a)** G.S. 105-113.4 reads as rewritten:

49 "§ 105-113.4. Definitions.

50 The following definitions apply in this Article:

51 ...

- 1 (2) Cost price. – The actual price a person liable for the tax on tobacco products
 2 paid for an item subject to the tax imposed by Part 3 of this Article paid for
 3 the products, before any discount, rebate, or allowance or the tax imposed by
 4 that Part by the person liable for the tax. The actual price paid for an item may
 5 be either of the following:
 6 a. The actual price paid for an item identified as a stock keeping unit by
 7 a unique code or identifier representing the item.
 8 b. If the actual price paid for an item is not available, the average of the
 9 actual price paid for the item over the 12 calendar months before
 10 January 1 of the year in which the sale occurs.
 11 (2d) Delivery sale. – A sale of tobacco products—cigarettes, smokeless tobacco, or
 12 vapor products to a consumer in this State in which either of the following
 13 apply:
 14 a. The consumer submits the order for the sale by telephone, mail, the
 15 Internet or other online service or application, or when the seller is
 16 otherwise not in the physical presence of the consumer when the
 17 consumer submits the order.
 18 b. The tobacco products—cigarettes, smokeless tobacco, or vapor products
 19 are delivered via mail or a delivery service.
 20 (2e) Delivery seller. – A person that located within or outside this State who makes
 21 a delivery sale.
 22 ...
 23 (3) Distributor. – Either Any of the following:
 24 a. A person, wherever resident or located, who purchases non-tax-paid
 25 cigarettes directly from the manufacturer of the cigarettes and stores,
 26 sells, or otherwise disposes of the cigarettes.
 27 b. A manufacturer of cigarettes.
 28 c. A delivery seller of cigarettes.
 29 ...
 30 (8a) Remote sale. – A sale of tobacco products other than cigarettes, smokeless
 31 tobacco, or vapor products to a consumer in this State in which either of the
 32 following applies:
 33 a. The consumer submits the order for the sale by telephone, mail, the
 34 internet, or other online service or application, or when the seller is
 35 otherwise not in the physical presence of the consumer when the
 36 consumer submits the order.
 37 b. The tobacco products other than cigarettes, smokeless tobacco, or
 38 vapor products are delivered via mail or a delivery service.
 39 (8b) Remote seller. – A person located within or outside this State who makes a
 40 remote sale.
 41 (9) Retail dealer. – A person who sells a tobacco product to the ultimate consumer
 42 of the product, including a remote seller or a delivery seller.
 43 ...
 44 (10b) Smokeless tobacco. – Any finely cut, ground, powdered, or leaf tobacco, or
 45 other product containing tobacco, that is intended to be placed in the oral or
 46 nasal cavity or otherwise consumed without being combusted.
 47"

48 **SECTION 42.9.(b)** G.S. 105-113.4F reads as rewritten:

49 **"§ 105-113.4F. Delivery sales of certain tobacco products; age verification.**

50 (a) Scope. – This section applies to delivery sales of tobacco products, other than cigars,
 51 to consumers in this State regardless of whether the delivery seller is located inside or outside

~~this State. sales.~~ For purposes of this section, the term "tobacco product" ~~is as defined in G.S. 105-113.4, except that it does not include cigars.~~ means cigarettes, smokeless tobacco, or vapor products.

(b) ~~Delivery Seller Requirements.~~ – A delivery seller ~~shall~~ must do all of the following with respect to a delivery sale:

(1) Obtain a license from the Secretary ~~pursuant to the requirements of~~ as required by this Article before accepting an order.

(2) Comply with the age verification requirements in G.S. 14-313(b2).

(3) Report, collect, and remit to the Secretary all applicable taxes levied on tobacco products as set out in this Article and Article 5 of this Chapter.

(c) ~~Filing Requirement.~~ – A delivery seller who has made a delivery sale, or shipped or delivered tobacco products in connection with a delivery sale, during the previous month ~~shall~~ must, not later than the tenth day of each month, file with the Secretary a memorandum or a copy of the invoice for every delivery sale made during the previous month. A delivery seller who complies with 15 U.S.C. § 376 with respect to tobacco products covered by that section is considered to have complied with this subsection. The memorandum or invoice ~~shall~~ must contain the following information:

(1) The name, address, telephone number, and e-mail address of the consumer.

(2) The type and the brand, or brands, of tobacco products that were sold.

(3) The quantity of tobacco products that were sold.

(d) ~~Penalties.~~ – A person who violates this section is subject to the following penalties:

(1) For the first violation, a penalty of one thousand dollars (\$1,000).

(2) For a subsequent violation, a penalty not to exceed five thousand dollars (\$5,000), as determined by the Secretary.

~~(e) Exception. This section does not apply to sales of tobacco products by a retail dealer who purchased the tobacco products from a licensed distributor or wholesale dealer.~~

~~(f) State Laws Apply. All State laws that apply to tobacco product retailers in this State shall apply to delivery sellers that sell tobacco products into this State.~~ Delivery Sellers as Retailers. – A delivery seller that meets the definition of a "retailer" as defined in Article 5 of this Chapter is subject to all State laws that apply to a retailer in this State.

SECTION 42.9.(c) G.S. 105-113.5 reads as rewritten:

"§ 105-113.5. Tax on cigarettes.

(a) ~~Rate.~~ – A tax is levied on the sale or possession for sale in this State, by a licensed distributor, of all cigarettes at the rate of two and one-fourth cents (2.25¢) per individual cigarette.

~~(b) Primary Liability. – The licensed distributor who first acquires or otherwise handles cigarettes subject to the tax imposed by this section is liable for the tax imposed by this section. A licensed distributor who brings~~ meets any of the following conditions is liable for the tax imposed by this section:

(1) Is the first person to possess or acquire cigarettes in this State.

(2) Is the first person to bring into this State cigarettes made outside the State ~~is the first person to handle the cigarettes in this State. A licensed distributor who is~~

(3) Is the original consignee of cigarettes made outside the State and is that are shipped into the State ~~is the first person to handle the cigarettes in this State.~~

(4) Makes a delivery sale of cigarettes for which the delivery seller is required to collect sales and use tax under Article 5 of this Chapter."

SECTION 42.9.(d) G.S. 105-113.12 reads as rewritten:

"§ 105-113.12. Distributor must obtain license. License required.

(a) A distributor ~~shall~~ must obtain a license for each place of business a distributor's license and shall ~~of the locations listed in this subsection, as applicable, and must pay a tax of twenty-five dollars (\$25.00) for the~~ each license. A license is in effect until June 30 of the year

1 following the second calendar year after the date of issuance or renewal. A license ~~for each place~~
2 ~~of business~~ is renewable upon signed application with no renewal license tax, unless applied for
3 after the June 30 expiration date. The locations are:

4 (1) Each location where a distributor receives or stores non-tax-paid cigarettes in
5 this State.

6 (2) For a distributor that is a delivery seller, each location from which the
7 distributor ships delivery sales of cigarettes if the location is a location other
8 than the location described in subdivision (1) of this subsection.

9 (b) ~~For the purposes of this section, a "place of business" is a place where a distributor~~
10 ~~receives or stores non tax paid cigarettes.~~

11 (c) An out-of-state distributor that is not a delivery seller may obtain a distributor's
12 license upon compliance with the provisions of G.S. 105-113.4A and G.S. 105-113.24 and
13 payment of a tax of twenty-five dollars (\$25.00)."

14 **SECTION 42.9.(e)** G.S. 105-113.18 reads as rewritten:

15 "**§ 105-113.18. Payment of tax; reports.**

16 The taxes levied in this Part are payable when a report is required to be filed. The following
17 reports are required to be filed with the Secretary:

18 (1) Distributor's Report. – A licensed distributor ~~shall~~must file a monthly report
19 in the form prescribed by the Secretary. The report covers cigarettes sold,
20 shipped, delivered, or otherwise disposed of in this State in a calendar month
21 and is due within 20 days after the end of the month covered by the report.
22 The report ~~shall~~must show the quantity of all cigarettes transported or caused
23 to be transported into the State by the licensed distributor or licensed
24 manufacturer in the State for sales in this State and state the amount of tax due
25 and ~~shall~~must identify any transactions to which the tax does not apply. A
26 licensed distributor that is a delivery seller must also comply with the filing
27 requirement under G.S. 105-113.4F.

28 (1a) Repealed by Session Laws 2019-169, s. 4.3(a), effective July 26, 2019.

29 (2) Use Tax Report. – ~~Every other~~A person who is not a licensed distributor and
30 has acquired non-tax-paid cigarettes for sale, use, or consumption subject to
31 the tax imposed by this Part shall, must, within 96 hours after receipt of the
32 cigarettes, file a report in the form prescribed by the Secretary showing the
33 amount of cigarettes so received and any other information required by the
34 Secretary. The report ~~shall~~must be accompanied by payment of the full
35 amount of the tax.

36 (3) Shipping Report. – Any person, except a licensed distributor, who ~~transports~~
37 transports, or causes to transport, cigarettes upon the public highways, roads,
38 or streets of this State, upon notice from the Secretary, ~~shall~~must file a report
39 in the form prescribed by the Secretary and containing the information
40 required by the Secretary.

41"

42 **SECTION 42.9.(f)** The following statutes are repealed:

43 G.S. 105-113.35

44 G.S. 105-113.35A

45 G.S. 105-113.36

46 G.S. 105-113.37

47 G.S. 105-113.38

48 G.S. 105-113.39

49 G.S. 105-113.40A.

50 **SECTION 42.9.(g)** Part 3 of Article 2A of Chapter 105 of the General Statutes, as
51 amended by subsection (f) of this section, reads as rewritten:

1 "Part 3. Tax on ~~Other Tobacco Products~~ Products Other Than Cigarettes.

2 "Subpart 1. General Provisions.

3 **"§ 105-113.35B. Applicability.**

4 As used in this Part, the term "tobacco product" means a tobacco product other than cigarettes.

5 "Subpart 2. Tax Rates and Liability.

6 **"§ 105-113.36A. Tax rates; liability for tax.**

7 (a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or
8 distribution of tobacco products at the following rates:

9 (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable
10 product. All invoices for vapor products issued by manufacturers must state
11 the amount of consumable product in milliliters.

12 (2) On all other tobacco products, the rate of twelve and eight-tenths percent
13 (12.8%) of the cost price.

14 (b) Primary Liability for Tax. – A wholesale dealer that has not been relieved of paying
15 tax under G.S. 105-113.37A or a retail dealer is primarily liable for the tax imposed by this
16 section if the dealer meets any of the following conditions:

17 (1) Is the first person to possess or acquire the tobacco product in this State.

18 (2) Is the first person to bring a tobacco product made outside the State into this
19 State.

20 (3) Is the original consignee of a tobacco product made outside the State that is
21 shipped into the State.

22 (4) Makes a remote sale or a delivery sale for which the dealer is required to
23 collect sales and use tax under Article 5 of this Chapter.

24 (c) Secondary Liability. – A retail dealer located in this State who acquires from a
25 wholesale dealer non-tax-paid tobacco products subject to the tax imposed by this section is liable
26 for any tax due on the tobacco products.

27 (d) Exemptions. – The taxes imposed under this section do not apply to the following:

28 (1) A tobacco product sold outside the State.

29 (2) A tobacco product sold to the federal government.

30 (3) A sample tobacco product distributed without charge. A sample tobacco
31 product may only be distributed in a "qualified adult-only facility" as that term
32 is defined in 21 C.F.R. § 1140.16(d)(2).

33 (e) Use Tax. – A tax is levied upon the sale or possession for sale by a person other than
34 a licensed wholesale dealer or a licensed retail dealer and upon the use, consumption, or
35 possession for use or consumption of tobacco products within this State at the rate set in this
36 section. This tax does not apply to tobacco products for which the tax levied in this section has
37 been paid.

38 (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce
39 to the Secretary's satisfaction documentation of the cost price of the items subject to tax, the
40 Secretary may determine a value based on the cost price of comparable items.

41 "Subpart 3. Wholesale and Retail Dealers.

42 **"§ 105-113.37A. Manufacturer's option.**

43 (a) Shipping to Other Licensed Dealers. – A manufacturer who is not a retail dealer and
44 who ships tobacco products to either a wholesale dealer or a retail dealer licensed under this Part
45 may, upon application to the Secretary and upon compliance with requirements prescribed by the
46 Secretary, be relieved of paying the tax on tobacco products imposed by this Part but is not
47 relieved from filing a report as required by this Part.

48 (b) Integrated Wholesale Dealers. – If a manufacturer has been relieved of paying tax
49 under this section, the permission granted to be relieved of paying the tax also applies to an
50 integrated wholesale dealer with whom the manufacturer is an affiliate. A manufacturer must
51 notify the Secretary of any integrated wholesale dealer with whom it is an affiliate when the

1 manufacturer applies to the Secretary for permission to be relieved of paying the tax and when
2 an integrated wholesale dealer becomes an affiliate of the manufacturer after the Secretary has
3 given the manufacturer permission to be relieved of paying the tax.

4 (c) Dual Exemption. – If a person is both a manufacturer of cigarettes and a wholesale
5 dealer of tobacco products, and the person is granted permission under G.S. 105-113.10 to be
6 relieved of paying the cigarette excise tax, the permission applies to the tax imposed by this Part
7 on tobacco products. A cigarette manufacturer who becomes a wholesale dealer after receiving
8 permission to be relieved of the cigarette excise tax must notify the Secretary of the permission
9 received under G.S. 105-113.10 when applying for a license as a wholesale dealer.

10 **"§ 105-113.37B. Non-tax-paid products.**

11 Except as otherwise provided in this Part, a licensed wholesale dealer may not sell, borrow,
12 loan, or exchange non-tax-paid tobacco products to, from, or with another licensed wholesale
13 dealer, and an integrated wholesale dealer may not sell, borrow, loan, or exchange non-tax-paid
14 tobacco products to, from, or with another integrated wholesale dealer.

15 **"§ 105-113.37C. Discount; refund.**

16 (a) Discount. – A wholesale dealer or a retail dealer who is primarily liable for the excise
17 taxes imposed by this Part, who files a timely report under this Part, and who sends a timely
18 payment may deduct from the amount due with the report a discount of two percent (2%). This
19 discount covers expenses incurred in preparing the records and reports required by this Part and
20 the expense of furnishing a bond. This subsection does not apply with respect to the excise tax
21 levied on vapor products.

22 (b) Refund. – A wholesale dealer or retail dealer who is primarily liable for the excise
23 taxes imposed by this Part and is in possession of stale or otherwise unsalable tobacco products
24 upon which the tax has been paid may return the tobacco products to the manufacturer and apply
25 to the Secretary for refund of the tax. The application must be in the form prescribed by the
26 Secretary and accompanied by a written certificate signed under penalty of perjury or an affidavit
27 from the manufacturer listing the tobacco products returned to the manufacturer by the applicant.
28 The Secretary must refund the tax paid, less the discount allowed, on the listed products.

29 "Subpart 4. Remote Sellers.

30 **"§ 105-113.38A. Remote seller requirements.**

31 A remote seller must do all of the following with respect to a remote sale:

- 32 (1) Obtain a license from the Secretary as required by this Part before accepting
33 an order.
- 34 (2) Report, collect, and remit to the Secretary all applicable taxes as set out in this
35 Part and Article 5 of this Chapter. A remote seller that meets the definition of
36 a "retailer" as defined in Article 5 of this Chapter is subject to all State laws
37 that apply to a retailer in this State.

38 **"§ 105-113.38B. Records.**

39 In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must
40 maintain the following:

- 41 (1) A list, updated annually, showing the cost price paid by the remote seller for
42 each stock keeping unit of tobacco products.
- 43 (2) Invoices documenting remote or delivery sales to consumers in this State.
- 44 (3) Records necessary to document the cost price of purchases of all tobacco
45 products sold to consumers in this State.

46 **"§ 105-113.38C. Penalties.**

47 A remote seller who violates G.S. 105-113.38A is subject to the following penalties:

- 48 (1) For the first violation, a penalty of one thousand dollars (\$1,000).
- 49 (2) For a subsequent violation, a penalty not to exceed five thousand dollars
50 (\$5,000), as determined by the Secretary.

51 "Subpart 5. Administrative Provisions.

"§ 105-113.39A. License required.

(a) Requirement. – A wholesale dealer or a retail dealer must obtain from the Secretary a license for each of the locations listed in this subsection, as applicable, and must pay the required license tax for each license. A license is in effect until June 30 of the year following the second calendar year after the date of issuance or renewal, unless cancelled or revoked prior to expiration. A license is renewable upon signed application with no renewal license tax, unless applied for after the June 30 expiration date. The locations are:

(1) Each location where a wholesale dealer makes tobacco products.

(2) Each location where a wholesale dealer or a retail dealer receives or stores non-tax-paid tobacco products.

(3) Each location from where a retail dealer that is a delivery seller or remote seller ships delivery sales or remote sales if the location is a location other than the location described in subdivision (2) of this subsection.

(b) License Tax Amount. – The license tax amounts are as follows:

(1) Wholesale dealer \$25.00

(2) Retail dealer \$10.00.

(c) Out-of-State Wholesale Dealers. – An out-of-state wholesale dealer of tobacco products that is not a delivery seller or a remote seller may obtain a wholesale dealer's license upon compliance with the provisions of G.S. 105-113.4A and payment of a tax of twenty-five dollars (\$25.00).

"§ 105-113.39B. Payment of tax.

(a) Monthly Report. – Taxes levied by this Part are payable by the entity that is primarily liable for the tax when a report is required to be filed. A report is due on a monthly basis. A monthly report covers tobacco products sold, shipped, delivered, or otherwise disposed of in this State occurring in a calendar month and is due within 20 days after the end of the month covered by the report. A report must be filed on a form provided by the Secretary and must contain the information required by the Secretary.

(b) Use Tax Report. – A person who is not a licensee under this Part and has acquired non-tax-paid tobacco products for sale, use, or consumption subject to the tax imposed by this Part must, within 96 hours after receipt of the tobacco products, file a report in the form prescribed by the Secretary showing the amount of tobacco products received and any other information required by the Secretary. The report must be accompanied by payment of the full amount of the tax.

(c) Shipping Report. – A person who transports, or causes to transport, tobacco products upon the public highways, roads, or streets of this State must, upon notice from the Secretary, file a report in a form prescribed by and containing the information required by the Secretary.

"§ 105-113.39C. Bond or irrevocable letter of credit.

The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount that adequately protects the State from a wholesale dealer's or a retail dealer's failure to pay taxes due under this Part. A bond must be conditioned on compliance with this Part, payable to the State, and in the form required by the Secretary. The amount of the bond is two times the wholesale or retail dealer's average expected monthly tax liability under this Part, as determined by the Secretary, provided the amount of the bond may not be less than two thousand dollars (\$2,000) and may not be more than two million dollars (\$2,000,000). The Secretary should periodically review the sufficiency of bonds required of dealers, increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the wholesale dealer or retail dealer, and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The

1 letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with
2 this Part, and in the amounts stipulated in this section.

3 **"§ 105-113.39D. Use of tax proceeds.**

4 The Secretary must credit the net proceeds of the tax collected under this Part as follows:

5 (1) Six and four-tenths percent (6.4%) to the University Cancer Research Fund
6 established under G.S. 116-29.1.

7 (2) The remainder to the General Fund."

8 **SECTION 42.9.(h)** G.S. 116-29.1(b) reads as rewritten:

9 "(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer
10 Research Fund by the Secretary of Revenue from the tax on tobacco products other than
11 cigarettes pursuant to ~~G.S. 105-113.40A~~ G.S. 105-113.39D are appropriated for this purpose."

12 **SECTION 42.9.(i)** This section becomes effective July 1, 2022, and applies to sales
13 or purchases occurring on or after that date. This section does not affect the rights or liabilities
14 of a taxpayer or another person arising under the law as it existed before the effective date of this
15 section, nor does it affect the right to any refund or credit of a tax that accrued under the law as
16 it existed before the effective date of this section.

17
18 **SALES TAX EXEMPTION FOR ALCOHOL BEVERAGE MANUFACTURING**

19 **SECTION 42.10A.(a)** G.S. 105-164.13 reads as rewritten:

20 **"§ 105-164.13. Retail sales and use tax.**

21 The sale at retail and the use, storage, or consumption in this State of the following items are
22 specifically exempted from the tax imposed by this Article:

23 ...

24 (5q) Sales of machinery, equipment, parts, and accessories to the following
25 permittees for use in the manufacture of the following items and supplies and
26 ingredients used or consumed by the permittee in the manufacturing process:

27 a. The holder of an unfortified winery permit for the manufacture of
28 unfortified wine, as authorized in G.S. 18B-1101.

29 b. The holder of a fortified winery permit for the manufacture of fortified
30 wine, as authorized in G.S. 18B-1102.

31 c. The holder of a brewer permit for the manufacture of malt beverages,
32 as authorized in G.S. 18B-1104.

33 d. The holder of a distillery permit for the manufacture of spirituous
34 liquor, as authorized in G.S. 18B-1105.

35"

36 **SECTION 42.10A.(b)** This section is effective August 1, 2021, and applies to sales
37 made on or after that date.

38
39 **CCRC SALES TAX EXEMPTION AND FORGIVENESS**

40 **SECTION 42.10B.(a)** G.S. 105-164.13 reads as rewritten:

41 **"§ 105-164.13. Retail sales and use tax.**

42 The sale at retail and the use, storage, or consumption in this State of the following items are
43 specifically exempted from the tax imposed by this Article:

44 ...

45 (74) Items, other than alcoholic beverages, sold by a provider of continuing care to
46 its residents. The purchase of items exempt from tax under this subdivision by
47 a provider of continuing care is taxable and not subject to the exemption
48 provided in G.S. 105-164.13(61b). The terms "continuing care," "provider,"
49 and "resident" have the same meanings as defined in G.S. 58-64-1, and the
50 term "alcoholic beverage" has the same meaning as defined in
51 G.S. 105-113.68."

1 **SECTION 42.10B.(b)** Forgiveness of Certain Sales Tax Assessments. – The
2 Department of Revenue shall take no action to assess or collect from any person any sales and
3 use tax for sales occurring on or after February 1, 2015, with respect to the retail sale of taxable
4 items, other than alcoholic beverages, sold by a provider of continuing care to its residents.

5 The Secretary of Revenue shall reduce an assessment issued on or after February 1,
6 2015, against a provider of continuing care who requests relief for State and local sales and use
7 taxes imposed on taxable items sold to its residents, provided such assessment remains
8 appealable or is under appeal at the time the request for relief is made. The Secretary shall reduce
9 the sales and use taxes assessed to zero and waive all penalties that were imposed as part of the
10 assessment.

11 This subsection shall not provide any forgiveness of tax collected from a resident
12 which has not been refunded or credited to the resident.

13 **SECTION 42.10B.(c)** Refund of Certain Sales Tax Collections. – A retailer who is
14 a provider of continuing care that collected and remitted sales tax on the retail sale of taxable
15 items sold to its residents for sales occurring on or after February 1, 2015, may apply to the
16 Department of Revenue for a refund of the sales tax paid on the retail sale of taxable items, other
17 than alcoholic beverages, sold to its residents for sales occurring on or after February 1, 2015.
18 The amount of use tax due on the exempt items must be deducted from the refund amount. The
19 retailer must comply with the provisions of G.S. 105-164.11 to obtain a refund. A request for a
20 refund must be made on or before January 1, 2022. A request for refund received after that date
21 is barred.

22 **SECTION 42.10B.(d)** Definitions. – For purposes of this section, the terms
23 "alcoholic beverage," "continuing care," "provider," and "resident" have the same meanings as
24 defined in G.S. 105-164.13(74).

25 **SECTION 42.10B.(e)** Subsection (a) of this section becomes effective October 1,
26 2021, and applies to sales occurring on or after that date. The remainder of this section is effective
27 when it becomes law.

28 **GRADUATE LATE PAYMENT PENALTIES**

29 **SECTION 42.11.(a)** G.S. 105-236(a)(4) reads as rewritten:
30

31 "(4) Failure to Pay Tax When Due. – In the case of failure to pay any tax when
32 due, without intent to evade the tax, the Secretary shall assess a penalty equal
33 to ~~ten two percent (10%)-(2%)~~ of the ~~tax amount of the tax if the failure is for~~
34 not more than one month, with an additional two percent (2%) for each
35 additional month, or fraction thereof, during which the failure continues, not
36 exceeding ten percent (10%) in aggregate. This penalty does not apply in any
37 of the following circumstances:

- 38 a. When the amount of tax shown as due on an amended return is paid
39 when the return is filed.
- 40 b. When the Secretary proposes an assessment for tax due but not shown
41 on a return and the tax due is paid within 45 days after the later of the
42 following:
 - 43 1. The date of the notice of proposed assessment of the tax, if the
44 taxpayer does not file a timely request for a Departmental
45 review of the proposed assessment.
 - 46 2. The date the proposed assessment becomes collectible under
47 one of the circumstances listed in G.S. 105-241.22(3) through
48 (6), if the taxpayer files a timely request for a Departmental
49 review of the proposed assessment.

50 "

1 **SECTION 42.11.(b)** This section becomes effective July 1, 2022, and applies to tax
2 assessed on or after that date.

3
4 **PROPERTY TAX EXEMPTION FOR VACCINES**

5 **SECTION 42.12.(a)** G.S. 105-275 reads as rewritten:

6 "**§ 105-275. Property classified and excluded from the tax base.**

7 The following classes of property are designated special classes under Article V, Sec. 2(2),
8 of the North Carolina Constitution and are excluded from tax:

9 ...

10 (44a) Vaccines.

11 "

12 **SECTION 42.12.(b)** This section is effective for taxes imposed for taxable years
13 beginning on or after July 1, 2022.

14
15 **REVENUE LAWS TECHNICAL, CLARIFYING, AND ADMINISTRATIVE CHANGES**

16 **SECTION 42.13A.(a)** G.S. 105-153.5(b) reads as rewritten:

17 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
18 deduct from the taxpayer's adjusted gross income any of the following items that are included in
19 the taxpayer's adjusted gross income:

20 ...

21 (14)(15) The amount granted to the taxpayer during the taxable year under the Extra
22 Credit grant program. This subdivision expires for taxable years beginning on
23 or after January 1, ~~2021-2022.~~"

24 **SECTION 42.13A.(b)** G.S. 105-153.5(c2) reads as rewritten:

25 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer
26 must make the following adjustments to the taxpayer's adjusted gross income:

27 ...

28 (17) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the
29 amount by which the taxpayer's interest expense deduction under section
30 163(j) of the Code exceeds the interest expense deduction that would have
31 been allowed under the Internal Revenue Code as enacted as of January 1,
32 2020. An add-back under this subdivision is not required to the extent the
33 amount was required to be added back under another provision of this
34 subsection. The purpose of this subdivision is to decouple from the
35 modification of limitation on business interest allowed under section 2306 of
36 the CARES Act.

37 (17a) A taxpayer who made an addition under subdivision (17) of this subsection
38 may deduct twenty percent (20%) of the addition in each of the first five
39 taxable years beginning with tax year 2021.

40 "

41 **SECTION 42.13A.(c)** G.S. 105-153.9(a)(2) reads as rewritten:

42 "(2) The fraction of the gross income, as modified as provided in ~~G.S. 105-134.6A,~~
43 ~~G.S. 105-153.5,~~ G.S. 105-153.5 and G.S. 105-153.6, that is subject to income
44 tax in another state or country shall be ascertained, and the North Carolina net
45 income tax before credit under this section shall be multiplied by that fraction.
46 The credit allowed is either the product thus calculated or the income tax
47 actually paid the other state or country, whichever is smaller."

48 **SECTION 42.13A.(d)** G.S. 105-163.7(b) reads as rewritten:

49 "(b) Informational Return to Secretary. – Every employer shall annually file an
50 informational return with the Secretary that contains the information given on each of the
51 employer's written statements to an employee. The Secretary may require additional information

1 to be included on the informational return, provided the Secretary has given a minimum of 90
2 days' notice of the additional information required. The informational return ~~is due on or before~~
3 ~~January 31 of the succeeding year and~~ must be filed in an electronic format as prescribed by the
4 ~~Secretary. If Secretary~~ and is due on or before January 31 of the succeeding year or, if the
5 employer terminates its business ~~or permanently ceases paying wages during~~ before the close of
6 the calendar year, ~~the informational return must be filed within 30 days of the last payment of~~
7 ~~remuneration.~~ on or before the last day of the month following the end of the calendar quarter in
8 ~~which the employer terminates its business, but no later than January 31 of the succeeding year.~~
9 The informational return required by this subsection is in lieu of the report required by
10 G.S. 105-154.

11"

12 **SECTION 42.13A.(e)** G.S. 105-163.8 is amended by adding a new subsection to
13 read:

14 "(c) If a withholding agent fails to file a return and pay the tax due under this Article or
15 files a grossly incorrect or false or fraudulent return, the Secretary must estimate the tax due and
16 assess the withholding agent based on the estimate."

17 **SECTION 42.13A.(f)** G.S. 105-241.6(b)(5) reads as rewritten:

18 "(5) Contingent Event. – The period to request a refund of an overpayment may be
19 extended once as provided in this subdivision:

20 ...

21 b. Other Event. – If a taxpayer contends that an event has occurred that
22 prevents the taxpayer from filing an accurate and definite request for
23 a refund of an overpayment within the period under this section, the
24 taxpayer may submit a written request to the Secretary seeking an
25 extension of the statute of limitations. The taxpayer must file a written
26 request to the Secretary prior to expiration of the statute of limitations
27 under this section. The request must establish by clear, convincing
28 proof that the event is beyond the taxpayer's control and prevents the
29 taxpayer from timely filing an accurate and definite request for a
30 refund of an overpayment. The Secretary's decision on the request is
31 final and is not subject to administrative or judicial review. If the
32 Secretary agrees to the request, the period to file a request for a refund
33 of an overpayment is six months after the event concludes."

34 **SECTION 42.13A.(g)** G.S. 105-252.1 reads as rewritten:

35 "**§ 105-252.1. Use of a TTIN.**

36 A TTIN may not be used on any return, statement, or other document required to be filed
37 with or furnished to the Department unless specifically authorized ~~in this Chapter by the~~
38 Secretary."

39 **SECTION 42.13A.(h)** Section 1.2(a) of S.L. 2021-16 reads as rewritten:

40 "**SECTION 1.2.(a)** Nonaccrual of Interest. – As a result of the automatic extension of the
41 federal tax filing due date for individuals for the 2020 calendar year, the Secretary of Revenue
42 has automatically extended the State tax filing due date for individuals for the 2020 tax year from
43 April 15, 2021, to May 17, 2021. The Secretary will waive the penalty for failure to file an
44 individual income tax return, including a partnership and estate and trust tax return, or pay
45 individual income tax due if the return is filed and the tax due is paid by May 17, 2021.
46 Notwithstanding G.S. 105-241.21(b), interest shall not accrue from April 15, 2021, through May
47 17, 2021, on an underpayment of tax imposed on an individual income tax ~~return~~ return, including
48 a partnership and estate and trust tax return, due April 15, 2021."

49 **SECTION 42.13A.(i)** This section is effective when it becomes law.

50 **SECTION 42.13B.(a)** G.S. 105-83(d) reads as rewritten:

1 "(d) This section does not apply to ~~corporations liable for the tax levied under G.S.~~
2 ~~105-102.3~~ or to savings the following:

3 (1) Banks. For purposes of this subdivision, the term "bank" has the same
4 meaning as defined in G.S. 105-130.7B(b).

5 (2) Savings and loan associations."

6 **SECTION 42.13B.(b)** G.S. 105-130.5(a) reads as rewritten:

7 "(a) The following additions to federal taxable income shall be made in determining State
8 net income:

9 ...

10 (31) For taxable years 2019 and 2020, a taxpayer must add an amount equal to the
11 amount by which the taxpayer's interest expense deduction under section
12 163(j) of the Code exceeds the interest expense deduction that would have
13 been allowed under the Internal Revenue Code as enacted as of January 1,
14 2020, as calculated on a separate entity basis. An add-back under this
15 subdivision is not required to the extent the amount was required to be added
16 back under another provision of this subsection. The purpose of this
17 subdivision is to decouple from the modification of limitation on business
18 interest allowed under section 2306 of the CARES Act.

19"

20 **SECTION 42.13B.(c)** G.S. 105-130.5(b) reads as rewritten:

21 "(b) The following deductions from federal taxable income shall be made in determining
22 State net income:

23 ...

24 (32) A taxpayer who made an addition under subdivision (a)(31) of this section
25 may deduct twenty percent (20%) of the addition that was not otherwise
26 disallowed by G.S. 105-130.7B in each of the first five taxable years
27 beginning tax year 2021."

28 **SECTION 42.13B.(d)** G.S. 105-130.7B(b)(4) reads as rewritten:

29 "(4) Qualified interest expense. – The amount of net interest expense paid or
30 accrued to a related member in a taxable year with the amount limited to the
31 taxpayer's proportionate share of interest paid or accrued to a person who is
32 not a related member during the same taxable year. This limitation does not
33 apply to interest paid or accrued to a related member if one or more of the
34 following applies:

35 ...

36 e. The proportionate amount of interest paid or accrued to a related
37 member that has already been disallowed by the application of section
38 163(j) of the Code."

39 **SECTION 42.13B.(e)** G.S. 105-130.8A(c) reads as rewritten:

40 "(c) Mergers and Acquisitions. – The Secretary must apply the standards contained in
41 regulations adopted under sections 381 and 382 of the Code in determining the extent to which
42 a loss survives a merger or an acquisition. For mergers and acquisitions occurring prior to January
43 1, 2015, the Secretary must apply the standards under G.S. 105-130.8 for taxable years beginning
44 before January 1, 2015, and the standards of this section for taxable years beginning on or after
45 January 1, 2015."

46 **SECTION 42.13B.(f)** G.S. 105-251(a) reads as rewritten:

47 "(a) Scope of Information. – A taxpayer must give information to the Secretary when the
48 Secretary requests the information. The Secretary may request a taxpayer to provide only the
49 following kinds of information on a return, a report, or otherwise:

50 (1) Information that identifies the taxpayer.

51 (2) Information needed to determine the liability of the taxpayer for a tax.

- 1 (3) Information needed to determine whether an item is subject to a tax.
 2 (4) Information that enables the Secretary to collect a tax.
 3 (5) Financial or tax documentation required to determine the appropriate
 4 adjustment under G.S. 105-130.5A. If such information is not timely provided
 5 as required under G.S. 105-130.5A(a), the Secretary may propose any
 6 adjustment allowable under Part 1 of Article 4 of this Chapter.
 7 ~~(5)~~(6) Other information the law requires a taxpayer to provide or the Secretary
 8 needs to perform a duty a law requires the Secretary to perform."

9 **SECTION 42.13B.(g)** Subsection (a) of this section is effective when it becomes
 10 law and applies retroactively for taxable years beginning on or after July 1, 2016. Subsection (d)
 11 of this section is effective when it becomes law and applies retroactively for taxable years
 12 beginning on or after January 1, 2018. Except as otherwise provided, the remainder of this section
 13 is effective when it becomes law.

14 **SECTION 42.13C.(a)** G.S. 105-164.13E(a)(7) reads as rewritten:

- 15 "(7) Any of the following animals:
 16 a. ~~Baby chicks and poults.~~ Fowl.
 17 b. Livestock."

18 **SECTION 42.13C.(b)** G.S. 105-259(b) reads as rewritten:

19 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has
 20 access to tax information in the course of service to or employment by the State may not disclose
 21 the information to any other person except as provided in this subsection. Standards used or to
 22 be used for the selection of returns for examination and data used or to be used for determining
 23 the standards may not be disclosed for any purpose. All other tax information may be disclosed
 24 only if the disclosure is made for one of the following purposes:

- 25 ...
 26 ~~(5b) To furnish to the finance officials of a city a list of the utility taxable gross~~
 27 ~~receipts and piped natural gas tax revenues attributable to the city under~~
 28 ~~G.S. 105-116.1 and G.S. 105-187.44 or under former G.S. 105-116 and~~
 29 ~~G.S. 105-120.~~

30"

31 **SECTION 42.13C.(c)** Subsection (a) of this section is effective retroactively to July
 32 1, 2020, and applies to purchases made on or after that date. Except as otherwise provided, the
 33 remainder of this section is effective when it becomes law.

34 **SECTION 42.13D.(a)** G.S. 105-113.4B reads as rewritten:

35 **"§ 105-113.4B. Cancellation or revocation of license.**

36 ...
 37 (a1) ~~Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily
 38 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee
 39 is incurring liability for the tax imposed under this Article after failing to pay a tax when due
 40 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the
 41 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the
 42 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the
 43 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the
 44 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not
 45 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing
 46 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed
 47 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in
 48 writing within 10 days of the hearing. The final decision must state the basis for the decision.
 49 The statement of the basis of a revocation does not limit the Department from changing the basis.

50 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that
 51 commits one or more of the following acts after ~~holding a hearing on whether the license should~~

1 ~~be revoked;~~affording the licensee an opportunity to have a hearing as provided in subsections
2 (a3) through (b2) of this section:

- 3 (1) Fails to obtain a license in a timely manner or for all places of business as
4 required by this Article.
- 5 (2) Willfully fails to file a return required by this Article.
- 6 (3) Willfully fails to pay a tax when due under this Article.
- 7 (4) Makes a false statement in an application or return required under this Article.
- 8 (5) Fails to keep records as required by this Article.
- 9 (6) Refuses to allow the Secretary or a representative of the Secretary to examine
10 the person's books, accounts, and records concerning tobacco product.
- 11 (7) Fails to disclose the correct amount of tobacco product taxable in this State.
- 12 (8) Fails to file a replacement bond or an additional bond if required by the
13 Secretary under this Article.
- 14 (9) Violates G.S. 14-401.18.
- 15 (10) Fails to meet or maintain the requirements set out in G.S. 105-113.4A(b).

16 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
17 of proposed revocation that includes all of the following information:

- 18 (1) The basis for the proposed revocation. The statement of the basis for the
19 proposed revocation does not limit the Department from changing the basis.
- 20 (2) The effective date of the revocation, which must be one of the following:
 - 21 a. Forty-five days from the date of the notice of proposed revocation if
22 the licensee does not file a timely request for hearing.
 - 23 b. The tenth day after the date an adverse final decision is issued if the
24 adverse final decision is mailed.
 - 25 c. The date an adverse final decision is delivered if the adverse final
26 decision is delivered in person.
- 27 (3) The circumstances, if any, under which the Secretary will not revoke the
28 license.
- 29 (4) An explanation of how the licensee may contest the proposed revocation.

30 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
31 by filing a written hearing request within 45 days of the date the notice of proposed revocation
32 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
33 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
34 If the licensee does not file a timely hearing request, the license is revoked as provided in the
35 notice of proposed revocation and the revocation is final and not subject to further administrative
36 or judicial review.

37 ~~(b) Hearing Procedure. – The Secretary must send a person whose license is summarily~~
38 ~~revoked a notice of the revocation and must give the person an opportunity to have a hearing on~~
39 ~~the revocation within 10 days after the revocation. The Secretary must give a person whose~~
40 ~~license may be revoked after a hearing at least 10 days' written notice licensee who filed a timely~~
41 ~~hearing request in accordance with subsection (a4) of this section at least 20 days' written notice~~
42 ~~of the date, time, and place of the hearing. A notice of a summary license revocation and a notice~~
43 ~~of hearing must be sent by certified mail to the last known address of the licensee. If the person~~
44 ~~whose license may be revoked fails to attend the noticed hearing, the license revocation is~~
45 ~~effective 15 days after the noticed hearing-hearing, unless the Department and the licensee agree~~
46 ~~to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary~~
47 ~~must issue a final decision and notify the licensee in writing within 60 days of the hearing. The~~
48 ~~Department and the licensee may extend this time by mutual agreement. Failure to issue a final~~
49 ~~decision within the required time does not affect the validity of the decision. The final decision~~
50 ~~must state the basis for the decision and, if the final decision includes revocation of the license,~~
51 ~~the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this~~

1 section. The statement of the basis of a revocation does not limit the Department from changing
2 the basis.

3 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
4 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
5 notice by email or other electronic means if the licensee has consented to receiving notices via
6 electronic means.

7 (b2) Return of Credentials. – If a license is revoked, the revoked licensee must return to
8 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.
9 If a license is unable to be returned, the revoked licensee must include a written statement of the
10 reasons, satisfactory to the Secretary, why the license cannot be returned.

11 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
12 has paid all taxes and penalties due under this Article, the Secretary must take one of the
13 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

14 (1) Return an irrevocable letter of credit to the licensee.

15 (2) Return a bond to the licensee or notify the person liable on the bond and the
16 licensee that the person is released from liability on the bond."

17 **SECTION 42.13D.(b)** Article 36B of Chapter 105 of the General Statutes is
18 amended by adding the following new section:

19 **"§ 105-449.47B. Revocation of license.**

20 (a) Revocation. – The Secretary may revoke a license or a decal when a motor carrier
21 fails to comply with this Article or Article 36C or 36D of this Subchapter after affording the
22 motor carrier an opportunity to have a hearing as provided in this section.

23 (b) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
24 of proposed revocation that includes all of the following information:

25 (1) The basis for the proposed revocation. The statement of the basis for the
26 proposed revocation does not limit the Department from changing the basis.

27 (2) The effective date of the revocation, which must be one of the following:

28 a. Forty-five days from the date of the notice of proposed revocation if
29 the licensee does not file a timely request for hearing.

30 b. The tenth day after the date an adverse final decision is issued if the
31 adverse final decision is mailed.

32 c. The date an adverse final decision is delivered if the adverse final
33 decision is delivered in person.

34 (3) The circumstances, if any, under which the Secretary will not revoke the
35 license.

36 (4) An explanation of how the licensee may contest the proposed revocation.

37 (c) Request for Hearing and Decision. – A licensee may contest a proposed revocation
38 by filing a written hearing request within 45 days of the date the notice of proposed revocation
39 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
40 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
41 If the licensee does not file a timely hearing request, the license is revoked as provided in the
42 notice of proposed revocation and the revocation is final and not subject to further administrative
43 or judicial review.

44 (d) Hearing Procedure. – The Secretary must give a licensee who filed a timely hearing
45 request in accordance with subsection (c) of this section at least 20 days' written notice of the
46 date, time, and place of the hearing, unless the Department and the licensee agree to a shorter
47 period. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue a
48 final decision and notify the licensee in writing within 60 days of the hearing. The Department
49 and the licensee may extend this time limit by mutual agreement. Failure to issue a final decision
50 within the required time does not affect the validity of the decision. The final decision must state
51 the basis for the decision and, if the final decision includes revocation of a license or a decal, the

1 effective date of the revocation in accordance with subdivision (b)(2) of this section. The
2 statement of the basis of the revocation does not limit the Department from changing the basis.

3 (e) Delivery of Notice. – The Secretary must deliver a notice in accordance with
4 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
5 notice by email or other electronic means if the licensee has consented to receiving notices via
6 electronic means.

7 (f) Return of Credentials. – If the license is revoked, the former licensee shall return to
8 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals
9 previously issued. If the licenses or decals are not returned, the credentials are subject to seizure
10 or removal from the motor vehicle or defacement. If a license or decal is unable to be returned,
11 the licensee must include a written statement of the reasons, satisfactory to the Secretary, why
12 the license or decal cannot be returned."

13 **SECTION 42.13D.(c)** G.S. 105-449.76 reads as rewritten:

14 "**§ 105-449.76. Cancellation or revocation of license.**

15 (a) Cancellation. – The Secretary may cancel a license issued under this Article upon the
16 written request of the licensee. The licensee's request must include a proposed effective date of
17 cancellation and must return the license to the Secretary on or before the proposed effective date.
18 If the licensee's request does not include a proposed effective date of cancellation, the license is
19 cancelled 15 days after the Department receives the written request. If the license is unable to be
20 returned, the licensee must include a written statement of the reasons, satisfactory to the
21 Secretary, why the license cannot be returned. The Secretary shall notify the licensee when the
22 license is cancelled.

23 ~~(a1) Revocation.~~ Summary Revocation and Procedure. – The Secretary may summarily
24 revoke a license issued under this Article when the Secretary ~~finds~~ determines that the licensee
25 is incurring liability for the tax imposed under this Article after failing to pay a tax when due
26 under this Article. ~~In addition, the~~ The Secretary must send a revoked licensee a notice of the
27 revocation and a notice of hearing. The hearing must be held within 10 days after the date of the
28 notice of revocation unless the revoked licensee requests, before the day of the hearing, that the
29 hearing be rescheduled. Upon receipt of a timely request, the Secretary must reschedule the
30 hearing and provide at least 10 days' notice of the rescheduled hearing. The revocation is not
31 stayed pending the hearing decision. A notice of hearing under this subsection must be in writing
32 and indicate the date, time, and place of the hearing. A hearing must be conducted as prescribed
33 by the Secretary. The Secretary must issue a final decision and notify the revoked licensee in
34 writing within 10 days of the hearing. The final decision must state the basis for the decision.
35 The statement of the basis of a revocation does not limit the Department from changing the basis.

36 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee that
37 commits one or more of the acts listed in G.S. 105-449.120 after ~~holding a hearing on whether~~
38 ~~the license should be revoked.~~ affording the licensee an opportunity to have a hearing as provided
39 in subsections (a3) through (b2) of this section.

40 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
41 of proposed revocation that includes all of the following information:

- 42 (1) The basis for the proposed revocation. The statement of the basis for the
43 proposed revocation does not limit the Department from changing the basis.
- 44 (2) The effective date of the revocation, which must be one of the following:
 - 45 a. Forty-five days from the date of the notice of proposed revocation if
46 the licensee does not file a timely request for hearing.
 - 47 b. The tenth day after the date an adverse final decision is issued if the
48 adverse final decision is mailed.
 - 49 c. The date an adverse final decision is delivered if the adverse final
50 decision is delivered in person.

1 (3) The circumstances, if any, under which the Secretary will not revoke the
2 license.

3 (4) An explanation of how the licensee may contest the proposed revocation.

4 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
5 by filing a written hearing request within 45 days of the date the notice of proposed revocation
6 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
7 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
8 If the licensee does not file a timely hearing request, the license is revoked as provided in the
9 notice of proposed revocation and the revocation is final and not subject to further administrative
10 or judicial review.

11 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily
12 revoked a notice of the revocation and must give the person an opportunity to have a hearing on
13 the revocation within 10 days after the revocation. The Secretary must give a person whose
14 license may be revoked after a hearing at least 10 give a licensee who filed a timely hearing
15 request in accordance with subsection (a4) of this section at least 20 days' written notice of the
16 date, time, and place of the hearing. A notice of a summary license revocation and a notice of
17 hearing must be sent by certified mail to the last known address of the licensee. If the person
18 whose license may be revoked fails to attend the noticed hearing, the license revocation is
19 effective 15 days after the noticed hearing, unless the Department and the licensee agree
20 to a shorter period. A hearing must be conducted as prescribed by the Secretary. The Secretary
21 must issue a final decision and notify the licensee in writing within 60 days of the hearing. The
22 Department and the licensee may extend this time by mutual agreement. Failure to issue a final
23 decision within the required time does not affect the validity of the decision. The final decision
24 must state the basis for the decision and, if the final decision includes revocation of the license,
25 the effective date of the revocation in accordance with subdivision (2) of subsection (a3) of this
26 section. The statement of the basis of a revocation does not limit the Department from changing
27 the basis.

28 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
29 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
30 notice by email or other electronic means if the licensee has consented to receiving notices via
31 electronic means.

32 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to
33 the Secretary, within 10 days of the issuance of the final decision, all licenses and decals
34 previously issued. If a license or decal is unable to be returned, the licensee must include a written
35 statement of the reasons, satisfactory to the Secretary, why the license or decal cannot be
36 returned.

37 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
38 has paid all taxes and penalties due under this Article, the Secretary must take one of the
39 following actions concerning a bond or an irrevocable letter of credit filed by the licensee:

40 (1) Return an irrevocable letter of credit to the licensee.

41 (2) Return a bond to the licensee or notify the person liable on the bond and the
42 licensee that the person is released from liability on the bond."

43 **SECTION 42.13D.(d)** G.S. 119-19 reads as rewritten:

44 "**§ 119-19. Authority of Secretary to cancel or revoke a license.**

45 (a) Reasons. Cancellation. – The Secretary of Revenue may cancel a license issued under
46 this Article upon the written request of the licensee. The licensee's request must include a
47 proposed effective date of the cancellation and must return the license to the Secretary on or
48 before the proposed effective date. If the licensee's request does not include a proposed effective
49 date of cancellation, the license is cancelled 15 days after the Department receives the written
50 request. If the license is unable to be returned, the licensee must include a written statement of

1 the reason, satisfactory to the Secretary, why the license cannot be returned. The Secretary must
2 notify the licensee when the license is cancelled.

3 (a1) Summary Revocation and Procedure. – The Secretary may summarily revoke a
4 license issued under this Article or under Article 36C or 36D of Chapter 105 of the General
5 Statutes this Chapter when the Secretary finds-determines that the licensee is incurring liability
6 for the tax imposed by this Article after failing to pay a tax when due under this Article. The
7 Secretary must send a revoked licensee a notice of the revocation and a notice of hearing. The
8 hearing must be held within 10 days after the date of the notice of revocation unless the revoked
9 licensee requests, before the day of the hearing, that the hearing be rescheduled. Upon receipt of
10 a timely request, the Secretary must reschedule the hearing and provide at least 10 days' notice
11 of the rescheduled hearing. The revocation is not stayed pending the hearing decision. A notice
12 of hearing under this subsection must be in writing and indicate the date, time, and place of the
13 hearing. A hearing must be conducted as prescribed by the Secretary. The Secretary must issue
14 a final decision and notify the revoked licensee in writing within 10 days of the hearing. The final
15 decision must state the basis for the decision. The statement of the basis of a revocation does not
16 limit the Department from changing the basis.

17 (a2) Non-Summary Revocation. – The Secretary may revoke the license of a licensee who
18 files a false report under this Article or fails to file a report required under this Article after
19 holding a hearing on whether the license should be revoked-affording the licensee an opportunity
20 to have a hearing as provided in subsections (a3) through (b2) of this section.

21 (a3) Notice of Proposed Revocation. – The Secretary must provide a licensee with a notice
22 of proposed revocation that includes all of the following information:

- 23 (1) The basis for the proposed revocation. The statement of the basis for the
24 proposed revocation does not limit the Department from changing the basis.
- 25 (2) The effective date of the revocation, which must be one of the following:
 - 26 a. Forty-five days from the date of the notice of proposed revocation if
27 the licensee does not file a timely request for hearing.
 - 28 b. The tenth day after the date an adverse final decision is issued if the
29 adverse final decision is mailed.
 - 30 c. The date an adverse final decision is delivered if the adverse final
31 decision is delivered in person.
- 32 (3) The circumstances, if any, under which the Secretary will not revoke the
33 license.
- 34 (4) An explanation of how the licensee may contest the proposed revocation.

35 (a4) Request for Hearing and Decision. – A licensee may contest a proposed revocation
36 by filing a written hearing request within 45 days of the date the notice of proposed revocation
37 was mailed, if the notice was delivered by mail, or delivered to the licensee, if the notice was
38 delivered in person. A hearing request is considered filed as provided under G.S. 105-241.11(b).
39 If the licensee does not file a timely hearing request, the license is revoked as provided in the
40 notice of proposed revocation and the revocation is final and not subject to further administrative
41 or judicial review.

42 (b) Hearing Procedure. – The Secretary must send a person whose license is summarily
43 revoked a notice of the revocation and must give the person an opportunity to have a hearing on
44 the revocation within 10 days after the revocation. The Secretary must give a person whose
45 license may be revoked after a hearing-give a licensee who filed a timely hearing request in
46 accordance with subsection (a4) of this section at least 10-20 days' written notice of the date,
47 time, and place of the hearing. A notice of a summary license revocation and a notice of hearing
48 must be sent by certified mail to the last known address of the licensee-hearing, unless the
49 Department and the licensee agree to a shorter period. A hearing must be conducted as prescribed
50 by the Secretary. The Secretary must issue a final decision and notify the licensee in writing
51 within 60 days of the hearing. The Department and the licensee may extend this time by mutual

1 agreement. Failure to issue a final decision within the required time does not affect the validity
2 of the decision. The final decision must state the basis for the decision and, if the final decision
3 includes revocation of the license, the effective date of the revocation in accordance with
4 subdivision (2) of subsection (a3) of this section. The statement of the basis of a revocation does
5 not limit the Department from changing the basis.

6 (b1) Delivery of Notice. – The Secretary must deliver a notice in accordance with
7 G.S. 105-241.20(b). In lieu of providing notice by United States mail, the Secretary may give
8 notice by email or other electronic means if the licensee has consented to receiving notices via
9 electronic means.

10 (b2) Return of Credentials. – If the license is revoked, the former licensee shall return to
11 the Secretary, within 10 days of the issuance of the final decision, all licenses previously issued.
12 If a license is unable to be returned, the licensee must include a written statement of the reasons,
13 satisfactory to the Secretary, why the license cannot be returned.

14 (c) Release of Bond. – When the Secretary cancels or revokes a license and the licensee
15 has paid all taxes and penalties due under this Article, the Secretary must either return to the
16 licensee the bond filed by the licensee or notify the person liable on the bond and the licensee
17 that the person is released from liability on the bond."

18 **SECTION 42.13D.(e)** This section becomes effective January 1, 2022, and applies
19 to summary revocations and non-summary revocations initiated by the Department on or after
20 that date.

21 **SECTION 42.13E.(a)** G.S. 105-113.8 is recodified as G.S. 105-113.4H.

22 **SECTION 42.13E.(b)** G.S. 105-113.11 is recodified as G.S. 105-113.4I.

23 **SECTION 42.13E.(c)** G.S. 105-113.4I, as recodified by subsection (b) of this
24 section, reads as rewritten:

25 "**§ 105-113.4I. Licenses required.**

26 ~~After the effective date of this Article, no~~ A person shall may not engage in business as a
27 ~~distributor~~ distributor, wholesale dealer, or retail dealer in this State, without having first obtained
28 from the Secretary the appropriate license for that purpose as prescribed ~~herein.~~ Any in this
29 Article. A license required by this Article shall be is in addition to any ~~and all~~ other licenses
30 ~~which that~~ may be required by law."

31 **SECTION 42.13E.(d)** G.S. 105-113.29 is recodified as G.S. 105-113.4J.

32 **SECTION 42.13E.(e)** G.S. 105-113.4J, as recodified by subsection (d) of this
33 section, reads as rewritten:

34 "**§ 105-113.4J. Unlicensed place of business.**

35 It is unlawful for a person to maintain a place of business within this State required by this
36 Article to be licensed to engage in the business of selling, offering for sale, or possessing with
37 the intent to sell ~~cigarettes or other~~ tobacco products without first obtaining ~~the licenses.~~ all
38 licenses required by this Article."

39 **SECTION 42.13E.(f)** G.S. 105-113.33 is recodified as G.S. 105-113.4K.

40 **SECTION 42.13E.(g)** G.S. 105-113.83 reads as rewritten:

41 "**§ 105-113.83. Payment of excise taxes.**

42 ...

43 (b) Malt Beverage and Wine. – The excise taxes on malt beverages and wine levied under
44 G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler
45 or importer who first handles the beverages in this State. ~~The excise taxes levied under~~
46 ~~G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to~~
47 ~~G.S. 18B-1001.1 must be paid by the wine shipper permittee.~~ The taxes on malt beverages and
48 wine are payable only once on the same beverages. Unless otherwise provided, the tax is due on
49 or before the 15th day of the month following the month in which the beverage is first sold or
50 otherwise disposed of in this State by the wholesaler or importer. When excise taxes are paid on
51 wine or malt beverages, the wholesaler or importer must submit to the Secretary verified reports

1 on forms provided by the Secretary detailing sales records for the month for which the taxes are
2 paid. The report must indicate the amount of excise tax due, contain the information required by
3 the Secretary, and indicate separately any transactions to which the excise tax does not apply. ~~A
4 wine shipper permittee shall submit verified reports once a year on forms provided by the
5 Secretary detailing sales records for the year the taxes are paid. The verified report is due on or
6 before the fifteenth day of the first month of the following calendar year.~~

7 (b1) Brewery and Winery Option. – A brewery or winery may be relieved of paying the
8 tax levied under G.S. 105-113.80(a) and (b) if all of the following apply:

9 (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102,
10 or 18B-1104.

11 (2) The brewery or winery transfers malt beverages or wine to a wholesaler
12 permitted under G.S. 18B-1107 or G.S. 18B-1109.

13 (3) The wholesaler agrees in writing to be responsible for the tax due on the
14 transferred malt beverages or wine.

15 (4) The brewery or winery files a report when the tax would otherwise be due
16 reporting the transfer of malt beverages or wine to the wholesaler.

17 (b2) Backup Tax Liability. – If a brewery or winery is relieved of paying the excise tax as
18 provided under subsection (b1) of this section, the wholesaler receiving the malt beverages or
19 wine is liable for any tax due under this section.

20 (b3) Wine Shipper Permittee. – A wine shipper permittee must pay the excise tax levied
21 under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to
22 G.S. 18B-1001.1. A wine shipper permittee must submit verified reports once a year on forms
23 provided by the Secretary detailing sales records for the year taxes are paid. The verified report
24 is due on or before the fifteenth day of the first month of the following calendar year.

25"

26 **SECTION 42.13E.(h)** G.S. 105-113.86 reads as rewritten:

27 **"§ 105-113.86. Bond or irrevocable letter of credit.**

28 (a) Wholesalers and Importers. – ~~A~~ The Secretary may require a wholesaler or importer
29 must file with the Secretary to furnish a bond in an amount of that adequately protects the State
30 from a wholesaler's or importer's failure to pay taxes due under this Article. The amount of the
31 bond shall not be less than five thousand dollars (\$5,000). ~~The amount of the bond must be
32 proportionate to the anticipated tax liability of the wholesaler or importer.~~

33 (a1) Distilleries. – The Secretary may require a distillery to furnish a bond in an amount
34 that adequately protects the State from a distillery's failure to pay taxes under this Article. The
35 amount of the bond shall not be less than two thousand dollars (\$2,000).

36 (a2) Periodic Review. – The Secretary should periodically review the sufficiency of the
37 bonds required under this section. The Secretary may increase the ~~proportionate~~ amount required,
38 not to exceed fifty thousand dollars (\$50,000), if the bond ~~furnished~~ no longer covers the
39 taxpayer's anticipated tax liability. The Secretary may decrease the ~~proportionate~~ amount
40 required when the Secretary determines that a smaller bond amount will adequately protect the
41 State from loss. The bond must be conditioned on compliance with this Article, payable to the
42 State, in a form acceptable to the Secretary, and secured by a corporate surety.

43 (b) Nonresident Vendors. – The Secretary may require the holder of a nonresident vendor
44 ABC permit to furnish a bond in an amount not to exceed two thousand dollars (\$2,000). The
45 bond must be conditioned on compliance with this Article, payable to the State in a form
46 acceptable to the Secretary, and secured by a corporate surety.

47 (c) Letter of Credit. – For purposes of this section, a wholesaler or ~~importer or importer,~~
48 a nonresident ~~vendor~~ vendor, or a distillery may substitute an irrevocable letter of credit for the
49 secured bond required by this section. The letter of credit must be issued by a commercial bank
50 acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must

1 be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in
2 the amounts stipulated in this section."

3 **SECTION 42.13E.(i)** G.S. 105-236(a)(2) reads as rewritten:

4 "(2) Failure to Obtain a License. – For failure to obtain a license before engaging
5 in a business, trade or profession for which a license is required, the Secretary
6 shall assess a penalty equal to five percent (5%) of the amount prescribed for
7 the license per month or fraction thereof until paid, not to exceed twenty-five
8 percent (25%) of the amount so prescribed, but in any event shall not be less
9 than five dollars (\$5.00). In cases in which the taxpayer, after written
10 notification by the Department, fails to obtain a license as required under
11 ~~G.S. 105-449.65~~ G.S. 105-113.4I, 105-449.65, or G.S. 105-449.131,
12 105-449.131, the Secretary may assess a penalty of one thousand dollars
13 (\$1,000)."

14 **SECTION 42.13E.(j)** G.S. 105-449.45 reads as rewritten:

15 **"§ 105-449.45. Returns of carriers.**

16 ...

17 (d) ~~Penalties.~~ Failure to File Return. – A motor carrier that fails to file a return under this
18 section by the required date is subject to a penalty of fifty dollars (\$50.00).

19 (d1) Failure to Pay Tax When Due. – A motor carrier that fails to pay a tax when due is
20 subject to a penalty of fifty dollars (\$50.00), or ten percent (10%) of the tax due, whichever is
21 greater. The Secretary shall not assess this penalty if the motor carrier files or pays in accordance
22 with G.S. 105-236(a)(4)a. or b.

23 (d2) Penalty Waiver. – The Secretary may reduce or waive a penalty as provided under
24 G.S. 105-449.119.

25"

26 **SECTION 42.13E.(k)** G.S. 105-449.60 reads as rewritten:

27 **"§ 105-449.60. Definitions.**

28 The following definitions apply in this Article:

29 ...

30 (20a) Fuel grade ethanol. – Ethanol meeting the standard for the American Society
31 Testing Materials Specification D 4806, "Standard Specification for
32 Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive
33 Spark-Ignition Engine Fuel," or ethanol, regardless of how it was produced,
34 denatured in accordance with 27 C.F.R. § 19.746 as of January 1, 2021.

35 (21) Gasohol. – A blended fuel composed of gasoline and fuel ~~grade~~
36 ethanol-alcohol or gasoline and ethanol.

37"

38 **SECTION 42.13E.(l)** G.S. 105-449.115 reads as rewritten:

39 **"§ 105-449.115. Shipping document required to transport motor fuel by railroad tank car**
40 **or transport truck.**

41 ...

42 (d) Duties of Transporter. – A person to whom a shipping document was issued must do
43 all of the following:

44 (1) Carry the shipping document in the conveyance for which it was issued when
45 transporting the motor fuel described in it.

46 (2) Show the shipping document to a law enforcement officer upon request when
47 transporting the motor fuel described in it.

48 (2a) Maintain a copy of the shipping document at a centralized place of business
49 for at least three years from the date of delivery.

- 1 (3) Deliver motor fuel described in the shipping document to the destination state
 2 ~~printed-designated~~ on it unless the ~~person-person~~, in a manner prescribed by
 3 the Secretary, does all of the following:
- 4 a. ~~Notifies the Secretary, in a manner designated by the Secretary,~~
 5 Secretary before transporting the motor fuel into a state other than the
 6 ~~printed-destination-state that the person has received instructions since~~
 7 ~~the shipping document was issued to deliver the motor fuel to a~~
 8 ~~different destination state.~~designated on the shipping document.
- 9 b. ~~Receives from the Secretary, in a manner designated by the Secretary,~~
 10 Secretary a confirmation number authorizing the ~~diversion-shipment~~
 11 of motor fuel to a state other than the state designated on the shipping
 12 document.
- 13 c. ~~Writes-Contemporaneously notes~~ on the shipping document the
 14 change in destination state and the confirmation number ~~for the~~
 15 ~~diversion.~~received from the Secretary.
- 16 (4) ~~Give-Upon delivery, provide~~ a copy of the shipping document to the
 17 ~~distributor or other person to whom the motor fuel is delivered.~~
- 18 (e) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by
 19 railroad tank car or transport truck may ~~not-only~~ accept delivery of the motor fuel if the
 20 destination state shown on the shipping document for the motor fuel is ~~a state other than~~ North
 21 ~~Carolina. To determine if the shipping document shows North Carolina as the destination state,~~
 22 ~~the person to whom the fuel is delivered must examine the shipping document and must keep a~~
 23 ~~copy of the shipping document.~~ Carolina or has been changed to North Carolina in accordance
 24 with subdivision (3) of subsection (d) of this section. The person must ~~keep-maintain~~ a copy of
 25 the shipping document for at least three years from the date of delivery and must maintain a copy
 26 of the shipping document at the place of business where the motor fuel was delivered for 90 days
 27 from the date of ~~delivery and must keep it at that place or another place for at least three years~~
 28 ~~from the date of delivery.~~ A person who accepts delivery of motor fuel in violation of this
 29 subsection is jointly and severally liable for any tax due on the fuel.

30"

31 **SECTION 42.13E.(m)** G.S. 105-449.115A reads as rewritten:

32 "**§ 105-449.115A. Shipping document required to transport fuel by tank wagon.**

33 ...

- 34 (b) Duties of Transporter. – A person to whom an invoice, bill of sale, or shipping
 35 document was issued must do all of the following:
- 36 (1) Carry the invoice, bill of sale, or shipping document in the conveyance for
 37 which it is issued when transporting the motor fuel described in it.
- 38 (2) Show the invoice, bill of sale, or shipping document upon request when
 39 transporting the motor fuel described in it.
- 40 (3) ~~Keep-Maintain~~ a copy of the invoice, bill of sale, or shipping document at a
 41 centralized place of business for at least three years from the date of delivery.
- 42 (4) Deliver motor fuel described in the shipping document to the state designated
 43 on it unless the person, in a manner prescribed by the Secretary, does all of
 44 the following:
- 45 a. Notifies the Secretary before transporting the motor fuel into a state
 46 other than the state designated on the shipping document.
- 47 b. Receives from the Secretary a confirmation number authorizing the
 48 shipment of motor fuel to a state other than the state designated on the
 49 shipping document.

1 c. Contemporaneously notes on the shipping document the change in
2 destination state and the confirmation number received from the
3 Secretary.

4 (5) Upon delivery, provide a copy of the shipping document to the person to
5 whom the motor fuel is delivered.

6 (b1) Duties of Person Receiving Shipment. – A person to whom motor fuel is delivered by
7 tank wagon may only accept delivery of the motor fuel if the destination state shown on the
8 shipping document for the motor fuel is North Carolina or has been changed to North Carolina
9 in accordance with subdivision (4) of subsection (b) of this section. The person must maintain a
10 copy of the shipping document for at least three years from the date of delivery and must maintain
11 a copy of the shipping document at the place of business where the motor fuel was delivered for
12 90 days from the date of delivery. A person who accepts delivery of motor fuel in violation of
13 this subsection is jointly and severally liable for any tax due on the fuel.

14 "

15 **SECTION 42.13E.(n)** G.S. 105-449.123 reads as rewritten:

16 "**§ 105-449.123. Marking requirements for dyed fuel storage facilities.**

17 (a) Requirements. – A person who is a retailer of dyed motor fuel or who stores both
18 dyed and undyed motor fuel for use by that person or another person must mark the storage
19 facility for the dyed motor fuel as ~~follows provided in this subsection and~~ in a manner that clearly
20 indicates the fuel is not to be used to operate a highway vehicle. The storage facility must be
21 marked "Dyed Diesel, Nontaxable Use Only, Penalty For Taxable Use" or "Dyed Kerosene,
22 Nontaxable Use Only, Penalty for Taxable Use" or a similar phrase that clearly indicates the fuel
23 is not to be used to operate a highway vehicle. ~~A person who intentionally fails to mark the~~
24 ~~storage facility as required by this section is subject to a civil penalty equal to the excise tax at~~
25 ~~the motor fuel rate on the inventory held in the storage tank at the time of the violation. If the~~
26 ~~inventory cannot be determined, then the penalty is calculated on the capacity of the storage~~
27 ~~tank.~~ The marking requirements are:

28 (1) The storage tank of the storage facility must be marked if the storage tank is
29 visible.

30 (2) The fillcap or spill containment box of the storage facility must be marked.

31 (3) The dispensing device that serves the storage facility must be marked.

32 (4) The retail pump or dispensing device at any level of the distribution system
33 must comply with the marking requirements.

34 (a1) Penalty. – A person who fails to mark the storage facility as required by subsection
35 (a) of this section is subject to a civil penalty of two hundred fifty dollars (\$250.00). Each
36 inspection that results in a finding of noncompliance constitutes a separate and distinct offense.

37 (b) Exception. – The marking requirements of this section do not apply to a storage
38 facility that contains fuel used only for one of the purposes listed in G.S. 105-449.105A(a)(1)
39 and is installed in a manner that makes use of the fuel for any other purpose improbable."

40 **SECTION 42.13E.(o)** Subsections (i) and (n) of this section become effective
41 January 1, 2022, and apply to penalties assessed on or after that date. Subsections (k), (l), and
42 (m) of this section become effective January 1, 2022. Except as otherwise provided, the
43 remainder of this section is effective when it becomes law.

44 **SECTION 42.13F.(a)** G.S. 105-278(a) reads as rewritten:

45 "(a) Real property designated as a historic property by a local ordinance adopted pursuant
46 to former G.S. 160A-399.4 or designated as a historic landmark by a local ordinance adopted
47 pursuant to G.S. 160D-945 or former G.S. 160A-400.5 is designated a special class of property
48 under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Property so classified
49 shall be taxed uniformly as a class in each local taxing unit on the basis of fifty percent (50%)
50 of the true value of the property as determined pursuant to G.S. 105-285 and 105-286, or 105-287."

51 **SECTION 42.13F.(b)** This section is effective retroactively to June 19, 2020.

1
2 **PART XLIII. MISCELLANEOUS**

3
4 **STATE BUDGET ACT APPLIES**

5 **SECTION 43.1.** The provisions of the State Budget Act, Chapter 143C of the
6 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
7 this act by reference.

8
9 **COMMITTEE REPORT**

10 **SECTION 43.2.(a)** The North Carolina House of Representatives Appropriations
11 Committee Report on the Current Operations Appropriations Act for Senate Bill 105, House
12 Committee Substitute, dated August 10, 2021, which was distributed in the House and used to
13 explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be
14 used to construe this act, as provided in the State Budget Act, Chapter 143C of the General
15 Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such,
16 shall be printed as a part of the Session Laws.

17 **SECTION 43.2.(b)** The budget enacted by the General Assembly is for the
18 maintenance of the various departments, institutions, and other spending agencies of the State
19 for the 2021-2023 biennial budget as provided in G.S. 143C-3-5. This budget includes the
20 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

21 The Director of the Budget submitted a recommended base budget to the General
22 Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated
23 March 2021, and in the Budget Support Document for the various departments, institutions, and
24 other spending agencies of the State. The adjustments to the recommended base budget made by
25 the General Assembly are set out in the Committee Report.

26 **SECTION 43.2.(c)** The budget enacted by the General Assembly shall also be
27 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
28 appropriate legislation. In the event that there is a conflict between the line-item budget certified
29 by the Director of the Budget and the budget enacted by the General Assembly, the budget
30 enacted by the General Assembly shall prevail.

31 **SECTION 43.2.(d)** Notwithstanding subsection (a) of this section, the following
32 portions of the Committee Report are for reference and do not expand, limit, or define the text of
33 the Committee Report:

- 34 (1) Summary pages setting forth the enacted budget, the legislative changes, the
35 revised budget, and the related FTE information for a particular budget code
36 and containing no other substantive information.
37 (2) Summary pages setting forth the enacted budget, the legislative changes, the
38 revised budget, and the related FTE information for multiple fund codes
39 within a single budget code and containing no other substantive information.
40

41 **REPORT BY FISCAL RESEARCH DIVISION**

42 **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions
43 taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a
44 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.
45 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
46 this section to the Director of the Budget. The report shall be published on the General
47 Assembly's internet website for public access.

48
49 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

1 **SECTION 43.4.** Except where expressly repealed or amended by this act, the
2 provisions of any legislation enacted during the 2021 Regular Session of the General Assembly
3 affecting the State budget shall remain in effect.
4

5 **MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM**

6 **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate
7 an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this
8 act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal
9 biennium.
10

11 **EFFECT OF HEADINGS**

12 **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a
13 convenience to the reader and are for reference only. The headings do not expand, limit, or define
14 the text of this act, except for effective dates referring to a Part or Subpart.
15

16 **SEVERABILITY CLAUSE**

17 **SECTION 43.7.** If any section or provision of this act is declared unconstitutional
18 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
19 the part so declared to be unconstitutional or invalid.
20

21 **EFFECTIVE DATE**

22 **SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1,
23 2021.