

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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HOUSE BILL 966  
Committee Substitute Favorable 4/30/19  
Committee Substitute #2 Favorable 5/1/19  
Fourth Edition Engrossed 5/3/19  
PROPOSED SENATE COMMITTEE SUBSTITUTE H966-PCS40473-MLxfap-4

Short Title: 2019 Appropriations Act.

(Public)

Sponsors:

Referred to:

April 26, 2019

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

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 2019."

**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 2019-2021 fiscal biennium, according to the following schedule:

<b>Current Operations - General Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
<b>EDUCATION</b>		
Community College System		
Requirements	1,602,266,872	1,635,576,331
Less: Receipts	380,322,392	380,322,392
<b>Net Appropriation</b>	<b>1,221,944,480</b>	<b>1,255,253,939</b>



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1			
2	Public Instruction		
3	Requirements	12,138,143,583	12,390,999,838
4	Less: Receipts	2,254,566,432	2,214,566,432
5	<b>Net Appropriation</b>	<b>9,883,577,151</b>	<b>10,176,433,406</b>
6			
7	University of North Carolina		
8	NC A&T University		
9	Requirements	188,610,832	188,610,832
10	Less: Receipts	86,868,977	86,868,977
11	<b>Net Appropriation</b>	<b>101,741,855</b>	<b>101,741,855</b>
12			
13	NC School of Science and Mathematics		
14	Requirements	24,434,049	24,434,049
15	Less: Receipts	1,796,561	1,796,561
16	<b>Net Appropriation</b>	<b>22,637,488</b>	<b>22,637,488</b>
17			
18	NC State University-Academic Affairs		
19	Requirements	844,164,661	844,164,661
20	Less: Receipts	426,127,793	426,240,769
21	<b>Net Appropriation</b>	<b>418,036,868</b>	<b>417,923,892</b>
22			
23	NC State University-Agric. Research		
24	Requirements	72,742,781	72,742,781
25	Less: Receipts	17,721,640	17,721,640
26	<b>Net Appropriation</b>	<b>55,021,141</b>	<b>55,021,141</b>
27			
28	NC State University-Coop. Extension		
29	Requirements	57,529,168	55,529,168
30	Less: Receipts	14,833,163	14,833,163
31	<b>Net Appropriation</b>	<b>42,696,005</b>	<b>40,696,005</b>
32			
33	North Carolina Central University		
34	Requirements	136,655,404	136,655,404
35	Less: Receipts	51,822,380	51,822,380
36	<b>Net Appropriation</b>	<b>84,833,024</b>	<b>84,833,024</b>
37			
38	UNC at Asheville		
39	Requirements	61,661,158	61,661,158
40	Less: Receipts	21,876,242	21,876,242
41	<b>Net Appropriation</b>	<b>39,784,916</b>	<b>39,784,916</b>
42			
43	UNC at Chapel Hill-Academic Affairs		
44	Requirements	649,856,478	648,856,478
45	Less: Receipts	385,518,727	385,896,951
46	<b>Net Appropriation</b>	<b>264,337,751</b>	<b>262,959,527</b>
47			
48	UNC at Chapel Hill-Area Health Education		
49	Requirements	54,664,072	54,664,072
50	Less: Receipts	0	0
51	<b>Net Appropriation</b>	<b>54,664,072</b>	<b>54,664,072</b>

1			
2	UNC at Chapel Hill-Health Affairs		
3	Requirements	327,723,444	327,723,444
4	Less: Receipts	122,612,306	122,612,306
5	<b>Net Appropriation</b>	<b>205,111,138</b>	<b>205,111,138</b>
6			
7	UNC at Charlotte		
8	Requirements	420,146,272	420,146,272
9	Less: Receipts	164,780,562	164,780,562
10	<b>Net Appropriation</b>	<b>255,365,710</b>	<b>255,365,710</b>
11			
12	UNC at Greensboro		
13	Requirements	287,718,420	287,718,420
14	Less: Receipts	109,591,257	109,591,257
15	<b>Net Appropriation</b>	<b>178,127,163</b>	<b>178,127,163</b>
16			
17	UNC at Pembroke		
18	Requirements	90,161,357	90,165,578
19	Less: Receipts	13,264,333	13,264,333
20	<b>Net Appropriation</b>	<b>76,897,024</b>	<b>76,901,245</b>
21			
22	UNC at Wilmington		
23	Requirements	244,118,982	244,118,982
24	Less: Receipts	98,550,341	98,550,341
25	<b>Net Appropriation</b>	<b>145,568,641</b>	<b>145,568,641</b>
26			
27	UNC Board of Governors		
28	Requirements	42,592,385	42,592,385
29	Less: Receipts	46,899	46,899
30	<b>Net Appropriation</b>	<b>42,545,486</b>	<b>42,545,486</b>
31			
32	UNC BOG - Institutional Programs		
33	Requirements	94,053,382	149,019,223
34	Less: Receipts	0	0
35	<b>Net Appropriation</b>	<b>94,053,382</b>	<b>149,019,223</b>
36			
37	UNC BOG - Related Educational Programs		
38	Requirements	164,000,476	164,000,476
39	Less: Receipts	54,031,975	54,031,975
40	<b>Net Appropriation</b>	<b>109,968,501</b>	<b>109,968,501</b>
41			
42	UNC General Administration		
43	Requirements	181,849,756	191,849,756
44	Less: Receipts	0	0
45	<b>Net Appropriation</b>	<b>181,849,756</b>	<b>191,849,756</b>
46			
47	UNC School of the Arts		
48	Requirements	49,623,526	49,623,526
49	Less: Receipts	16,359,089	16,359,089
50	<b>Net Appropriation</b>	<b>33,264,437</b>	<b>33,264,437</b>
51			

1	Western Carolina University		
2	Requirements	159,162,027	159,195,028
3	Less: Receipts	27,714,804	27,714,804
4	<b>Net Appropriation</b>	<b>131,447,223</b>	<b>131,480,224</b>
5			
6	Winston-Salem State University		
7	Requirements	86,145,805	86,145,805
8	Less: Receipts	22,495,553	22,495,553
9	<b>Net Appropriation</b>	<b>63,650,252</b>	<b>63,650,252</b>
10			
11	East Carolina Univ-Academic Affairs		
12	Requirements	414,348,327	414,348,327
13	Less: Receipts	182,150,292	182,150,292
14	<b>Net Appropriation</b>	<b>232,198,035</b>	<b>232,198,035</b>
15			
16	East Carolina Univ-Health Affairs		
17	Requirements	90,335,813	90,335,813
18	Less: Receipts	12,400,019	12,400,019
19	<b>Net Appropriation</b>	<b>77,935,794</b>	<b>77,935,794</b>
20			
21	Elizabeth City State University		
22	Requirements	38,867,498	38,867,498
23	Less: Receipts	3,564,271	3,564,271
24	<b>Net Appropriation</b>	<b>35,303,227</b>	<b>35,303,227</b>
25			
26	Appalachian State University		
27	Requirements	261,386,484	261,386,484
28	Less: Receipts	113,450,398	113,450,398
29	<b>Net Appropriation</b>	<b>147,936,086</b>	<b>147,936,086</b>
30			
31	Fayetteville State University		
32	Requirements	75,646,019	75,646,019
33	Less: Receipts	21,734,797	21,734,797
34	<b>Net Appropriation</b>	<b>53,911,222</b>	<b>53,911,222</b>
35			
36	<b>HEALTH AND HUMAN SERVICES</b>		
37	Aging and Adult Services		
38	Requirements	116,497,018	116,602,228
39	Less: Receipts	70,395,164	70,395,164
40	<b>Net Appropriation</b>	<b>46,101,854</b>	<b>46,207,064</b>
41			
42	Central Management and Support		
43	Requirements	258,086,082	260,404,439
44	Less: Receipts	112,492,902	120,352,537
45	<b>Net Appropriation</b>	<b>145,593,180</b>	<b>140,051,902</b>
46			
47	Child Development and Early Education		
48	Requirements	801,029,004	810,462,606
49	Less: Receipts	569,112,706	578,312,706
50	<b>Net Appropriation</b>	<b>231,916,298</b>	<b>232,149,900</b>
51			

1	Health Benefits (Medicaid and Health Choice)		
2	Requirements	15,434,769,550	15,743,601,302
3	Less: Receipts	11,480,449,406	11,605,758,016
4	<b>Net Appropriation</b>	<b>3,954,320,144</b>	<b>4,137,843,286</b>
5			
6	Health Service Regulation		
7	Requirements	72,309,389	73,116,435
8	Less: Receipts	52,638,449	52,638,449
9	<b>Net Appropriation</b>	<b>19,670,940</b>	<b>20,477,986</b>
10			
11	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
12	Requirements	1,537,576,589	1,551,164,686
13	Less: Receipts	791,586,420	790,850,419
14	<b>Net Appropriation</b>	<b>745,990,169</b>	<b>760,314,267</b>
15			
16	Public Health		
17	Requirements	898,883,585	900,382,784
18	Less: Receipts	740,994,169	740,408,972
19	<b>Net Appropriation</b>	<b>157,889,416</b>	<b>159,973,812</b>
20			
21	Services for the Blind/Deaf/Hard of Hearing		
22	Requirements	47,208,292	47,367,026
23	Less: Receipts	38,354,656	38,371,368
24	<b>Net Appropriation</b>	<b>8,853,636</b>	<b>8,995,658</b>
25			
26	Social Services		
27	Requirements	1,910,727,808	1,932,784,120
28	Less: Receipts	1,709,865,429	1,723,385,023
29	<b>Net Appropriation</b>	<b>200,862,379</b>	<b>209,399,097</b>
30			
31	Vocational Rehabilitation Services		
32	Requirements	152,599,503	152,131,519
33	Less: Receipts	111,563,062	111,587,923
34	<b>Net Appropriation</b>	<b>41,036,441</b>	<b>40,543,596</b>
35			
36	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
37	Agriculture and Consumer Services		
38	Requirements	194,640,115	197,399,976
39	Less: Receipts	64,386,336	59,386,336
40	<b>Net Appropriation</b>	<b>130,253,779</b>	<b>138,013,640</b>
41			
42	Commerce		
43	Requirements	305,887,510	315,452,204
44	Less: Receipts	139,779,386	138,779,386
45	<b>Net Appropriation</b>	<b>166,108,124</b>	<b>176,672,818</b>
46			
47	Environmental Quality		
48	Requirements	211,073,549	210,373,796
49	Less: Receipts	118,282,705	116,782,705
50	<b>Net Appropriation</b>	<b>92,790,844</b>	<b>93,591,091</b>
51			

1	Labor		
2	Requirements	37,551,825	38,219,819
3	Less: Receipts	18,818,153	18,818,153
4	<b>Net Appropriation</b>	<b>18,733,672</b>	<b>19,401,666</b>
5			
6	Natural and Cultural Resources		
7	Requirements	232,671,998	232,687,359
8	Less: Receipts	46,487,651	42,487,651
9	<b>Net Appropriation</b>	<b>186,184,347</b>	<b>190,199,708</b>
10			
11	Wildlife Resources Commission		
12	Requirements	75,910,803	76,299,303
13	Less: Receipts	64,486,379	64,486,379
14	<b>Net Appropriation</b>	<b>11,424,424</b>	<b>11,812,924</b>
15			
16	<b>JUSTICE AND PUBLIC SAFETY</b>		
17	Administrative Office of the Courts		
18	Requirements	577,994,327	598,904,413
19	Less: Receipts	1,136,462	1,136,462
20	<b>Net Appropriation</b>	<b>576,857,865</b>	<b>597,767,951</b>
21			
22	Indigent Defense Services		
23	Requirements	137,709,856	142,907,885
24	Less: Receipts	11,182,323	12,182,323
25	<b>Net Appropriation</b>	<b>126,527,533</b>	<b>130,725,562</b>
26			
27	Justice		
28	Requirements	93,774,088	93,045,369
29	Less: Receipts	40,484,546	40,487,512
30	<b>Net Appropriation</b>	<b>53,289,542</b>	<b>52,557,857</b>
31			
32	Public Safety		
33	Requirements	2,462,499,917	2,528,047,235
34	Less: Receipts	259,709,909	259,634,879
35	<b>Net Appropriation</b>	<b>2,202,790,008</b>	<b>2,268,412,356</b>
36			
37	<b>GENERAL GOVERNMENT</b>		
38	Administration		
39	Requirements	76,925,083	76,809,223
40	Less: Receipts	12,425,930	10,925,930
41	<b>Net Appropriation</b>	<b>64,499,153</b>	<b>65,883,293</b>
42			
43	Administrative Hearings		
44	Requirements	8,078,859	8,285,544
45	Less: Receipts	1,684,910	1,684,910
46	<b>Net Appropriation</b>	<b>6,393,949</b>	<b>6,600,634</b>
47			
48	Auditor		
49	Requirements	20,604,606	21,105,924
50	Less: Receipts	6,199,884	6,199,884
51	<b>Net Appropriation</b>	<b>14,404,722</b>	<b>14,906,040</b>

1			
2	Budget and Management		
3	Requirements	8,484,483	8,669,046
4	Less: Receipts	0	0
5	<b>Net Appropriation</b>	<b>8,484,483</b>	<b>8,669,046</b>
6			
7	Budget and Management - Special Approp.		
8	Requirements	4,875,000	4,500,000
9	Less: Receipts	0	0
10	<b>Net Appropriation</b>	<b>4,875,000</b>	<b>4,500,000</b>
11			
12	Controller		
13	Requirements	25,686,414	26,177,966
14	Less: Receipts	846,028	846,028
15	<b>Net Appropriation</b>	<b>24,840,386</b>	<b>25,331,938</b>
16			
17	Elections		
18	Requirements	7,160,622	7,471,395
19	Less: Receipts	102,000	102,000
20	<b>Net Appropriation</b>	<b>7,058,622</b>	<b>7,369,395</b>
21			
22	General Assembly		
23	Requirements	73,928,608	75,172,681
24	Less: Receipts	2,011,000	861,000
25	<b>Net Appropriation</b>	<b>71,917,608</b>	<b>74,311,681</b>
26			
27	Governor		
28	Requirements	6,136,037	6,302,711
29	Less: Receipts	898,760	898,760
30	<b>Net Appropriation</b>	<b>5,237,277</b>	<b>5,403,951</b>
31			
32	Housing Finance Agency		
33	Requirements	20,660,000	20,660,000
34	Less: Receipts	0	0
35	<b>Net Appropriation</b>	<b>20,660,000</b>	<b>20,660,000</b>
36			
37	Insurance		
38	Requirements	51,460,928	51,905,082
39	Less: Receipts	9,317,431	8,367,431
40	<b>Net Appropriation</b>	<b>42,143,497</b>	<b>43,537,651</b>
41			
42	Insurance - Industrial Commission		
43	Requirements	22,527,124	22,705,950
44	Less: Receipts	13,053,262	13,053,262
45	<b>Net Appropriation</b>	<b>9,473,862</b>	<b>9,652,688</b>
46			
47	Lieutenant Governor		
48	Requirements	901,710	932,112
49	Less: Receipts	0	0
50	<b>Net Appropriation</b>	<b>901,710</b>	<b>932,112</b>
51			

1	Military and Veterans Affairs		
2	Requirements	64,841,061	63,045,054
3	Less: Receipts	53,160,945	53,160,945
4	<b>Net Appropriation</b>	<b>11,680,116</b>	<b>9,884,109</b>
5			
6	Revenue		
7	Requirements	166,047,274	150,523,007
8	Less: Receipts	76,336,207	58,768,852
9	<b>Net Appropriation</b>	<b>89,711,067</b>	<b>91,754,155</b>
10			
11	Secretary of State		
12	Requirements	14,580,614	14,987,297
13	Less: Receipts	341,456	291,456
14	<b>Net Appropriation</b>	<b>14,239,158</b>	<b>14,695,841</b>
15			
16	Treasurer		
17	Requirements	61,882,719	61,930,932
18	Less: Receipts	57,057,054	57,058,446
19	<b>Net Appropriation</b>	<b>4,825,665</b>	<b>4,872,486</b>
20			
21	Treasurer - Additional Retirement Systems		
22	Requirements	31,905,423	32,255,423
23	Less: Receipts	0	0
24	<b>Net Appropriation</b>	<b>31,905,423</b>	<b>32,255,423</b>
25			
26	<b>INFORMATION TECHNOLOGY</b>		
27	Department of Information Technology		
28	Requirements	78,195,394	85,159,550
29	Less: Receipts	15,395,579	15,395,579
30	<b>Net Appropriation</b>	<b>62,799,815</b>	<b>69,763,971</b>
31			
32	<b>RESERVES, DEBT, AND OTHER BUDGETS</b>		
33	General Debt Service		
34	Requirements	733,241,991	751,029,593
35	Less: Receipts	733,241,991	751,029,593
36	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
37			
38	Federal Debt Service		
39	Requirements	1,616,380	1,616,380
40	Less: Receipts	1,616,380	1,616,380
41	<b>Net Appropriation</b>	<b>0</b>	<b>0</b>
42			
43	Statewide Enterprise Resource Planning		
44	Requirements	47,758,778	25,000,000
45	Less: Receipts	22,758,778	0
46	<b>Net Appropriation</b>	<b>25,000,000</b>	<b>25,000,000</b>
47			
48	Statewide Reserves		
49	Requirements	13,421,748	75,000,000
50	Less: Receipts	0	0
51	<b>Net Appropriation</b>	<b>13,421,748</b>	<b>75,000,000</b>

1			
2	OSHR Minimum of Market Adjustment		
3	Requirements	424,316	424,316
4	Less: Receipts	0	0
5	<b>Net Appropriation</b>	<b>424,316</b>	<b>424,316</b>
6			
7	<b>Total Requirements</b>	<b>45,959,355,011</b>	<b>46,819,801,498</b>
8	<b>Less: Total Receipts</b>	<b>22,052,855,011</b>	<b>22,131,195,222</b>
9	<b>Total Net Appropriation</b>	<b>23,906,500,000</b>	<b>24,688,606,276</b>
10	<b>SECTION 2.1.(b)</b> For purposes of this act and the Committee Report described in		
11	Section 42.2 of this act, the requirements set forth in this section represent the total amount of		
12	funds, including agency receipts, appropriated to an agency, department, or institution.		
13			
14	<b>GENERAL FUND AVAILABILITY</b>		
15	<b>SECTION 2.2.(a)</b> The General Fund availability derived from State tax revenue,		
16	nontax revenue, and other adjustments used in developing the budget for each year of the		
17	2019-2021 fiscal biennium is as follows:		
18		<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
19	Unappropriated Balance	645,592,678	742,926,797
20	Anticipated Reversions	275,000,000	200,000,000
21	Projected Over Collections	643,300,000	-
22	Highway Fund Recovery Act (S605)	(120,000,000)	-
23	<b>Total, Prior Year-End Fund Balance</b>	<b>1,443,892,678</b>	<b>942,926,797</b>
24			
25	Statutory Earmark, State Capital and Infrastructure Fund	(360,973,170)	(235,731,699)
26	<b>Beginning Unreserved Fund Balance</b>	<b>1,082,919,509</b>	<b>707,195,097</b>
27			
28	<b>Tax Revenues</b>		
29	Personal Income	12,974,900,000	13,596,800,000
30	Sales and Use	8,086,300,000	8,464,000,000
31	Corporate Income	753,500,000	792,400,000
32	Franchise	738,700,000	757,200,000
33	Insurance	566,400,000	581,700,000
34	Alcoholic Beverage	408,700,000	422,900,000
35	Tobacco Products	258,000,000	257,400,000
36	Other Tax Revenues	132,600,000	136,300,000
37	<b>Subtotal, Tax Revenues</b>	<b>23,919,100,000</b>	<b>25,008,700,000</b>
38	<b>Non-tax Revenues</b>		
39	Judicial Fees	230,500,000	227,700,000
40	Investment Income	182,200,000	193,300,000
41	Disproportionate Share	165,300,000	130,000,000
42	Master Settlement Agreement	136,200,000	131,800,000
43	Insurance	84,100,000	85,400,000
44	Other Non-tax Revenues	202,900,000	203,900,000
45	<b>Subtotal, Non-tax Revenues</b>	<b>1,001,200,000</b>	<b>972,100,000</b>
46			
47	<b>Total, Net Revenues</b>	<b>24,920,300,000</b>	<b>25,980,800,000</b>
48			
49	<b>Adjustments to Tax Revenues: 2019 Session</b>		
50	Corporate Income and Franchise Tax Changes	(107,600,000)	(255,200,000)
51	Personal Income Tax Changes	(1,000,000)	(53,000,000)

1	Sales and Use Tax Changes	94,600,000	132,200,000
2	Historic Rehabilitation Tax Credit Extension	-	(4,500,000)
3	Gross Premiums Tax/Prepaid Health Plans	12,000,000	187,000,000
4	Dry Cleaning Solvent Tax Extension	-	(8,000,000)
5	<b>Subtotal, Adjustments to Tax Revenue</b>	<b>(2,000,000)</b>	<b>(1,500,000)</b>
6			
7	<b>Statutory Reservations of Tax Revenues</b>		
8	Savings Reserve	(46,965,000)	(163,515,000)
9	State Capital and Infrastructure Fund	(956,684,000)	(1,000,288,000)
10	<b>Subtotal, Statutory Reservations Tax Revenue</b>	<b>(1,003,649,000)</b>	<b>(1,163,803,000)</b>
11			
12	<b>Other Adjustments to Availability</b>		
13	Additional Transfer to the Savings Reserve	(350,000,000)	(550,000,000)
14	Additional Transfer to the State Capital and Infrastructure Fund	-	(30,037,523)
15	Judicial Fee Increases	724,418	1,448,835
16	Adjustment to Transfer from Department of Insurance	1,171,309	2,562,440
17	Adjustment to Transfer from State Treasurer	(39,439)	7,382
18	<b>Subtotal, Other Adjustments</b>	<b>(348,143,712)</b>	<b>(576,018,866)</b>
19			
20	<b>Total, Adjustments and Reservations</b>	<b>(1,353,792,712)</b>	<b>(1,741,321,866)</b>
21			
22	<b>Revised Total Net General Fund Availability</b>	<b>24,649,426,797</b>	<b>24,946,673,231</b>
23			
24	Less General Fund Net Appropriations	(23,906,500,000)	(24,688,606,276)
25			
26	<b>Unappropriated Balance Remaining</b>	<b>742,926,797</b>	<b>258,066,955</b>
27			

28           **SECTION 2.2.(b)** Funds that are in the Repairs and Renovations Reserve established  
29 pursuant to G.S. 143C-4-3 as of June 30, 2019, shall be transferred on July 1, 2019, to the State  
30 Capital and Infrastructure Fund established under G.S. 143C-4-3.1. Funds transferred pursuant  
31 to this subsection shall be used in accordance with the requirements of G.S. 143C-4-3.1.

32           **SECTION 2.2.(c)** In addition to the amount required under G.S. 143C-4-3.1, the  
33 State Controller shall transfer to the State Capital and Infrastructure Fund established under  
34 G.S. 143C-4-3.1 the sum of thirty million thirty-seven thousand five hundred twenty-three  
35 dollars (\$30,037,523) in the 2020-2021 fiscal year.

36           **SECTION 2.2.(d)** In addition to the amount required under G.S. 143C-4-2, the State  
37 Controller shall transfer to the Savings Reserve the sum of three hundred fifty million dollars  
38 (\$350,000,000) in the 2019-2020 fiscal year and the sum of five hundred fifty million dollars  
39 (\$550,000,000) in the 2020-2021 fiscal year. This transfer is not an "appropriation made by law,"  
40 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

41           **SECTION 2.2.(e)** The State Controller shall transfer the sum of two hundred ten  
42 million dollars (\$210,000,000) for the 2019-2020 fiscal year and the sum of twenty-two million  
43 three hundred forty-four thousand thirty-seven dollars (\$22,344,037) for the 2020-2021 fiscal  
44 year from funds available in the Medicaid Transformation Reserve in the General Fund to the  
45 Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.

46           **SECTION 2.2.(f)** Funds reserved in the Medicaid Contingency Reserve established  
47 in Section 12H.38 of S.L. 2014-100 do not constitute an "appropriation made by law," as that  
48 phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

### 50 PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

51

**CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

**SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2021, according to the following schedule:

<b>Current Operations – Highway Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Department of Transportation		
Administration	\$89,090,615	\$89,105,965
Division of Highways		
Administration	40,700,089	40,700,089
Construction	46,643,869	37,600,000
Maintenance	1,458,546,213	1,561,019,617
Governor's Highway Safety Program	267,914	267,914
OSHA Program	358,030	358,030
State Aid to Municipalities	147,500,000	147,500,000
Intermodal Divisions		
Ferry	50,379,026	50,879,026
Public Transportation, Bicycle, and Pedestrian	86,598,071	86,598,071
Aviation	142,846,918	140,946,918
Rail	47,222,269	47,697,269
Division of Motor Vehicles	141,571,442	143,047,427
Reserves, Transfers, and Other	44,174,322	51,672,174
Capital Improvements	8,201,222	7,707,500
<b>Total Highway Fund Appropriations</b>	<b>\$2,304,100,000</b>	<b>\$2,405,100,000</b>

**HIGHWAY FUND AVAILABILITY**

**SECTION 3.2.** The Highway Fund availability used in developing the 2019-2021 fiscal biennial budget is shown below:

<b>Highway Fund Availability</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Motor Fuels Tax	\$1,520,100,000	\$1,569,500,000
Highway Short-Term Lease	10,000,000	10,000,000
Licenses and Fees	772,200,000	828,000,000
Investment Income	1,000,000	1,000,000
NCCR Dividend Payment	3,550,000	3,650,000
Aviation Fuel Tax Adjustment	0	(5,400,000)
Electric & Hybrid Increase Fee	800,000	2,000,000
Repeal Dividend Payment	(3,550,000)	(3,650,000)
<b>Total Highway Fund Availability</b>	<b>\$2,304,100,000</b>	<b>\$2,405,100,000</b>

**HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 3.3.** Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as

enumerated are made for the fiscal biennium ending June 30, 2021, according to the following schedule:

<b>Current Operations – Highway Trust Fund</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Program Administration	\$35,626,560	\$35,626,560
Bonds	88,334,015	56,824,500
Turnpike Authority	49,000,000	49,000,000
State Ports Authority	45,000,000	45,000,000
FHWA State Match	4,640,000	4,640,000
Strategic Prioritization Funding Plan for Transportation Investments	1,376,699,425	1,465,308,940
Transfer to Visitor Center	400,000	400,000
<b>Total Highway Trust Fund Appropriations</b>	<b>\$1,599,700,000</b>	<b>\$1,656,800,000</b>

#### **HIGHWAY TRUST FUND AVAILABILITY**

**SECTION 3.4.** The Highway Trust Fund availability used in developing the 2019-2021 fiscal biennial budget is shown below:

<b>Highway Trust Fund Availability</b>	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Highway Use Tax	\$833,900,000	\$855,500,000
Motor Fuels Tax	618,500,000	636,400,000
Fees	145,300,000	162,900,000
Investment Income	2,000,000	2,000,000
<b>Total Highway Trust Fund Availability</b>	<b>\$1,599,700,000</b>	<b>\$1,656,800,000</b>

#### **PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

##### **OTHER APPROPRIATIONS**

**SECTION 4.1.(a)** State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each year of the 2019-2021 fiscal biennium, as follows:

- (1) All budget codes listed in the Governor's Recommended Base Budget for the 2019-2021 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 42.2 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 2019-2021 fiscal biennium.

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

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

##### **OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

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

10           **SECTION 4.2.(b)** The Office of State Budget and Management shall work with the  
 11 recipient State agencies to budget grant awards according to the annual program needs and within  
 12 the parameters of the respective granting entities. Depending on the nature of the award,  
 13 additional State personnel may be employed on a time-limited basis. Funds received from such  
 14 grants are hereby appropriated and shall be incorporated into the authorized budget of the  
 15 recipient State agency.

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

20  
 21 **EDUCATION LOTTERY FUNDS**

22           **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 23 2019-2021 fiscal biennium are as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
24		
25		
26 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
27 Prekindergarten Program	78,252,110	78,252,110
28 Public School Building Capital Fund	100,000,000	100,000,000
29 Needs-Based Public School Capital Fund	95,452,612	109,352,612
30 Scholarships for Needy Students	30,450,000	30,450,000
31 UNC Need-Based Financial Aid	10,744,733	10,744,733
32 LEA Transportation	21,386,090	21,386,090
33 <b>TOTAL APPROPRIATION</b>	<b>\$722,200,000</b>	<b>\$736,100,000</b>

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

35 **"§ 18C-162. Allocation of revenues.**

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

- 39           ...
- 40           (3) No more than eight percent (8%) of the total annual revenues, as described in  
 41 this Chapter, shall be allocated for payment of expenses of the Lottery.  
 42 Advertising expenses shall not exceed one and one-half percent ~~(1%)~~ (1.5%)  
 43 of the total annual revenues.

44           ...."

45           **SECTION 4.3.(c)** G.S. 18C-164(b1) reads as rewritten:

46           "(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an  
 47 amount equal to the amount appropriated from the Education Lottery Fund in the most recently  
 48 enacted Current Operations ~~and Capital Improvements Appropriations Act of 2017~~ Act."

49  
 50 **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION**

1           **SECTION 4.4.** Notwithstanding G.S. 143C-9-7, there is allocated from the Indian  
 2 Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and  
 3 Digital Resources Allotment, the sum of eleven million one hundred thousand dollars  
 4 (\$11,100,000) in the 2019-2020 fiscal year and the sum of ten million dollars (\$10,000,000) in  
 5 the 2020-2021 fiscal year.

6  
 7 **CIVIL PENALTY AND FORFEITURE FUND**

8           **SECTION 4.5.** Allocations are made from the Civil Penalty and Forfeiture Fund for  
 9 the fiscal biennium ending June 30, 2021, as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
10 School Technology Fund	\$18,000,000	\$18,000,000
11 Drivers Education	27,393,768	27,393,768
12 State Public School Fund	162,941,640	162,941,640
13 Classroom Supplies	15,000,000	15,000,000
14 School Safety	25,000,000	0
15 LEA Transportation	15,000,000	0
16 <b>Total Appropriation</b>	<b>\$263,335,408</b>	<b>\$223,335,408</b>

17  
 18  
 19 **2019 DISASTER RECOVERY**

20           **SECTION 4.6.(a)** Transfer from Hurricane Florence Disaster Recovery Reserve. –  
 21 Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of twenty-eight  
 22 million two hundred sixty-eight thousand dollars (\$28,268,000) in nonrecurring funds for the  
 23 2019-2020 fiscal year from the Hurricane Florence Disaster Recovery Reserve in the General  
 24 Fund to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134, and these  
 25 funds are appropriated within the Fund and shall be allocated as provided in the Committee  
 26 Report described in Section 42.2 of this act.

27           **SECTION 4.6.(b)** Reversion of Composting Reimbursement Funds. –  
 28 Notwithstanding any other provision of law, the sum of seventeen million dollars (\$17,000,000)  
 29 received by the Department of Agriculture and Consumer Services as reimbursement for  
 30 composting programs necessitated by damage to livestock caused by Hurricane Florence shall  
 31 revert to the Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 and is  
 32 appropriated within the Fund for the 2019-2020 fiscal year and shall be allocated as provided in  
 33 the Committee Report described in Section 42.2 of this act.

34           **SECTION 4.6.(c)** Reallocation of Funds; Community College Enrollment Declines.  
 35 – Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section  
 36 6.1 of that act to the contrary, of the funds allocated to the North Carolina Community College  
 37 System Office for repair and renovation of local community college facilities damaged by  
 38 Hurricane Florence, the sum of one million five hundred thousand dollars (\$1,500,000) is  
 39 reallocated to offset the receipts shortfall at affected community colleges due to enrollment  
 40 declines caused by Hurricane Florence.

41           **SECTION 4.6.(d)** Expand DACS Farmer Assistance. – Notwithstanding the  
 42 deadline set forth in Section 5.11(e) of S.L. 2018-136, as amended by S.L. 2018-141, a person  
 43 who experienced a verifiable loss of agricultural commodities as a result of excessive rain and  
 44 flooding that occurred during May 15, 2018, through December 31, 2018, and whose farm is  
 45 located in a North Carolina county that, between January 31, 2019, and February 15, 2019, was  
 46 included in a Secretarial Disaster Declaration, either as a primary county or as a contiguous  
 47 county, as a result of excessive rain and flooding that occurred during May 15, 2018, through  
 48 December 31, 2018, issued by the United States Secretary of Agriculture, is eligible for financial  
 49 assistance for losses of agricultural commodities pursuant to Section 5.11 of S.L. 2018-136. This  
 50 subsection is effective when this act becomes law. The Department shall accept completed  
 51 applications from people eligible for financial assistance pursuant to this subsection for no more

1 than 10 consecutive business days on which the federal government is not partially or fully shut  
2 down, beginning on the effective date of this subsection. This subsection shall expire on the date  
3 the Department has processed all applications validly received during this period.

4 **SECTION 4.6.(e)** Expand Uses/Golden L.E.A.F. Hurricane Florence Allocation. –  
5 Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section  
6 6.1 of that act to the contrary, the funds allocated to the Office of State Budget and Management  
7 for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., for infrastructure  
8 may be used for the replacement, improvement, or construction of new infrastructure to support  
9 hazard mitigation.

10 **SECTION 4.6.(f)** Clarify Volunteer Fire Department Assistance. – Notwithstanding  
11 any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to  
12 the contrary, the funds allocated to the Department of Insurance, Office of State Fire Marshal,  
13 for financial assistance to volunteer fire departments is available to be used to repair damages  
14 not covered by insurance policy proceeds.

15 **SECTION 4.6.(f1)** No Match; Dredging Pelletier Creek. – Funds allocated as  
16 provided in the Committee Report described in Section 42.2 of this act for a directed grant to the  
17 Town of Morehead City for the renovation and dredging of Pelletier Creek shall not be subject  
18 to the requirements of G.S. 143-215.73F(c).

19 **SECTION 4.6.(f2)** Report. – The North Carolina Policy Collaboratory shall report  
20 the flooding and resiliency implementation plan required by the Committee Report described in  
21 Section 42.2 of this act to the Joint Legislative Emergency Management Oversight Committee  
22 no later than December 1, 2020.

23 **SECTION 4.6.(g)** Applicability. – Unless otherwise provided in this section or the  
24 Committee Report described in Section 42.2 of this act, this section applies to the North Carolina  
25 counties designated under a major disaster declaration by the President of the United States under  
26 the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. Section 3.1 of S.L. 2018-134,  
27 as amended, applies to this section and is incorporated by reference, except Section 3.1(b) shall  
28 not apply to any directed grants or funds provided to a State agency for future disaster studies as  
29 allocated by the Committee Report described in Section 42.2 of this act. Sections 4.2, 4.3, 5.21,  
30 5.22, 5.23, and 5.24 of S.L. 2018-136 apply to this section and are incorporated by reference.

## 31 32 **PART V. GENERAL PROVISIONS**

### 33 34 **ESTABLISHING OR INCREASING FEES**

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

38 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
39 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
40 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
41 150B of the General Statutes.

### 42 43 **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

44 **SECTION 5.2.(a)** Article 6 of Chapter 147 of the General Statutes is amended by  
45 adding a new section to read:

46 **"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

47 **(a) Definition.** – For purposes of this section, the term "cash gift or donation" means any  
48 funds provided, without valuable consideration, to the State, for use by the State, or for the benefit  
49 of the State.

50 **(b) Requirement.** – Except as otherwise specifically provided by law, all funds received  
51 by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing

1 in this subsection shall be construed as exempting from the requirement set forth in this  
2 subsection funds received by a State officer or employee acting on behalf of the State.

3 (c) Terms Binding. – Except as otherwise provided by subsection (b) of this section, the  
4 terms of an instrument evidencing a cash gift or donation are a binding obligation of the State.  
5 Nothing in this section shall be construed to supersede, or authorize a deviation from the terms  
6 of an instrument evidencing a gift or donation setting forth the purpose for which the funds may  
7 be used."

8 **SECTION 5.2.(b)** G.S. 147-83 reads as rewritten:

9 **"§ 147-83. Receipts from federal government and gifts not affected.**

10 General Statutes 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84 shall not be  
11 held or construed to affect or interfere with the receipts and disbursements of any funds received  
12 by any institution or department of this State from the federal government ~~or any gift or donation~~  
13 ~~to any institution or department of the State or commission or agency thereof~~ when either in the  
14 act of Congress, relating to such funds received from the federal government, ~~or in the instrument~~  
15 ~~evidencing the said private donation or gift,~~ a contrary disposition or handling is prescribed or  
16 required, and the said sections shall not apply to any moneys paid to any department, institution  
17 or agency, or undertaking of the State of North Carolina, as a part of any legislative appropriation,  
18 or allotment from any contingent fund, as provided by law, after the same has been paid out of  
19 the State treasury."

20 **SECTION 5.2.(c)** This section becomes effective July 1, 2019, and applies to funds  
21 received on or after that date.

## 22 **DIRECTED GRANTS TO NON-STATE ENTITIES**

23 **SECTION 5.3.(a)** Definitions. – For purposes of this act and the Committee Report  
24 described in Section 42.2 of this act, the following definitions apply:

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

28 **SECTION 5.3.(b)** Requirements. – Nonrecurring funds appropriated in this act as  
29 directed grants are subject to all of the following requirements:

- 30 (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
31 G.S. 143C-6-23.  
32 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
33 made in a single annual payment in the discretion of the Director of the  
34 Budget. Directed grants of more than one hundred thousand dollars  
35 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
36 of the Director of the Budget. A State agency administering a directed grant  
37 shall begin disbursement of funds to a non-State entity that meets all  
38 applicable requirements as soon as practicable, but no later than 100 days after  
39 the date this act becomes law.  
40 (3) Beginning on the first day of a quarter following the deadline provided in  
41 subdivision (2) of this subsection and quarterly thereafter, State agencies  
42 administering directed grants shall report to the Fiscal Research Division on  
43 the status of funds disbursed for each directed grant until all funds are fully  
44 disbursed.  
45 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
46 nonrecurring funds appropriated in this act as directed grants shall not revert  
47 until June 30, 2021.

48 **SECTION 5.3.(c)** This section expires on June 30, 2021.

## 49 **DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT**



- 1 a. The activity is financed with debt that is secured solely by a pledge of  
2 the net revenues from fees and charges of the activity.
- 3 b. Laws or regulations require that the activity's costs of providing  
4 services, including capital costs, be recovered with fees and charges  
5 rather than with taxes or similar revenues.
- 6 c. The pricing policies of the activity establish fees and charges designed  
7 to recover its costs, including capital costs.
- 8 (7) Internal Service Funds. – Accounts for any activity that provides goods or  
9 services to other funds, departments, or agencies of the primary government  
10 and its component units, or to other governments, on a cost-reimbursement  
11 basis. Internal service funds should be used only if the reporting government  
12 is the predominant participant in the activity. Otherwise, the activity should  
13 be reported as an enterprise fund.
- 14 ~~Agency and Trust Fiduciary Funds.~~
- 15 (8) ~~Agency Custodial Funds.~~ – Accounts for resources held by the reporting  
16 government in a purely custodial capacity. ~~Agency funds typically involve~~  
17 ~~only the receipt, temporary investment, and remittance of fiduciary resources~~  
18 ~~to individuals, private organizations, or other governments capacity.~~  
19 Custodial funds are fiduciary activities that are not required to be reported in  
20 investment trust funds, pensions, and other employee benefit trust funds and  
21 private purpose trust funds as described in this section.
- 22 (9) Investment Trust Funds. – Accounts for the external portion of investment  
23 pools reported by the sponsoring government.
- 24 (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources  
25 that are required to be held in trust for ~~the members and beneficiaries of~~  
26 ~~defined benefit pension plans, defined contribution plans, other~~  
27 ~~postemployment benefit plans, or other employee benefit plans.~~ pension plans,  
28 other postemployment benefit plans, and other employee benefit plans that  
29 meet certain Governmental Accounting Standards Board (GASB) criteria.
- 30 (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements  
31 ~~under which principal and income benefit individuals, private organizations,~~  
32 ~~or other governments.~~ that are not required to be reported in investment trust  
33 funds and pension and other employee benefit trust funds."

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

35 **"§ 143C-3-5. Budget recommendations and budget message.**

36 (a) Budget Proposals. – The Governor shall present budget recommendations, consistent  
37 with G.S. 143C-3-1, 143C-3-2, and 143C-3-3 to each regular session of the General Assembly  
38 at a mutually agreeable time to be fixed by joint resolution.

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

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

- 1 (1a) The Governor's Recommended State Budget shall include a base budget,  
2 which shall be presented ~~in the budget support document~~ pursuant to  
3 subdivision (2) of this subsection.
- 4 (2) A ~~Budget Support Document~~ Recommended Base Budget showing, for each  
5 budget code and purpose or program in State government, accounting detail  
6 corresponding to the Recommended State Budget.
- 7 a. The ~~Budget Support Document~~ Recommended Base Budget shall  
8 employ the North Carolina Accounting System Uniform Chart of  
9 Accounts adopted by the State Controller to show both uses and  
10 sources of funds and shall display in separate parallel columns all of  
11 the following: (i) actual expenditures and receipts for the most recent  
12 fiscal year for which actual information is available, (ii) the certified  
13 budget for the preceding fiscal year, (iii) the currently authorized  
14 budget for the preceding fiscal year, (iv) program base budget  
15 requirements for each fiscal year of the biennium, (v) proposed  
16 expenditures and receipts for each fiscal year of the biennium, and (vi)  
17 proposed increases and decreases.
- 18 b. The ~~Budget Support Document~~ Recommended Base Budget shall  
19 include detailed information on recommended expenditures for capital  
20 improvements as required by G.S. 143C-8-6.
- 21 c. The ~~Budget Support Document~~ Recommended Base Budget shall  
22 include accurate projections of receipts, expenditures, and fund  
23 balances. Estimated receipts, including tuition collected by university  
24 or community college institutions, shall be adjusted to reflect actual  
25 collections from the previous fiscal year, unless the Director  
26 recommends a change that will result in collections in the budget year  
27 that differ from prior year actuals, or the Director otherwise determines  
28 there is a more reasonable basis upon which to accurately project  
29 receipts. Revenue and expenditure detail provided in the Budget  
30 Support Document shall be no less detailed than the two-digit level in  
31 the North Carolina Accounting System Uniform Chart of Accounts as  
32 prescribed by the State Controller.
- 33 d. The ~~Budget Support Document~~ Recommended Base Budget shall  
34 clearly identify all proposed expenditures supported by existing or  
35 proposed appropriations, including statutory appropriations.
- 36 (3) A recommended Current Operations Appropriations Act that makes  
37 appropriations for each fiscal year of the upcoming biennium for the operating  
38 and capital expenses of all State agencies as contained in the Recommended  
39 State Budget.
- 40 (4) The biennial State Information Technology Plan as outlined in Part 2 of  
41 Article 15 of Chapter 143B of the General Statutes to be consistent in  
42 facilitating the goals outlined in the Recommended State Budget.
- 43 (5) A list of budget adjustments made during the prior fiscal year pursuant to  
44 G.S. 143C-6-4 that are included in the proposed base budget for the upcoming  
45 fiscal year.
- 46 (6) The Governor's Recommended State Budget shall include a transfer to the  
47 Savings Reserve of fifteen percent (15%) of the estimated growth in State tax  
48 revenues that are deposited in the General Fund for each fiscal year of the  
49 upcoming biennium. This subdivision applies only if, and to the extent that,  
50 the balance of the Savings Reserve remains below the recommended Savings  
51 Reserve balance developed pursuant to G.S. 143C-4-2(f).

1 (7) The Governor's Recommended State Budget shall include a transfer to the  
2 State Capital and Infrastructure Fund of four percent (4%) of the estimated net  
3 State tax revenues that are deposited in the General Fund for each fiscal year  
4 of the upcoming biennium.

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

14 (d) Funds Included in Budget. – Consistent with requirements of the North Carolina  
15 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with  
16 the Recommended Base Budget and Recommended Capital Improvements Budget Support  
17 Document, shall include recommended expenditures of State funds from all Governmental and  
18 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for  
19 The University of North Carolina and its constituent institutions that are subject to this Chapter.  
20 Except where provided otherwise by federal law, funds received from the federal government  
21 become State funds when deposited in the State treasury and shall be classified and accounted  
22 for in the Governor's budget recommendations no differently than funds from other sources.

23 (e) Availability Estimates. – The recommended Current Operations Appropriations Act  
24 shall contain a statement showing the estimates of General Fund availability, Highway Fund  
25 availability, and Highway Trust Fund availability upon which the Recommended State Budget  
26 is based.

27 (f) Budget Message. – The Governor's budget recommendations shall be accompanied  
28 by a written budget message that does all of the following:

29 (1) Explains the goals embodied in the recommended budget.

30 (2) Explains important features of the activities anticipated in the budget.

31 (3) Explains the assumptions underlying the statement of revenue availability.

32 (4) Sets forth the reasons for changes from the previous biennium or fiscal year,  
33 as appropriate, in terms of programs, program goals, appropriation levels, and  
34 revenue yields.

35 (5) Identifies anticipated sources of funding for major spending initiatives.

36 (6) Prepares a fiscal analysis that addresses the State's budget outlook for the  
37 upcoming five-year period. This fiscal analysis shall include detailed  
38 estimates for five years for any proposals to create new or significantly expand  
39 programs and for proposals to create new or change existing law.

40 (g) Different Gubernatorial Administrations. – For years in which there will be a change  
41 in gubernatorial administrations, the incumbent Governor shall complete the budget  
42 recommendations and budget message by December 15 and deliver them to the Governor-elect."

43 **SECTION 5.5.(c)** G.S. 143C-8-6 reads as rewritten:

44 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**  
45 **State Budget.**

46 (a) Budget Director's Recommendations. – The Director of the Budget shall recommend  
47 expenditures for repairs and renovations of existing facilities, and real property acquisition, new  
48 construction, or rehabilitation of existing facilities in the Recommended State Budget in  
49 accordance with G.S. 143C-3-5.

50 (b) Repairs and Renovations in the Recommended State Budget. – The Recommended  
51 State Budget shall contain for repairs and renovations of existing facilities: (i) the amount

1 recommended for each State agency, (ii) a summary of the recommendations by project type, and  
2 (iii) the means of financing.

3 (c) Repairs and Renovations in the Recommended Capital Improvements Budget  
4 Support Document. – The Recommended Capital Improvements Budget Support Document shall  
5 contain for each repair and renovation project recommended in accordance with subsection (b)  
6 of this section: (i) a project description and justification, (ii) a detailed cost estimate, (iii) an  
7 estimated schedule for the completion of the project, and (iv) an explanation of the means of  
8 financing.

9 (d) Other Capital Projects in the Recommended State Budget. – The Recommended State  
10 Budget shall contain for each capital project involving real property acquisition, new  
11 construction, building area (sq. ft.) expansions, or the rehabilitation of existing facilities to  
12 accommodate new or expanded uses: (i) a project description and statement of need, (ii) an  
13 estimate of acquisition and construction or rehabilitation costs, and (iii) a means of financing the  
14 project.

15 (e) Other Capital Projects in the Capital Improvements Budget Support Document. – The  
16 Capital Improvements Budget Support Document shall contain for each capital project  
17 recommended in accordance with subsection (d) of this section: (i) a detailed project description  
18 and justification, (ii) a detailed estimate of acquisition, planning, design, site development,  
19 construction, contingency and other related costs, (iii) an estimated schedule of cash flow  
20 requirements over the life of the project, (iv) an estimated schedule for the completion of the  
21 project, (v) an estimate of revenues, if any, likely to be derived from the project, covering the  
22 first five years of operation, and (vi) an explanation of the means of financing.

23 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that  
24 recommendations in the Recommended State Budget for repairs and renovations of existing  
25 facilities, real property acquisition, new construction, or rehabilitation of existing facilities  
26 include all of the following information:

- 27 (1) An estimate of maintenance and operating costs, including personnel, for the  
28 project, covering the first five years of operation. If no increase in these  
29 expenditures is anticipated because the recommended project would replace  
30 an existing facility, then the level of expenditures for the previous five years  
31 of operation shall be included instead.
- 32 (2) A recommended funding source for the operating costs identified pursuant to  
33 subdivision (1) of this subsection."  
34

### 35 CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

36 **SECTION 5.8.** No more than one hundred twenty thousand dollars (\$120,000) in  
37 State funds, including any interest earnings accruing from those funds, may be used for the annual  
38 salary of any individual employee of a nonprofit organization.  
39

### 40 WEB SITE POSTING OF REPORTS

41 **SECTION 5.9.(a)** G.S. 120-29.5 reads as rewritten:

42 "**§ 120-29.5. State agency reports to the General Assembly.**

43 (a) Submission. – Whenever a report is directed by law or resolution to be made to the  
44 General Assembly, the State agency preparing the report shall deliver one copy of the report to  
45 each of the following officers: the Speaker of the House of Representatives, the President Pro  
46 Tempore of the Senate, the House Principal Clerk, and the Senate Principal Clerk; and two copies  
47 of the report to the Legislative Library. The State agency is encouraged to inform members of  
48 the General Assembly that an electronic copy is available. This section does not affect any  
49 responsibilities for depositing documents with the State Library or the State Publications  
50 Clearinghouse under Chapter 125 of the General Statutes.

1       **(b)** Publication. – A State agency submitting a report pursuant to subsection (a) of this  
2 section or a report directed by law or resolution to be made to a committee or subcommittee of  
3 the General Assembly shall publish the report on a public Internet Web site maintained by the  
4 State agency."

5       **SECTION 5.9.(b)** This section becomes effective January 1, 2020, and applies to  
6 reports submitted on or after that date.

## 7 8 **PART VI. COMMUNITY COLLEGE SYSTEM**

### 9 10 **CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE**

11       **SECTION 6.1.** G.S. 115D-3 reads as rewritten:

12 **"§ 115D-3. Community Colleges System Office; ~~staff~~; ~~staff~~; reorganization authority.**

13       **(a)** The Community Colleges System Office shall be a principal administrative  
14 department of State government under the direction of the State Board of Community Colleges,  
15 and shall be separate from the free public school system of the State, the State Board of  
16 Education, and the Department of Public Instruction. The State Board has authority to adopt and  
17 administer all policies, regulations, and standards which it deems necessary for the operation of  
18 the System Office.

19       The State Board shall elect a President of the North Carolina System of Community Colleges  
20 who shall serve as chief administrative officer of the Community Colleges System Office. The  
21 compensation of this position shall be fixed by the State Board from funds provided by the  
22 General Assembly in the Current Operations Appropriations Act.

23       The President shall be assisted by such professional staff members as may be deemed  
24 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on  
25 nomination of the President. The compensation of the staff members elected by the Board shall  
26 be fixed by the State Board of Community Colleges, upon recommendation of the President of  
27 the Community College System, from funds provided in the Current Operations Appropriations  
28 Act. These staff members shall include such officers as may be deemed desirable by the President  
29 and State Board. Provision shall be made for persons of high competence and strong professional  
30 experience in such areas as academic affairs, public service programs, business and financial  
31 affairs, institutional studies and long-range planning, student affairs, research, legal affairs,  
32 health affairs and institutional development, and for State and federal programs administered by  
33 the State Board. In addition, the President shall be assisted by such other employees as may be  
34 needed to carry out the provisions of this Chapter, who shall be subject to the provisions of  
35 Chapter 126 of the General Statutes. The staff complement shall be established by the State Board  
36 on recommendation of the President to insure that there are persons on the staff who have the  
37 professional competence and experience to carry out the duties assigned and to insure that there  
38 are persons on the staff who are familiar with the problems and capabilities of all of the principal  
39 types of institutions represented in the system. The State Board of Community Colleges shall  
40 have all other powers, duties, and responsibilities delegated to the State Board of Education  
41 affecting the Community Colleges System Office not otherwise stated in this Chapter.

42       **(b)** Notwithstanding any other provision of law, the President may reorganize the System  
43 Office in accordance with recommendations and plans submitted to and approved by the State  
44 Board of Community Colleges. If a reorganization is implemented pursuant to this subsection,  
45 including any movement of positions and funds between fund codes on a recurring basis, the  
46 President shall report by June 30 of the fiscal year in which the reorganization occurred to the  
47 Joint Legislative Education Oversight Committee and the Fiscal Research Division of the  
48 General Assembly."

### 49 50 **NC CAREER COACHES/LOCAL MATCHING FUNDS**

51       **SECTION 6.3.** G.S. 115D-21.5(c) reads as rewritten:

"(c) Application for NC Career Coach Program Funding. – The board of trustees of a community college and a local board of education of a local school administrative unit within the service area of the community college jointly may apply for available funds for NC Career Coach Program funding from the State Board of Community Colleges. The State Board of Community Colleges shall establish a process for award of funds as follows:

- (1) Advisory committee. – Establishment of an advisory committee, which shall include representatives from the NC Community College System, the Department of Public Instruction, the Department of Commerce, and at least three representatives of the business community, to review applications and make recommendations for funding awards to the State Board.
- (2) Application submission requirements. – The State Board of Community Colleges shall require at least the following:
  - a. Evidence of a signed memorandum of understanding that meets, at a minimum, the requirements of this section.
  - b. Evidence that the funding request will be matched ~~dollar for dollar~~ with local ~~funds-funds~~ in accordance with the following:
    - 1. Matching funds may come from public or private sources.
    - 2. The match amount shall be determined based on the location of a community college's main campus as follows:
      - I. If located in a tier-one county as defined in G.S. 143B-437.08, no local match shall be required.
      - II. If located in a tier-two county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every two dollars (\$2.00) in State funds shall be required.
      - III. If located in a tier-three county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every one dollar (\$1.00) in State funds shall be required.
- (3) Awards criteria. – The State Board of Community Colleges shall develop criteria for consideration in determining the award of funds that shall include the following:
  - a. Consideration of the workforce needs of business and industry in the region.
  - b. Targeting of resources to enhance ongoing economic activity within the community college service area and surrounding counties.
  - c. Geographic diversity of awards."

**ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS**

**SECTION 6.4.(a)** Section 8.3(b) of S.L. 2010-31 reads as rewritten:

"**SECTION 8.3.(b)** Courses in federal prisons ~~or local jails~~ shall not earn regular budget full-time equivalents, but may be offered on a self-supporting basis."

**SECTION 6.4.(b)** G.S. 115D-5 reads as rewritten:

"§ **115D-5. Administration of institutions by State Board of Community Colleges; personnel exempt from North Carolina Human Resources Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.**

...

(c) No course of instruction shall be offered by any community college at State expense or partial State expense to any captive or co-opted group of students, as defined by the State

1 Board of Community Colleges, without prior approval of the State Board of Community  
 2 Colleges. All course offerings approved for State prison inmates or prisoners in local jails must  
 3 be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of  
 4 Community Colleges shall be presumed to constitute approval of both the course and the group  
 5 served by that institution. The State Board of Community Colleges may delegate to the President  
 6 the power to make an initial approval, with final approval to be made by the State Board of  
 7 Community Colleges. A course taught without such approval will not yield any full-time  
 8 equivalent students, as defined by the State Board of Community Colleges.

9 (c1) Community colleges shall report full-time equivalent (FTE) student hours for  
 10 correction education programs on the basis of ~~contact hours rather than~~ student membership  
 11 hours. No community college shall operate a multi-entry/multi-exit class or program in a prison  
 12 facility, except for a literacy class or program.

13 The State Board shall work with the Division of Adult Correction and Juvenile Justice of the  
 14 Department of Public Safety on offering classes and programs that match the average length of  
 15 stay of an inmate in a prison facility.

16 ...."

17 **SECTION 6.4.(c)** Beginning with the 2019-2020 academic year, community college  
 18 courses offered in local jails shall earn regular budget full-time equivalents.

## 20 WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS

21 **SECTION 6.5.(a)** G.S. 115B-1 reads as rewritten:

### 22 "§ 115B-1. Definitions.

23 The following definitions apply in this Chapter:

24 (1) Correctional officer. – An employee of an employer who is certified as a State  
 25 correctional officer under the provisions of Article 1 of Chapter 17C of the  
 26 General Statutes.

27 ~~(1)~~(1a) Employer. – The State of North Carolina and its departments, agencies, and  
 28 institutions; or a county, city, town, or other political subdivision of the State.

29 ...

30 (4) Permanently and totally disabled as a direct result of a traumatic injury  
 31 sustained in the line of duty. – A person: (i) who as a law enforcement officer,  
 32 correctional officer, firefighter, volunteer firefighter, or rescue squad worker  
 33 suffered a disabling injury while in active service or training for active service,  
 34 (ii) who at the time of active service or training was a North Carolina resident,  
 35 and (iii) who has been determined to be permanently and totally disabled for  
 36 compensation purposes by the North Carolina Industrial Commission.

37 ...

38 (6) Survivor. – Any person whose parent, legal guardian, legal custodian, or  
 39 spouse: (i) was a law enforcement officer, a correctional officer, a firefighter,  
 40 a volunteer firefighter, or a rescue squad worker, (ii) was killed while in active  
 41 service or training for active service or died as a result of a service-connected  
 42 disability, and (iii) at the time of active service or training was a North  
 43 Carolina resident. The term does not include the widow or widower of a law  
 44 enforcement officer, correctional officer, firefighter, volunteer firefighter, or  
 45 a rescue squad worker if the widow or widower has remarried.

46 ...."

47 **SECTION 6.5.(b)** G.S. 115B-2(a) reads as rewritten:

48 "(a) The constituent institutions of The University of North Carolina and the community  
 49 colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for  
 50 credit or noncredit purposes without the required payment of tuition:

51 ...

- 1 (2) Any person who is the survivor of a law enforcement officer, correctional  
 2 officer, firefighter, volunteer firefighter, or rescue squad worker killed as a  
 3 direct result of a traumatic injury sustained in the line of duty.  
 4 (3) The spouse of a law enforcement officer, correctional officer, firefighter,  
 5 volunteer firefighter, or rescue squad worker who is permanently and totally  
 6 disabled as a direct result of a traumatic injury sustained in the line of duty.  
 7 (4) Any child, if the child is at least 17 years old but not yet 24 years old, whose  
 8 parent, legal guardian, or legal custodian is a law enforcement officer,  
 9 correctional officer, firefighter, volunteer firefighter, or rescue squad worker  
 10 who is permanently and totally disabled as a direct result of a traumatic injury  
 11 sustained in the line of duty. However, a child's eligibility for a waiver of  
 12 tuition under this Chapter shall not exceed: (i) 54 months, if the child is  
 13 seeking a baccalaureate degree, or (ii) if the child is not seeking a  
 14 baccalaureate degree, the number of months required to complete the  
 15 educational program to which the child is applying.

16 ...."

17 **SECTION 6.5.(c)** G.S. 115B-5(b)(3) reads as rewritten:

- 18 "(3) The cause of death of the law enforcement officer, correctional officer,  
 19 firefighter, volunteer firefighter, or rescue squad worker shall be verified by  
 20 certification from the records of the Department of State Treasurer, the  
 21 appropriate city or county law enforcement agency that employed the  
 22 deceased, the administrative agency for the fire department or fire protection  
 23 district recognized for funding under the Department of State Auditor, or the  
 24 administrative agency having jurisdiction over any paid firefighters of all  
 25 counties and cities."

26 **SECTION 6.5.(d)** This section applies beginning with the 2019-2020 academic year.  
 27

## 28 **AUTHORIZE COMMUNITY COLLEGE USE OF INSURANCE IN LIEU OF A BOND**

29 **SECTION 6.7.** G.S. 115D-58.10 reads as rewritten:

### 30 **"§ 115D-58.10. Surety ~~bonds~~, bonds and related insurance.**

31 The State Board of Community Colleges shall determine what State employees and  
 32 employees of institutions shall give bonds or be insured for the protection of State funds and  
 33 property and the State Board is authorized to place the ~~bonds~~ bonds, determine adequate  
 34 insurance coverage, and pay the premiums thereon from State funds.

35 The board of trustees of each institution shall require all institutional employees authorized  
 36 to draw or approve checks or vouchers drawn on local funds, and all persons authorized or  
 37 permitted to receive institutional funds from whatever source, and all persons responsible for or  
 38 authorized to handle institutional property, to be bonded by a surety company authorized to do  
 39 business with the State in such amount as the board of trustees deems sufficient for the protection  
 40 of such property and funds. In lieu of a bond, the board of trustees may obtain and maintain  
 41 adequate insurance coverage sufficient for the protection of institutional funds and property. The  
 42 tax-levying authority of each institution shall provide the funds necessary for the payment of the  
 43 premiums of ~~such bonds~~ the bonds or for insurance coverage."  
 44

## 45 **PART VII. PUBLIC INSTRUCTION**

### 46 **FUNDS FOR CHILDREN WITH DISABILITIES**

47 **SECTION 7.1.** The State Board of Education shall allocate additional funds for  
 48 children with disabilities on the basis of four thousand four hundred forty-two dollars and  
 49 thirty-four cents (\$4,442.34) per child for fiscal years 2019-2020 and 2020-2021. Each local  
 50 school administrative unit shall receive funds for the lesser of (i) all children who are identified  
 51

1 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its  
2 2019-2020 allocated average daily membership in the local school administrative unit. The dollar  
3 amounts allocated under this section for children with disabilities shall also be adjusted in  
4 accordance with legislative salary increments, retirement rate adjustments, and health benefit  
5 adjustments for personnel who serve children with disabilities.

## 6 7 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

8 **SECTION 7.2.** The State Board of Education shall allocate additional funds for  
9 academically or intellectually gifted children on the basis of one thousand three hundred forty  
10 dollars and ninety-seven cents (\$1,340.97) per child for fiscal years 2019-2020 and 2020-2021.  
11 A local school administrative unit shall receive funds for a maximum of four percent (4%) of its  
12 2019-2020 allocated average daily membership, regardless of the number of children identified  
13 as academically or intellectually gifted in the unit. The dollar amounts allocated under this section  
14 for academically or intellectually gifted children shall also be adjusted in accordance with  
15 legislative salary increments, retirement rate adjustments, and health benefit adjustments for  
16 personnel who serve academically or intellectually gifted children.

## 17 18 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

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

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

- 30 (1) Anticipated county property tax revenue availability. – The county-adjusted  
31 property tax base multiplied by the effective State average tax rate.
- 32 (2) Anticipated total county revenue availability. – The sum of the following:  
33 a. Anticipated county property tax revenue availability.  
34 b. Local sales and use taxes received by the county that are levied under  
35 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
36 Chapter 105 of the General Statutes.  
37 c. Fines and forfeitures deposited in the county school fund for the most  
38 recent year for which data are available.
- 39 (3) Anticipated total county revenue availability per student. – The anticipated  
40 total county revenue availability for the county divided by the average daily  
41 membership of the county.
- 42 (4) Anticipated State average revenue availability per student. – The sum of all  
43 anticipated total county revenue availability divided by the average daily  
44 membership for the State.
- 45 (5) Average daily membership. – Average daily membership as defined in the  
46 North Carolina Public Schools Allotment Policy Manual adopted by the State  
47 Board of Education. If a county contains only part of a local school  
48 administrative unit, the average daily membership of that county includes all  
49 students who reside within the county and attend that local school  
50 administrative unit.
- 51 (6) County-adjusted property tax base. – Computed as follows:

- 1 a. Subtract the present-use value of agricultural land, horticultural land,  
2 and forestland in the county, as defined in G.S. 105-277.2, from the  
3 total assessed real property valuation of the county.
- 4 b. Adjust the resulting amount by multiplying by a weighted average of  
5 the three most recent annual sales assessment ratio studies.
- 6 c. Add to the resulting amount the following:
  - 7 1. Present-use value of agricultural land, horticultural land, and  
8 forestland, as defined in G.S. 105-277.2.
  - 9 2. Value of property of public service companies, determined in  
10 accordance with Article 23 of Chapter 105 of the General  
11 Statutes.
  - 12 3. Personal property value for the county.
- 13 (7) County-adjusted property tax base per square mile. – The county-adjusted  
14 property tax base divided by the number of square miles of land area in the  
15 county.
- 16 (8) County wealth as a percentage of State average wealth. – Computed as  
17 follows:
  - 18 a. Compute the percentage that the county per capita income is of the  
19 State per capita income and weight the resulting percentage by a factor  
20 of five-tenths.
  - 21 b. Compute the percentage that the anticipated total county revenue  
22 availability per student is of the anticipated State average revenue  
23 availability per student and weight the resulting percentage by a factor  
24 of four-tenths.
  - 25 c. Compute the percentage that the county-adjusted property tax base per  
26 square mile is of the State-adjusted property tax base per square mile  
27 and weight the resulting percentage by a factor of one-tenth.
  - 28 d. Add the three weighted percentages to derive the county wealth as a  
29 percentage of the State average wealth.
- 30 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted  
31 average of the three most recent annual sales assessment ratio studies.
- 32 (10) Effective State average tax rate. – The average of effective county tax rates  
33 for all counties.
- 34 (11) Local current expense funds. – The most recent county current expense  
35 appropriations to public schools, as reported by local boards of education in  
36 the audit report filed with the Secretary of the Local Government Commission  
37 pursuant to G.S. 115C-447.
- 38 (12) Per capita income. – The average for the most recent three years for which  
39 data are available of the per capita income according to the most recent report  
40 of the United States Department of Commerce, Bureau of Economic Analysis,  
41 including any reported modifications for prior years as outlined in the most  
42 recent report.
- 43 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by  
44 the Department of Revenue under G.S. 105-289(h).
- 45 (14) State average adjusted property tax base per square mile. – The sum of the  
46 county-adjusted property tax bases for all counties divided by the number of  
47 square miles of land area in the State.
- 48 (15) State average current expense appropriations per student. – The most recent  
49 State total of county current expense appropriations to public schools, as  
50 reported by local boards of education in the audit report filed with the  
51 Secretary of the Local Government Commission pursuant to G.S. 115C-447.

- 1 (16) Supplant. – To decrease local per student current expense appropriations from  
2 one fiscal year to the next fiscal year.
- 3 (17) Weighted average of the three most recent annual sales assessment ratio  
4 studies. – The weighted average of the three most recent annual sales  
5 assessment ratio studies in the most recent years for which county current  
6 expense appropriations and adjusted property tax valuations are available. If  
7 real property in a county has been revalued one year prior to the most recent  
8 sales assessment ratio study, a weighted average of the two most recent sales  
9 assessment ratios shall be used. If property has been revalued the year of the  
10 most recent sales assessment ratio study, the sales assessment ratio for the year  
11 of revaluation shall be used.

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

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

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

35 **SECTION 7.3.(f)** Minimum Effort Required. – A county shall receive full funding  
36 under this section if the county (i) maintains an effective county tax rate that is at least one  
37 hundred percent (100%) of the effective State average tax rate in the most recent year for which  
38 data are available or (ii) maintains a county appropriation per student to the school local current  
39 expense fund of at least one hundred percent (100%) of the current expense appropriations per  
40 student to the school local current expense fund that the county could provide given the county's  
41 wealth and an average effort to fund public schools. A county that maintains a county  
42 appropriation per student to the school local current expense fund of less than one hundred  
43 percent (100%) of the current expense appropriations per student to the school local current  
44 expense fund that the county could provide given the county's wealth and an average effort to  
45 fund public schools shall receive funding under this section at the same percentage that the  
46 county's appropriation per student to the school local current expense fund is of the current  
47 expense appropriations per student to the school local current expense fund that the county could  
48 provide given the county's wealth and an average effort to fund public schools.

49 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school  
50 administrative unit receives funds under this section shall use the funds to supplement local  
51 current expense funds and shall not supplant local current expense funds. For the 2019-2021

1 fiscal biennium, the State Board of Education shall not allocate funds under this section to a  
 2 county found to have used these funds to supplant local per student current expense funds. The  
 3 State Board of Education shall make a finding that a county has used these funds to supplant  
 4 local current expense funds in the prior year, or the year for which the most recent data are  
 5 available, if all of the following criteria apply:

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

12 The State Board of Education shall adopt rules to implement the requirements of this  
 13 subsection.

14 **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –  
 15 Notwithstanding any other provision of this section, for the 2019-2021 fiscal biennium, counties  
 16 containing a base of the Armed Forces of the United States that have an average daily  
 17 membership of more than 17,000 students shall receive whichever is the higher amount in each  
 18 fiscal year as follows: either the amount of supplemental funding the county received as a  
 19 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county  
 20 is eligible to receive as a low-wealth county pursuant to the formula for distribution of  
 21 supplemental funding under the other provisions of this section.

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

26 **SECTION 7.3.(j)** Reports. – For the 2019-2021 fiscal biennium, the State Board of  
 27 Education shall report to the Fiscal Research Division prior to May 15 of each year if it  
 28 determines that counties have supplanted funds.

29 **SECTION 7.3.(k)** Department of Revenue Reports. – The Department of Revenue  
 30 shall provide to the Department of Public Instruction a preliminary report for the current fiscal  
 31 year of the assessed value of the property tax base for each county prior to March 1 of each year  
 32 and a final report prior to May 1 of each year. The reports shall include for each county the annual  
 33 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real  
 34 property represented by the present-use value of agricultural land, horticultural land, and  
 35 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined  
 36 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.  
 37

38 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

39 **SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 Fiscal Biennium. – Except  
 40 as otherwise provided in subsection (d) of this section, each eligible county school administrative  
 41 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.

50 **SECTION 7.4.(b)** Phase-Out Provision for the 2019-2020 Fiscal Year. – If a local  
 51 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of

1 this section in the 2019-2020 fiscal year, funding for that unit shall be phased out over a five-year  
2 period. Funding for such local school administrative units shall be reduced in equal increments  
3 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
4 fiscal year after the local school administrative unit becomes ineligible.

5 Allotments for eligible local school administrative units under this subsection shall  
6 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
7 2018-2019 in any fiscal year. A local school administrative unit shall not become ineligible for  
8 funding if either the highest of the first two months' total projected average daily membership for  
9 the current year or the higher of the first two months' total prior year average daily membership  
10 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
11 section.

12 **SECTION 7.4.(c) Phase-Out Provision for the 2020-2021 Fiscal Year.** – If a local  
13 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of  
14 this section in the 2020-2021 fiscal year, funding for that unit shall be phased out over a five-year  
15 period. Funding for such local school administrative units shall be reduced in equal increments  
16 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
17 fiscal year after the local administrative unit becomes ineligible.

18 Allotments for eligible local school administrative units under this subsection shall  
19 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
20 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for  
21 funding if either the highest of the first two months' total projected average daily membership for  
22 the current year or the higher of the first two months' total prior year average daily membership  
23 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
24 section.

25 **SECTION 7.4.(d) Nonsupplant Requirement for the 2019-2021 Fiscal Biennium.** –  
26 A county in which a local school administrative unit receives funds under this section shall use  
27 the funds to supplement local current expense funds and shall not supplant local current expense  
28 funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds  
29 under this section to a county found to have used these funds to supplant local per student current  
30 expense funds. The State Board of Education shall make a finding that a county has used these  
31 funds to supplant local current expense funds in the prior year or the year for which the most  
32 recent data are available, if all of the following criteria apply:

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

39 The State Board of Education shall adopt rules to implement the requirements of this  
40 subsection.

41 **SECTION 7.4.(e) Reports.** – For the 2019-2021 fiscal biennium, the State Board of  
42 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it  
43 determines that counties have supplanted funds.

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

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

51

**DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

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

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

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

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

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

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

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

**DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

**SECTION 7.6.(a)** Notwithstanding G.S. 143C-6-4, for the 2019-2021 fiscal biennium, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if necessary, to implement (i) the reorganization authorized in Section 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary to improve the efficiency of the Department. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department of Public Instruction shall provide (i) a current organization chart and a list of affected funds and (ii) the proposed organization chart and a list of affected funds clearly identifying the changes for the Department in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

1           **SECTION 7.6.(b)** In implementing (i) the reorganization authorized in Section 7.7  
2 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from  
3 the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary  
4 to improve the efficiency of the Department of Public Instruction, except as otherwise provided  
5 in this act, the Department of Public Instruction shall make no reduction to funding for (i) the  
6 State Public School Fund, including for the following residential schools: Eastern North Carolina  
7 School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School,  
8 and (ii) any budget expansion item funded by an appropriation to the Department of Public  
9 Instruction by this act for the 2019-2021 fiscal biennium. The Department shall also make no  
10 transfers from or reduction to funding or positions for any of the following:

- 11           (1) Communities in Schools of North Carolina, Inc.
- 12           (2) Teach For America, Inc.
- 13           (3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
- 14           (4) The Excellent Public Schools Act, Read to Achieve Program, initially  
15           established under Section 7A.1 of S.L. 2012-142.
- 16           (5) The North Carolina School Connectivity Program.
- 17           (6) The North Carolina Center for the Advancement of Teaching.
- 18           (7) The North Carolina Innovative School District.

#### 19 20 **ADVANCED TEACHING ROLES CHANGES**

21           **SECTION 7.9.(a)** Effective June 30, 2020, the following session laws are repealed:

- 22           (1) Section 8.7 of S.L. 2016-94.
- 23           (2) Section 7.11(a) of S.L. 2017-57.
- 24           (3) Section 7.15(b) of S.L. 2017-57.
- 25           (4) Section 7.9 of S.L. 2018-5.
- 26           (5) Section 2.6 of S.L. 2018-97.

27           **SECTION 7.9.(b)** Article 20 of Chapter 115C of the General Statutes is amended by  
28 adding a new section to read:

#### 29 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

30           (a) Purpose. – The State Board of Education shall establish a program (program) to  
31 develop advanced teaching roles and organizational models that link teacher performance and  
32 professional growth to salary increases for classroom teachers in selected local school  
33 administrative units. For the purposes of this section, a classroom teacher is a teacher who works  
34 in the classroom providing instruction at least seventy percent (70%) of the instructional day and  
35 who is not instructional support personnel. The purpose of the program shall be to do the  
36 following:

- 37           (1) Allow highly effective classroom teachers to teach an increased number of  
38 students by assuming accountability for additional students, by becoming a  
39 lead classroom teacher accountable for the student performance of all of the  
40 students taught by teachers on that lead classroom teacher's team, or by  
41 leading a larger effort in the school to implement new instructional models to  
42 improve school-wide performance.
- 43           (2) Enable local school administrative units to provide salary supplements to  
44 classroom teachers in advanced teaching roles. Selection of an advanced  
45 teaching role classroom teacher and award of related salary supplements shall  
46 be made on the basis of demonstrated effectiveness and additional  
47 responsibilities.
- 48           (3) Enable local school administrative units to create innovative compensation  
49 models that focus on classroom teacher professional growth that lead to  
50 measurable improvements in student outcomes.

- 1           (4)    Utilize local plans to establish organizational changes related to compensation  
2                   in order to sustain evidence-based teaching practices that have the capacity to  
3                   be replicated throughout the State.
- 4       (b)    Request for Proposal. – By September 15, 2019, and annually thereafter, the State  
5   Board of Education shall issue a Request for Proposal (RFP) for the program. Local boards of  
6   education shall submit their proposals by October 15. The RFP shall require that proposals  
7   include the following information at a minimum:
- 8           (1)    Description of the program structure, including both of the following:  
9                   a.    The process for teacher advancement based on performance,  
10                   professional growth, or the specific teacher roles assumed by the  
11                   teacher.
- 12                   b.    Plans for how the local school administrative unit will utilize and train  
13                   classroom teachers in advanced teaching roles. These plans shall draw  
14                   a direct correlation between the proposed use and training of  
15                   classroom teachers in advanced teaching roles and improved student  
16                   outcomes.
- 17       (2)    Descriptions of the advanced teaching roles, including minimum  
18   qualifications for the positions that shall include at least two of the following:
- 19                   a.    Advanced certifications, such as National Board for Professional  
20                   Teaching Standards Certification, or a master's degree in the area in  
21                   which the classroom teacher is licensed and teaching.
- 22                   b.    A rating of at least accomplished on each of the Teacher Evaluation  
23                   Standards 1-5 on the North Carolina Teacher Evaluation instrument.
- 24                   c.    Evidence that the teacher has an average Education Value-Added  
25                   Assessment System (EVAAS) student growth index score from the  
26                   three previous school years of 1.5 or greater and no individual EVAAS  
27                   student growth index score below zero.
- 28                   d.    Equivalent demonstrated mastery of teaching skills as required by the  
29                   new local compensation model.
- 30       (3)    Job responsibilities that include at least one of the following:
- 31                   a.    Teaching an increased number of students and being accountable for  
32                   their performance as the teacher of record for those students.
- 33                   b.    Becoming a lead classroom teacher among a group of teachers and  
34                   participating in EVAAS according to a model developed by the  
35                   Department of Public Instruction. The model shall be published and  
36                   explained on the Department's Web site no later than August 1, 2019,  
37                   and, thereafter, within 30 days of any change made to the model.
- 38                   c.    Leading a school-wide effort to implement data-driven instructional  
39                   models that include blended learning environments, utilizing digital  
40                   learning and resources, and focusing on methods of improvement for  
41                   school-wide performance issues.
- 42                   d.    Providing in-house professional development or functioning as an  
43                   instructional content area coach or a coach in another professional  
44                   development area following the completion of certification training.  
45                   The training shall ensure that the professional development or  
46                   coaching the teacher provides is faithfully implemented in the  
47                   classroom.
- 48       (4)    Description of how the local school administrative unit will inform all  
49   employees and the public on the criteria and selection for the advanced  
50   teaching roles, the continued eligibility requirements for the advanced

- 1 teaching roles, and how the individuals selected for the advanced teaching  
2 roles will be evaluated.
- 3 (5) Description of how the local school administrative unit will inform all  
4 employees and the public on the criteria for movement on the proposed new  
5 local compensation model.
- 6 (6) The process for the voluntary relinquishment of an advanced teaching role,  
7 including the associated additional duties. Voluntary relinquishment of the  
8 advanced teaching role shall not be considered a demotion under Part 3 of  
9 Article 22 of Chapter 115C of the General Statutes.
- 10 (7) Salary supplement information including the following:
- 11 a. The amount of the salary supplements that will be provided to those  
12 selected for the advanced teaching roles. The supplements may be up  
13 to thirty percent (30%) of the State teacher salary schedule.
- 14 b. A statement by the local school administrative unit that the salary  
15 supplements will be paid as a supplement to the classroom teacher's  
16 regular salary and not be included in the average salary calculation  
17 used for budgeting State allotments.
- 18 c. A statement by the local school administrative unit that if a classroom  
19 teacher in an advanced teaching role (i) fails to maintain the minimum  
20 criteria established for the position, (ii) is not successfully performing  
21 the additional duties associated with the advanced teaching role, or (iii)  
22 voluntarily relinquishes the advanced teaching role, the teacher shall  
23 only be paid the salary applicable to that individual on the State teacher  
24 salary schedule and any other local supplements that would otherwise  
25 apply to the classroom teacher's compensation.
- 26 d. Loss of an advanced teaching role shall not be considered a demotion  
27 under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 28 e. The amount of the salary supplements at all levels of the proposed new  
29 compensation model in relation to the State teacher salary schedule.
- 30 (8) The implementation plan, including the number of schools in the local school  
31 administrative unit that will have advanced teaching roles and any new  
32 proposed compensation model, the number of advanced teaching roles at each  
33 of those schools, the number of students whose teacher of record will be a  
34 teacher in an advanced teaching role, and the number of teachers overall who  
35 would be eligible for the proposed new compensation model.
- 36 (9) Plans for long-term financial sustainability once any grant money that may be  
37 awarded to the local school administrative unit is no longer available. This  
38 plan shall include a description of how the unit intends to provide  
39 supplemental compensation for teachers in an advanced teaching role without  
40 grant money.
- 41 (10) A description of how the local school administrative unit could partner with  
42 local educator preparation programs, institutions of higher education, or  
43 community colleges to improve teacher effectiveness and student outcomes.
- 44 (c) Selection by State Board of Education. – By December 15, 2019, and annually  
45 thereafter, the State Board of Education shall review proposals and select local school  
46 administrative units to participate in the program, beginning in the subsequent school year, in  
47 accordance with the following criteria:
- 48 (1) Selected local school administrative units must meet minimum criteria  
49 established by the State Board of Education consistent with this section.
- 50 (2) The State Board shall prioritize the award of available State funds for the  
51 following categories of local school administrative units:

- 1           a.       Up to five units with an average daily membership from the previous  
2                    school year of 4,000 or fewer students.
- 3           b.       Up to five units with an average daily membership from the previous  
4                    school year of between 4,001 and 20,000 students.
- 5           c.       Up to five units with an average daily membership from the previous  
6                    school year of 20,001 or more students.
- 7           (3)       The State Board shall approve the proposal of any local school administrative  
8                    unit that is submitted by October 15, 2019, if the following criteria are met:
- 9                    a.       The local school administrative unit is participating in an approved  
10                    advanced teaching roles program pursuant to Section 8.7 of S.L.  
11                    2016-94 in the 2019-2020 school year.
- 12                    b.       The application of a local school administrative unit is not inconsistent  
13                    with this section.
- 14           (d)       Advanced Teaching Roles Designation. – Any local board of education that is  
15                    selected to participate in the program pursuant to subsection (c) of this section shall designate  
16                    participating schools within the unit as "Advanced Teaching Roles" schools.
- 17           (e)       Material Revisions of Plans. – Material revisions of a plan submitted to the State  
18                    Board of Education by a local board of education with at least one Advanced Teaching Roles  
19                    school shall be made only upon the approval of the State Board of Education.
- 20           (f)       Renewal and Termination. – The initial selected local school administrative units  
21                    shall implement their approved plans beginning with the 2020-2021 school year. Every five years  
22                    after a local school administrative unit begins implementing its plan, the State Board of Education  
23                    shall review the unit to ensure it is complying with its approved plan. After the review, the State  
24                    Board may, in its discretion, renew or terminate the plan of any local school administrative unit  
25                    that fails to meet criteria established by the State Board in accordance with this section and the  
26                    Advanced Teaching Roles designation of any school within that unit. Throughout the program,  
27                    a local school administrative unit shall provide any information or access requested by (i) the  
28                    State Board of Education or (ii) the independent research organization selected by the State Board  
29                    of Education to evaluate the program pursuant to this section.
- 30           (g)       Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit  
31                    pursuant to this section shall be subject to availability and awarded for a term of up to three years,  
32                    in the discretion of the State Board. A local school administrative unit shall not be eligible to  
33                    receive funding for more than one term. Funds awarded to local school administrative units shall  
34                    be used for any of the following:
- 35                    (1)       Salary supplements for classroom teachers in advanced teaching roles.
- 36                    (2)       Development of advanced teaching role plans.
- 37                    (3)       Development of professional development courses for teachers in advanced  
38                    teaching roles that lead to improved student outcomes.
- 39                    (4)       Transition costs associated with designing and implementing advanced  
40                    teaching role models. Transition costs may include employing staff members  
41                    or contractors to assist with design and implementation of the plan.
- 42                    (5)       Development of the design and implementation of compensation plans that  
43                    focus on teacher professional growth and student outcomes and the transition  
44                    costs associated with designing and implementing new compensation plans,  
45                    including employing staff members or contractors to assist with design and  
46                    implementation of the plan.
- 47           (h)       Program Evaluation. – The State Board of Education shall evaluate how the advanced  
48                    teaching roles and new compensation plans have accomplished, at a minimum, the following:
- 49                    (1)       Improvement in the quality of classroom instruction and increases in  
50                    school-wide growth or the growth of teachers who are mentored or impacted  
51                    by a teacher in an advanced teaching role.

- 1           (2)    An increase in the attractiveness of teaching.
- 2           (3)    Recognition, impact, and retention of high-quality classroom teachers.
- 3           (4)    Assistance to and retention of beginning classroom teachers.
- 4           (5)    Improvement in and expansion of the use of technology and digital learning.
- 5           (6)    School culture based on school climate survey results.

6       The State Board shall contract with an independent research organization to perform this  
7 evaluation in the first two years of the program and provide reports on October 15, 2020, and  
8 October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall  
9 perform the evaluation and provide the report. The State Board shall provide any report required  
10 in accordance with this subsection to the offices of the President Pro Tempore of the Senate and  
11 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,  
12 the House Committee on Appropriations, the Senate Appropriations Committee on  
13 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal  
14 Research Division, and the Joint Legislative Education Oversight Committee."

15       **SECTION 7.9.(c)** Funds appropriated to the Department of Public Instruction by this  
16 act for the 2019-2020 fiscal year shall be used to (i) support teacher compensation models and  
17 advanced teaching roles pursuant to Section 8.7 of S.L. 2016-94, as amended by Section 7.11 of  
18 S.L. 2017-57 and Section 7.9 of S.L. 2018-5, and (ii) develop implementation plans for teacher  
19 compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this  
20 act.

21       **SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by  
22 this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and  
23 advanced teaching roles and to develop implementation plans for teacher compensation models  
24 and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act.

25       **SECTION 7.9.(e)** Beginning in the 2019-2020 fiscal year, of the funds appropriated  
26 to the Department of Public Instruction by this act to support teacher compensation models and  
27 advanced teaching roles and to develop associated implementation plans, the Department may  
28 use up to four percent (4%) each fiscal year to evaluate the program, contract with an independent  
29 research organization to evaluate the program, or continue any preexisting contract with an  
30 independent research organization formed pursuant to Section 8.7 of S.L. 2016-94. Any  
31 remaining funds may be awarded to selected local school administrative units in accordance with  
32 this act to support teacher compensation models and advanced teaching roles and to develop  
33 associated implementation plans.

## 34

### 35 **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS**

### 36 **REPORT**

37       **SECTION 7.13.(a)** G.S. 115C-5 is amended by adding a new subdivision to read:

38       "(11) Public school unit. – Any of the following:

- 39           a. A local school administrative unit.
- 40           b. A charter school.
- 41           c. A regional school.
- 42           d. A school providing elementary or secondary instruction operated by  
43 one of the following:
  - 44               1. The State Board of Education, including schools operated  
45 under Article 7A and Article 9C of this Chapter.
  - 46               2. The University of North Carolina, including schools operated  
47 under Articles 4, 29, and 29A of Chapter 116 of the General  
48 Statutes."

49       **SECTION 7.13.(b)** G.S. 115C-105.57 reads as rewritten:

50       "**§ 115C-105.57. Center for Safer Schools.**

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

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

10 (c) Powers and Duties. – The Center for Safer Schools shall have all powers and duties  
11 provided in this Article.

12 (d) Agency Cooperation. – All State agencies and departments shall cooperate with the  
13 Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with  
14 this Article.

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

20 (1) The total number of school resource officers in the State and in each public  
21 school unit.

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

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

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

28 (5) The location of school resource officers, differentiated by grade levels and  
29 type of public school unit.

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

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

### 32 33 **BROADEN CERTAIN CHARTER SCHOOL ENROLLMENT PRIORITIES**

34 **SECTION 7.15.(a)** G.S. 115C-218.45(f) reads as rewritten:

35 "(f) The charter school may give enrollment priority to any of the following:

36 (1) Siblings of currently enrolled students who were admitted to the charter school  
37 in a previous year. For the purposes of this section, the term "siblings"  
38 includes any of the following who reside in the same household: half siblings,  
39 stepsiblings, and children residing in a family foster home.

40 (1a) Siblings who apply to the charter school for admission beginning in the same  
41 school year, such as when a sibling was not initially admitted due to grade  
42 level capacity.

43 (2) Siblings of students who have completed the highest grade level offered by  
44 that school and who were enrolled in at least four grade levels offered by the  
45 charter school or, if less than four grades are offered, in the maximum number  
46 of grades offered by the charter school.

47 (2a) A student who was enrolled in a preschool program operated by the charter  
48 school in the prior year.

49 (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,  
50 unless granted a waiver by the State Board of Education, the following:

1 a. ~~Children of the school's full-time employees.~~ persons (i) employed full  
 2 time by the charter school or (ii) working full time in the daily  
 3 operation of the charter school, including children of persons  
 4 employed by an education management organization or charter  
 5 management organization for the charter school.

6 b. Children of the charter school's board of directors.

7 (4) A student who was enrolled in the charter school within the two previous  
 8 school years but left the school (i) to participate in an academic study abroad  
 9 program or a competitive admission residential program or (ii) because of the  
 10 vocational opportunities of the student's parent.

11 (5) A student who was enrolled in another charter school in the State in the  
 12 previous school year that does not offer the student's next grade level.

13 (6) A student who was enrolled in another charter school in the State in the  
 14 previous school year that does not offer the student's next grade level and both  
 15 of the charter schools have an enrollment articulation agreement to accept  
 16 students or are governed by the same board of directors.

17 (7) A student who was enrolled in another charter school in the State in the  
 18 previous school year."

19 **SECTION 7.15.(b)** This section is effective when it becomes law and applies  
 20 beginning with the 2019-2020 school year.

## 21 RENEWAL SCHOOLS

22 **SECTION 7.17.** Section 6(l) of S.L. 2018-32 reads as rewritten:

23 **"SECTION 6.(l)** Available State Funds. – Beginning with the ~~2018-2019~~ 2019-2020 fiscal  
 24 year, the Department of Public Instruction shall calculate the amount of State funds to be  
 25 allocated to the local school administrative unit operating under a renewal school system plan on  
 26 the same basis as other local school administrative units and shall distribute those funds to the  
 27 unit. The Department shall use statewide average salary figures for the purpose of calculating the  
 28 dollar equivalent of guaranteed positions as necessary. The funds allocated to the local school  
 29 administrative unit shall be subject to any restrictions as to use imposed by federal law, the  
 30 conditions of federal or State grants, or as provided through any rules that the State Board adopts  
 31 to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted  
 32 except as provided in this section.

33 ~~In no event shall the local school administrative unit receive a total amount of State funds in~~  
 34 ~~the 2018-2019 fiscal year under the disbursement method described in this subsection that is less~~  
 35 ~~than the total amount of State funds the local school administrative unit received in the 2017-2018~~  
 36 ~~fiscal year."~~  
 37

## 38 ECONOMICS AND FINANCIAL LITERACY

39 **SECTION 7.18.(a)** G.S. 115C-81.65 reads as rewritten:

40 **"§ 115C-81.65. Financial literacy.**

41 (a) Instruction shall be provided in personal financial literacy for all students. In addition  
 42 to the requirements in subsection (b) of this section, the State Board of Education shall determine  
 43 the other components of personal financial literacy that will be covered in the curriculum. ~~The~~  
 44 ~~State Board shall also review the high school standard course of study to determine into which~~  
 45 ~~courses and grade levels personal financial literacy shall be integrated.~~

46 (b) ~~Each student shall receive personal financial literacy instruction that shall include:~~  
 47 The State Board of Education shall require during the high school years the teaching of a full  
 48 credit course focused solely on Economics and Personal Finance (EPF). A passing grade in the  
 49 course shall be required for graduation from high school. The content of the course shall, at a  
 50 minimum, include the standards established by the second edition of the Voluntary National  
 51

1 Content Standards in Economics and the 2013 National Standards for Financial Literacy, as  
 2 developed by the Council for Economic Education. The EPF course shall provide instruction on  
 3 economic principles and shall provide personal financial literacy instruction that shall include, at  
 4 a minimum, the following:

- 5 (1) The true cost of credit.
- 6 (2) Choosing and managing a credit card.
- 7 (3) Borrowing money for an automobile or other large purchase.
- 8 (4) Home mortgages.
- 9 (5) Credit scoring and credit reports.
- 10 (5a) Planning and paying for postsecondary education.
- 11 (6) Other relevant financial literacy issues.

12 (c) The State Board of Education shall require that EPF teachers receive the professional  
 13 development necessary to ensure that the intent and provisions of this section are carried out. To  
 14 the extent funds are made available for this purpose, the State Board of Education shall require  
 15 the employing entity to make available to EPF teachers and prospective EPF teachers the EPF  
 16 professional development course provided by the North Carolina Council on Economic  
 17 Education (NCCEE). When practicable, teachers shall complete the EPF professional  
 18 development course prior to teaching the EPF course in public schools. If necessary, teachers  
 19 may begin teaching the EPF course in public schools while awaiting the next possible opportunity  
 20 to complete a session of the EPF professional development course. To the extent possible, the  
 21 EPF professional development course shall be taken at the NCCEE-approved location most  
 22 conveniently located to the local school administrative unit."

23 **SECTION 7.18.(b)** The requirements of G.S. 115C-81.65(b), as amended by  
 24 subsection (a) of this section, shall apply to all students entering the ninth grade in the 2020-2021  
 25 school year.

26 **SECTION 7.18.(c)** G.S. 115C-81.45 reads as rewritten:

27 **"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

28 ...

29 (c) ~~Democratic Process and Citizenship Education.~~Education for Middle School Social  
 30 Studies. –

31 ~~(1) The State Board of Education shall include instruction in civic and citizenship~~  
 32 ~~education in the standard course of study for high school social studies. The~~  
 33 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~  
 34 ~~following components in the high school civic and citizenship education~~  
 35 ~~standard course of study:~~

- 36 a. ~~That students write to a local, State, or federal elected official about~~  
 37 ~~an issue that is important to them.~~
- 38 b. ~~Instruction on the importance of voting and otherwise participating in~~  
 39 ~~the democratic process, including instruction on voter registration.~~
- 40 c. ~~Information about current events and governmental structure.~~
- 41 d. ~~Information about the democratic process and how laws are made.~~

42 (2) The State Board of Education shall include instruction in civic and citizenship  
 43 education in the standard course of study for middle school social studies. The  
 44 State Board of Education is strongly encouraged to include, at a minimum, the  
 45 following components in the middle school civic and citizenship education  
 46 standard course of study:

- 47 a.(1) A tour of representative local government facilities, such as the local jail, the  
 48 courthouse, or a town hall, to help students understand the way their  
 49 community is governed.
- 50 b.(2) Allowing students to choose and analyze a community problem and offer  
 51 public policy recommendations on the problem to local officials.

- 1            ~~e.(3)~~ Information about getting involved in community groups.
- 2            (d) Founding Principles of the United States of America and North Carolina: Civic  
3 Literacy. –
- 4            (1) The State Board of Education shall require ~~during the high school years~~  
5 instruction in civic and citizenship education in the standard course of study  
6 for high school social studies through the teaching of a semester full credit  
7 course on the that shall be called Founding Principles of the United States of  
8 America and the State of North Carolina. North Carolina: Civic Literacy. A  
9 passing grade in the course shall be required for graduation from high school,  
10 and the school.
- 11            (1a) The course required by subdivision (1) of this subsection shall be solely  
12 focused on civics and citizenship education, and shall include at least the  
13 following subjects:
- 14            a. The Creator-endowed inalienable rights of the people.
- 15            b. Structure of government, separation of powers with checks and  
16 balances.
- 17            c. Frequent and free elections in a representative government.
- 18            d. Rule of law.
- 19            e. Equal justice under the law.
- 20            f. Private property rights.
- 21            g. Federalism.
- 22            h. Due process.
- 23            i. Individual rights as set forth in the Bill of Rights.
- 24            j. Individual responsibility.
- 25            k. Constitutional limitations on government power to tax and spend, and  
26 prompt payment of public debt.
- 27            l. Strong defense and supremacy of civil authority over military.
- 28            m. Peace, commerce, and honest friendship with all nations, entangling  
29 alliances with none.
- 30            (1b) The State Board of Education is strongly encouraged to include the following  
31 components in the course required by subdivision (1) of this subsection:
- 32            a. That students write to a local, State, or federal elected official about  
33 an issue that is important to them.
- 34            b. Instruction on the importance of voting and otherwise participating in  
35 the democratic process, including instruction on voter registration.
- 36            c. Information about current events and governmental structure.
- 37            d. Information about the democratic process and how laws are made.
- 38            (2) The State Board of Education shall require that any high school level  
39 curriculum-based tests for the course required in subdivision (1) of this  
40 subsection developed and administered statewide ~~beginning with the~~  
41 ~~2016-2017 academic year~~ include questions related to the philosophical  
42 foundations of our form of government and the principles underlying the  
43 Declaration of Independence, the United States Constitution and its  
44 amendments, and the most important of the Federalist Papers.
- 45            (3) The Department of Public Instruction and the local boards of education, as  
46 appropriate, shall provide or cause to be provided curriculum content for the  
47 ~~semester~~ course required in subdivision (1) of this subsection and professional  
48 development to ensure that the intent and provisions of this subsection are  
49 carried out. The curriculum content established shall include a review of the  
50 contributions made by Americans of all races.

1 (4) The Department of Public Instruction shall submit a biennial report by  
2 October 15 of each odd-numbered year to the Joint Legislative Education  
3 Oversight Committee covering the implementation of this subsection."

4 **SECTION 7.18.(d)** The requirements of G.S. 115C-81.45(d), as amended by  
5 subsection (c) of this section, shall apply to all students entering the ninth grade in the 2021-2022  
6 school year.

7 **SECTION 7.18.(e)** G.S. 115C-218.85(a) is amended by adding a new subdivision to  
8 read:

9 "(5) A charter school shall provide financial literacy instruction as required by the  
10 State Board of Education pursuant to G.S. 115C-81.65, including required  
11 professional development for teachers of the EPF course."

12 **SECTION 7.18.(f)** G.S. 115C-238.66(1) is amended by adding a new  
13 sub-subdivision to read:

14 "e. The board of directors shall ensure that financial literacy instruction is  
15 provided as required by the State Board of Education pursuant to  
16 G.S. 115C-81.65, including required professional development for  
17 teachers of the EPF course."

18 **SECTION 7.18.(g)** G.S. 116-239.8(b)(2) is amended by adding a new  
19 sub-subdivision to read:

20 "d. The chancellor shall ensure that financial literacy instruction is  
21 provided as required by the State Board of Education pursuant to  
22 G.S. 115C-81.65, including required professional development for  
23 teachers of the EPF course."

24 **SECTION 7.18.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new  
25 subdivision to read:

26 "(4a) G.S. 115C-81.65, Financial literacy."

27 **SECTION 7.18.(i)** The State Board of Education shall begin the process for review  
28 and revision of the standard course of study for social studies in grades kindergarten through 12  
29 in the 2019-2020 school year, and shall revise the high school standard course of study in  
30 accordance with the requirements of this section for the EPF course and the Founding Principles  
31 of America and North Carolina: Civic Literacy course. The State Board shall review the high  
32 school standard course of study to determine the high school grade level during which the EPF  
33 course and the Founding Principles of America and North Carolina: Civic Literacy course may  
34 be completed. The State Board of Education shall not require more than four full course credits  
35 in social studies for high school graduation.

36 **SECTION 7.18.(j)** Of the funds appropriated to the Department of Public Instruction  
37 for the 2019-2020 fiscal year to be made available as grant-in-aid to the nonprofit organization  
38 known as The North Carolina Council on Economic Education (NCCEE), NCCEE shall provide  
39 all of the following:

- 40 (1) The EPF professional development course, including administration of the  
41 Test of Economic Literacy and the Working in Support of Education personal  
42 finance test, and the provision of a certificate of completion to qualified  
43 teachers.
- 44 (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion  
45 of the Test of Economic Literacy and the Working in Support of Education  
46 personal finance test, to either the public school teacher, if the teacher attends  
47 the course on weekends or during a time outside the teacher's school year, or,  
48 to the teacher's public school employer, if the teacher attends the course on  
49 school days during the teacher's school year.

50 By September 1, 2020, and by September 1 of the year following any fiscal year that  
51 NCCEE uses State funds thereafter, NCCEE, in consultation with the Department of Public

1 Instruction, shall submit a report to the Joint Legislative Education Oversight Committee and the  
2 Fiscal Research Division on the activities described by this section and the expenditure of State  
3 funds.  
4

5 **CHANGE SUPPLEMENTAL FUNDING FOR COOPERATIVE INNOVATIVE HIGH**  
6 **SCHOOLS TO FIRST THREE YEARS OF OPERATION**

7 **SECTION 7.27.(a)** G.S. 115C-238.50A(1b) reads as rewritten:

8 "(1b) Cooperative innovative high school allotment. – Funds appropriated by the  
9 General Assembly to the Department of Public Instruction to provide  
10 additional resources to approved cooperative innovative high ~~schools~~schools  
11 for the schools' first three years of operation."

12 **SECTION 7.27.(b)** G.S. 115C-238.51(b)(8) reads as rewritten:

13 "(8) A description of the funds that will be used and a proposed budget for the first  
14 five years of the implementation of the cooperative innovative high school.  
15 This description shall identify how the average daily membership (ADM) and  
16 full-time equivalent (FTE) students are counted. ~~If additional funds are~~  
17 ~~requested, a description of how those additional funds will be used shall be~~  
18 ~~submitted. Additional funds may include the cooperative innovative high~~  
19 ~~school allotment and tuition payments.~~ For cooperative innovative high  
20 schools that have a community college as their partner institution of higher  
21 education, the proposed budget shall include the cost of including their  
22 students in calculations of budget full-time equivalent students for the North  
23 Carolina Community College System. For cooperative innovative high  
24 schools that have a constituent institution or a private North Carolina college  
25 as their partner institution of higher education, the proposed budget shall  
26 include the cost of tuition payments."

27 **SECTION 7.27.(c)** G.S. 115C-238.51A reads as rewritten:

28 "**§ 115C-238.51A. Approval process.**

29 (a) Joint Advisory Committee. – The State Board of Education and the applicable  
30 governing Board of the local board of trustees shall appoint a joint advisory committee to review  
31 the applications and to recommend approval for those applications that meet the requirements of  
32 this Part and achieve purposes set out in G.S. 115C-238.50. ~~The recommendation shall indicate~~  
33 ~~whether additional funds were requested in the application.~~

34 (b) ~~No Additional Funds. Application Approval; Supplemental Funds. – For applications~~  
35 ~~which have not requested additional funds, the~~ The State Board of Education and the applicable  
36 governing Board may approve cooperative innovative high schools. In granting approval,  
37 consideration shall be given to the proposed budget and demonstration of sources of sustainable  
38 funding for the operation of the cooperative innovative high school. Approvals shall be made by  
39 June 30 of each year. ~~No additional State funds, position allotments, earning of budget full-time~~  
40 ~~equivalent students, or payments of tuition shall be provided to cooperative innovative high~~  
41 ~~schools approved under this subsection.~~ Within the funds available for this purpose, the  
42 Department of Public Instruction shall allocate funds from the cooperative innovative high school  
43 allotment to a local school administrative unit operating a cooperative innovative high school  
44 approved under this subsection for each of the first three years of the school's operation. The  
45 amount of funds allocated to a local school administrative unit for each cooperative innovat high  
46 school located in the unit shall be based on the tier designation of the area in which the school is  
47 located at the time the application is submitted to the State Board of Education as follows:

48 (1) For a cooperative innovative high school located in a development tier one  
49 area as defined in G.S. 143B-437.08, a local school administrative unit shall  
50 be allocated the sum of two hundred seventy-five thousand dollars (\$275,000)  
51 for each year.

1           (2)    For a cooperative innovative high school located in a development tier two  
2           area as defined in G.S. 143B-437.08, a local school administrative unit shall  
3           be allocated the sum of two hundred thousand dollars (\$200,000) for each  
4           year.

5           (3)    For a cooperative innovative high school located in a development tier three  
6           area as defined in G.S. 143B-437.08, a local school administrative unit shall  
7           be allocated the sum of one hundred eighty thousand dollars (\$180,000) for  
8           each year.

9           (4)    If funds are insufficient in a fiscal year for all eligible local school  
10          administrative units to receive the full amounts set forth in this subsection, the  
11          Department shall allocate funds on a pro rata basis according to the  
12          development tier designation for the location of each school being funded for  
13          that fiscal year.

14          (e)    ~~Additional Funds.— For applications which have requested additional funds, the State~~  
15          ~~Board of Education and the applicable governing Board may approve cooperative innovative~~  
16          ~~high schools contingent upon appropriation of the additional funds by the General Assembly.~~  
17          ~~Contingent approval shall be made by April 1 of each year. The contingent approval shall expire~~  
18          ~~if no appropriation is made by the General Assembly for the additional funds within one calendar~~  
19          ~~year. No cooperative innovative high school shall open prior to the appropriation by the General~~  
20          ~~Assembly of the full amount of the additional funds as requested in the application for that school~~  
21          ~~under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no~~  
22          ~~appropriation is made by the General Assembly, a revised application may be submitted under~~  
23          ~~subsection (b) of this section."~~

24                **SECTION 7.27.(d)** G.S. 115C-238.54 reads as rewritten:

25                "**§ 115C-238.54. Funds for cooperative innovative high schools.**

26                ...

27           (g)    Students in cooperative innovative high schools that have a community college as  
28           their partner institution of higher education and were approved under G.S. 115C-238.51A(e)  
29           G.S. 115C-238.51A(b) shall be included in calculations of budget full-time equivalent students  
30           for the North Carolina Community College System. ~~Students in cooperative innovative high~~  
31           ~~schools that have a community college as their partner institution of higher education and were~~  
32           ~~approved under G.S. 115C-238.51A(b) shall not be included in calculations of budget full-time~~  
33           ~~equivalent students for the North Carolina Community College System.~~

34           (h)    The State Board of Education shall reimburse The University of North Carolina for  
35           tuition for courses taken by students at cooperative innovative high schools that have a  
36           constituent institution of The University of North Carolina as their partner institution of higher  
37           education and were approved under ~~G.S. 115C-238.51A(e).~~ G.S. 115C-238.51A(b). Tuition  
38           payments shall not exceed the annual Board of Governors-approved undergraduate resident  
39           tuition rate calculated on a per credit hour basis and shall not include fees. In addition, the  
40           cooperative innovative high school students' credit hours shall be nonfundable under The  
41           University of North Carolina Semester Credit Hour Enrollment Change Funding Model. ~~The~~  
42           ~~State Board of Education shall not reimburse The University of North Carolina for tuition for~~  
43           ~~courses taken by students at cooperative innovative high schools that have a constituent~~  
44           ~~institution of The University of North Carolina as their partner institution of higher education~~  
45           ~~and were approved under G.S. 115C-238.51A(b).~~

46           (i)    The State Board of Education shall reimburse private North Carolina colleges for  
47           tuition for courses taken by students at cooperative innovative high schools that have a private  
48           North Carolina college as their partner institution of higher education and were approved under  
49           ~~G.S. 115C-238.51A(e).~~ G.S. 115C-238.51A(b). Tuition payments shall not exceed the highest  
50           undergraduate resident rate approved by the Board of Governors for The University of North  
51           Carolina constituent institutions and shall not include fees. ~~The State Board of Education shall~~

1 ~~not reimburse private North Carolina colleges for tuition for courses taken by students at~~  
2 ~~cooperative innovative high schools that have a private North Carolina college as their partner~~  
3 ~~institution of higher education and were approved under G.S. 115C-238.51A(b).~~

4 (j) Any State funds appropriated for cooperative innovative high schools shall not be  
5 adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit  
6 adjustments for school personnel, unless specifically provided for by the General Assembly."

7 **SECTION 7.27.(e)** Phase Out of Funding for Schools Receiving Funds for More  
8 than Three Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of  
9 law to the contrary, of the funds appropriated to the Department of Public Instruction for the  
10 2020-2021 fiscal year for the cooperative innovative high school allotment, for local school  
11 administrative units operating cooperative innovative high schools that received the cooperative  
12 innovative high school allotment prior to the 2017-2018 fiscal year, the Department shall phase  
13 out the allotment amount for each of the cooperative innovative high schools by allocating from  
14 the allotment for the 2020-2021 fiscal year an amount equal to fifty percent (50%) of the amount  
15 a local school administrative unit received from the allotment for the 2019-2020 fiscal year. A  
16 local school administrative unit that received funds from the cooperative innovative high school  
17 allotment prior to the 2017-2018 fiscal year shall not receive funds from the allotment for the  
18 2021-2022 fiscal year and for subsequent fiscal years.

19 **SECTION 7.27.(f)** Phase Out of Funding for Schools Receiving Funds for the Past  
20 Two Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of law to  
21 the contrary, of the funds appropriated to the Department of Public Instruction for the cooperative  
22 innovative high school allotment, for local school administrative units operating cooperative  
23 innovative high schools that initially received funds from the cooperative innovative high school  
24 allotment beginning with the 2017-2018 fiscal year, the Department shall phase out the allotment  
25 amount for each of the cooperative innovative high schools by allocating funds to the local school  
26 administrative unit for the 2021-2022 fiscal year in an amount equal to fifty percent (50%) of the  
27 amount a local school administrative unit received from the allotment for the 2020-2021 fiscal  
28 year. A local school administrative unit that initially received funds from the cooperative  
29 innovative high school allotment beginning with the 2017-2018 fiscal year shall not receive funds  
30 from the allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

31 **SECTION 7.27.(g)** Funds for Schools Receiving Initial Funds for FY 2019-2020. –  
32 Of the funds appropriated to the Department of Public Instruction for the cooperative innovative  
33 high school allotment, for local school administrative units operating cooperative innovative high  
34 schools that initially received funds from the cooperative innovative high school allotment  
35 beginning with the 2019-2020 fiscal year, the Department shall allocate funds from the allotment  
36 for the 2020-2021 and 2021-2022 fiscal years to each local school administrative unit in the same  
37 amount allocated to the local school administrative unit for the 2019-2020 fiscal year. A local  
38 school administrative unit that initially received funds from the cooperative innovative high  
39 school allotment beginning with the 2019-2020 fiscal year shall not receive funds from the  
40 allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

41 **SECTION 7.27.(h)** Notwithstanding any other provision of this section, of the funds  
42 appropriated to the Department of Public Instruction for the cooperative innovative high school  
43 allotment, the Department shall allocate to the Northeast Regional School of Biotechnology and  
44 Agriscience the same amount of funds allocated for the school for the 2018-2019 fiscal year for  
45 each fiscal year of the 2019-2021 fiscal biennium and for subsequent fiscal years.

46 **SECTION 7.27.(i)** Subsections (a) through (d) of this section apply to applications  
47 to establish a cooperative innovative high school for the 2020-2021 school year and any  
48 subsequent school years.

## 50 **CLASSROOM SUPPLIES TO TEACHERS**

1           **SECTION 7.31.(a)** Establishment of the Program. – Notwithstanding any other  
2 provision of law, beginning with the 2019-2020 fiscal year, funds appropriated from the General  
3 Fund to the Department of Public Instruction each fiscal year for the Classroom  
4 Materials/Instructional Supplies/Equipment allotment shall be used for the North Carolina  
5 Classroom Supply Program (Program) established in accordance with this section. The Program  
6 shall provide for electronic access to funds for eligible classroom teachers to purchase supplies  
7 for their classrooms on behalf of public school units participating in the Program to support  
8 educational needs of the public school students assigned to those classroom teachers.

9           **SECTION 7.31.(b)** Definitions. – For purposes of this section, the following  
10 definitions apply:

- 11           (1) Eligible classroom teacher. – Any school-based classroom teacher, including  
12 teachers for special student populations, such as exceptional children, reading  
13 resource, English language learners, and program enhancement courses,  
14 employed by a public school unit to teach students in grades kindergarten  
15 through twelfth grade. School personnel in central office positions,  
16 instructional support personnel, and school-based administrators shall not be  
17 deemed eligible. A classroom teacher must be employed as of August 31 of  
18 each fiscal year from any funds available to the public school unit to be  
19 eligible under this section. The public school unit may include classroom  
20 teachers employed after August 31 within funds available.
- 21           (2) Public school unit. – A local school administrative unit, a charter school, a  
22 regional school, and a school providing elementary or secondary instruction  
23 operated by the State Board of Education, including schools operated under  
24 Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The  
25 University of North Carolina, including schools operated under Article 4,  
26 Article 29, and Article 29A of Chapter 116 of the General Statutes.

27           **SECTION 7.31.(c)** Allotment of Funds. – Of the funds allocated to local school  
28 administrative units from the Classroom Materials/Instructional Supplies/Equipment allotment  
29 by the Department of Public Instruction each fiscal year, beginning with the 2019-2020 fiscal  
30 year, each local school administrative unit shall transfer the sum of three hundred dollars  
31 (\$300.00) per eligible classroom teacher as of August 31 each year to a program report code for  
32 a classroom teacher electronic account administered pursuant to subsection (d) of this section. A  
33 public school unit, other than a local school administrative unit, may opt in to the Program by  
34 August 1 of the fiscal year using funds available to that public school unit. The local school  
35 administrative unit operating a renewal school system plan pursuant to Section 6 of S.L. 2018-32  
36 may also opt in to the Program using funds available in accordance with this subsection.

37           **SECTION 7.31.(d)** Program Administration. – The Department of Public Instruction  
38 shall utilize the same administrative system used by the North Carolina State Education  
39 Assistance Authority (Authority) to manage funds for the Personal Education Savings Account  
40 Program pursuant to G.S. 115C-597 and shall model its contract in a manner that meets the  
41 requirements of this section and includes capabilities for at least the following:

- 42           (1) The ability to restrict purchases, which may include an automated prior  
43 authorization process for allowable purchases or reimbursement of allowable  
44 purchases.
- 45           (2) Automation for the capture of purchase receipts, which shall be required for  
46 the Department of Public Instruction and the teacher to store electronically for  
47 a total of four years for reporting and audit purposes, and transparent  
48 transactions, making accountability and tracking simple.
- 49           (3) Ability for teachers to crowd-fund for certain products.

50           **SECTION 7.31.(e)** Alternative Vendor. – In the event that the vendor contracted  
51 with the Authority described under subsection (d) of this section is unable to meet the

1 requirements of the Program, then the Department shall contract with a vendor that provides a  
2 virtual e-wallets platform and an e-commerce marketplace that enables teachers to receive and  
3 spend funds online and includes the capabilities described in subsection (d) of this section.

4 **SECTION 7.31.(f)** Use of Funds for the Program. – The funds appropriated for the  
5 Program shall be used to supplement the materials and supplies otherwise available to classroom  
6 teachers. A public school unit shall not mandate, direct, or encourage eligible classroom teachers  
7 to purchase specific materials and supplies or categories of materials and supplies. Classroom  
8 supply funds made available under the Program shall not be used to purchase electronic devices  
9 such as computers or software and shall not be expended for administrative purposes. Eligible  
10 classroom teachers shall utilize these funds in a manner that addresses individual classroom needs  
11 and supports the overall goals of the school regarding supplies and instructional materials. Any  
12 supplies purchased by teachers through the Program shall be the property of the public school  
13 unit. Supplies not consumed during the school year shall be made available to the teacher for the  
14 following school year or for other eligible classroom teachers as appropriate. Any unexpended  
15 funds in the classroom teacher accounts established in subsection (c) of this section shall revert  
16 to the General Fund at the end of each fiscal year.

## 17 18 **SCHOOL SAFETY GRANTS PROGRAMS**

19 **SECTION 7.36.(a)** Article 8C of Chapter 115C of the General Statutes is amended  
20 by adding a new section to read:

### 21 **"§ 115C-105.60. School safety grants.**

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

23 (1) Public school unit. – A local school administrative unit, regional school,  
24 innovative school, laboratory school, or charter school.

25 (2) School mental health support personnel. – All of the following:

26 a. School nurses, school counselors, school psychologists, and school  
27 social workers.

28 b. Any of the following with sufficient training or experience with  
29 school-age populations, determined on a case-by-case basis in the  
30 discretion of the Superintendent of Public Instruction: registered  
31 nurses, licensed practical nurses, advanced practice nurses, nurse  
32 practitioners, licensed or certified psychologists, licensed clinical  
33 social workers, and licensed professional counselors.

34 (3) Other health support services. – Mental or physical health support services  
35 provided by one or more third-party entities, including local management  
36 entities/managed care organizations (LME/MCOs), to a public school unit on  
37 a contracted basis. These services may include telemedicine or other distance  
38 consultations.

39 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the  
40 School Safety Grants Program (Program). To the extent funds are made available for the  
41 Program, its purpose shall be to improve safety in public school units by providing grants for (i)  
42 school resource officers and (ii) additional school mental health support personnel.

43 (c) Grant Applications. – A public school unit may submit an application to the  
44 Superintendent of Public Instruction for one or more grants pursuant to this section. The  
45 application shall include an assessment, to be performed in conjunction with a local law  
46 enforcement agency, of the need for improving school safety within the public school unit that  
47 would receive the funding. The application shall identify current and ongoing needs and  
48 estimated costs associated with those needs.

49 (d) Criteria and Guidelines. – By August 1, 2019, and each year thereafter in which funds  
50 are made available for the Program, the Superintendent of Public Instruction shall develop criteria  
51 and guidelines for the administration and use of the grants pursuant to this section, including any

1 documentation required to be submitted by applicants. In assessing grant applications, the  
2 Superintendent of Public Instruction shall consider at least all of the following factors:

- 3 (1) The level of resources available to the public school unit that would receive  
4 the funding or services.
- 5 (2) Whether the public school unit has received other grants of funding for school  
6 safety.
- 7 (3) The overall impact on student safety in the public school unit if the identified  
8 needs are funded.

9 (e) Grants for School Resource Officers. – From funds made available for grants for  
10 school resource officers, the Superintendent of Public Instruction shall award grants to public  
11 school units for school resource officers in elementary and middle schools, as follows:

- 12 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for  
13 every one dollar (\$1.00) in non-State funds.
- 14 (2) Public school units may use these funds to employ school resource officers in  
15 elementary and middle schools, to train them, or both.
- 16 (3) Training shall be provided, in partnership with the public school unit, by a  
17 community college, a local law enforcement agency, or the North Carolina  
18 Justice Academy. Any training shall include instruction on research into the  
19 social and cognitive development of elementary school and middle school  
20 children.

21 (f) Grants for School Mental Health Support Personnel. – From funds made available for  
22 grants for school mental health support personnel, the Superintendent of Public Instruction shall  
23 award grants to public school units for any of the following purposes:

- 24 (1) To provide all or a portion of the salary and benefits costs needed to employ  
25 additional school mental health support personnel on a full-time, part-time, or  
26 contractual basis.
- 27 (2) To contract for other health support services.
- 28 (3) Training for school mental health support personnel receiving funds under this  
29 subsection.

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

33 (h) Administrative Costs. – Of the funds made available for the grants provided pursuant  
34 to this section, the Superintendent of Public Instruction may retain a total of up to one hundred  
35 thousand dollars (\$100,000) in each fiscal year for administrative costs associated with the  
36 program.

37 (i) Report. – No later than April 1, 2020, and each year thereafter in which funds are  
38 made available for the Program, the Superintendent of Public Instruction shall report on the  
39 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight  
40 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice  
41 and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal  
42 Research Division. The report shall include the identity of each entity that received a grant  
43 through the Program, the amount of funding provided to each entity that received a grant, the use  
44 of funds by each entity that received a grant, and recommendations for the implementation of  
45 additional effective school safety measures."

46 **SECTION 7.36.(b)** For the 2019-2020 fiscal year, the Department of Public  
47 Instruction shall administer the following school safety grants:

- 48 (1) **Definitions. –** For purposes of this subsection, the following definitions shall  
49 apply:
  - 50 a. **Community partner. –** A public or private entity, including, but not  
51 limited to, a nonprofit corporation or a local management

- 1 entity/managed care organization (LME/MCO), that partners with a  
2 public school unit to provide services or pay for the provision of  
3 services for the unit.
- 4 b. Public school unit. – A local school administrative unit, regional  
5 school, innovative school, laboratory school, or charter school.
- 6 (2) Program; purpose. – The Superintendent of Public Instruction shall establish  
7 the 2019 School Safety Grants Program (Program). The purpose of the  
8 Program shall be to improve safety in public school units by providing grants  
9 for (i) services for students in crisis, (ii) school safety training, and (iii) safety  
10 equipment in schools.
- 11 (3) Grant applications. – A public school unit may submit an application to the  
12 Superintendent of Public Instruction for one or more grants pursuant to this  
13 section. The application shall include an assessment, to be performed in  
14 conjunction with a local law enforcement agency, of the need for improving  
15 school safety within the public school unit that would receive the funding or  
16 services. The application shall identify current and ongoing needs and  
17 estimated costs associated with those needs.
- 18 (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public  
19 Instruction shall develop criteria and guidelines for the administration and use  
20 of the grants pursuant to this subsection, including any documentation  
21 required to be submitted by applicants. In assessing grant applications, the  
22 Superintendent of Public Instruction shall consider at least all of the following  
23 factors:
- 24 a. The level of resources available to the public school unit that would  
25 receive the funding or services.
- 26 b. Whether the public school unit has received other grants of funding  
27 for school safety.
- 28 c. The overall impact on student safety in the public school unit if the  
29 identified needs are funded.
- 30 (5) Grants for students in crisis. – Of the funds appropriated to the Department of  
31 Public Instruction by this act for students in crisis, the Superintendent of  
32 Public Instruction, in consultation with the Department of Health and Human  
33 Services, shall award grants to public school units to contract with community  
34 partners to provide or pay for the provision of any of the following crisis  
35 services:
- 36 a. Crisis respite services for parents or guardians of an individual student  
37 to prevent more intensive or costly levels of care.
- 38 b. Training and expanded services for therapeutic foster care families and  
39 licensed child placement agencies that provide services to students  
40 who (i) need support to manage their health, welfare, and safety and  
41 (ii) have any of the following:
- 42 1. Cognitive or behavioral problems.
- 43 2. Developmental delays.
- 44 3. Aggressive behavior.
- 45 c. Evidence-based therapy services aligned with targeted training for  
46 students and their parents or guardians, including any of the following:
- 47 1. Parent-child interaction therapy.
- 48 2. Trauma-focused cognitive behavioral therapy.
- 49 3. Dialectical behavior therapy.
- 50 4. Child-parent psychotherapy.

- 1 d. Any other crisis service, including peer-to-peer mentoring, that is  
2 likely to increase school safety. Of the funds allocated to the  
3 Superintendent for grants pursuant to this subdivision, the  
4 Superintendent shall not use more than ten percent (10%) for the  
5 services identified in this sub-subdivision.
- 6 (6) Grants for training to increase school safety. – Of the funds appropriated to  
7 the Department of Public Instruction by this act for training to increase school  
8 safety, the Superintendent of Public Instruction, in consultation with the  
9 Department of Health and Human Services, shall award grants to public  
10 school units to contract with community partners to address school safety by  
11 providing training to help students develop healthy responses to trauma and  
12 stress. The training shall be targeted and evidence-based and shall include any  
13 of the following services:
- 14 a. Counseling on Access to Lethal Means (CALM) training for school  
15 mental health support personnel, local first responders, and teachers  
16 on the topics of suicide prevention and reducing access by students to  
17 lethal means.
- 18 b. Training for school mental health support personnel on comprehensive  
19 and evidence-based clinical treatments for students and their parents  
20 or guardians, including any of the following:
- 21 1. Parent-child interaction therapy.  
22 2. Trauma-focused cognitive behavioral therapy.  
23 3. Behavioral therapy.  
24 4. Dialectical behavior therapy.  
25 5. Child-parent psychotherapy.
- 26 c. Training for students and school employees on community resilience  
27 models to improve understanding and responses to trauma and  
28 significant stress.
- 29 d. Training for school mental health support personnel on Modular  
30 Approach to Therapy for Children with Anxiety, Depression, Trauma,  
31 or Conduct problems (MATCH-ADTC), including any of the  
32 following components:
- 33 1. Trauma-focused cognitive behavioral therapy.  
34 2. Parent and student coping skills.  
35 3. Problem solving.  
36 4. Safety planning.
- 37 e. Any other training, including the training on the facilitation of  
38 peer-to-peer mentoring, that is likely to increase school safety. Of the  
39 funds allocated to the Superintendent for grants pursuant to this  
40 subdivision, the Superintendent shall not use more than ten percent  
41 (10%) for the services identified in this sub-subdivision.
- 42 (7) Grants for safety equipment. – Of the funds appropriated to the Department  
43 of Public Instruction by this section for grants for school safety equipment,  
44 the Superintendent of Public Instruction shall award grants to public school  
45 units for (i) the purchase of safety equipment for school buildings and (ii)  
46 training associated with the use of safety equipment purchased pursuant to this  
47 subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may  
48 receive grants for school safety equipment pursuant to this subsection.
- 49 (8) Supplement not supplant. – Grants provided to public school units or  
50 community partners pursuant to the Program shall be used to supplement and  
51 not to supplant State or non-State funds already provided for these services.

- 1 (9) Report. – No later than April 1, 2020, the Superintendent of Public Instruction  
2 shall report on the program to the Joint Legislative Education Oversight  
3 Committee, the Joint Legislative Oversight Committee on Health and Human  
4 Services, the Joint Legislative Oversight Committee on Justice and Public  
5 Safety, the Joint Legislative Commission on Governmental Operations, and  
6 the Fiscal Research Division. The report shall include the identity of each  
7 entity that received a grant through the Program, the amount of funding  
8 provided to each entity that received a grant, the use of funds by each entity  
9 that received a grant, and recommendations for the implementation of  
10 additional effective school safety measures.

11 **SECTION 7.36.(c)** Section 7.27 of S.L. 2018-5 is repealed.  
12

13 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**  
14 **GRANT PROGRAM**

15 **SECTION 7.38.(a)** Of the funds appropriated by this act for the At-Risk Student  
16 Services Alternative School Allotment for the 2019-2021 fiscal biennium, the Department of  
17 Public Instruction shall use up to six million dollars (\$6,000,000) for the 2019-2020 fiscal year  
18 and up to six million dollars (\$6,000,000) for the 2020-2021 fiscal year for the Extended Learning  
19 and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the  
20 Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for  
21 each fiscal year to administer the Program.

22 **SECTION 7.38.(b)** The purpose of the Program is to fund high-quality,  
23 independently validated extended learning and integrated student support service programs for  
24 at-risk students that raise standards for student academic outcomes by focusing on the following:

- 25 (1) Use of an evidence-based model with a proven track record of success.  
26 (2) Inclusion of rigorous, quantitative performance measures to confirm  
27 effectiveness of the program.  
28 (3) Deployment of multiple tiered supports in schools to address student barriers  
29 to achievement, such as strategies to improve chronic absenteeism, antisocial  
30 behaviors, academic growth, and enhancement of parent and family  
31 engagement.  
32 (4) Alignment with State performance measures, student academic goals, and the  
33 North Carolina Standard Course of Study.  
34 (5) Prioritization in programs to integrate clear academic content, in particular,  
35 science, technology, engineering, and mathematics (STEM) learning  
36 opportunities or reading development and proficiency instruction.  
37 (6) Minimization of student class size when providing instruction or instructional  
38 supports and interventions.  
39 (7) Expansion of student access to high-quality learning activities and academic  
40 support that strengthen student engagement and leverage community-based  
41 resources, which may include organizations that provide mentoring services  
42 and private-sector employer involvement.  
43 (8) Utilization of digital content to expand learning time, when appropriate.

44 **SECTION 7.38.(c)** Grants shall be used to award funds for new or existing eligible  
45 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit  
46 corporations working in collaboration with local school administrative units. Grant participants  
47 are eligible to receive grants for up to two years in an amount of up to five hundred thousand  
48 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not  
49 performing at grade level as demonstrated by statewide assessments, (ii) students at risk of  
50 dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a  
51 result of antisocial behaviors. Priority consideration shall be given to applications demonstrating

1 models that focus services and programs in schools that are identified as low-performing,  
2 pursuant to G.S. 115C-105.37.

3 A grant participant shall provide certification to the Department of Public Instruction  
4 that the grants received under the program shall be matched on the basis of three dollars (\$3.00)  
5 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include  
6 other State funds. The Department shall also give priority consideration to an applicant that is a  
7 nonprofit corporation working in partnership with a local school administrative unit resulting in  
8 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education  
9 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other  
10 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent  
11 (50%) of the required match.

12 **SECTION 7.38.(d)** A nonprofit corporation may act as its own fiscal agent for the  
13 purposes of this Program. Grant recipients shall report to the Department of Public Instruction  
14 for the year in which grant funds were expended on the progress of the Program, including  
15 alignment with State academic standards, data collection for reporting student progress, the  
16 source and amount of matching funds, and other measures, before receiving funding for the next  
17 fiscal year. Grant recipients shall also submit a final report on key performance data, including  
18 statewide test results, attendance rates, graduation rates, and promotion rates, and financial  
19 sustainability of the program.

20 **SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim  
21 report on the Program to the Joint Legislative Education Oversight Committee by September 15,  
22 2020, with a final report on the Program by September 15, 2021. The final report shall include  
23 the final results of the Program and recommendations regarding effective program models,  
24 standards, and performance measures based on student performance, leveraging of  
25 community-based resources to expand student access to learning activities, academic and  
26 behavioral support services, and potential opportunities for the State to invest in proven models  
27 for future grants programs.

## 28 **EXCEPTIONAL CHILDREN TRANSPORTATION RESERVE FUND**

29 **SECTION 7.41.** Of the funds appropriated to the Department of Public Instruction  
30 by this act for the Exceptional Children Transportation Reserve Fund, the Department of Public  
31 Instruction shall establish a grant program to cover extraordinary transportation costs for  
32 high-needs children with disabilities attending local school administrative units and charter  
33 schools. The Department shall provide an application process for local school administrative  
34 units and charter schools to apply for funds to cover extraordinary transportation costs for  
35 qualifying students. The Department shall establish eligibility guidelines and shall award funds  
36 consistent with the following requirements:  
37

- 38 (1) In determining extraordinary transportation cost, the Department shall  
39 consider total prior-year transportation expenditures for high-needs children  
40 with disabilities, including expenditures from local funds and all other funding  
41 sources, as a proportion of total expenditures.
- 42 (2) Applicants with highest extraordinary transportation costs shall receive  
43 highest priority in the award of grant funds.  
44

## 45 **READ TO ACHIEVE READING CAMP CURRICULUM PILOT PROGRAM**

46 **SECTION 7.42.(a)** Purpose. – Of the funds appropriated to the Department of Public  
47 Instruction for the 2019-2020 fiscal year for the Read to Achieve Reading Camp Pilot, the  
48 Department shall acquire Imagine Learning and Failure Free Reading reading camp curriculums  
49 for the purpose of conducting a Reading Camp Curriculum Pilot Program (Pilot). The purpose  
50 of the Pilot is to determine the effectiveness of specific reading camp curriculums for furthering  
51 reading proficiency.

1           **SECTION 7.42.(b)** Participation. – For each curriculum acquired pursuant to this  
2 section, the Department of Public Instruction shall select one or more local school administrative  
3 units to utilize the curriculum in its reading camp. Selected local school administrative units shall  
4 represent the geographic, economic, and social diversity of the State. Each selected local school  
5 administrative unit shall participate in the Pilot for the 2019-2020 school year.

6           **SECTION 7.42.(c)** Reporting Requirement. – By November 15, 2020, the  
7 Department of Public Instruction shall report to the Joint Legislative Education Oversight  
8 Committee on the results of the Pilot in each participating local school administrative unit,  
9 including the following:

- 10           (1) The number and percentage of third grade students who did not demonstrate  
11 proficiency upon entering reading camp and who became proficient after  
12 completing reading camp.
- 13           (2) For each grade level, the number and percentage of first and second grade  
14 students who demonstrated reading comprehension below grade level upon  
15 entering camp and who demonstrated reading comprehension at or above  
16 grade level after completing reading camp.

#### 17 18 **STUDENT MEAL DEBT REPORT AND REDUCED-PRICE LUNCH CO-PAYS**

19           **SECTION 7.43.(a)** No later than March 15, 2020, the State Board of Education shall  
20 report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local  
21 school administrative units. At a minimum, the report shall include the following information:

- 22           (1) The percentage of students of all grade levels in each local school  
23 administrative unit who qualify for reduced-price meals and do not carry an  
24 unpaid meal charge.
- 25           (2) The total amount of debt carried by each local school administrative unit  
26 related to unpaid meal charges.
- 27           (3) Policies adopted by each local school administrative unit regarding unpaid  
28 meal charges.
- 29           (4) A recommended statewide policy on the uniform administration of unpaid  
30 meal charges in local school administrative units. The recommended policy  
31 shall ensure that students are not prevented from receiving nutritious meals  
32 because of an unpaid meal charge.

33           **SECTION 7.43.(b)** Funds appropriated to the Department of Public Instruction by  
34 this act for the 2019-2020 fiscal year for reduced-price lunch co-pays shall be used to provide  
35 school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all  
36 schools participating in the National School Lunch Program in the 2019-2020 school year. If the  
37 funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price  
38 meals, the Department of Public Instruction shall also use any excess funds appropriated for the  
39 National School Breakfast Program for the purposes of this subsection.

#### 40 41 **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

42           **SECTION 7.44.(a)** Establish; Purpose. – There is established the Innovative  
43 Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford  
44 County Schools for the purpose of reforming its current career and technical education (CTE)  
45 program to more deliberately prepare its students for high-wage, high-skills careers. The Program  
46 shall focus on hosting signature career academies at traditional high schools located in the local  
47 school administrative unit that specialize in defined areas of career and technical education.

48           **SECTION 7.44.(b)** Components of the Program. – The Program shall include at  
49 least the following key components in establishing a minimum of four but no more than six  
50 signature career academies at high schools in the local school administrative unit:

- 1 (1) One school-selected priority career pathway that does not compete with career  
2 pathways at other signature career academies in the local school  
3 administrative unit in addition to CTE courses offered as elective options and  
4 business and computer science courses.
- 5 (2) School and community stakeholder input on the development of the priority  
6 career pathways and the phase-out of other CTE programs.
- 7 (3) Partnerships with higher education institutions and business and industry  
8 entities for specific equipment needs and the design of clearly defined career  
9 pathways.
- 10 (4) The option for eighth grade students to apply to attend a signature career  
11 academy of their choice at a high school located in the local school  
12 administrative unit.
- 13 (5) Reassignment of current CTE teachers to focus on an area of expertise for a  
14 signature career academy and the creation of partnerships with higher  
15 education faculty and employees of industry and business to volunteer to serve  
16 as co-teachers in the specialized areas.

17 **SECTION 7.44.(c) Flexibility for Teachers.** – Notwithstanding any other provision  
18 of law, in addition to the authority provided to a local board of education to employ adjunct  
19 instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the  
20 local school administrative unit shall have the flexibility to contract with individuals who have  
21 education and training related to the specific skills and career pathways that are the focus of a  
22 signature career academy. Any individual who has direct contact with students pursuant to the  
23 authority provided by this subsection shall be subject to a criminal history check to ensure that  
24 the person has not been convicted of any crime listed in G.S. 115C-332.

25 **SECTION 7.44.(d) Reporting.** – By June 30 of the first school year of operation of  
26 the Program, and every June 30 thereafter for the duration of the Program operated as a pilot,  
27 Guilford County Schools shall report to the Department of Public Instruction on (i)  
28 implementation and administration of the Program, including the use of additional resources  
29 provided as an appropriation of State funds specifically for the Program, (ii) data from the  
30 Program on student completion rates for career pathways and any other data requested by the  
31 Department, and (iii) any recommendations on the modification of the Program or the potential  
32 application of the Program in other local school administrative units.

33 By August 15 of the first year of reporting by Guilford County Schools under this  
34 subsection, and every August 15 thereafter for the duration of the Program operated as a pilot,  
35 the Department of Public Instruction shall report to the Joint Legislative Education Oversight  
36 Committee on the information submitted by Guilford County Schools pursuant to this subsection.

37 **SECTION 7.44.(e) Term of the Program.** – The Program may operate for up to six  
38 school years as a pilot program, beginning with the 2019-2020 school year. Before the end of the  
39 school year in which the Program will expire as a pilot, the Guilford County Board of Education  
40 may apply to the State Board of Education for the Program to be included as an ongoing  
41 component of Guilford County Schools' career and technical education local plan submitted to  
42 the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in  
43 subsequent school years, Guilford County Schools shall continue to have flexibility in regard to  
44 teachers as provided in subsection (c) of this section. The Guilford County Board of Education  
45 may request as part of the application that the General Assembly appropriate additional resources  
46 for the operation of the Program but may continue to operate the Program if other sources of  
47 funds are available. The State Board shall consider the data submitted to the Department of Public  
48 Instruction on the operation of the Program pursuant to subsection (d) of this section when  
49 reviewing the Program to become a component of the career and technical education local plan.

## 50 SCHOOL PSYCHOLOGISTS ALLOTMENT

1           **SECTION 7.45.(a)** Of the funds appropriated to the Department of Public  
2 Instruction by this act for the 2019-2020 fiscal year and subsequent fiscal years, the Department  
3 shall allocate a minimum of one school psychologist position per local school administrative unit.  
4 The State Board of Education shall adopt a formula for the distribution of any remaining funds  
5 as positions to local school administrative units on the basis of average daily membership.

6           **SECTION 7.45.(b)** G.S. 115C-105.25(b) is amended by adding a new subdivision  
7 to read:

8           "(13) No positions shall be transferred out of the allocation for school psychologists  
9 except as provided in this subdivision. Positions allocated for school  
10 psychologists may be converted to dollar equivalents for contracted services  
11 directly related to school psychology. These positions shall be converted at  
12 the minimum salary for school psychologists on the "A" Teachers Salary  
13 Schedule."

#### 14 15 **TRANSFER OF FUNDS FOR BUSINESS SYSTEM MODERNIZATION PLAN**

16           **SECTION 7.46.(a)** Of the funds appropriated to the Department of Public  
17 Instruction by this act for the School Business System Modernization Plan for the 2019-2021  
18 fiscal biennium, the Department shall transfer two million ninety thousand dollars (\$2,090,000)  
19 for the 2019-2020 fiscal year to the Government Data Analytics Center (GDAC) to leverage  
20 existing public-private partnerships to incorporate annual school report card data for the State  
21 into the School Finance page of the Department of Public Instruction Web site. Grade level and  
22 subject level Education Value-Added Assessment System (EVAAS) growth data for local school  
23 administrative units and individual schools shall also be made public on the School Finance page.

24           **SECTION 7.46.(b)** No later than October 1, 2019, GDAC shall execute any  
25 contractual agreements and interagency data sharing agreements necessary to accomplish the  
26 reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section  
27 7.6 of S.L. 2018-5. The Department and GDAC shall continue partnering to accomplish the  
28 continued development, deployment, and ongoing provision of a data integration service that  
29 consolidates data from financial, human resources, licensure, student information, and EVAAS.  
30 Implementation shall also include development and deployment of a modern analytic platform  
31 and reporting environment. Additionally, student projection data for future assessments including  
32 State assessments, Advanced Placement exams, and college readiness assessments shall be made  
33 available to local school administrative units and individual schools through the EVAAS page of  
34 the Department of Public Instruction Web site and shall be made available in hard copy to parents  
35 or guardians upon request.

#### 36 37 **SCHOOL MENTAL HEALTH CRISIS RESPONSE PROGRAM**

38           **SECTION 7.47.(a)** For purposes of this section, the following definitions shall  
39 apply:

- 40           (1) Participating unit. – A local school administrative unit that elects to transfer  
41 school mental health personnel to a requesting unit for a temporary period of  
42 time.
- 43           (2) Requesting unit. – A local school administrative unit requesting additional  
44 school mental health support personnel for a temporary period of time.
- 45           (3) School mental health support personnel. – School nurses, school counselors,  
46 school psychologists, and school social workers.

47           **SECTION 7.47.(b)** The Department of Public Instruction and the Center for Safer  
48 Schools, in consultation with the Department of Health and Human Services and the Department  
49 of Public Safety, Division of Emergency Management, shall develop a recommended program  
50 for facilitating the temporary transfer of school mental health support personnel from a  
51 participating unit to a requesting unit during or after a crisis. No later than March 15, 2020, the

1 Department shall submit a report on the recommended program to the Joint Legislative Education  
2 Oversight Committee and the Joint Legislative Oversight Committee on Health and Human  
3 Services. The report shall outline the recommended program and include, at a minimum, the  
4 following information:

- 5 (1) A suggested protocol for receiving and relaying requests for additional,  
6 temporary school mental health support personnel.
- 7 (2) Anticipated costs associated with the temporary transfer of school mental  
8 health support personnel during or after a crisis.
- 9 (3) Descriptions of and data from any similar programs existing in other states.
- 10 (4) Additional recommendations for improving the ability of local school  
11 administrative units to share school mental health support personnel, when  
12 necessary, and appropriate reporting metrics related to the recommended  
13 program.

#### 14 15 **REPEAL RIGHT OF ACTION/CAPITAL OUTLAY FUND**

16 **SECTION 7.48.(a)** Subsections (c), (d), and (e) of G.S. 115C-431 are repealed.

17 **SECTION 7.48.(b)** G.S. 115C-431 is amended by adding a new subsection to read:

18 "(f) If agreement is not reached in mediation on the amount of money appropriated to the  
19 capital outlay fund, the decision of the county commissioners is final. The local board of  
20 education shall not file any legal action challenging the sufficiency of the funds appropriated by  
21 the board of county commissioners to the capital outlay fund."

22 **SECTION 7.48.(c)** G.S. 115C-432(a) reads as rewritten:

23 "(a) After the board of county commissioners has made its appropriations to the local  
24 school administrative unit, or after the ~~appeal~~-procedure set out in G.S. 115C-431 ~~for the capital~~  
25 ~~outlay fund~~ has been concluded, the board of education shall adopt a budget resolution making  
26 appropriations for the budget year in such sums as the board may deem sufficient and proper.  
27 The budget resolution shall conform to the uniform budget format established by the State Board  
28 of Education."

29 **SECTION 7.48.(d)** This section applies to budget ordinances adopted on or after the  
30 date this act becomes law.

#### 31 32 **FUNDS FOR WORKFORCE DEVELOPMENT/HOSPITALITY**

33 **SECTION 7.49.(a)** Of the funds appropriated to the Department of Public  
34 Instruction by this act for the 2019-2021 fiscal biennium for the North Carolina Hospitality  
35 Education Foundation (Education Foundation), the Department shall provide a grant-in-aid to  
36 the Education Foundation of the North Carolina Restaurant and Lodging Association to be used  
37 to provide nationally certified programs in career and technical education focused on developing  
38 critical skills necessary for students to succeed in the hospitality sector. The purpose of the funds  
39 shall be to support instructor and student training and student testing to increase the State's skilled  
40 workforce in the restaurant and lodging sectors. The Education Foundation shall match State  
41 funds made available pursuant to this section on the basis of one dollar (\$1.00) in State funds for  
42 every one dollar (\$1.00) in non-State funds.

43 **SECTION 7.49.(b)** The Education Foundation, in consultation with the Department  
44 of Public Instruction, shall submit a report by April 1 of each year in which the Education  
45 Foundation spends State funds made available pursuant to this act to the Joint Legislative  
46 Education Oversight Committee and the Fiscal Research Division on the activities described by  
47 this act and the use of those funds.

#### 48 49 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

#### 50 51 **TEACHER SALARY SCHEDULE**

1           **SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for  
 2 the 2019-2020 fiscal year to licensed personnel of the public schools who are classified as  
 3 teachers. The salary schedule is based on years of teaching experience.

4                           **2019-2020 Teacher Monthly Salary Schedule**

5 <b>Years of Experience</b>	6 <b>"A" Teachers</b>
7           0	\$3,500
8           1	\$3,618
9           2	\$3,719
10          3	\$3,819
11          4	\$3,920
12          5	\$4,020
13          6	\$4,121
14          7	\$4,221
15          8	\$4,322
16          9	\$4,422
17          10	\$4,523
18          11	\$4,623
19          12	\$4,724
20          13	\$4,824
21          14	\$4,925
22          15-24	\$5,025
23          25+	\$5,226.

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

- 25           (1) Licensed teachers who have NBPTS certification shall receive a salary  
 26 supplement each month of twelve percent (12%) of their monthly salary on  
 27 the "A" salary schedule.
- 28           (2) Licensed teachers who are classified as "M" teachers shall receive a salary  
 29 supplement each month of ten percent (10%) of their monthly salary on the  
 30 "A" salary schedule.
- 31           (3) Licensed teachers with licensure based on academic preparation at the  
 32 six-year degree level shall receive a salary supplement of one hundred  
 33 twenty-six dollars (\$126.00) per month in addition to the supplement provided  
 34 to them as "M" teachers.
- 35           (4) Licensed teachers with licensure based on academic preparation at the  
 36 doctoral degree level shall receive a salary supplement of two hundred  
 37 fifty-three dollars (\$253.00) per month in addition to the supplement provided  
 38 to them as "M" teachers.
- 39           (5) Certified school nurses shall receive a salary supplement each month of ten  
 40 percent (10%) of their monthly salary on the "A" salary schedule.

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

48           **SECTION 7A.1.(d)** The twenty-sixth step of the salary schedule for (i) school  
 49 psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the  
 50 master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at

1 the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the  
 2 salary received by these same employees on the twenty-fifth step of the salary schedule.

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

6 **SECTION 7A.1.(f)** A teacher compensated in accordance with this salary schedule  
 7 for the 2019-2020 school year shall receive an amount equal to the greater of the following:

- 8 (1) The applicable amount on the salary schedule for the applicable school year.
- 9 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
 10 the sum of the following:
  - 11 a. The salary the teacher received in the 2013-2014 school year pursuant  
 12 to Section 35.11 of S.L. 2013-360.
  - 13 b. The longevity that the teacher would have received under the longevity  
 14 system in effect for the 2013-2014 school year provided in Section  
 15 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - 16 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 17 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
 18 year, the sum of the salary and annual bonus the teacher received in the  
 19 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

22 **SECTION 7A.1.(h)** It is the intent of the General Assembly to implement the  
 23 following base monthly teacher salary schedule for the 2020-2021 fiscal year to licensed  
 24 personnel of the public schools who are classified as teachers. The salary schedule would be  
 25 based on years of teaching experience.

26 **2020-2021 Teacher Monthly Salary Schedule**

27 <b>Years of Experience</b>	<b>"A" Teachers</b>
28 0	\$3,500
29 1	\$3,636
30 2	\$3,738
31 3	\$3,838
32 4	\$3,940
33 5	\$4,040
34 6	\$4,142
35 7	\$4,242
36 8	\$4,344
37 9	\$4,444
38 10	\$4,546
39 11	\$4,646
40 12	\$4,748
41 13	\$4,848
42 14	\$4,950
43 15-24	\$5,050
44 25+	\$5,252.

45 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

46 **SECTION 7A.3.(a)** For purposes of this section, a "highly qualified graduate" or  
 47 "graduate" is an individual entering the teaching profession and hired on or after the effective  
 48 date of this section who has graduated from an approved educator preparation program located  
 49 in North Carolina with both of the following criteria:

- 50 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.

- 1 (2) A score of the following or higher on an edTPA assessment or an equivalent  
2 score on a nationally normed and valid pedagogy assessment used to  
3 determine clinical practice performance:  
4 a. A score of 42 for the World Languages and Classical Languages  
5 edTPA assessment.  
6 b. A score of 57 for the Elementary Education edTPA assessment.  
7 c. A score of 48 for all other edTPA assessments.

8 **SECTION 7A.3.(b)** Notwithstanding the teacher salary schedule, for the 2019-2021  
9 fiscal biennium, a highly qualified graduate who is employed by a local board of education shall  
10 receive a salary supplement each month at the highest level for which the graduate qualifies, as  
11 follows:

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

34 **SECTION 7A.3.(c)** This section applies to highly qualified graduates hired on or  
35 after the effective date of this act and entering the teaching profession in the 2019-2021 fiscal  
36 biennium.  
37

## 38 VETERAN TEACHER BONUSES

39 **SECTION 7A.3A.(a)** No later than October 31, 2019, the Department of Public  
40 Instruction shall administer the following one-time, lump sum bonuses to teachers who are  
41 employed as of October 1, 2019:

- 42 (1) For any teacher with between 15 and 24 years of teaching experience, a bonus  
43 of five hundred dollars (\$500.00).  
44 (2) For any teacher with 25 or more years of teaching experience, a bonus of one  
45 thousand dollars (\$1,000).

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

48 **SECTION 7A.3A.(c)** Notwithstanding G.S. 135-1(7a), the bonuses awarded  
49 pursuant to this section are not compensation under Article 1 of Chapter 135 of the General  
50 Statutes, the Teachers' and State Employees' Retirement System.

1           **SECTION 7A.3A.(d)** It is the intent of the General Assembly that, no later than  
 2 October 31, 2020, the Department of Public Instruction will administer the following additional  
 3 one-time, lump sum bonuses to teachers who are employed as of October 1, 2020:

- 4           (1) For any teacher with between 15 and 24 years of teaching experience, a bonus  
 5 of five hundred dollars (\$500.00).
- 6           (2) For any teacher with 25 or more years of teaching experience, a bonus of one  
 7 thousand dollars (\$1,000).

8  
 9 **PRINCIPAL SALARY SCHEDULE**

10           **SECTION 7A.4.(a)** The following annual salary schedule for principals shall apply  
 11 for the 2019-2020 fiscal year, beginning July 1, 2019.

12                           **2019-2020 Principal Annual Salary Schedule**

13 <b>Avg. Daily Membership</b>	14 <b>Base</b>	15 <b>Met Growth</b>	16 <b>Exceeded Growth</b>
17           0-200	\$68,125	\$74,938	\$81,750
18           201-400	\$71,531	\$78,684	\$85,837
19           401-700	\$74,938	\$82,432	\$89,926
20           701-1,000	\$78,344	\$86,178	\$94,013
21           1,001-1,600	\$81,750	\$89,925	\$98,100
22           1,601+	\$85,156	\$93,672	\$102,187.

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

- 29           (1) A principal shall be paid according to the Exceeded Growth column of the  
 30 schedule if the school growth scores show the school or schools exceeded  
 31 expected growth in at least two of the prior three school years.
- 32           (2) A principal shall be paid according to the Met Growth column of the schedule  
 33 if any of the following apply:  
 34           a. The school growth scores show the school or schools met expected  
 35 growth in at least two of the prior three school years.  
 36           b. The school growth scores show the school or schools met expected  
 37 growth in at least one of the prior three school years and exceeded  
 38 expected growth in one of the prior three school years.  
 39           c. The principal supervised a school in at least two of the prior three  
 40 school years that was not eligible to receive a school growth score.
- 41           (3) A principal shall be paid according to the Base column if either of the  
 42 following apply:  
 43           a. The school growth scores show the school or schools did not meet  
 44 expected growth in at least two of the prior three years.  
 45           b. The principal has not supervised any school as a principal for a  
 46 majority of the school year in at least two of the prior three school  
 47 years.

48           **SECTION 7A.4.(b)** For purposes of determining the average daily membership of a  
 49 principal's school, the following amounts shall be used during the following time periods:

- 50           (1) Between July 1, 2019, and December 31, 2019, the average daily membership  
 for the school from the 2018-2019 school year. If the school did not have an  
 average daily membership in the 2018-2019 school year, the projected average  
 daily membership for the school for the 2019-2020 school year.

- 1 (2) Between January 1, 2020, and June 30, 2020, the average daily membership  
2 for the school for the 2019-2020 school year.

3 **SECTION 7A.4.(c)** For purposes of determining the school growth scores for each  
4 school the principal supervised in at least two of the prior three school years, the following school  
5 growth scores shall be used during the following time periods:

- 6 (1) Between July 1, 2019, and December 31, 2019, the school growth scores from  
7 the 2015-2016, 2016-2017, and 2017-2018 school years. If a principal does  
8 not have a school growth score from any of the school years identified in this  
9 subdivision, the most recent available growth scores, up to the 2017-2018  
10 school year, shall be used.
- 11 (2) Between January 1, 2020, and June 30, 2020, the school growth scores from  
12 the 2016-2017, 2017-2018, and 2018-2019 school years. If a principal does  
13 not have a school growth score from any of the school years identified in this  
14 subdivision, the most recent available growth scores, up to the 2018-2019  
15 school year, shall be used.

16 **SECTION 7A.4.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
17 annual longevity payments to principals paid on the principal salary schedule, the amounts of  
18 those longevity payments are included in the annual amounts under the principal salary schedule.

19 **SECTION 7A.4.(e)** A principal compensated in accordance with this section for the  
20 2019-2020 fiscal year shall receive an amount equal to the greater of the following:

- 21 (1) The applicable amount determined pursuant to subsections (a) through (d) of  
22 this section.
- 23 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,  
24 the sum of the following:
- 25 a. The salary the principal received in the 2016-2017 fiscal year pursuant  
26 to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 27 b. The longevity that the principal would have received as provided for  
28 State employees under the North Carolina Human Resources Act for  
29 the 2016-2017 fiscal year based on the principal's current years of  
30 service.
- 31 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal  
32 year, the salary the principal received in the 2016-2017 fiscal year pursuant to  
33 Section 9.1 or Section 9.2 of S.L. 2016-94.

34 **SECTION 7A.4.(f)** G.S. 115C-105.25(b)(5c) reads as rewritten:

- 35 "(5c) Funds allocated for school building administration may be converted for any  
36 purpose authorized by the policies of the State Board of Education. For funds  
37 related to principal positions, the salary transferred shall be based on the first  
38 step of ~~the Principal III Salary Schedule.~~ the Base column of the Principal  
39 Salary Schedule. For funds related to assistant principal months of  
40 employment, the salary transferred shall be based on the first step of the  
41 ~~Assistant Principal Salary Schedule.~~ "A" Teachers Salary Schedule at the  
42 salary level for assistant principals. Certified position allotments shall not be  
43 transferred to dollars to hire the same type of position."  
44

## 45 PRINCIPAL BONUSES

46 **SECTION 7A.5.(a)** The Department of Public Instruction shall administer a bonus  
47 in the 2019-2020 fiscal year to any principal who supervised a school as a principal for a majority  
48 of the previous school year if that school was in the top fifty percent (50%) of school growth in  
49 the State during the previous school year, calculated by the State Board pursuant to  
50 G.S. 115C-83.15(c), as follows:

### 51 2019-2020 Principal Bonus Schedule

	Statewide Growth Percentage	Bonus
1		
2	Top 5%	\$15,000
3	Top 10%	\$10,000
4	Top 15%	\$ 5,000
5	Top 20%	\$ 2,500
6	Top 50%	\$ 1,000.

7 A principal shall receive no more than one bonus pursuant to this subsection. The  
8 bonus shall be paid at the highest amount for which the principal qualifies.

9 **SECTION 7A.5.(b)** The bonus awarded pursuant to this section shall be in addition  
10 to any regular wage or other bonus the principal receives or is scheduled to receive.

11 **SECTION 7A.5.(c)** Notwithstanding G.S. 135-1(7a), the bonus awarded pursuant to  
12 this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the  
13 Teachers' and State Employees' Retirement System.

14 **SECTION 7A.5.(d)** The bonus awarded pursuant to this section does not apply to  
15 principals no longer employed as a principal due to resignation, dismissal, reduction in force,  
16 death, or retirement or whose last workday is prior to October 1, 2019.

17 **SECTION 7A.5.(e)** It is the intent of the General Assembly that funds provided  
18 pursuant to this section will supplement principal compensation and not supplant local funds.

19 **SECTION 7A.5.(f)** The bonus provided pursuant to this section shall be paid no later  
20 than October 31, 2019, to qualifying principals employed as of October 1, 2019.

## 21 **PRINCIPAL RECRUITMENT SUPPLEMENT**

22 **SECTION 7A.5A.** Article 19 of Chapter 115C of the General Statutes is amended  
23 by adding a new section to read:

### 24 **"§ 115C-285.1. Principal recruitment supplement.**

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

- 26 (1) Eligible employer. – The governing board of a local school administrative unit  
27 with an eligible school.  
28  
29 (2) Eligible school. – A low-performing school, as defined in G.S. 115C-105.37,  
30 that received an overall school performance score that placed it in the bottom  
31 five percent (5%) of all schools in the State in the prior school year.  
32 (3) Qualifying principal. – A principal who is paid on the Exceeded Growth  
33 column of the Principal Salary Schedule.  
34 (4) Qualifying school. – An eligible school selected by the Department to  
35 participate in the Program.

36 (b) Program; Purpose. – The Department of Public Instruction shall establish the  
37 Principal Recruitment Supplement Program (Program). To the extent funds are made available,  
38 the purpose of the Program shall be to provide significant, time-limited salary supplements to  
39 qualifying principals who accept employment as principals of qualifying schools.

40 (c) Salary Supplement. – A qualifying principal who accepts a position as a principal in  
41 a qualifying school shall receive an annual salary supplement of thirty thousand dollars  
42 (\$30,000), paid on a monthly basis, as long as the principal is employed as the principal of that  
43 school, up to a maximum period of 36 months, subject to the following:

- 44 (1) A qualifying principal who contracts with an eligible employer to receive the  
45 salary supplement shall not be excluded in future years from contracting with  
46 the same eligible employer or a different eligible employer for another salary  
47 supplement, subject to the requirements of this section.  
48 (2) A qualifying principal who accepts employment as a principal at a qualifying  
49 school shall continue to receive the salary supplement during performance of  
50 the contract, up to 36 months, even if one or more of the following occur:  
51 a. The principal is no longer a qualifying principal.

- 1                    b. The school is no longer an eligible school.
- 2            (3)        Notwithstanding G.S. 135-1(7a), salary supplements provided pursuant to this
- 3                    section are not compensation under Article 1 of Chapter 135 of the General
- 4                    Statutes, the Teachers' and State Employees' Retirement System.
- 5            (d)        Time Line. – To the extent funds are made available for the Program, the following
- 6                    time line shall apply:
- 7                    (1)        No later than October 1, 2019, and annually thereafter, the Department shall
- 8                    notify an eligible employer with one or more eligible schools that the eligible
- 9                    employer may be selected to participate in the Program.
- 10                  (2)        No later than November 1, 2019, and annually thereafter, each eligible
- 11                  employer that seeks to participate in the Program shall notify the Department
- 12                  of its intent.
- 13                  (3)        No later than November 15, 2019, and annually thereafter, the Department
- 14                  shall notify any eligible employer with a qualifying school that the school
- 15                  qualifies for the program, up to a statewide total of 40 schools. In making its
- 16                  selections, the Department shall prioritize eligible schools with the lowest
- 17                  overall school performance scores.
- 18                  (4)        No later than May 1, 2020, and annually thereafter, each eligible employer
- 19                  with a qualifying school shall do all of the following:
- 20                          a.        Execute all applicable contracts with qualifying principals.
- 21                          b.        Notify the Department of the (i) identity of principals and schools in
- 22                          the unit that will participate in the program, (ii) length of the contract
- 23                          period between the eligible employer and each qualifying principal,
- 24                          and (iii) length of time the qualifying principal will receive the salary
- 25                          supplement.
- 26                  (5)        No later than August 1, 2020, and annually thereafter, all qualifying principals
- 27                  identified pursuant to sub-subdivision (4)b. of this subsection shall begin
- 28                  employment as a principal at the applicable qualifying school.
- 29            (e)        Additional Funds. – In the event an eligible employer is unable to award funds for the
- 30                    salary supplement because of resignation, dismissal, reduction in force, death, retirement, or
- 31                    failure to execute a contract with a qualifying principal, the Department shall award the funds,
- 32                    as soon as is practicable, to another eligible employer identified in subdivision (a)(2) of this
- 33                    section.
- 34            (f)        Supplement Not Supplant. – Salary supplements provided to qualifying principals
- 35                    pursuant to this section shall be used to supplement and not supplant State and non-State funds
- 36                    already provided for principal compensation.
- 37            (g)        Report. – No later than March 15, 2021, and every year thereafter in which funds are
- 38                    expended under the Program, the Department shall report to the Joint Legislative Education
- 39                    Oversight Committee and the Fiscal Research Division on the Program, including, at a minimum,
- 40                    the following information:
- 41                          (1)        The impact of the Program on school performance, including the performance
- 42                          of (i) schools receiving a principal under the Program and (ii) schools that lost
- 43                          a principal due to the Program.
- 44                          (2)        The number of principals participating in the Program.
- 45                          (3)        The identity of schools participating in the Program.
- 46                          (4)        The length and rate of retention of principals (i) within the Program and (ii) at
- 47                          specific schools within the Program."

#### ASSISTANT PRINCIPAL SALARIES

50            **SECTION 7A.6.(a)** For the 2019-2020 fiscal year, beginning July 1, 2019, assistant

51            principals shall receive a monthly salary based on the salary schedule for teachers who are

1 classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on  
 2 the step on the salary schedule that reflects the total number of years of experience as a certified  
 3 employee of the public schools. For purposes of this section, an administrator with a one-year  
 4 provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

5 **SECTION 7A.6.(b)** Assistant principals with certification based on academic  
 6 preparation at the six-year degree level shall be paid a salary supplement of one hundred  
 7 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary  
 8 supplement of two hundred fifty-three dollars (\$253.00) per month.

9 **SECTION 7A.6.(c)** Participants in an approved full-time master's in-school  
 10 administration program shall receive up to a 10-month stipend at the beginning salary of an  
 11 assistant principal during the internship period of the master's program. The stipend shall not  
 12 exceed the difference between the beginning salary of an assistant principal plus the cost of  
 13 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,  
 14 including awards of the Principal Fellows Program. The Principal Fellows Program or the school  
 15 of education where the intern participates in a full-time master's in-school administration  
 16 program shall supply the Department of Public Instruction with certification of eligible full-time  
 17 interns.

18 **SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
 19 annual longevity payments to assistant principals on the assistant principal salary schedule, the  
 20 amounts of those longevity payments are included in the monthly amounts provided to assistant  
 21 principals pursuant to subsection (a) of this section.

22 **SECTION 7A.6.(e)** An assistant principal compensated in accordance with this  
 23 section for the 2019-2020 fiscal year shall receive an amount equal to the greater of the following:

- 24 (1) The applicable amount determined pursuant to subsections (a) through (d) of  
 25 this section.
- 26 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal  
 27 year, the sum of the following:
  - 28 a. The salary the assistant principal received in the 2016-2017 fiscal year  
 29 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - 30 b. The longevity that the assistant principal would have received as  
 31 provided for State employees under the North Carolina Human  
 32 Resources Act for the 2016-2017 fiscal year based on the assistant  
 33 principal's current years of service.
- 34 (3) For assistant principals who were not eligible for longevity in the 2016-2017  
 35 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
 36 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

37  
 38 **CENTRAL OFFICE SALARIES**

39 **SECTION 7A.7.(a)** The monthly salary ranges that follow apply to assistant  
 40 superintendents, associate superintendents, directors/coordinators, supervisors, and finance  
 41 officers for the 2019-2020 fiscal year, beginning July 1, 2019:

	<b>2019-2020 Fiscal Year</b>		
	Minimum		Maximum
44 School Administrator I	\$3,632	to	\$6,697
45 School Administrator II	\$3,842	to	\$7,096
46 School Administrator III	\$4,070	to	\$7,520
47 School Administrator IV	\$4,228	to	\$7,814
48 School Administrator V	\$4,395	to	\$8,125
49 School Administrator VI	\$4,654	to	\$8,608
50 School Administrator VII	\$4,835	to	\$8,951.

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

6 **SECTION 7A.7.(b)** The monthly salary ranges that follow apply to public school  
 7 superintendents for the 2019-2020 fiscal year, beginning July 1, 2019:

	<b>2019-2020 Fiscal Year</b>		
	Minimum		Maximum
10 Superintendent I	\$5,125	to	\$9,488
11 Superintendent II	\$5,433	to	\$10,054
12 Superintendent III	\$5,755	to	\$10,657
13 Superintendent IV	\$6,100	to	\$11,297
14 Superintendent V	\$6,467	to	\$11,978.

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

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

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

31 **SECTION 7A.7.(e)** The State Board of Education shall not permit local school  
 32 administrative units to transfer State funds from other funding categories for salaries for public  
 33 school central office administrators.

34  
 35 **NONCERTIFIED PERSONNEL SALARIES**

36 **SECTION 7A.8.(a)** For the 2019-2020 fiscal year, beginning July 1, 2019, the  
 37 annual salary for noncertified public school employees whose salaries are supported from State  
 38 funds shall be increased as follows:

- 39 (1) For permanent, full-time employees on a 12-month contract, by one percent  
 40 (1%).
- 41 (2) For the following employees, by a prorated and equitable amount based on the  
 42 amount specified in subdivision (1) of this subsection:
  - 43 a. Permanent, full-time employees on a contract for fewer than 12  
 44 months.
  - 45 b. Permanent, part-time employees.
  - 46 c. Temporary and permanent hourly employees.

47 **SECTION 7A.8.(b)** It is the intent of the General Assembly to increase the annual  
 48 salary for noncertified public school employees whose salaries are supported from State funds in  
 49 the 2020-2021 fiscal year, beginning July 1, 2020, as follows:

- 50 (1) For permanent, full-time employees on a 12-month contract, by one percent  
 51 (1%).

- 1 (2) For the following employees, by a prorated and equitable amount based on the  
2 amount specified in subdivision (1) of this subsection:  
3 a. Permanent, full-time employees on a contract for fewer than 12  
4 months.  
5 b. Permanent, part-time employees.  
6 c. Temporary and permanent hourly employees.  
7

## 8 **SMALL COUNTY SIGNING BONUS FOR TEACHERS**

9 **SECTION 7A.9.(a)** Definitions. – For purposes of this section, the following  
10 definitions shall apply:

- 11 (1) Eligible employee. – A person who meets all of the following criteria:  
12 a. Accepts employment as a teacher with an eligible employer for the  
13 2019-2020 school year.  
14 b. Was not employed by the eligible employer identified in  
15 sub-subdivision (1)a. of this subsection in the 2018-2019 fiscal year.  
16 c. Is employed by the eligible employer identified in sub-subdivision  
17 (1)a. of this subsection as of October 1, 2019.  
18 (2) Eligible employer. – The governing board of a local school administrative unit  
19 that received small county school system supplemental funding in the  
20 2018-2019 fiscal year.  
21 (3) Local funds. – Matching funds provided by an eligible employer to enable an  
22 eligible employee to qualify for the signing bonus program established by this  
23 section.  
24 (4) Teacher. – Teachers and instructional support personnel.

25 **SECTION 7A.9.(b)** Signing Bonus Program. – The Department of Public Instruction  
26 shall administer a signing bonus program in the 2019-2020 fiscal year. Bonuses shall be provided  
27 to eligible employees who are employed by an eligible employer and matched on the basis of one  
28 dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to two thousand dollars  
29 (\$2,000) in State funds.

30 **SECTION 7A.9.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher  
31 who receives a signing bonus pursuant to this section is ineligible to receive another signing  
32 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2022,  
33 at the earliest. This section shall not apply to legislative bonuses received by teachers that are not  
34 signing bonuses.

35 **SECTION 7A.9.(d)** Bonuses as Additions. – The bonuses awarded pursuant to this  
36 section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled  
37 to receive.

38 **SECTION 7A.9.(e)** Not for Retirement. – Notwithstanding G.S. 135-1(7a), the  
39 bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135  
40 of the General Statutes, the Teachers' and State Employees' Retirement System.  
41

## 42 **CONSOLIDATE CERTAIN TEACHER BONUSES**

43 **SECTION 7A.10.(a)** Repeal Current Teacher Bonus Programs. – The following  
44 session laws are repealed:

- 45 (1) Sections 8.8 and 8.9 of S.L. 2016-94.  
46 (2) Sections 8.8B, 8.8C, 8.8D, and 8.8E of S.L. 2017-57.  
47 (3) Section 2.10 of S.L. 2017-197.  
48 (4) Sections 8.10, 8.11, and 8.12 of S.L. 2018-5.

49 **SECTION 7A.10.(b)** Establish Consolidated Teacher Bonus Program. – The State  
50 Board of Education shall establish a teacher bonus program for the 2019-2021 fiscal biennium  
51 to reward teacher performance and encourage student learning and improvement. To attain this

1 goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers in  
2 public school units in accordance with this section.

3 **SECTION 7A.10.(c)** Definitions. – For purposes of this section, the following  
4 definitions shall apply:

5 (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
6 courses, International Baccalaureate Diploma Programme courses, or the  
7 Cambridge Advanced International Certificate of Education (AICE) program  
8 who meets the following criteria:

9 a. Is employed by at least one of the following:

10 1. A public school unit.

11 2. A school operated by the State Board of Education under  
12 Section 7.22 of S.L. 2011-145.

13 b. Taught one or more students who received a score listed in subsection  
14 (d) of this section.

15 (2) Eligible career and technical education teacher. – A teacher who meets the  
16 following criteria:

17 a. Is employed by a public school unit.

18 b. Taught one or more students who attained approved industry  
19 certifications or credentials consistent with G.S. 115C-156.2.

20 (3) Eligible EVAAS teacher. – A teacher who meets at least one of the following  
21 criteria:

22 a. Is employed by a public school unit and meets one of the following  
23 criteria:

24 1. Is in the top twenty-five percent (25%) of teachers in the State  
25 according to the EVAAS student growth index score for third  
26 grade reading from the previous school year.

27 2. Is in the top twenty-five percent (25%) of teachers in the State  
28 according to the EVAAS student growth index score for fourth  
29 or fifth grade reading from the previous school year.

30 3. Is in the top twenty-five percent (25%) of teachers in the State  
31 according to the EVAAS student growth index score for fourth,  
32 fifth, sixth, seventh, or eighth grade mathematics from the  
33 previous school year.

34 b. Is employed by a local school administrative unit and meets one of the  
35 following criteria:

36 1. Is in the top twenty-five percent (25%) of teachers in the  
37 teacher's respective local school administrative unit according  
38 to the EVAAS student growth index score for third grade  
39 reading from the previous school year.

40 2. Is in the top twenty-five percent (25%) of teachers in the  
41 teacher's respective local school administrative unit according  
42 to the EVAAS student growth index score for fourth or fifth  
43 grade reading from the previous school year.

44 3. Is in the top twenty-five percent (25%) of teachers in the  
45 teacher's respective local school administrative unit according  
46 to the EVAAS student growth index score for fourth, fifth,  
47 sixth, seventh, or eighth grade mathematics from the previous  
48 school year.

49 c. Was employed by a local school administrative unit that employed in  
50 the previous school year three or fewer total teachers in that teacher's  
51 grade level as long as the teacher has an EVAAS student growth index

1 score from the previous school year of exceeded expected growth in  
2 one of the following subject areas:

- 3 1. Third grade reading.
- 4 2. Fourth or fifth grade reading.
- 5 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.

6 (4) Public school unit. – Any of the following:

- 7 a. A local school administrative unit.
- 8 b. A charter school.
- 9 c. A regional school.
- 10 d. A school providing elementary or secondary instruction operated by  
11 the State Board of Education under Article 7A of Chapter 115C of the  
12 General Statutes.
- 13 e. A school providing elementary or secondary instruction operated by  
14 The University of North Carolina under Article 29A of Chapter 116 of  
15 the General Statutes.

16 (5) Qualifying teacher. – An eligible advanced course teacher, eligible career and  
17 technical education teacher, or eligible EVAAS teacher who remains  
18 employed teaching in the same public school unit, or, if an eligible advanced  
19 course teacher is only employed by a school pursuant to sub-sub-subdivision  
20 (1)a.2. of this subsection, remains employed teaching in that school, at least  
21 from the school year the data is collected until January 1 of the corresponding  
22 school year that the bonus is paid.

23 **SECTION 7A.10.(d)** Advanced Course Bonuses. – A bonus in the amount of fifty  
24 dollars (\$50.00) shall be paid to qualifying advanced course teachers for each student taught in  
25 each advanced course who receives the following score:

- 26 (1) For Advanced Placement courses, a score of three or higher on the College  
27 Board Advanced Placement Examination.
- 28 (2) For International Baccalaureate Diploma Programme courses, a score of four  
29 or higher on the International Baccalaureate course examination.
- 30 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge  
31 AICE program examinations.

32 **SECTION 7A.10.(e)** CTE Bonuses. – For qualifying career and technical education  
33 teachers, bonuses shall be provided in the following amounts:

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

42 **SECTION 7A.10.(f)** CTE Course Value Ranking. – The Department of Commerce,  
43 in consultation with the State Board, shall assign a value ranking for each industry certification  
44 and credential based on academic rigor and employment value in accordance with this subsection.  
45 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty  
46 percent (50%) on employment value. Academic rigor and employment value shall be based on  
47 the following elements:

- 48 (1) Academic rigor shall be based on the number of instructional hours, including  
49 work experience or internship hours, required to earn the industry certification  
50 or credential, with extra weight given for coursework that also provides  
51 community college credit.

- 1 (2) Employment value shall be based on the entry wage, growth rate in  
2 employment for each occupational category, and average annual openings for  
3 the primary occupation linked with the industry certification or credential.

4 **SECTION 7A.10.(g)** Statewide EVAAS Bonuses. – Of the funds appropriated for  
5 this program, bonuses shall be provided to eligible EVAAS teachers under sub-subdivision  
6 (c)(3)a. of this section, as follows:

- 7 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
8 eligible EVAAS teachers under sub-sub-subdivision (c)(3)a.1. of this section.  
9 These funds shall be distributed equally among qualifying teachers.
- 10 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
11 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
12 (c)(3)a.2. of this section.
- 13 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
14 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
15 (c)(3)a.3. of this section.

16 **SECTION 7A.10.(h)** Local EVAAS Bonuses. – Of the funds appropriated for this  
17 program, bonuses shall be provided to eligible EVAAS teachers under sub-subdivisions (c)(3)b.  
18 and (c)(3)c. of this section, as follows:

- 19 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
20 eligible EVAAS teachers under sub-sub-subdivisions (c)(3)b.1. and (c)(3)c.1.  
21 of this section. These funds shall be divided proportionally based on average  
22 daily membership in third grade for each local school administrative unit and  
23 then distributed equally among qualifying third grade reading teachers in each  
24 local school administrative unit.
- 25 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
26 each qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
27 (c)(3)b.2. or (c)(3)c.2. of this section.
- 28 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
29 each qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
30 (c)(3)b.3. or (c)(3)c.3. of this section.

31 **SECTION 7A.10.(i)** Limitations and Other Criteria. – The following additional  
32 limitations and other criteria shall apply to the program:

- 33 (1) Bonus funds awarded to a teacher pursuant to subsection (d), subsection (e),  
34 subdivision (g)(1), or subdivision (h)(1) of this section shall not exceed three  
35 thousand five hundred dollars (\$3,500) per subsection or subdivision in any  
36 given school year.
- 37 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
38 (c)(3)a.1., (c)(3)b.1., or (c)(3)c.1. of this section may receive a bonus under  
39 both subdivision (g)(1) and subdivision (h)(1) of this section, but shall not  
40 receive more than seven thousand dollars (\$7,000) pursuant to subdivisions  
41 (g)(1) and (h)(1) of this section in any given school year.
- 42 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
43 (c)(3)a.2., (c)(3)b.2., or (c)(3)c.2. of this section may receive a bonus under  
44 both subdivision (g)(2) and subdivision (h)(2) of this section, but shall not  
45 receive more than two bonuses pursuant to subdivisions (g)(2) and (h)(2) of  
46 this section in any given school year.
- 47 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivisions  
48 (c)(3)a.3., (c)(3)b.3., or (c)(3)c.3. of this section may receive a bonus under  
49 both subdivision (g)(3) and subdivision (h)(3) of this section, but shall not  
50 receive more than two bonuses pursuant to subdivisions (g)(3) and (h)(3) of  
51 this section in any given school year.

1           **SECTION 7A.10.(j)** Time Line. – Bonuses awarded pursuant to this section are  
2 payable to qualifying teachers in January, based on data from the previous school year.

3           **SECTION 7A.10.(k)** Bonuses Not Compensation. – Bonuses awarded to a teacher  
4 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives  
5 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this  
6 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers'  
7 and State Employees' Retirement System.

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

- 14           (1) The amounts awarded pursuant to subsection (d) of this section for Advanced  
15 Placement, International Baccalaureate Diploma Programme, and Cambridge  
16 AICE program courses.
- 17           (2) The amounts awarded pursuant to subsection (e) of this section to teachers  
18 who teach students earning approved industry certifications or credentials and  
19 the type of industry certifications and credentials earned by their students.
- 20           (3) The distribution of statewide and local bonuses awarded pursuant to  
21 subsections (g) and (h) of this section, respectively, as among public school  
22 units and, where applicable, schools within those units.

23           **SECTION 7A.10.(m)** Effective Date. – This section applies for bonuses awarded in  
24 January 2020 and 2021, based on data from the 2018-2019 and 2019-2020 school years,  
25 respectively.  
26

## 27 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

### 28 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

29           **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
30 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with  
31 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
32 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
33 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
34 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
35 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
36 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
37 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
38 of the Escheat Fund income for that fiscal year.

39           **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
40 conduct periodic evaluations of expenditures of the student financial aid programs administered  
41 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
42 learning and to meet the goals of the respective programs. The Authority may make  
43 recommendations for redistribution of funds to the President of The University of North Carolina  
44 and the President of the Community College System regarding their respective student financial  
45 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
46 year.  
47

### 48 **NC PROMISE TUITION PLAN/FUTURE FUNDS**

49           **SECTION 8.2A.** It is the intent of the General Assembly to appropriate from the  
50 General Fund to the Board of Governors of The University of North Carolina the following  
51

1 additional funds for the purpose of the "buy down" of any financial obligations incurred by  
2 Elizabeth City State University, the University of North Carolina at Pembroke, and Western  
3 Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11:

- 4 (1) For the 2021-2022 fiscal year, the sum of five million dollars (\$5,000,000) in  
5 recurring funds.
- 6 (2) For the 2022-2023 fiscal year, the sum of four million dollars (\$4,000,000) in  
7 recurring funds.
- 8 (3) For the 2023-2024 fiscal year, the sum of three million four hundred thousand  
9 dollars (\$3,400,000) in recurring funds.
- 10 (4) For the 2024-2025 fiscal year, the sum of three million dollars (\$3,000,000)  
11 in recurring funds.

12 For the 2024-2025 fiscal year and subsequent fiscal years, it is the intent of the  
13 General Assembly that the net appropriation for the "buy down" of any financial obligations  
14 incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and  
15 Western Carolina University for the NC Promise Tuition Plan established pursuant to  
16 G.S. 116-143.11 shall not exceed the sum of eighty-one million four hundred thousand dollars  
17 (\$81,400,000) in recurring funds.

## 18 19 **UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

20 **SECTION 8.5.(a)** G.S. 116-239.5 is amended by adding a new subsection to read:

21 "(e) In addition to all other immunities provided to them by applicable State law, the  
22 Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school,  
23 and their members, employees, and agents shall be entitled to the specific immunities provided  
24 for in Chapter 115C of the General Statutes applying to the State Board of Education,  
25 Superintendent of Public Instruction, a local board of education, a local school administrative  
26 unit, and their members and employees. Any such immunity to liability established by this  
27 subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that  
28 would otherwise be actionable. Immunity established by this subsection shall be deemed to be  
29 waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the  
30 General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as  
31 set forth in Article 31 of Chapter 143 of the General Statutes."

32 **SECTION 8.5.(b)** G.S. 116-239.7(b) reads as rewritten:

33 "(b) Resolution by the Subcommittee to Approve a Laboratory School. – The  
34 Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall  
35 include the following:

- 36 (1) Name of the laboratory school.
- 37 (2) The local school administrative unit in which the laboratory school shall be  
38 located.
- 39 (3) A term of operation for the laboratory school of five years from the date of  
40 initial operation. At the end of the initial five years of operation, the  
41 Subcommittee shall renew the term of operation for additional five-year  
42 periods under the resolution if the laboratory school is still located in a local  
43 school administrative unit that has twenty-five percent (25%) or more of the  
44 schools located in the unit identified as low-performing under  
45 G.S. 115C-105.37, or if the Subcommittee renews a waiver of this  
46 requirement under subsection (a2) of this section, ~~the resolution may be~~  
47 ~~renewed by the Subcommittee at the end of the term for an additional five~~  
48 ~~years.~~ section. If the laboratory school is no longer (i) located in a qualifying  
49 local school administrative unit or (ii) meeting the purposes of this Article  
50 under a waiver at the end of five years, the Subcommittee ~~shall~~ may renew the  
51 term of operation for additional five-year periods under the resolution if the

1 Subcommittee finds the school is successfully meeting its mission to improve  
2 student performance and provide valuable exposure and training for teachers  
3 and principals in the constituent institution's educator preparation program.  
4 The Subcommittee may terminate operation of any laboratory school during  
5 the initial term of operation or during a five-year renewal period if the  
6 Subcommittee finds it is failing to meet expected progress toward meeting the  
7 mission of the school consistent with the requirements of this Article. The  
8 Subcommittee shall notify the Board of Governors of the end of the term of  
9 operation of a laboratory school and request designation of additional  
10 constituent institutions with educator preparation programs to establish a  
11 laboratory school in accordance with the provisions of this Article."

12 **SECTION 8.5.(c)** G.S. 116-239.8(b)(4) reads as rewritten:

13 "(4) Food and transportation services. – The local school administrative unit in  
14 which the laboratory school is located shall provide ~~food services and~~  
15 transportation to students ~~attending who reside in the local school~~  
16 administrative unit and attend the laboratory school, including any  
17 students who are homeless and require assistance pursuant to 42 U.S.C. §  
18 11301, et seq., the McKinney-Vento Homeless Assistance Act. The  
19 requirement to provide transportation to students residing in the local school  
20 administrative unit shall (i) apply regardless of where a laboratory school  
21 student resides in the unit or how the unit's transportation policies and  
22 practices are applied to other students and (ii) include providing transportation  
23 of students and personnel for laboratory school extracurricular activities and  
24 educational trips in the same manner as other schools in the unit for that school  
25 year. The local school administrative unit in which the laboratory school is  
26 located shall ~~administer~~ administer, at its cost, the National School Lunch  
27 Program for the laboratory school in accordance with G.S. 115C-264. The  
28 chancellor shall arrange for the provision of these services from the local  
29 school administrative unit."

30 **SECTION 8.5.(d)** G.S. 116-239.9 reads as rewritten:

31 **"§ 116-239.9. Student admissions and assignment.**

32 (a) A child shall be eligible to attend a laboratory school if the child resides in the local  
33 school administrative unit in which a laboratory school is located and meets at least one of the  
34 following criteria:

- 35 (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the  
36 time of the student's application.  
37 (2) Did not meet expected growth in the prior school year based on one or more  
38 indicators listed in subsection (c1) of this section.  
39 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this  
40 subsection.  
41 (4) Is the child of a laboratory school employee.

42 (b) No local board of education shall require any student enrolled in the local school  
43 administrative unit to attend a laboratory school.

44 (c) During each period of enrollment, the laboratory school shall enroll an eligible student  
45 under subsection (a) of this section who submits a timely application, up to the capacity of a  
46 program, class, grade level, or building, in the order in which applications are received. Once  
47 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory  
48 school may give enrollment priority to the sibling of an enrolled student who attended the  
49 laboratory school in the prior school year.

50 (c1) For the purposes of this Article, any of the following shall serve as indicators that a  
51 student did not meet expected student growth in the prior school year: (i) grades, (ii) observations,

1 (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including  
2 reading on grade level.

3 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory  
4 school has not reached enrollment capacity in a program, class, grade level, or building by March  
5 1, prior to the start of the next school year, the laboratory school may enroll children who reside  
6 in the local school administrative unit in which the laboratory school is located but do not meet  
7 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up  
8 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

9 (d) Notwithstanding any law to the contrary, a laboratory school may refuse admission  
10 to any student who has been expelled or suspended from a public school under G.S. 115C-390.5  
11 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

12 (e) Within one year after a laboratory school begins operation, the laboratory school shall  
13 make efforts for the population of the school to reasonably reflect the racial, ethnic, and  
14 socioeconomic composition of the general population residing within the local school  
15 administrative unit in which the school is located."

16 **SECTION 8.5.(e)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L.  
17 2017-117, reads as rewritten:

18 "**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, (i) at least ~~nine~~ six laboratory schools  
19 shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted  
20 by this section, and in operation by the beginning of the ~~2019-2020-2020-2021~~ school year and  
21 (ii) at least an additional three laboratory schools shall be established pursuant to Article 29A of  
22 Chapter 116 of the General Statutes and in operation by the beginning of the 2021-2022 school  
23 year."

24 **SECTION 8.5.(f)** The funds appropriated by this act to the Board of Governors of  
25 The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of  
26 laboratory schools shall not be used to create new positions or to hire additional consultants for  
27 The University of North Carolina System Office.

28 **SECTION 8.5.(g)** Subsection (a) of this section applies to an action or omission of  
29 an action occurring on or after the date this act becomes law. Subsections (c) and (d) of this  
30 section apply beginning with the 2019-2020 school year.

## 31 NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM

32 **SECTION 8.8.(a)** Establishment of the Scholarship Program. – From the funds  
33 appropriated to the Board of Governors of The University of North Carolina for the 2019-2021  
34 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the  
35 Board of Governors shall provide those funds as a grant-in-aid to (i) the Patriot Foundation, a  
36 nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit  
37 corporation, for the purpose of establishing and administering scholarships in accordance with  
38 the requirements of the Program. The Program shall provide for scholarships to eligible children  
39 and eligible spouses of certain veterans and eligible children of certain currently serving members  
40 of the Armed Forces to attend eligible postsecondary institutions in accordance with the  
41 requirements of this section.

42 **SECTION 8.8.(b)** Definitions. – For the purposes of this section, the following  
43 definitions apply:

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

46 (2) Eligible child or eligible children. – Any person (i) who is attending or has  
47 been accepted to enroll in an eligible postsecondary institution, (ii) who is a  
48 legal resident of North Carolina when scholarship documentation is  
49 completed, provided that if a child is claimed as a dependent by the child's  
50 parent, residency may be established based on a parent meeting  
51

1 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has  
2 complied with the requirements of the Selective Service System, if applicable,  
3 and (iv) whose parent is a veteran or a currently serving member of the Armed  
4 Forces that meets the following:

5 a. Meets one of the following residency conditions:

- 6 1. Is a resident of North Carolina at the time of scholarship  
7 documentation completion.
- 8 2. Was a resident of North Carolina at the time of entrance into  
9 service in the Armed Forces.
- 10 3. Was permanently stationed in North Carolina at the time of his  
11 or her death.
- 12 4. Is an active duty service member permanently stationed in  
13 North Carolina at the time of documentation completion.

14 b. Meets one of the following service conditions:

- 15 1. Was a member of the Armed Forces who was killed in action  
16 or in the line of duty, or died of wounds or other causes not due  
17 to the service member's willful misconduct during a period of  
18 war or national emergency.
- 19 2. Was a member of the Armed Forces who died of  
20 service-connected injuries, wounds, illness, or other causes  
21 incurred or aggravated while a member of the Armed Forces  
22 during a period of war or national emergency. Standard  
23 documentation of the parent's death, wounds, injury, or illness  
24 must be supplied by a scholarship recipient at the time of  
25 scholarship request.
- 26 3. Is a veteran of the Armed Forces who incurred traumatic  
27 injuries or wounds or sustained a major illness while a member  
28 of the Armed Forces during a period of war or national  
29 emergency and is receiving compensation for a wartime  
30 service-connected disability of at least fifty percent (50%) as  
31 rated by the U.S. Department of Veterans Affairs.
- 32 4. Is a current member of the Armed Forces who incurred  
33 traumatic injuries or wounds or sustained a major illness while  
34 a member of the Armed Forces during a period of war or  
35 national emergency. The parent's traumatic wounds, injury, or  
36 major illness must be documented by the U.S. Department of  
37 Defense.

38 (3) Eligible spouse. – Any person (i) who is attending or has been accepted to  
39 enroll in an eligible postsecondary institution, (ii) who is a legal resident of  
40 North Carolina when scholarship documentation is completed, (iii) has  
41 complied with the requirements of the Selective Service System, if applicable,  
42 and (iv) whose spouse was a member of the Armed Forces who was killed in  
43 action or in the line of duty, or died of wounds or other causes not due to the  
44 service member's willful misconduct during a period of war or national  
45 emergency.

46 (4) Eligible postsecondary institution. – A school that is any of the following:

- 47 a. A constituent institution of The University of North Carolina.
- 48 b. A community college under the jurisdiction of the State Board of  
49 Community Colleges.
- 50 c. A private educational institution as defined in G.S. 143B-1224.
- 51 d. An accredited, private vocational institution.

- 1 (5) Veteran. – An individual who has served and is no longer serving in the Armed  
2 Forces of the United States. For the purposes of this section, the veteran must  
3 have separated from the Armed Forces under honorable conditions or whose  
4 death or disability of at least fifty percent (50%) or more was incurred as a  
5 direct result of service in the line of duty.

6 **SECTION 8.8.(c)** Administration; Awards. – Within the funds made available for  
7 the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each  
8 separately administer and award scholarships to eligible children and eligible spouses in  
9 accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program.  
10 In administering the Program, each nonprofit corporation shall be responsible for program  
11 oversight for the scholarships awarded through its organization to ensure compliance with the  
12 provisions of this section.

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

19 If an eligible child or eligible spouse receives a scholarship or other grant covering  
20 the cost of attendance at an eligible postsecondary institution for which the scholarship is  
21 awarded, then the amount of a scholarship awarded under this section shall be reduced so that  
22 the sum of all grants and scholarships covering the cost of attendance received by the eligible  
23 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes  
24 of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books,  
25 supplies, and equipment required for study at an eligible postsecondary institution, as well as  
26 room and board as long as the scholarship recipient is enrolled as at least a half-time student at  
27 the institution. Off-campus housing costs for room and board are also included to the extent the  
28 eligible postsecondary institution includes it in its cost of attendance.

29 **SECTION 8.8.(d)** Reporting. – The Patriot Foundation shall submit a report by April  
30 1 of each year in which the Patriot Foundation spends State funds made available for the Program  
31 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
32 activities described by this section and the use of the State funds.

33 The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of  
34 each year in which the Marine Corps Scholarship Foundation spends State funds made available  
35 for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research  
36 Division on the activities described by this section and the use of the State funds.

## 37 38 **CHANGES TO THE UNC ENROLLMENT FORMULA FOR STATE FUNDING**

39 **SECTION 8.9.(a)** The Board of Governors of The University of North Carolina,  
40 with the assistance of The University of North Carolina System Office, shall develop a proposal  
41 to modify its current enrollment funding formula to predict its enrollment growth and for the  
42 purposes of preparing the budget request for The University of North Carolina (UNC) submitted  
43 to the Governor and the General Assembly pursuant to G.S. 116-11(9) in accordance with the  
44 requirements of this section. The proposal shall include the following components:

- 45 (1) Enrollment funding for the appropriation of State funds for UNC based on the  
46 number of credit hours required for undergraduate student completion of  
47 four- and five-year programs offered by each constituent institution. The  
48 enrollment funding shall apply to credit hours offered during the fall, spring,  
49 and summer academic terms in order for a student to complete a program.
- 50 (2) Application of the enrollment funding formula beginning with undergraduate  
51 students who are initially enrolled as freshman or transfer students in

1 curriculum programs at a constituent institution for the fall 2021 academic  
2 term and for subsequent academic terms.

3 (3) A methodology that will be used for UNC to determine the number of credit  
4 hours required for undergraduate student completion of four- and five-year  
5 programs. A uniform buffer of credit hours shall not be used in the calculation  
6 of the number of credit hours required for program completion.

7 (4) A methodology for calculating the cost of a credit hour to the student so that  
8 the tuition rate applicable to students at a constituent institution is applied  
9 uniformly. The Board of Governors shall allocate State funds to constituent  
10 institutions based on this methodology for the offset of tuition payments.  
11 Nothing in this subdivision shall be construed to limit a constituent  
12 institution's authority to charge course fees in accordance with State law and  
13 policies established by the Board of Governors.

14 (5) A procedure and cost budgeting method for UNC that shall be applied in  
15 circumstances in which a student is unable to complete the required credit  
16 hours as a full-time student continuously enrolled in a constituent institution  
17 due to unavailability of courses in program scheduling by the constituent  
18 institution. The burden of the cost of meeting the credit hour course  
19 requirements under these circumstances shall not be transferred to the student.  
20 The burden of this cost shall be covered by UNC and shall reflect the potential  
21 loss of student financial aid and expected loan repayments due to loss of an  
22 individual student's status as full-time and continuously enrolled.

23 **SECTION 8.9.(b)** The Board of Governors shall report the proposal for the new  
24 enrollment funding formula as required by subsection (a) of this section to the Joint Legislative  
25 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher  
26 Education, the House of Representatives Appropriations Subcommittee on Education, the Fiscal  
27 Research Division, and the Office of State Budget and Management by March 1, 2020.

28 **SECTION 8.9.(c)** The Board of Governors shall begin implementation of the  
29 transition to the new enrollment funding formula required by this section during the 2020-2021  
30 fiscal year. The enrollment funding formula shall be fully implemented by July 1, 2021, and shall  
31 apply beginning with the 2021-2022 fiscal year for undergraduate students entering the 2021 fall  
32 academic term and for subsequent academic terms.

33 **SECTION 8.9.(d)** G.S. 116-143.7 is repealed.

34 **SECTION 8.9.(e)** G.S. 116-143.9 reads as rewritten:

35 **"§ 116-143.9. Fixed tuition payment.**

36 (a) There is established the fixed tuition payment program. The rate of tuition of any  
37 freshman or transfer undergraduate student who is admitted to any constituent institution of The  
38 University of North Carolina and deemed to be a North Carolina resident for purposes of tuition  
39 shall be guaranteed as provided by this section. The program shall have the following  
40 components:

41 (1) A guarantee that the rate of tuition approved by either the Board of Governors  
42 or the Board of Trustees of the constituent institution will remain constant or  
43 decrease during the tuition period.

44 (2) Except as provided in subsection (b) of this section, the tuition period shall be  
45 (i) eight consecutive academic semesters for a student seeking a baccalaureate  
46 degree in a four-year program or 10 consecutive academic semesters for a  
47 student seeking a baccalaureate degree in a program officially designated by  
48 the Board of Governors as a five-year program, not including any summer  
49 sessions, or (ii) the appropriate balance of a designated program length after  
50 making the proper adjustments for a student who transfers to the constituent  
51 institution.

1 (3) Except as provided in subsection (b) of this section, the student must remain  
2 enrolled continuously at the constituent institution during the entire tuition  
3 period.

4 (4) At the end of the tuition period, the cost of tuition for any additional academic  
5 semesters reverts to the amount of the current tuition for that constituent  
6 ~~institution and a tuition surcharge imposed under G.S. 116-143.7, if~~  
7 ~~applicable institution.~~

8 (b) The tuition period may be tolled if the student is able to demonstrate a ~~substantial~~  
9 ~~disruption or interruption in~~ that any of the following have substantially disrupted or interrupted  
10 the student's pursuit of a ~~degree as provided in G.S. 116-143.7(e).~~ degree: (i) a military service  
11 obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other  
12 extraordinary hardship. The Board of Governors shall establish the appropriate procedures to  
13 implement this subsection.

14 (c) The Board of Governors shall adopt the policies needed to implement this section and  
15 shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate  
16 transfer students who are North Carolina residents for purposes of tuition."

17 **SECTION 8.9.(f)** Subsections (d) and (e) of this section become effective July 1,  
18 2021, and apply beginning with freshman or transfer undergraduate students who enroll in a  
19 constituent institution for the 2021 fall academic term and for subsequent academic terms.

## 20 **MODIFY FUTURE TEACHERS OF NORTH CAROLINA**

21 **SECTION 8.12.(a)** G.S. 116-41.30(b) reads as rewritten:

22 "(b) Program. – FTNC shall be a ~~program providing professional development and~~  
23 ~~curricula for courses that provide selective, application-based symposium for high school juniors~~  
24 ~~and seniors, offering a challenging introduction to teaching as a profession for high school~~  
25 ~~students through courses offered by participating high schools in conjunction with college~~  
26 ~~partners.~~ profession. FTNC courses shall include both content on pedagogy and the profession  
27 of teaching and field experiences for high school students. provide instruction on pedagogy, ethics  
28 and professionalism, child development, successful teaching strategies and classroom  
29 management practices, effective lesson planning, assessment and intervention, and requirements  
30 of teacher licensure. The FTNC Symposium should provide practical benefits to participating  
31 students, which may include interaction with current educators, administrators, and educator  
32 preparation program faculty members, a simulated student teaching experience, and information  
33 about financial aid and scholarship opportunities."

34 **SECTION 8.12.(b)** G.S. 116-41.31 reads as rewritten:

35 **"§ 116-41.31. Oversight of Future Teachers of North Carolina.**

36 (a) ~~FTNC General Administration.~~ System Office. – FTNC shall be administratively  
37 located in The University of North Carolina System Office. The President shall ~~select three~~  
38 ~~constituent institutions with highly successful schools of education located in the western,~~  
39 ~~central, and eastern regions of the State, respectively, to collaborate on development of curricula~~  
40 ~~for FTNC and to provide professional development to high school teachers who will teach FTNC~~  
41 ~~courses. The three constituent institutions shall also work with other constituent institutions and~~  
42 ~~other institutions of higher education in the State to seek input in the development of curricula~~  
43 ~~and professional development for FTNC and to create a network of college faculty to provide~~  
44 ~~support to high schools offering FTNC courses.~~ establish a Future Teachers of North Carolina  
45 Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion,  
46 the FTNC Council shall coordinate with constituent institutions to utilize expertise from  
47 administrators, faculty, and staff members of institutions of higher education in designing the  
48 agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure  
49 diverse representation of the educator preparation programs represented at the FTNC  
50 Symposium. The FTNC Council shall also be responsible for creating an application process for  
51

1 interested high school students, reviewing submitted applications, selecting students to attend,  
2 and recruitment and outreach efforts.

3 (b) ~~FTNC Site Applications.—All high schools in the State are encouraged to offer FTNC~~  
4 ~~courses to students. A high school shall apply to offer FTNC courses with the geographically~~  
5 ~~appropriate constituent institution overseeing FTNC and shall ensure that all teachers teaching~~  
6 ~~FTNC courses have received appropriate training. High schools shall also seek a partner~~  
7 ~~institution of higher education to provide support from college faculty. High schools participating~~  
8 ~~in the FTNC program shall report demographic, survey, and other available outcome data to The~~  
9 ~~University of North Carolina System Office as necessary for completion of the FTNC annual~~  
10 ~~report required by G.S. 116-41.32.~~

11 (c) ~~FTNC Institution of Higher Education Partners.—Constituent institutions that partner~~  
12 ~~with high schools shall offer dual credit for high school students who successfully complete the~~  
13 ~~FTNC course with a grade of "B" or higher. Other institutions of higher education that partner~~  
14 ~~with high schools are encouraged to offer dual credit for high school students who successfully~~  
15 ~~complete the FTNC course with a grade of "B" or higher. Constituent institutions shall provide~~  
16 ~~annually to The University of North Carolina System Office data on students who have received~~  
17 ~~dual credit for completion of an FTNC course and students who applied for admission into an~~  
18 ~~educator preparation program at a constituent institution who indicated in the application for~~  
19 ~~admission that the student completed an FTNC course. Other institutions of higher education are~~  
20 ~~encouraged to provide annually to The University of North Carolina System Office data on~~  
21 ~~students who have received dual credit for completion of an FTNC course and students who~~  
22 ~~applied for admission into an educator preparation program at the institution of higher education~~  
23 ~~who indicated in the application for admission that the student completed an FTNC course."~~

24 **SECTION 8.12.(c)** G.S. 116-41.32 reads as rewritten:

25 **"§ 116-41.32. Future Teachers of North Carolina reporting.**

26 The University of North Carolina System Office shall report annually, beginning October 15,  
27 2019, 2020, on the following:

28 (1) ~~Total number and names of local school administrative units with List of high~~  
29 ~~schools and local school administrative units represented by participating in~~  
30 ~~FTNC, total number and names of high schools offering FTNC, partner~~  
31 ~~institution of higher education for each high school, and number of sections~~  
32 ~~of the course being offered at each high school, students.~~

33 (1a) Number of students who submitted an application to attend the FTNC  
34 Symposium.

35 (1b) Number of students attending the FTNC Symposium, including distribution  
36 by region.

37 (2) ~~Demographic information of students enrolled in FTNC courses attending the~~  
38 FTNC Symposium.

39 (2a) Description of the event agenda and content.

40 (3) ~~Percentage of students who, after completing the course, attending the FTNC~~  
41 Symposium, reported the following:

42 a. The student plans to choose teaching as a profession.

43 a1. The student plans to enroll in a community college, a constituent  
44 institution, a private postsecondary institution located in North  
45 Carolina, or a postsecondary institution located in another state.

46 b. ~~The course FTNC Symposium~~ was very or somewhat effective in  
47 helping the student formulate a positive perception of the education  
48 profession.

49 c. ~~The coursework and activities FTNC Symposium~~ increased the  
50 student's knowledge of the teaching profession and other careers in  
51 education.

d. ~~The field experience helped the student understand the many factors that contribute to effective teaching.~~

(4) ~~Percentage of students who completed an FTNC course who received dual credit for successful completion of the course, by institution.~~

(5) ~~Percentage of students who completed an FTNC course who applied for admission into an educator preparation program, by institution.~~

(6) ~~Number of teachers provided professional development for FTNC."~~

## MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

SECTION 8.13.(a) G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. ~~Waiver of 12-month residency requirement for certain veterans and other individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.~~Individuals.

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

(1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).

(2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).

(3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) ~~Waiver of 12-Month Residency Requirement for Veteran.~~Certain Individuals. – Any ~~veteran~~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~~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 ~~veteran~~individual meets all of the following criteria:

(1) ~~The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.~~

(2) ~~The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.~~

(3) ~~The veteran's~~individual's abode is North Carolina.

(4) ~~The veteran~~individual provides the institution of higher education at which the ~~veteran~~individual intends to enroll a letter of intent to establish residence in North Carolina.

(5) The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).

(c) ~~Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.~~ – Any person who is entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following criteria:

(1) ~~The person qualifies for admission to the institution of higher education as defined in G.S. 116-143.1(a)(3) and, with the exception of individuals described in subsections (c1) and (c2) of this section, enrolls in the institution~~

1 of higher education within three years of the veteran's discharge or release  
2 from the Armed Forces, the Commissioned Corps of the U.S. Public Health  
3 Service, or the National Oceanic and Atmospheric Administration.

4 (2) The person is the recipient of federal educational benefits pursuant to 38  
5 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance  
6 Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as  
7 administered by the U.S. Department of Veterans Affairs.

8 (3) The person's abode is North Carolina.

9 (4) The person provides the institution of higher education at which the person  
10 intends to enroll a letter of intent to establish residence in North Carolina.

11 (c1) Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the  
12 transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public  
13 Health Service, or the National Oceanic and Atmospheric Administration are eligible for the  
14 in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides  
15 the institution of higher education a letter of intent to establish residency in North Carolina.

16 (c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. §  
17 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the  
18 death in the line of duty followed a period of active duty service of 90 days or more, are eligible  
19 to receive in-State tuition under this section, provided the recipient's abode is in North Carolina  
20 and the recipient provides the institution of higher education a letter of intent to establish  
21 residency in North Carolina.

22 (d) After the expiration of the three-year period following discharge as described in 38  
23 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits under 38 U.S.C.  
24 Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (c)  
25 of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C.  
26 Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for  
27 the in-State tuition rate so long as the covered individual remains continuously enrolled (other  
28 than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that  
29 institution of higher education.

30 (e) The individual applying for the benefit of this section has the burden of proving  
31 entitlement to the benefit."

32 **SECTION 8.13.(b)** This section applies to qualifying veterans and other individuals  
33 who are enrolled or who enroll in institutions of higher education for any academic quarter, term,  
34 or semester that begins on or after the date this act becomes law.

## 36 UMSTEAD ACT EXEMPTION/NC A&T STATE UNIVERSITY

37 **SECTION 8.14.** G.S. 66-58(c) reads as rewritten:

38 "(c) The provisions of subsection (a) shall not prohibit:

39 (1) The sale of products of experiment stations or test farms.

40 (1a) The sale of products raised or produced incident to the operation of a  
41 community college or college viticulture/enology program as authorized by  
42 G.S. 18B-1114.4 or the operation of a community college or college brewing,  
43 distillation, or fermentation program as authorized by G.S. 18B-1114.6.

44 (1b) The sale by North Carolina State University at University-owned facilities of  
45 dairy products, including ice cream, cheeses, milk-based beverages, and the  
46 by-products of heavy cream, produced by the Dairy and Process Applications  
47 Laboratory, so long as any profits are used to support the Department of Food  
48 Science and College of Agriculture and Life Sciences at North Carolina State  
49 University.

50 (1c) The sale by North Carolina Agricultural and Technical State University (NC  
51 A&T State University) at University-owned facilities of dairy products,

1 including ice cream, cheeses, milk-based beverages, and the by-products of  
 2 heavy cream, produced by the University Farm at NC A&T State University,  
 3 so long as any profits are used to support the Agricultural Research Program  
 4 in the College of Agriculture and Environmental Sciences at NC A&T State  
 5 University.

6 ...."

7  
 8 **UNC REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES**

9 **SECTION 8.15.** G.S. 116-11 is amended by adding the following new subdivision  
 10 to read:

11 "(9b) The Board of Governors shall report by February 1 of each year to the Joint  
 12 Legislative Education Oversight Committee, the Senate Appropriations  
 13 Committee on Education/Higher Education, the House of Representatives  
 14 Appropriations Subcommittee on Education, and the Fiscal Research Division  
 15 on the actions and adjustments necessary to its budgetary policies, regulations,  
 16 and standards resulting from the Current Operations Appropriations Act for  
 17 the administration and operation of The University of North Carolina and the  
 18 distribution of State and federal funds to constituent institutions. The report  
 19 shall include at least the following information for each constituent institution:  
 20 a. Guidelines related to State salaries of University of North Carolina  
 21 employees, including range, median, and mean of faculty salaries at  
 22 the institution.  
 23 b. Budget allocations and reductions, including for operating expenses  
 24 and specific programs.  
 25 c. Distribution of additional State allocations for enrollment funding.  
 26 d. Use of State funds and budget flexibility.  
 27 e. Availability of federal funds.  
 28 f. Tuition and fees.  
 29 g. Composition of the student population at the institution, including  
 30 headcount enrollment and full-time student enrollment for both  
 31 undergraduate and graduate students, and aggregate data on residency  
 32 status, median household income, gender, race, and ethnicity.  
 33 h. Student retention and graduation rates.  
 34 i. Postsecondary educational attainment rate at the institution, including  
 35 comparison to statewide data.  
 36 j. A comparison to prior fiscal year expenditures and appropriations."  
 37

38 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

39  
 40 **NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF**  
 41 **VETERANS AND ACTIVE DUTY MILITARY**

42 **SECTION 8A.4.(a)** G.S. 116-281(3) reads as rewritten:

43 "(3) The student must meet at least one of the following:

- 44 a. Qualify as a legal resident of North Carolina and as a resident for  
 45 tuition purposes under the criteria set forth in G.S. 116-143.1 and in  
 46 accordance with definitions of residency that may from time to time  
 47 be adopted by the Board of Governors of The University of North  
 48 Carolina.  
 49 b. Be a veteran provided the veteran's abode is in North Carolina and the  
 50 veteran provides the eligible private postsecondary institution a letter  
 51 of intent to establish residency in North Carolina.

- c. Be an active duty member of the Armed Forces provided the member of the Armed Forces is abiding in this State incident to active military duty in this State.
- d. Be the dependent relative of a veteran who is abiding in North Carolina while sharing an abode with the veteran and the dependent relative provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
- e. Be the dependent relative of an active duty member of the Armed Forces who is abiding in North Carolina incident to active military duty while sharing an abode with the active duty member."

**SECTION 8A.4.(b)** This section applies beginning with the award of scholarships for the 2020-2021 academic year.

**EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS**

**SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

**"§ 115C-499.2. Eligibility requirements for a scholarship.**

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

- (1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students whose expected family contribution under the federal methodology does not exceed ~~five~~six thousand dollars (~~\$5,000~~)-(\$6,000).

...."

**SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

"(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a scholarship awarded under this Article to a student at an eligible postsecondary institution shall be based upon the enrollment status and expected family contribution of the student and shall not exceed ~~four~~five thousand one hundred dollars (~~\$4,000~~)-(\$5,100) per academic year, including any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV programs."

**SECTION 8A.5.(c)** This section applies beginning with the award of scholarships for the 2020-2021 academic year.

**MODIFY NC TEACHING FELLOWS PROGRAM**

**SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsections (b) and (c) of this section, reads as rewritten:

**"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

...

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with ~~five~~up to eight institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

- (1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.

- 1 (2) Demonstrates measurable impact of prior graduates on student learning,  
2 including impact of graduates teaching in STEM or special education  
3 licensure areas.
- 4 (3) Demonstrates high rates of graduates passing exams required for teacher  
5 licensure.
- 6 (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
7 learning for diverse learners, and promotes community engagement,  
8 classroom management, and reflection and assessment.
- 9 (5) Requires at least a minor concentration of study in the subject area that the  
10 candidate may teach.
- 11 (6) Provides early and frequent internship or practical experiences, including the  
12 opportunity for participants to perform practicums in diverse school  
13 environments.
- 14 (7) Is approved by the State Board of Education as an educator preparation  
15 program.
- 16 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected  
17 students to be used at ~~the five up to eight~~ selected institutions for completion of a program leading  
18 to initial teacher licensure as follows:

19 ...."

20 **SECTION 8A.6.(b)** G.S. 116-209.62(c)(3) reads as rewritten:

21 "(3) The Authority shall provide the Commission with up to six hundred thousand  
22 dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission  
23 to provide mentoring and coaching support to forgivable loan recipients  
24 through the North Carolina New Teacher Support Program as follows:

- 25 a. ~~Up in an amount of up to two thousand two hundred dollars (\$2,000)~~  
26 ~~(\$2,200) for each Program recipient-recipient. Funds shall be~~  
27 ~~prioritized for teachers serving as a teacher in a North Carolina public~~  
28 ~~school-schools identified as low-performing under G.S. 115C-105.37.~~
- 29 b. ~~Up to one thousand dollars (\$1,000) for each Program recipient~~  
30 ~~serving as a teacher in a North Carolina public school not identified as~~  
31 ~~low-performing under G.S. 115C-105.37."~~

32 **SECTION 8A.6.(c)** G.S. 116-209.62(g)(4) reads as rewritten:

33 "(4) Students matriculating at institutions of higher education who are changing to  
34 ~~enrollment in an approved program of study at~~ a selected educator preparation  
35 program. – Forgivable loans of up to four thousand one hundred twenty-five  
36 dollars (\$4,125) per semester for up to four semesters."

37 **SECTION 8A.6.(d)** Subsection (a) of this section applies to the award of forgivable  
38 loans beginning with the 2020-2021 academic year.

39  
40 **COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH**  
41 **DISABILITIES**

42 **SECTION 8A.9.(a)** Article 41 of Chapter 115C of the General Statutes reads as  
43 rewritten:

44 "Article 41.

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

46 "**§ 115C-590. North Carolina Personal Education Savings Account-Student Accounts for**  
47 **Children with Disabilities Program established.**

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

51 "**§ 115C-591. Definitions.**

1 The following definitions apply in this Article:

- 2 (1) Authority. – Defined in G.S. 116-201.
- 3 (2) Division. – The Division of Nonpublic Education, Department of  
4 Administration.
- 5 (2a) Educational technology. – As defined annually by the Authority, an item,  
6 piece of equipment, material, product, or system which may be purchased  
7 commercially off the shelf, modified, or customized and that is used primarily  
8 for educational purposes for a child with a disability.
- 9 (3) Eligible student. – A student residing in North Carolina who has not yet  
10 received a high school diploma and who meets all of the following  
11 requirements:
- 12 a. Is eligible to attend a North Carolina public school pursuant to  
13 ~~G.S. 115C-366~~ Article 25 of this Chapter. A child who is the age of  
14 four on or before April 16 is eligible to attend the following school  
15 year if the principal, or equivalent, of the school in which the child  
16 seeks to enroll finds that the student meets the requirements of  
17 G.S. 115C-364(d) and those findings are submitted to the Authority  
18 with the child's application.
- 19 b. Has not ~~been~~ enrolled in a postsecondary institution ~~in a matriculated~~  
20 ~~status eligible for enrollment for~~ as a full-time student taking at least  
21 12 hours of academic credit.
- 22 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~  
23 ~~including, for example, intellectual disability, hearing impairment,~~  
24 ~~speech or language impairment, visual impairment, serious emotional~~  
25 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~  
26 ~~other health impairments, specific learning disability, or disability as~~  
27 ~~may be required to be included under IDEA. G.S. 115C-106.3(1).~~
- 28 d. Has not been placed in a nonpublic school or facility by a public  
29 agency at public expense.
- 30 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of  
31 Article 39 of this Chapter, as identified by the Division.
- 32 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 33 (5a) Part-time student. – A child enrolled part time in a public school and part time  
34 in a nonpublic school that exclusively provides services for children with  
35 disabilities.
- 36 (6) Personal Education ~~Savings Student~~ Account or PESA. – A bank account  
37 provided to a parent for the purpose of holding scholarship funds awarded by  
38 the Authority for an eligible student to be used for qualifying education  
39 expenses under G.S. 115C-595.

40 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings student~~ account.**

41 (a) Application Selection. – The Authority shall make available no later than February 1  
42 of each year applications to eligible students for the award of scholarship funds for a personal  
43 education ~~savings student~~ account to be used for qualifying education expenses to attend a  
44 nonpublic school. Information about scholarship funds and the application process shall be made  
45 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~  
46 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to  
47 the following ~~criteria:~~ criteria for applications received by March 1 of each year:

- 48 (1) First priority shall be given to eligible students who were awarded scholarship  
49 funds for a PESA during the previous school year ~~if those students have~~  
50 ~~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 (i) nine thousand dollars (\$9,000) per eligible student for the  
7 ~~fiscal school year in for which the application is received, except received~~ or (ii) for eligible  
8 part-time students, ~~who shall be awarded scholarships each year for an amount not to exceed~~  
9 ~~students~~, four thousand five hundred dollars (\$4,500) per eligible student for the ~~fiscal school~~  
10 ~~year in for which the application is received.~~ Any funds remaining on a debit card or in an  
11 electronic account provided under subsection (b2) of this section at the end of a school year for  
12 eligible students who qualify only under this subsection shall be returned to the Authority.

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

- 17 (1) Autism.
- 18 (2) Hearing impairment.
- 19 (3) Moderate or severe intellectual or developmental disability.
- 20 (4) Multiple, permanent orthopedic impairments.
- 21 (5) Visual impairment.

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

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

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

- 48 (1) An eligible student under this Article may receive, in addition to a PESA, a  
49 scholarship under Part 2A of Article 39 of this Chapter.
- 50 (2) ~~An eligible student under this Article may receive, in addition to a PESA and~~  
51 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~

1 ~~the special education scholarship program for children with disabilities~~  
 2 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~  
 3 ~~more of the following disabilities:~~

- 4 a. ~~Autism.~~  
 5 b. ~~Developmental disability.~~  
 6 c. ~~Hearing impairment.~~  
 7 d. ~~Moderate or severe intellectual disability.~~  
 8 e. ~~Multiple, permanent orthopedic impairments.~~  
 9 f. ~~Visual impairment.~~

10 (d) Applications Not Public Records. – Applications for scholarship funds and personally  
 11 identifiable information related to eligible students receiving funds shall not be a public record  
 12 under Chapter 132 of the General Statutes. For the purposes of this section, personally  
 13 identifiable information means any information directly related to a student or members of a  
 14 student's household, including the name, birthdate, address, Social Security number, telephone  
 15 number, e-mail address, or any other information or identification number that would provide  
 16 information about a specific student or members of a specific student's household.

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

- 20 (1) ~~The by having the child has been assessed by a local education agency and~~  
 21 ~~determined the local education agency determining the child to be a child with~~  
 22 ~~a disability and with that outcome is verified by the local education agency on~~  
 23 ~~a form provided to the Authority.~~  
 24 (2) ~~The child was initially assessed by a local education agency and determined~~  
 25 ~~to be a child with a disability and, following receipt of a scholarship awarded~~  
 26 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~  
 27 ~~continuing eligibility, as provided in G.S. 115C 112.6(c)(2), by the assessing~~  
 28 ~~psychologist or psychiatrist. Both the initial verification from the local~~  
 29 ~~education agency and the continuing verification by the assessing~~  
 30 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

31 **"§ 115C-593. Student continuing eligibility.**

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

- 34 (1) The local education agency. – The local education agency shall assess if the  
 35 student continues to be a child with a disability and verify the outcome on a  
 36 form to be provided to the Authority.  
 37 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –  
 38 The psychologist or psychiatrist shall assess, after review of appropriate  
 39 medical and educational records, if the education and related services received  
 40 by the student in the nonpublic school setting have improved the child's  
 41 educational performance and if the student would continue to benefit from  
 42 placement in the nonpublic school setting. The psychologist or psychiatrist  
 43 shall verify the outcome of the assessment on a form to be provided to the  
 44 Authority.

45 **"§ 115C-594. Verification of eligibility.**

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

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

5 **"§ 115C-595. Parental agreement; use of funds.**

6 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship  
7 recipient with a written agreement, applicable for each year the eligible student receives  
8 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving  
9 the scholarship funds. The agreement shall be submitted to the Authority electronically. The  
10 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.  
11 A parent or eligible student's failure to comply with this section shall result in a forfeit of  
12 scholarship funds and those funds may be awarded to another eligible student. The parent shall  
13 agree to the following conditions in order to receive scholarship funds under this Article:

- 14 (1) Use at least a portion of the scholarship funds to provide an education to the  
15 eligible student in, at a minimum, the subjects of English language arts,  
16 mathematics, social studies, and science.
- 17 (2) Unless the student is a part-time eligible student, release a local education  
18 agency in which the student is eligible to attend under G.S. 115C-366 of all  
19 obligations to educate the eligible student while the eligible student is  
20 receiving scholarship funds under this Article. A parent of a student, other  
21 than a part-time eligible student, who decides to enroll the student into the  
22 local education agency or other North Carolina public school during the term  
23 of the agreement shall notify the Authority to request a release from the  
24 agreement and shall return any unexpended funds to the Authority.
- 25 (3) Use the scholarship funds deposited into a personal education ~~savings~~ student  
26 account only for the following qualifying education expenses of the eligible  
27 student:
  - 28 a. Tuition and fees for a nonpublic school that meets the requirements of  
29 Part 1 or Part 2 of Article 39 of this Chapter and is subject to the  
30 requirements of G.S. 115C-562.5. Tuition and fees may only be  
31 disbursed to the nonpublic school as provided in subdivision (1) of  
32 subsection (a1) of this section.
  - 33 b. Textbooks required by a nonpublic school.
  - 34 c. Tutoring and teaching services provided by an individual or facility  
35 accredited by a State, regional, or national accrediting organization.
  - 36 d. Curricula.
  - 37 e. Fees for nationally standardized norm-referenced achievement tests,  
38 advanced placement tests, or nationally recognized college entrance  
39 exams.
  - 40 f. Fees charged to the account holder for the management of the PESA.
  - 41 g. Fees for services provided by a public school, including individual  
42 classes and extracurricular programs.
  - 43 h. Premiums charged to the account holder for any insurance or surety  
44 bonds required by the Authority.
  - 45 i. Educational therapies from a licensed or accredited practitioner or  
46 provider.
  - 47 j. Educational technology defined by the Authority as approved for use  
48 pursuant to ~~Part 1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
  - 49 k. Student transportation, pursuant to a contract with an entity that  
50 regularly provides student transportation, to and from (i) a provider of  
51 education or related services or (ii) an education activity.

1           (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding  
2 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible  
3 student may pay tuition to certain schools with funds other than funds  
4 available in the personal education student account and then request  
5 reimbursement from the Authority from scholarship funds if the parent  
6 complies with the provisions of subdivision (2) of subsection (a1) of this  
7 section.

8           (4) Not use scholarship funds for any of the following purposes:

- 9           a. Computer hardware or other technological devices not defined by the  
10 Authority as educational technology approved for use pursuant to ~~Part~~  
11 ~~4H of Article 9 of this Chapter.~~ G.S. 115C-591(2a).  
12           b. Consumable educational supplies, including paper, pen, or markers.  
13           c. Tuition and fees at an institution of higher education, as defined in  
14 G.S. 116-143.1, or a private postsecondary institution.  
15           d. Tuition and fees for a nonpublic school that meets the requirements of  
16 Part 3 of Article 39 of this Chapter.

17           (a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds  
18 awarded to eligible students for tuition at a nonpublic school based upon the method selected by  
19 the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement  
20 for tuition option or the reimbursement for tuition option as set forth in this subsection.  
21 Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds  
22 for tuition shall be disbursed as follows:

23           (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two  
24 times each school year, scholarship funds from the personal education student  
25 account for eligible students who attend nonpublic schools who meet the  
26 requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this  
27 section to the nonpublic school for endorsement by at least one of the student's  
28 parents or guardians. The parent or guardian shall restrictively endorse the  
29 scholarship funds awarded to the eligible student for deposit into the account  
30 of the nonpublic school to the credit of the eligible student. The parent or  
31 guardian shall not designate any entity or individual associated with the school  
32 as the parent's attorney-in-fact to endorse the scholarship funds. A parent's or  
33 guardian's failure to comply with this subdivision shall result in forfeiture of  
34 the scholarship funds for tuition. Scholarship funds forfeited for failure to  
35 comply with this subdivision shall be returned to the Authority to be awarded  
36 to another student.

37           (2) Reimbursement for tuition. – The parent or guardian of an eligible student  
38 who enrolls in a school that is (i) a North Carolina public school other than  
39 the public school to which that student would have been assigned as provided  
40 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of  
41 Part 1 or Part 2 of Article 39 of this Chapter and is identified and deemed  
42 eligible by the Division but elects not to be subject to G.S. 115C-562.5, may  
43 pay tuition directly to the school with funds other than scholarship funds and  
44 request reimbursement with funds available in the personal education student  
45 account under subdivision (4) of subsection (a) of this section. However, the  
46 Authority shall not reimburse the parent or guardian prior to the midpoint of  
47 each semester. A parent or guardian may only receive reimbursement for  
48 tuition if the parent or guardian provides documentation to the Authority that  
49 the student is enrolled in the school.

50           (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services  
51 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to

1 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund  
2 is required.

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

5 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
6 **savings-student account information.**

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

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

13 **"§ 115C-597. Administration.**

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

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

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

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

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

33 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship  
34 funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars~~  
35 ~~(\$250,000)~~ four percent (4%) of the funds appropriated for the program each fiscal year for  
36 administrative costs associated with the program, including contracting with non-State entities  
37 for administration of certain components of the program.

38 **"§ 115C-598. Reporting requirements.**

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

- 41 (1) Total number, grade level, race, ethnicity, and sex of eligible students  
42 receiving scholarship funds.
- 43 (2) Total amount of scholarship funding awarded.
- 44 (3) Number of students previously enrolled in public schools in the prior semester  
45 by the previously attended local education agency.
- 46 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
47 numbers of scholarship recipients at each nonpublic school.
- 48 (5) The number of substantiated cases of fraud by recipients and the number of  
49 parents or students removed from the program for noncompliance with the  
50 provisions of this Article.

51 **"§ 115C-599. Duties of State agencies.**

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

6           (1) Conduct evaluations requested by a child's parent or guardian of suspected  
7 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner  
8 as required by IDEA.

9           (2) Provide assessments for continuing eligibility to identified children with  
10 disabilities receiving scholarship funds at the request of the parent or guardian  
11 to ensure compliance with G.S. 115C-593.

12       (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,  
13 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred  
14 each fiscal year by the Authority to the Department for reevaluations by local school  
15 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual  
16 annual cost requirements."

17       **SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a  
18 student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C  
19 of the General Statutes for the 2019-2020 school year or a student who received a scholarship  
20 pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school  
21 year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal  
22 education student account for the 2020-2021 school year if the student applies by March 1, 2020.

23       **SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is  
24 repealed.

25       **SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

26       "(4) It receives no funding from the State of North Carolina. For the purposes of  
27 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~  
28 ~~Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to  
29 eligible students attending a nonpublic school shall not be considered funding  
30 from the State of North Carolina."

31       **SECTION 8A.9.(e)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of  
32 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

33       **SECTION 8A.9.(f)** G.S. 105-153.5(b)(12) reads as rewritten:

34       "(12) The amount deposited during the taxable year to a personal education ~~savings~~  
35 student account under Article 41 of Chapter 115C of the General Statutes."

36       **SECTION 8A.9.(g)** This section does not affect the rights or liabilities of the State,  
37 a taxpayer, or another person arising under a statute amended by this section before the effective  
38 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued  
39 under the amended statute before the effective date of its amendment.

40       **SECTION 8A.9.(h)** Subsection (a) of this section applies beginning with scholarship  
41 funds awarded for the 2020-2021 school year. Subsections (c) through (e) of this section become  
42 effective July 1, 2020. Subsection (f) of this section applies to taxable years beginning on or after  
43 January 1, 2020.

44  
45 **MAINTAIN ADMINISTRATION FOR CURRENT GRANT RECIPIENTS OF THE**  
46 **EXISTING TRANSFORMING PRINCIPAL PREP PROGRAM AND PHASE IN**  
47 **ADMINISTRATION BY THE NEW PRINCIPAL FELLOWS AND TP3**  
48 **COMMISSION**

49       **SECTION 8A.10.(a)** Effective June 30, 2019, subsections (a) through (d) of Section  
50 2 of S.L. 2018-145 are repealed.

51       **SECTION 8A.10.(b)** Section 2(f) of S.L. 2018-145 reads as rewritten:

1 "SECTION 2.(f) Notwithstanding any provision of Part 4 of Article 23 of Chapter 116 of  
2 the General Statutes to the contrary, the nonprofit corporation contracting with the State  
3 Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,  
4 shall not ~~enter into or execute any new contracts, including the award of any new grants,~~  
5 ~~associated with grants~~ or award a grant renewal for the Transforming Principal Preparation Grant  
6 Program on or after the date this act becomes law."

7 SECTION 8A.10.(c) Section 2(g) of S.L. 2018-145 reads as rewritten:

8 "SECTION 2.(g) ~~As soon as practicable, but no later than June 30, 2019, For grantees~~  
9 ~~selected for grants prior to January 1, 2019, through the Transforming Principal Preparation~~  
10 ~~Grant Program under G.S. 116-209.73, the nonprofit corporation contracting with the State~~  
11 ~~Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,~~  
12 G.S. 116-209.71 shall transfer to the North Carolina Principal Fellows and TP3 Commission (i)  
13 by June 30, 2020, all of the data in its possession that was collected from grant recipients with  
14 the term of the grant ending prior to July 1, 2020, in accordance with G.S. 116-209.73, including  
15 any data collected during the 2018-2019 2019-2020 fiscal year. and (ii) by June 30, 2021, all  
16 of the data in its possession that was collected from grant recipients with the term of the grant  
17 ending prior to July 1, 2022, in accordance with G.S. 116-209.73, including any data collected  
18 during the 2020-2021 fiscal year."

19 SECTION 8A.10.(d) Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5  
20 of S.L. 2017-57 and as amended by Section 10A.4 of S.L. 2018-5, reads as rewritten:

21 "SECTION 11.9.(o) ~~Beginning with For the 2017-2018 2017-2018, 2018-2019, and~~  
22 ~~2019-2020 fiscal year, years,~~ of the funds appropriated for this program, the sum of four million  
23 two hundred thousand dollars (\$4,200,000) shall be allocated each fiscal year to the State  
24 Education Assistance Authority (Authority) to award grants to ~~selected recipients.~~  
25 selected prior to January 1, 2019, pursuant to G.S. 116-209.73.

26 For the 2020-2021 fiscal year, of the funds appropriated for this program, the sum of two  
27 million five hundred fifteen thousand ninety-eight dollars (\$2,515,098) shall be allocated to the  
28 Authority to award grants to recipients selected prior to January 1, 2019, pursuant to  
29 G.S. 116-209.73."

30 SECTION 8A.10.(e) G.S. 116-209.70 reads as rewritten:

31 "~~§ 116-209.70. Purpose and definitions.~~Purpose, definitions, and applicability.

32 (a) Purpose. – The purpose of this Part is to establish the Transforming Principal  
33 Preparation Grant Program as a competitive grant program for eligible entities to elevate  
34 educators in North Carolina public schools by transforming the preparation of principals across  
35 the ~~State.~~State and providing for forgivable scholarship loans to participants of those school  
36 leader preparation programs. The Authority shall administer this Program through a cooperative  
37 agreement with a private, nonprofit corporation to provide funds for the preparation and support  
38 of highly effective future school principals in North Carolina.

39 (b) Definitions. – For the purposes of this Part, the following definitions apply:

40 ...

41 (5a) Public school. – An elementary or secondary school located in North Carolina  
42 that is operated by a local board of education, charter school board of  
43 directors, regional school board of directors, chancellor for a University of  
44 North Carolina laboratory school, an innovative school operator, or the United  
45 States government.

46 ...

47 (c) Applicability of Part. – The provisions of this Part shall only apply to the  
48 administration of the Transforming Principal Preparation Grant Program for grant recipients  
49 selected for the award of grants prior to January 1, 2019."

50 SECTION 8A.10.(f) G.S. 116-209.73(c) reads as rewritten:

1 "(c) Duration of Grants. – The nonprofit corporation shall also recommend to the  
2 Authority the duration and renewal of grants to eligible entities according to the following:

3 (1) The duration of grants shall be as follows:

4 a. ~~Grants shall be no more than five years in duration.~~

5 b. ~~The nonprofit corporation may recommend renewal of a grant based  
6 on performance, including allowing the grantee to scale up or replicate  
7 the successful program as provided in subdivision (2) of this  
8 subsection.~~

9 (1a) The following conditions shall apply during the grant period:

10 e.a. The nonprofit shall develop a process with the Authority for early  
11 retrieval of grant funds from grant recipients due to noncompliance  
12 with grant terms, including participation in third-party evaluation  
13 activities.

14 b. Grantees shall develop and enforce requirements for program  
15 graduates to serve a minimum of four years as school-based  
16 administrators in public school located in North Carolina.  
17 Requirements are subject to the approval of The grantee shall facilitate  
18 the execution of promissory notes between the Authority and program  
19 participants containing the terms for forgivable scholarship loans,  
20 including requirements for forgiveness or repayment, consistent with  
21 requirements approved by the nonprofit corporation and  
22 the provisions of G.S. 116-209.76.

23 (2) ~~In evaluating performance for purposes of grant renewal and making  
24 recommendations to the Authority, the nonprofit corporation shall consider at  
25 least the following:~~

26 a. ~~For all grantees, the primary consideration in renewing grants shall be  
27 the extent to which program participants improved student  
28 achievement in eligible schools.~~

29 b. ~~Other criteria from data received in the annual report in subsection (d)  
30 of this section may include the following:~~

31 1. ~~The percentage of program completers who are placed as  
32 school leaders in this State within three years of receiving a  
33 grant.~~

34 2. ~~The percentage of program completers who are rated proficient  
35 or above on the North Carolina School Executive Evaluation  
36 Rubric."~~

37 **SECTION 8A.10.(g)** Part 4 of Article 23 of Chapter 116 of the General Statutes is  
38 amended by adding a new section to read:

39 **"§ 116-209.76. Terms of forgivable scholarship loans.**

40 (a) Notes. – All forgivable scholarship loans shall be evidenced by notes made payable  
41 to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the  
42 Authority and beginning 90 days after completion of the school leader preparation program, or  
43 90 days after termination of the loan, whichever is earlier. The forgivable scholarship loan may  
44 be terminated upon the recipient's withdrawal from the preparation program or by the recipient's  
45 failure to meet the standards set by the nonprofit corporation and the grantee.

46 (b) Forgiveness. – The Authority shall forgive the total amount of a forgivable  
47 scholarship loan and any interest accrued on the loan if, within seven years after graduation from  
48 a school leader preparation program, exclusive of any authorized deferment for extenuating  
49 circumstances, the recipient serves as a school administrator at a North Carolina public school  
50 for four years. A program participant shall be eligible for a forgivable scholarship loan in the

1 amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program,  
2 with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

3 For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the  
4 total amount of the loan forgiven, regardless of whether the recipient serves for the entire four  
5 years as a school administrator in a North Carolina public school. The nonprofit corporation, in  
6 collaboration with the grantees, shall monitor the acceptability of service repayment agreements  
7 and compliance of the recipient with the agreement. The nonprofit corporation shall notify the  
8 Authority of any relevant information or change in the circumstances pertaining to the recipient  
9 impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be  
10 forgiven if the nonprofit corporation finds it is impossible for the recipient to work for four years  
11 as a school administrator, within seven years after completion of the preparation program  
12 supported by the loan, because of the death or permanent disability of the recipient. If the  
13 recipient repays the forgivable scholarship loan by cash payments to the Authority, all  
14 indebtedness shall be repaid within 12 years after completion of the school leader preparation  
15 program supported by the loan. If the recipient completes the school leader preparation program,  
16 payment of principal and interest shall begin no later than 27 months after the completion of the  
17 program. Should a recipient present extenuating circumstances, the Authority may extend the  
18 period to repay the forgivable scholarship loan in cash to no more than a total of 15 years."

19 **SECTION 8A.10.(h)** Effective July 1, 2021, Part 4 of Article 23 of Chapter 116 of  
20 the General Statutes, as amended, is repealed.

21 **SECTION 8A.10.(i)** Effective July 1, 2021, Section 11.9(m) of S.L. 2015-241, as  
22 amended by Section 4.3 of S.L. 2016-123, Section 10A.5 of S.L. 2017-57, and Section 10A.4 of  
23 S.L. 2018-5, is repealed.

24 **SECTION 8A.10.(j)** Effective July 1, 2021, Section 11.9(o) of S.L. 2015-241, as  
25 enacted by Section 10A.5 of S.L. 2017-57, and amended by Section 10A.4 of S.L. 2018-5 and  
26 subsection (d) of this section, is repealed.

27 **SECTION 8A.10.(k)** Article 5C of Chapter 116 of the General Statutes reads as  
28 rewritten:

29 "Article 5C.

30 "North Carolina Principal Fellows and Transforming Principal Preparation Program.

31 "**§ 116-74.41. North Carolina Principal Fellows and TP3 Commission established;**  
32 **membership.**

33 (a) There is established the North Carolina Principal Fellows and TP3 Commission. The  
34 Commission shall exercise its powers and duties independently ~~of the Board of Governors of The~~  
35 ~~University of North Carolina.~~ in its administration of the North Carolina Principal Fellows and  
36 Transforming Principal Preparation Program, which includes the Principal Fellows Program and  
37 the North Carolina Transforming Principal Preparation Program, in accordance with this Article.  
38 The Director of the Principal Fellows Program shall staff the Commission. The State Education  
39 Assistance Authority ~~(SEAA)~~—as created in G.S. 116-203 shall be responsible for (i)  
40 implementing scholarship loan agreements, monitoring, cancelling through service, collecting  
41 and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans  
42 established in accordance with ~~G.S. 116-74.42.~~ G.S. 116-74.42 and (ii) awarding grants upon  
43 selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing  
44 agreements for forgivable scholarship loans, cancelling through service, collecting, and  
45 otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be  
46 administratively housed in The University of North Carolina System Office. Office space for the  
47 Commission shall not be located on the campus of a constituent institution.

48 (a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

49 (b) The Commission shall consist of ~~12~~ 15 members appointed as follows:

50 (1) One member of the Board of Governors of The University of North Carolina  
51 appointed by the chair of that board, notwithstanding G.S. 116-7(b).

- 1 (2) One member of the State Board of Education appointed by the State Board  
2 chair.
- 3 (3) ~~Two deans~~ One dean of schools a school of education appointed by the  
4 President of The University of North Carolina.
- 5 (3a) One dean of a school of education appointed by the President of the North  
6 Carolina Independent Colleges and Universities.
- 7 (4) One public school teacher appointed by the General Assembly upon the  
8 recommendation of the President Pro Tempore of the Senate.
- 9 (5) One public school principal appointed by the General Assembly upon the  
10 recommendation of the Speaker of the House of Representatives.
- 11 (6) A local superintendent chosen by the State Superintendent of Public  
12 Instruction.
- 13 (7) One member to represent business and industry appointed by the Governor.
- 14 (8) One local school board member appointed by the chair of the State Board of  
15 Education.
- 16 (9) ~~One parent of a public school child~~ human resources expert from the private  
17 sector appointed by the State Superintendent of Public Instruction.
- 18 (10) The chairperson of the Board of the State Education Assistance Authority.
- 19 (11) The director of the Principal Fellows Program. The director shall chair the  
20 Commission.
- 21 (12) The Executive Director of the North Carolina Principals and Assistant  
22 Principals' Association or his or her designee.
- 23 (13) The President of the Personnel Administrators of North Carolina or his or her  
24 designee.
- 25 (14) The President and Chief Executive Officer of North Carolina Business  
26 Leaders for Education (BEST NC) or his or her designee.

27 (c) ~~Initial appointments shall be made no later than September 15, 1993. Initial terms of~~  
28 ~~those members appointed to fill the teacher, principal, parent, superintendent, and the local school~~  
29 ~~board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the~~  
30 ~~Board of Governors of The University of North Carolina, State Board of Education, deans of~~  
31 ~~schools of education, and the member of business and industry seats shall expire July 1, 1997.~~  
32 ~~Thereafter, all~~ All appointments for these seats to the Commission shall be for four-year terms.

33 (d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing  
34 authority shall appoint another person to serve for the balance of the unexpired term. In the  
35 discretion of the appointing authority, a State Board of Education member or a member of the  
36 Board of Governors of The University of North Carolina may complete a term on the  
37 Commission after the member's appointment from the appointing board has expired.

38 (e) Commission members shall receive per diem, subsistence, and travel allowances in  
39 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

40 (f) The Commission shall meet regularly, at times and places deemed necessary by the  
41 chair.

42 "**§ 116-74.41A. Definitions.**

43 For the purposes of this Article, the following definitions apply:

- 44 (1) Authority or SEEA. – The State Education Assistance Authority as created in  
45 G.S. 116-203.
- 46 (2) Commission. – The North Carolina Principal Fellows and TP3 Commission.
- 47 (3) Eligible entity. – A for-profit or nonprofit organization or an institution of  
48 higher education that has an evidence-based plan for preparing school leaders  
49 who implement school leadership practices linked to increased student  
50 achievement.

- 1           (4)   High-need local school administrative unit. – A local school administrative  
2           unit with the majority of its schools deemed to be high-need schools as defined  
3           in subdivision (5) of this subsection.
- 4           (5)   High-need school. – A public school that meets one or more of the following  
5           criteria:
- 6           a.     Is a school identified under Part A of Title I of the Elementary and  
7           Secondary Education Act of 1965, as amended.
- 8           b.     Is a persistently low-achieving school, as identified by the Department  
9           of Public Instruction for purposes of federal accountability.
- 10          c.     A middle school containing any of grades five through eight that feeds  
11          into a high school with less than a seventy-five percent (75%)  
12          four-year cohort graduation rate.
- 13          d.     A high school with less than a seventy-five percent (75%) four-year  
14          cohort graduation rate.
- 15          (6)   North Carolina Transforming Principal Preparation Program. – The North  
16          Carolina Transforming Principal Preparation Program established pursuant to  
17          G.S. 116-74.44.
- 18          (7)   Principal. – The highest administrative official in a public school building  
19          with primary responsibility for the instructional leadership, talent  
20          management, and organizational development of the school.
- 21          (8)   Principal Fellows Program. – The Principal Fellows Program established  
22          pursuant to G.S. 116-74.42.
- 23          (9)   Program. – The North Carolina Principal Fellows and Transforming Principal  
24          Preparation Program, which shall include the Principal Fellows Program and  
25          the North Carolina Transforming Principal Preparation Program.
- 26          (10) Public school. – An elementary or secondary school located in North Carolina  
27          that is operated by a local board of education, charter school board of  
28          directors, regional school board of directors, chancellor for a University of  
29          North Carolina laboratory school, an innovative school operator, or the United  
30          States government.
- 31          (11) School leader. – An individual employed in a school leadership role, including  
32          principal or assistant principal roles.
- 33          (12) Student achievement. – At the whole school level, after three years of leading  
34          a school, consistent and methodologically sound measures of:
- 35          a.     Student academic achievement.
- 36          b.     Aggregated individual student academic growth.
- 37          c.     Additional outcomes, such as high school graduation rates, the  
38          percentage of students taking advanced-level coursework, or the  
39          percentage of students who obtain a career-related credential through  
40          a national business certification exam.
- 41          (13) Trust Fund. – The North Carolina Principal Fellows and TP3 Trust Fund  
42          established pursuant to G.S. 116-74.41B.

43 **§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

44        (a)   Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund  
45        shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated  
46        to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program  
47        purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds  
48        received as repayment of scholarship loans, and (iv) all interest earned on these funds shall be  
49        placed in the Trust Fund.

50        (b)   Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
51        for the purposes set forth in this subsection, including (i) scholarship loans granted under the

1 Principal Fellows Program, administrative costs, and costs associated with program operations  
2 in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any  
3 monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship  
4 loans awarded under the Principal Fellows Program and from any funds appropriated for the  
5 Program. The Authority may also use up to eight hundred thousand dollars (\$800,000) from the  
6 Trust Fund each fiscal year for the following:

- 7 (1) The Authority's Program administrative costs, including recovery of funds  
8 advanced under the program.
- 9 (2) The salary and benefits of the director and staff of the Principal Fellows  
10 Program.
- 11 (3) The expenses of the Commission for the Principal Fellows Program, including  
12 applicant recruitment.
- 13 (4) Funds provided to the Commission for Principal Fellows Program monitoring  
14 and evaluation and extracurricular enhancement activities for program  
15 recipients.
- 16 (5) The expenses of the Commission to administer grants pursuant to  
17 G.S. 116-74.44.

18 **"§ 116-74.42. Principal Fellows Program established; administration.**

19 (a) Program. – A Principal Fellows Program shall be administered by the North Carolina  
20 Principal Fellows and TP3 Commission in collaboration with the State Education Assistance  
21 Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to  
22 selected recipients and shall provide extracurricular enhancement activities for recipients. The  
23 North Carolina Principal Fellows and TP3 Commission shall determine selection criteria,  
24 methods of selection, and shall select recipients to receive scholarship loans made under the  
25 Principal Fellows Program.

26 ~~(a1) Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional~~  
27 ~~trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received~~  
28 ~~by, the Principal Fellows Program for scholarships and other program purposes, all funds~~  
29 ~~received as repayment of scholarship loans, and all interest earned on these funds shall be placed~~  
30 ~~in the Trust Fund.~~

31 ~~(a2) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only~~  
32 ~~for scholarship loans granted under the Principal Fellows Program, administrative costs, and~~  
33 ~~costs associated with program operations in accordance with this Article. The Authority may use~~  
34 ~~up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for (i) its~~  
35 ~~administrative costs, including recovery of funds advanced under the program; (ii) the salary and~~  
36 ~~benefits of the director of the program; (iii) the expenses of the Commission, including applicant~~  
37 ~~recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation~~  
38 ~~and extracurricular enhancement activities for program recipients.~~

39 (b) Director. – The Board of Governors of The University of North Carolina shall appoint  
40 a director of the Principal Fellows Program. The director shall chair and staff the Principal  
41 Fellows and TP3 Commission, and shall administer the extracurricular enhancement activities of  
42 the program. The ~~Board of Governors~~ University of North Carolina System Office shall provide  
43 office space and clerical support staff for the program. The office space shall not be located on  
44 the campus of a constituent institution.

45 ...

46 (g) Administration of the Program. – Upon the naming of recipients of the scholarship  
47 loans by the Principal Fellows and TP3 Commission, the Commission shall transfer to the State  
48 Education Assistance Authority (~~SEAA~~) its decisions. The ~~SEAA~~ Authority shall perform all of  
49 the administrative functions necessary to implement the requirements for the Principal Fellows  
50 Program under this Article, which functions shall include: rule making, dissemination of  
51 information, disbursement, receipt, liaison with participating educational institutions,

1 determination of the acceptability of service repayment agreements, and all other functions  
2 necessary for the execution, payment, and enforcement of promissory notes required for the  
3 Principal Fellows Program under this Article.

4 **"§ 116-74.43. Terms of loans; loans for the Principal Fellows Program; receipt and**  
5 **disbursement of funds.**

6 (a) All scholarship loans for the Principal Fellows Program shall be evidenced by notes  
7 made payable to the State Education Assistance Authority that bear interest at a rate not to exceed  
8 ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the  
9 school administrator program, or 90 days after termination of the scholarship loan, whichever is  
10 earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or  
11 by the recipient's failure to meet the standards set by the Commission.

12 ...

13 **"§ 116-74.44. North Carolina Transforming Principal Preparation Program established;**  
14 **administration.**

15 (a) Established. – There is established the North Carolina Transforming Principal  
16 Preparation Program as a competitive grant program for eligible entities for the purpose of  
17 elevating educators in North Carolina public schools by transforming the preparation of  
18 principals across the State and providing for forgivable scholarship loans to the participants of  
19 those school leader preparation programs. The Authority shall administer the grants in  
20 collaboration with the Commission to provide funds for the preparation and support of highly  
21 effective future school principals in North Carolina.

22 (b) Administration. – The Commission shall select grant recipients and notify the  
23 Authority for the award of the grants and monitor the implementation of forgivable scholarship  
24 loans to school leader preparation program participants, as authorized by this Article.

25 **"§ 116-74.45. Grant applications; priority.**

26 (a) Application Requirements. – Subject to the availability of funds for this purpose, the  
27 Commission shall issue a request for proposal with guidelines and criteria for applying for a  
28 grant. An eligible entity that seeks a grant shall submit to the Commission an application at such  
29 time, in such manner, and accompanied by such information as the Commission may require.  
30 Eligible entities may create partnerships to develop and establish school leader preparation  
31 programs and apply jointly to be a grant recipient. An applicant shall include at least the  
32 following information in its application for consideration by the Commission:

33 (1) The extent to which the entity has a demonstrated record of preparing school  
34 leaders who implement school leadership practices linked to increased student  
35 achievement.

36 (2) The extent to which the entity has a rigorous school leader preparation  
37 program design that includes the following research-based programmatic  
38 elements:

39 a. A proactive, aggressive, and intentional recruitment strategy.

40 b. Rigorous selection criteria based on competencies that are predictive  
41 of success as a school leader, including, but not limited to, evidence of  
42 significant positive effect on student learning growth in the classroom,  
43 at the public school level, professional recommendations, evidence of  
44 problem solving and critical thinking skills, achievement drive, and  
45 leadership of adults.

46 c. Alignment to high-quality national standards for school leadership  
47 development.

48 d. Rigorous coursework that effectively links theory with practice  
49 through the use of field experiences and problem-based learning.

50 e. Full-time paid clinical practice of at least five months and 750 hours  
51 in duration in an authentic setting, including substantial leadership

responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.

f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.

g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.

h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.

j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

(b) Application Priority. – The Commission shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

(1) Improvement in student achievement.

(2) Placement as school leaders in eligible schools.

(3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.

(4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.

(5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs.

**§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants; reporting requirements.**

(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to eight grant recipients to be operating a school leader preparation program with grant funds in any fiscal year.

(b) Use of Funds. – Each eligible entity that receives grant funds shall use those funds to carry out the following:

(1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.

(2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:

a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion that prepares candidates to do the following:

1. Provide instructional leadership, such as developing teachers' instructional practices and analyzing classroom and school-wide data to support teachers.

2. Manage talent, such as developing a high-performing team.

3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners, maintaining active

- 1 engagement with family and community members, and  
2 ensuring student safety.
- 3 4. Develop organizational practices, such as aligning staff,  
4 budget, and time to the instructional priorities of the school.
- 5 b. Providing opportunities for sustained and high-quality job-embedded  
6 practice in an authentic setting where candidates are responsible for  
7 moving the practice and performance of a subset of teachers or for  
8 school-wide performance as principal-in-planning or interim school  
9 leaders.
- 10 (3) Collecting data on program implementation and program completer outcomes  
11 for continuous program improvement.
- 12 (4) Covering the cost of attendance and completion for program participants for  
13 the school leader preparation program from the funds received on behalf of  
14 program participants through forgivable scholarship loans issued in  
15 accordance with the requirements of G.S. 116-74.48.
- 16 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority  
17 of its decisions on the duration and renewal of grants to eligible entities made in accordance with  
18 the following:
- 19 (1) The duration of grants shall be as follows:
- 20 a. Grants shall be no more than five years and no fewer than two years  
21 in duration, unless the Commission finds early termination of a grant  
22 is necessary due to noncompliance with grant terms.
- 23 b. The Commission may renew a grant based on compliance with the  
24 grant terms and performance, including allowing the grantee to scale  
25 up or replicate the successful program as provided in subdivision (3)  
26 of this subsection.
- 27 (2) The following conditions shall apply during the grant period:
- 28 a. The Commission shall develop a process with the Authority for early  
29 retrieval of grant funds from grant recipients due to noncompliance  
30 with grant terms, including participation in third-party evaluation  
31 activities.
- 32 b. The Commission shall develop and enforce requirements for the  
33 disbursement of funds to the grantee for forgivable scholarship loans  
34 on behalf of program participants, which shall include the requirement  
35 that program graduates serve a minimum of four years as school-based  
36 administrators in public schools located in North Carolina. The grantee  
37 shall facilitate the execution of promissory notes between the  
38 Authority and program participants containing the terms for forgivable  
39 scholarship loans, including requirements for forgiveness or  
40 repayment, consistent with requirements established by the  
41 Commission and the provisions of G.S. 116-74.48. The Commission  
42 shall monitor the repayment of a forgivable scholarship loan, in  
43 collaboration with grantees.
- 44 (3) In evaluating performance for purposes of grant renewal and making its  
45 renewal decisions to provide to the Authority, the Commission shall consider  
46 at least the following:
- 47 a. For all grantees, the primary consideration in renewing grants shall be  
48 the extent to which program participants improved student  
49 achievement in eligible schools.
- 50 b. Other criteria from data received in the annual report in subsection (d)  
51 of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.
2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (4) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

**§ 116-74.47. Reports.**

The Commission shall provide the State Board of Education, the Authority, and the Joint Legislative Education Oversight Committee with the data collected from grant recipients in accordance with G.S. 116-74.46 on an annual basis.

**§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

(a) Notes. – All forgivable scholarship loans for school leader preparation program participants shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient for participation in the school leader preparation program. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the Commission or the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The Commission, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements

1 and compliance of the recipient with the agreement. The Commission shall notify the Authority  
2 of any relevant information or change in the circumstances pertaining to the recipient impacting  
3 the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if  
4 the Commission finds it is impossible for the recipient to work for four years as a school  
5 administrator, within seven years after completion of the preparation program supported by the  
6 loan, because of the death or permanent disability of the recipient. If the recipient repays the  
7 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid  
8 within 12 years after completion of the school leader preparation program supported by the loan.  
9 If the recipient completes the school leader preparation program, payment of principal and  
10 interest shall begin no later than 27 months after the completion of the program. Should a  
11 recipient present extenuating circumstances, the Authority may extend the period to repay the  
12 forgivable scholarship loan in cash to no more than a total of 15 years."

13 **SECTION 8A.10.(l)** G.S. 120-123(59a) reads as rewritten:

14 "(59a) The North Carolina Principal Fellows and TP3 Commission established by  
15 G.S. 116-74.41."

16 **SECTION 8A.10.(m)** Notwithstanding G.S. 116-74.41, as amended by subsection  
17 (k) of this section, the terms of the current members serving on the Principal Fellows Commission  
18 representing two deans of schools of education and a parent of a public school child shall expire  
19 July 1, 2019. The initial appointment of the (i) human resources expert, (ii) one dean of a school  
20 of education appointed by the President of The University of North Carolina, and (iii) one dean  
21 of a school of education appointed by the President of the North Carolina Independent Colleges  
22 and Universities to the North Carolina Principal Fellows and TP3 Commission pursuant to  
23 G.S. 116-74.41, as amended by subsection (k) of this section, shall be made by August 1, 2019.  
24 The member appointed to represent a human resources expert shall serve for a term of four years  
25 to expire July 1, 2023. The member appointed to represent one dean of a school of education by  
26 the President of The University of North Carolina and the member appointed to represent one  
27 dean of a school of education by the President of the North Carolina Independent Colleges and  
28 Universities shall serve for terms of two years to expire July 1, 2021. The remaining members  
29 serving on the Principal Fellows Commission as of July 1, 2019, who were appointed pursuant  
30 to G.S. 116-74.41, shall serve the remainder of their terms as members of the North Carolina  
31 Principal Fellows and TP3 Commission.

32 **SECTION 8A.10.(n)** Notwithstanding G.S. 116-74.46, as enacted by subsection (k)  
33 of this section, a grantee awarded a grant pursuant to G.S. 116-209.73 for the 2019-2020 or  
34 2020-2021 fiscal year may apply to the North Carolina Principal Fellows and TP3 Commission  
35 for renewal of the grant in accordance with the requirements of G.S. 116-74.46. Effective July 1,  
36 2021, a grantee awarded a grant pursuant to G.S. 116-209.73 with a grant term extending on or  
37 after July 1, 2021, shall be subject to administration of the grant pursuant to Article 5C of Chapter  
38 116 of the General Statutes, as amended by this section, for the remainder of the grant term.

39 **SECTION 8A.10.(o)** Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are  
40 repealed.

41 **SECTION 8A.10.(p)** The North Carolina Principal Fellows and TP3 Commission  
42 shall make final scholarship loan awards for the Principal Fellows Program for the 2021 spring  
43 academic semester.

44 **SECTION 8A.10.(q)** Effective July 1, 2021, G.S. 116-204 reads as rewritten:

45 "**§ 116-204. Powers of Authority.**

46 The Authority is hereby authorized and empowered:

47 ...

48 (13) To collect loan repayments for scholarship loans awarded under the former  
49 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
50 repayment is outstanding for more than 30 days."

1           **SECTION 8A.10.(r)** Effective July 1, 2021, Article 23 of Chapter 116 of the General  
2 Statutes is amended by adding a new section to read:

3       "§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows  
4       Program.

5       (a)   The Authority shall, as of July 1, 2021, administer all outstanding scholarship loans  
6       previously awarded by the former North Carolina Principal Fellows Commission and subject to  
7       repayment under the former Principal Fellows Program administered pursuant to Article 5C of  
8       this Chapter.

9       (b)   All funds received by the Authority in association with its administration of the  
10       Principal Fellows Program, including all funds received as repayment of scholarship loans and  
11       all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows  
12       and TP3 Trust Fund established in G.S. 116-74.41B."

13       **SECTION 8A.10.(s)** Effective July 1, 2021, G.S. 116-74.41(a), as amended by this  
14 section, reads as rewritten:

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, which includes the~~  
18 ~~Principal Fellows Program and the North Carolina Transforming Principal Preparation Program,~~  
19 ~~Program~~ in accordance with this Article. ~~The Director of the Principal Fellows Program shall~~  
20 ~~staff the Commission.~~ The State Education Assistance Authority as created in G.S. 116-203 shall  
21 be responsible for ~~(i) implementing scholarship loan agreements, monitoring, cancelling through~~  
22 ~~service, collecting and otherwise enforcing the agreements for the Principal Fellows Program~~  
23 ~~scholarship loans established in accordance with G.S. 116-74.42 and (ii) for awarding grants~~  
24 upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and  
25 executing agreements for forgivable scholarship loans, cancelling through service, collecting,  
26 and otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be  
27 administratively housed in the University of North Carolina System Office. Office space for the  
28 Commission shall not be located on the campus of a constituent institution."

29       **SECTION 8A.10.(t)** Effective July 1, 2021, G.S. 116-74.41(b), as amended by this  
30 section, reads as rewritten:

31       "(b)   The Commission shall consist of 15 members appointed as follows:

32       ...

33       (11)   The director of the ~~Principal Fellows Program~~. The director shall chair the  
34 Commission."

35       **SECTION 8A.10.(u)** Effective July 1, 2021, G.S. 116-74.41A, as enacted by this  
36 section, reads as rewritten:

37       "§ 116-74.41A. Definitions.

38       For the purposes of this Article, the following definitions apply:

39       ...

40       ~~(6)   North Carolina Transforming Principal Preparation Program.—The North~~  
41       ~~Carolina Transforming Principal Preparation Program established pursuant to~~  
42       ~~G.S. 116-74.44.~~

43       (7)   Principal. – The highest administrative official in a public school building  
44 with primary responsibility for the instructional leadership, talent  
45 management, and organizational development of the school.

46       ~~(8)   Principal Fellows Program.—The Principal Fellows Program established~~  
47       ~~pursuant to G.S. 116-74.42.~~

48       (9)   Program. – The North Carolina Principal Fellows and Transforming Principal  
49 Preparation Program, which shall include the ~~Principal Fellows Program and~~  
50 ~~the North Carolina Transforming Principal Preparation Program.~~  
51       Program established pursuant to G.S. 116-74.44.

...."

SECTION 8A.10.(v) Effective July 1, 2021, G.S. 116-74.41B, as enacted by this section, reads as rewritten:

**"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

(a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, ~~(i) the Principal Fellows Program for scholarships and other program purposes, (ii) (i) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) (ii) all funds received as repayment of scholarship loans, including under the former Principal Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation Program under G.S. 116-209.76, and (iv) (iii) all interest earned on these funds shall be placed~~ in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including ~~(i) scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship loans awarded under the Principal Fellows Program and from any funds appropriated for the Program, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may also use up to two percent (2%) of the funds appropriated for the Program for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:~~

- ~~(1) The Authority's Program administrative costs, including recovery of funds advanced under the program.~~
- ~~(2) The salary and benefits of the director and staff of the Principal Fellows Program.~~
- ~~(3) The expenses of the Commission for the Principal Fellows Program, including applicant recruitment to administer the Program.~~
- ~~(4) Funds provided to the Commission for Principal Fellows Program monitoring and evaluation and extracurricular enhancement activities for program recipients participants.~~
- ~~(5) The expenses of the Commission to administer grants pursuant to G.S. 116-74.44."~~

SECTION 8A.10.(w) Effective July 1, 2021, G.S. 116-74.44, as enacted by this section, reads as rewritten:

**"§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation Program established; administration.**

(a) Established. – There is established the North Carolina Principal Fellows and Transforming Principal Preparation Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to the participants of those school leader preparation programs. The Authority shall administer the grants in collaboration with the Commission to provide funds for the preparation and support of highly effective future school principals in North Carolina.

(b) Administration. – The Commission shall select grant recipients and notify the Authority for the award of the grants and monitor the implementation of forgivable scholarship loans to school leader preparation program participants, as authorized by this Article. The Commission shall also coordinate with grant recipients to provide extracurricular enhancement activities for program participants.

1 (c) Prior Loan Monitoring. – The Commission shall also monitor the implementation of  
2 forgivable scholarship loans to school leader preparation program participants executed pursuant  
3 to G.S. 116-209.76, and the Authority shall administer all outstanding forgivable scholarship  
4 loans previously awarded and subject to repayment under the former Transforming Principal  
5 Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter."

6 **SECTION 8A.10.(x)** Effective July 1, 2021, Article 5C of Chapter 116 of the  
7 General Statutes, as amended by this section, is amended by adding a new section to read:

8 "**§ 116-74.49. Staff to the Commission.**

9 The Commission shall appoint a director of the North Carolina Principal Fellows and  
10 Transforming Principal Preparation Program. The director shall chair and staff the Commission  
11 and shall administer the extracurricular enhancement activities of the Program. The University  
12 of North Carolina System Office shall provide office space for the Program. The office space  
13 shall not be located on the campus of a constituent institution."

14 **SECTION 8A.10.(y)** Notwithstanding any other provision of law, beginning with  
15 the 2021-2022 fiscal year, of the funds appropriated from the General Fund to the Board of  
16 Governors of The University of North Carolina for the Transforming Principal Preparation Grant  
17 Program established under G.S. 116-209.70, the sum of three million forty-five thousand one  
18 hundred sixteen dollars (\$3,045,116) in recurring funds shall instead be appropriated to the  
19 Principal Fellows and TP3 Trust Fund established under G.S. 116-74.41B, as enacted by this  
20 section.

21  
22 **RAISE CAP ON OPPORTUNITY SCHOLARSHIP ADMINISTRATIVE COSTS**

23 **SECTION 8A.11.** G.S. 115C-562.8(c) reads as rewritten:

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

28  
29 **SEAA ADMINISTRATIVE COSTS FOR THE UNC NEED-BASED GRANT PROGRAM**

30 **SECTION 8A.12.** Beginning with the 2019-2020 fiscal year and subsequent fiscal  
31 years thereafter, of the funds appropriated to the Board of Governors of The University of North  
32 Carolina, the Board of Governors shall use three million four hundred thousand dollars  
33 (\$3,400,000) each fiscal year to cover the administrative costs of the State Education Assistance  
34 Authority in administering The University of North Carolina Need-Based Financial Aid  
35 Program.

36  
37 **PART IX. HEALTH AND HUMAN SERVICES**

38  
39 **PART IX-A. AGING AND ADULT SERVICES**

40  
41 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

42 **SECTION 9A.1.(a)** For each year of the 2019-2021 fiscal biennium, the maximum  
43 monthly rate for residents in adult care home facilities shall be one thousand one hundred  
44 eighty-two dollars (\$1,182) per month per resident.

45 **SECTION 9A.1.(b)** For each year of the 2019-2021 fiscal biennium, the maximum  
46 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five  
47 hundred fifteen dollars (\$1,515) per month per resident.

48  
49 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**  
50 **ALLOWANCE**

1           **SECTION 9A.2.(a)** Effective October 1, 2019, the Department of Health and Human  
2 Services, Division of Aging and Adult Services, shall increase the personal needs allowance  
3 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month  
4 per recipient to fifty-eight dollars (\$58.00) per month per recipient.

5           **SECTION 9A.2.(b)** Effective October 1, 2019, and notwithstanding the increase in  
6 the personal needs allowance authorized by subsection (a) of this section or any other provision  
7 of law to the contrary, the following limits are applicable for determining financial eligibility for  
8 State-County Special Assistance:

9           (1) The total countable monthly income for individuals residing in adult care  
10 home facilities shall not exceed one thousand two hundred twenty-eight  
11 dollars (\$1,228) per month.

12           (2) The total countable monthly income for individuals residing in  
13 Alzheimer's/Dementia special care units shall not exceed one thousand five  
14 hundred sixty-one dollars (\$1,561) per month.

15  
16 **AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM**  
17 **NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

18           **SECTION 9A.3.** G.S. 108A-47.1(a) reads as rewritten:

19           "(a) The Department of Health and Human Services may use funds from the existing  
20 State-County Special Assistance budget to provide Special Assistance payments to eligible  
21 individuals 18 years of age or older in in-home living arrangements. ~~These payments may be~~  
22 ~~made for up to fifteen percent (15%) of the caseload for all State-County Special Assistance.~~ The  
23 standard monthly payment to individuals enrolled in the Special Assistance in-home program  
24 shall be one hundred percent (100%) of the monthly payment the individual would receive if the  
25 individual resided in an adult care home and qualified for Special Assistance, except if a lesser  
26 payment amount is appropriate for the individual as determined by the local case manager. The  
27 Department shall implement Special Assistance in-home eligibility policies and procedures to  
28 assure that in-home program participants are those individuals who need and, but for the in-home  
29 program, would seek placement in an adult care home facility. The Department's policies and  
30 procedures shall include the use of a functional assessment."  
31

32 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

33  
34 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH**  
35 **TECHNOLOGY (NC FAST)**

36           **SECTION 9B.1.(a)** Of the funds appropriated to the Department of Health and  
37 Human Services, Division of Central Management and Support, the sum of eighteen million  
38 ninety-one thousand eight hundred sixty-four dollars (\$18,091,864) in nonrecurring funds for the  
39 2019-2020 fiscal year and the sum of eleven million two hundred twenty-nine thousand eight  
40 hundred twenty-one dollars (\$11,229,821) in nonrecurring funds for the 2020-2021 fiscal year  
41 shall be used for nonrecurring operations and maintenance expenses for the North Carolina  
42 Families Accessing Services Through Technology (NC FAST) system and to match federal funds  
43 to expedite development and implementation of the following within the NC FAST system: (i)  
44 the child welfare case management component, (ii) 24 hours per day/seven days per week access  
45 to the NC FAST system, and (iii) a document management solution to allow State and federal  
46 Program Integrity staff and the county departments of social services to share and provide data  
47 in a timely manner. The Department of Health and Human Services, Division of Central  
48 Management and Support, shall report any change in approved federal funding or federal match  
49 rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and  
50 Human Services, the Joint Legislative Oversight Committee on Information Technology, and the  
51 Fiscal Research Division.

1           **SECTION 9B.1.(b)** Departmental receipts appropriated in this act in the sum of  
2 forty-one million one hundred twenty-nine thousand six hundred two dollars (\$41,129,602) for  
3 the 2019-2020 fiscal year and in the sum of twenty-three million seven hundred seventy thousand  
4 seven hundred fifty-three dollars (\$23,770,753) for the 2020-2021 fiscal year shall be used for  
5 the purposes described in subsection (a) of this section.  
6

## 7 **COMMUNITY HEALTH GRANT PROGRAM**

8           **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and  
9 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
10 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue  
11 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
12 2017-57.

13           **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about  
14 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
15 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
16 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
17 served by the applicant or the number of indigent clients served by the applicant; the availability  
18 of, or arrangements for, after hours care; and collaboration between the applicant and a  
19 community hospital or other safety net organizations.

20           **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the  
21 following:

- 22           (1) Enhance or increase compensation or other benefits of personnel,  
23 administrators, directors, consultants, or any other persons receiving funds for  
24 program administration; provided, however, funds may be used to hire or  
25 retain health care providers. The use of grant funds for this purpose does not  
26 obligate the Department of Health and Human Services to continue to fund  
27 compensation beyond the grant period.
- 28           (2) Supplant existing funds, including federal funds traditionally received by  
29 federally qualified community health centers. However, grant funds may be  
30 used to supplement existing programs that serve the purposes described in  
31 subsection (a) of this section.
- 32           (3) Finance or satisfy any existing debt.

33           **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand  
34 dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for  
35 administrative purposes.

36           **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall  
37 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
38 community health grants that includes at least all of the following information:

- 39           (1) The identity and a brief description of each grantee and each program or  
40 service offered by the grantee.
- 41           (2) The amount of funding awarded to each grantee.
- 42           (3) The number of individuals served by each grantee, and for the individuals  
43 served, the types of services provided to each.
- 44           (4) Any other information requested by the Office of Rural Health as necessary  
45 for evaluating the success of the Community Health Grant Program.

46           **SECTION 9B.2.(f)** By November 1, 2019, the Office of Rural Health shall report to  
47 the Joint Legislative Oversight Committee on Health and Human Services on the implementation  
48 status of the following Community Health Grant Program requirements enacted by Section 11A.8  
49 of S.L. 2017-57:

- 1 (1) Establishment of a Primary Care Advisory Committee, and that Committee's
- 2 development of an objective and equitable process for grading applications
- 3 for grants funded under the Community Health Grant Program.
- 4 (2) Development of a standardized method for grant recipients to report objective,
- 5 measurable quality health outcomes.
- 6

#### 7 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND**

#### 8 **ACCOUNTABILITY**

9 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability  
10 within the Department of Health and Human Services is eliminated.

11 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes  
12 is repealed.

#### 13

#### 14 **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

15 **SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances  
16 Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

17 **SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. –  
18 G.S. 130A-221.1(b) is repealed.

19 **SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care  
20 Initiatives. – G.S. 130A-222.5(3) is repealed.

21 **SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of  
22 Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

23 **SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. –  
24 G.S. 120-208.4(b) is repealed.

#### 25

#### 26 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

27 **SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health  
28 and Human Services, Division of Central Management and Support, for each year of the  
29 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit  
30 organizations:

- 31 (1) The sum of ten million six hundred fifty-three thousand nine hundred eleven  
32 dollars (\$10,653,911) in recurring funds for each year of the 2019-2021 fiscal  
33 biennium.
- 34 (2) The sum of four million seven hundred seventy-four thousand five hundred  
35 twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal  
36 biennium appropriated in Section 9K.1 of this act in Social Services Block  
37 Grant funds.
- 38 (3) The sum of one million six hundred thousand dollars (\$1,600,000) for each  
39 year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act  
40 in Substance Abuse Prevention and Treatment Block Grant funds.

41 **SECTION 9B.8.(b)** The Department shall continue administering a competitive  
42 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,  
43 includes each of the following:

- 44 (1) A request for application (RFA) process to allow nonprofits to apply for and  
45 receive State funds on a competitive basis. The Department shall require  
46 nonprofits to include in the application a plan to evaluate the effectiveness,  
47 including measurable impact or outcomes, of the activities, services, and  
48 programs for which the funds are being requested.
- 49 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of  
50 the total amount of the grant award.

- 1 (3) A requirement that the Secretary prioritize grant awards to those nonprofits  
2 that are able to leverage non-State funds in addition to the grant award.
- 3 (4) A process that awards grants to nonprofits that have the capacity to provide  
4 services on a statewide basis and that support any of the following State health  
5 and wellness initiatives:
- 6 a. A program targeting advocacy, support, education, or residential  
7 services for persons diagnosed with autism.
  - 8 b. A system of residential supports for those afflicted with substance  
9 abuse addiction.
  - 10 c. A program of advocacy and supports for individuals with intellectual  
11 and developmental disabilities or severe and persistent mental illness,  
12 substance abusers, or the elderly.
  - 13 d. Supports and services to children and adults with developmental  
14 disabilities or mental health diagnoses.
  - 15 e. A food distribution system for needy individuals.
  - 16 f. The provision and coordination of services for the homeless.
  - 17 g. The provision of services for individuals aging out of foster care.
  - 18 h. Programs promoting wellness, physical activity, and health education  
19 programming for North Carolinians.
  - 20 i. The provision of services and screening for blindness.
  - 21 j. A provision for the delivery of after-school services for  
22 apprenticeships or mentoring at-risk youth.
  - 23 k. The provision of direct services for amyotrophic lateral sclerosis  
24 (ALS) and those diagnosed with the disease.
  - 25 l. A comprehensive smoking prevention and cessation program that  
26 screens and treats tobacco use in pregnant women and postpartum  
27 mothers.
  - 28 m. A program providing short-term or long-term residential substance  
29 abuse services. For purposes of this sub-subdivision, "long-term"  
30 means a minimum of 12 months.
  - 31 n. A program that provides year-round sports training and athletic  
32 competition for children and adults with disabilities.

33 It is the intent of the General Assembly that annually the Secretary evaluate  
34 and prioritize the categories of health and wellness initiatives described under  
35 this subdivision to determine the best use of these funds in making grant  
36 awards, exclusive of direct allocations made by the General Assembly.

- 37 (5) A process that ensures that funds received by the Department to implement  
38 the plan supplement and do not supplant existing funds for health and wellness  
39 programs and initiatives.
- 40 (6) A process that allows grants to be awarded to nonprofits for up to two years.
- 41 (7) A requirement that initial disbursement of the grants be awarded no later than  
42 30 days after certification of the State budget for the respective fiscal year.

43 **SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary  
44 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
45 recipients for the respective grant period pursuant to the amounts designated under subsection  
46 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary  
47 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services  
48 on the grant awards that includes at least all of the following:

- 49 (1) The identity and a brief description of each grantee and each program or  
50 initiative offered by the grantee.
- 51 (2) The amount of funding awarded to each grantee.

- 1 (3) The number of persons served by each grantee, broken down by program or  
2 initiative.

3 **SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit  
4 organization receiving funding pursuant to this section in the respective fiscal year shall submit  
5 to the Division of Central Management and Support a written report of all activities funded by  
6 State appropriations. The report shall include the following information about the fiscal year  
7 preceding the year in which the report is due:

- 8 (1) The entity's mission, purpose, and governance structure.  
9 (2) A description of the types of programs, services, and activities funded by State  
10 appropriations.  
11 (3) Statistical and demographical information on the number of persons served by  
12 these programs, services, and activities, including the counties in which  
13 services are provided.  
14 (4) Outcome measures that demonstrate the impact and effectiveness of the  
15 programs, services, and activities.  
16 (5) A detailed program budget and list of expenditures, including all positions  
17 funded, matching expenditures, and funding sources.

18 **SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds  
19 identified in subsection (a) of this section, the Department shall make the following allocations,  
20 provided that each nonprofit organization receiving funds pursuant to this subsection shall be  
21 required to seek future funding through the competitive grants process in accordance with  
22 subsection (b) of this section:

- 23 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of  
24 the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.  
25 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)  
26 for each year of the 2019-2021 fiscal biennium and the sum of one million six  
27 hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1 of this  
28 act in Substance Abuse Prevention and Treatment Block Grant funds in each  
29 year of the 2019-2021 fiscal biennium to Triangle Residential Options for  
30 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals  
31 with substance abuse addiction.  
32 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in  
33 each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls  
34 Clubs across the State to implement (i) programs that improve the motivation,  
35 performance, and self-esteem of youth and (ii) other initiatives that would be  
36 expected to reduce gang participation, school dropout, and teen pregnancy  
37 rates.  
38 (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail  
39 Outfitters for purposes of promoting wellness and physical activity for youth  
40 7 to 20 years of age.  
41

## 42 **TELEHEALTH PILOT PROGRAM**

43 **SECTION 9B.10.(a)** Of the funds appropriated to the Department of Health and  
44 Human Services, Division of Central Management and Support, Office of Rural Health, the sum  
45 of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2019-2020 fiscal year  
46 shall be allocated to Southeastern Regional Medical Center (Southeastern), a nonprofit  
47 corporation, to develop and administer a telehealth pilot program. The purpose of the pilot  
48 program is to purchase telehealth infrastructure and equipment that will enable Southeastern to  
49 establish telehealth services with health care providers in Robeson County, Bladen County, and  
50 Columbus County. The pilot program expires on December 31, 2020, unless otherwise extended  
51 by law.

1           **SECTION 9B.10.(b)** By November 1, 2020, Southeastern shall submit to the  
2 Department of Health and Human Services, Division of Central Management and Support, Office  
3 of Rural Health, a written report of all telehealth services provided under the pilot program  
4 authorized by this section. The report shall include at least all of the following information:

- 5           (1) A description of all telehealth infrastructure and equipment funded by State  
6           appropriations.
- 7           (2) A description of the types of telehealth services provided under the pilot  
8           program, and a list of the health care providers participating in the pilot  
9           program.
- 10          (3) Statistical and demographical information on the number of persons served  
11          under the pilot program.
- 12          (4) Objective outcome measures that demonstrate the impact and effectiveness of  
13          the telehealth services provided under the pilot program.
- 14          (5) A detailed budget and list of expenditures funded by State appropriations.

15           **SECTION 9B.10.(c)** By March 1, 2021, the Department of Health and Human  
16 Services, Division of Central Management and Support, Office of Rural Health, shall report to  
17 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
18 Research Division on the pilot program authorized by this section. The report shall include, at a  
19 minimum, the information described in subdivisions (1) through (5) of subsection (b) of this  
20 section.

21  
22 **PROVIDER PARTICIPATION IN NORTH CAROLINA'S HEALTH INFORMATION**  
23 **EXCHANGE NETWORK KNOWN AS NC HEALTHCONNEX**

24           **SECTION 9B.11.(a)** G.S. 90-414.4 reads as rewritten:

25 **"§ 90-414.4. Required participation in HIE Network for some providers.**

26           (a) Findings. – The General Assembly makes the following findings:

- 27           (1) That controlling escalating health care costs of the Medicaid program and  
28           other State-funded health care services is of significant importance to the  
29           State, its taxpayers, its Medicaid recipients, and other recipients of  
30           State-funded health care services.
- 31           (2) That the State ~~needs and covered entities in North Carolina need~~ timely access  
32           to certain demographic and clinical information pertaining to services  
33           rendered to Medicaid and other State-funded health care program  
34           beneficiaries and paid for with Medicaid or other State-funded health care  
35           funds in order to assess performance, improve health care outcomes, pinpoint  
36           medical expense trends, identify beneficiary health risks, and evaluate how  
37           the State is spending money on Medicaid and other State-funded health care  
38           services.
- 39           (3) That making demographic and clinical information available to the State and  
40           ~~covered entities in North Carolina~~ by secure electronic means as set forth in  
41           subsection (b) of this section ~~will, with respect to Medicaid and other~~  
42           ~~State-funded health care programs,~~ will improve care coordination within and  
43           across health systems, increase care quality for such beneficiaries, enable  
44           more effective population health management, reduce duplication of medical  
45           services, augment syndromic surveillance, allow more accurate measurement  
46           of care services and outcomes, increase strategic knowledge about the health  
47           of the population, and facilitate health care cost containment.

48           (a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of  
49 the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected to  
50 the HIE Network and begin submitting data through the HIE Network pertaining to services  
51 rendered to Medicaid beneficiaries and to other State-funded health care program beneficiaries

1 and paid for with Medicaid or other State-funded health care funds in accordance with the  
2 following time line:

- 3 (1) The following providers of Medicaid services licensed to operate in the State  
4 that have an electronic health record system shall begin ~~submitting~~ submitting,  
5 at a minimum, demographic and clinical data by June 1, 2018:
- 6 a. Hospitals as defined in G.S. 131E-176(13).
  - 7 b. Physicians licensed to practice under Article 1 of Chapter 90 of the  
8 General ~~Statutes~~ Statutes, except for licensed physicians whose  
9 primary area of practice is psychiatry.
  - 10 c. Physician assistants as defined in 21 NCAC 32S.0201.
  - 11 d. Nurse practitioners as defined in 21 NCAC 36.0801.
- 12 (2) Except as provided in subdivisions (3), (4), and (5) of this subsection, all other  
13 providers of Medicaid and State-funded health care services shall begin  
14 submitting demographic and clinical data by June 1, ~~2019~~ 2020.
- 15 (3) The following entities shall submit encounter and claims data, as appropriate,  
16 in accordance with the following time line:
- 17 a. Prepaid Health Plans, as defined in S.L. 2015-245, by the  
18 commencement date of a capitated contract with the Division of  
19 Health Benefits for the delivery of Medicaid and NC Health Choice  
20 services as specified in S.L. 2015-245.
  - 21 b. Local management entities/managed care organizations, as defined in  
22 G.S. 122C-3, by June 1, 2020.
- 23 (4) The following entities shall begin submitting demographic and clinical data  
24 by June 1, 2021:
- 25 a. Ambulatory surgical centers as defined in G.S. 131E-146.
  - 26 b. Dentists licensed under Article 2 of Chapter 90 of the General Statutes.
  - 27 c. Licensed physicians whose primary area of practice is psychiatry.
- 28 (5) The following entities shall begin submitting claims data by June 1, 2021:
- 29 a. Pharmacies registered with the North Carolina Board of Pharmacy  
30 under Article 4A of Chapter 90 of the General Statutes.
  - 31 b. State health care facilities operated under the jurisdiction of the  
32 Secretary of the Department of Health and Human Services, including  
33 State psychiatric hospitals, developmental centers, alcohol and drug  
34 treatment centers, neuro-medical treatment centers, and residential  
35 programs for children such as the Wright School and the Whitaker  
36 Psychiatric Residential Treatment Facility.
  - 37 c. The State Laboratory of Public Health operated by the Department of  
38 Health and Human Services.

39 (a2) Extensions of Time for Establishing Connection to the HIE Network. – The  
40 Department of Information Technology, in consultation with the Department of Health and  
41 Human Services, may establish a process to grant limited extensions of the time for providers  
42 and entities to connect to the HIE Network and begin submitting data as required by this section  
43 upon the request of a provider or entity that demonstrates an ongoing good-faith effort to take  
44 necessary steps to establish such connection and begin data submission as required by this  
45 section. The process for granting an extension of time must include a presentation by the provider  
46 or entity to the Department of Information Technology and the Department of Health and Human  
47 Services on the expected time line for connecting to the HIE Network and commencing data  
48 submission as required by this section. Neither the Department of Information Technology nor  
49 the Department of Health and Human Services shall grant an extension of time (i) to any provider  
50 or entity that fails to provide this information to both Departments, (ii) that would result in the  
51 provider or entity connecting to the HIE Network and commencing data submission as required

1 by this section later than June 1, 2020, or (iii) that would result in any provider or entity specified  
 2 in subdivisions (4) and (5) of subsection (a1) of this section connecting to the HIE Network and  
 3 commencing data submission as required by this section later than June 1, ~~2021-2022~~. The  
 4 Department of Information Technology shall consult with the Department of Health and Human  
 5 Services to review and decide upon a request for an extension of time under this section within  
 6 30 days after receiving a request for an extension.

7 ...

8 (e) Voluntary Connection for Certain Providers. – Notwithstanding the mandatory  
 9 connection and data submission requirements in subsections (a1) and (b) of this section, the  
 10 following providers of Medicaid services or other State-funded health care services are not  
 11 required to connect to the HIE Network or submit data, but may connect to the HIE Network and  
 12 submit data voluntarily:

- 13 (1) Community-based long-term services and supports providers, including  
 14 personal care services, private duty nursing, and hospice care providers.
- 15 (2) Intellectual and developmental disability services and supports providers,  
 16 such as day supports and supported living providers.
- 17 (3) Community Alternatives Program waiver services (including CAP/DA,  
 18 CAP/C, and Innovations) providers.
- 19 (4) Eye and vision services providers.
- 20 (5) Speech, language, and hearing services providers.
- 21 (6) Occupational and physical therapy providers.
- 22 (7) Durable medical equipment providers.
- 23 (8) Non-emergency medical transportation service providers.
- 24 (9) Ambulance (emergency medical transportation service) providers.
- 25 (10) Local education agencies and school-based health providers.

26 (f) Confidentiality of Data. – All data submitted to or through the HIE Network  
 27 containing protected health information, personally identifying information, or a combination of  
 28 these, that are in the possession of the Department of Information Technology or any other  
 29 agency of the State are confidential and shall not be defined as public records under G.S. 132-1.  
 30 This subsection shall not be construed to prohibit the disclosure of any such data as otherwise  
 31 permitted under federal law."

32 **SECTION 9B.11.(b)** G.S. 90-414.10(d) reads as rewritten:

33 "(d) Except as otherwise permitted in ~~G.S. 90-414.9(a)(3), G.S. 90-414.11(a)(3), or as~~  
 34 required by law, the protected health information of an individual who has exercised the right to  
 35 opt out may not be made accessible or disclosed to covered entities or any other person or entity  
 36 through the HIE Network for any purpose."

37 **SECTION 9B.11.(c)** This section is effective when it becomes law.

## 38 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

### 39 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED** 40 **FACILITIES**

41 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,  
 42 Division of Child Development and Early Education, shall continue implementing the  
 43 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four  
 44 years of age on or before August 31 of the program year. In determining eligibility, the Division  
 45 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
 46 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
 47 family incomes in excess of seventy-five percent (75%) of median income if those children have  
 48 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
 49 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
 50 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
 51 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the

1 United States, including the North Carolina National Guard, State military forces, or a reserve  
2 component of the Armed Forces who was ordered to active duty by the proper authority within  
3 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
4 Armed Forces of the United States, including the North Carolina National Guard, State military  
5 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
6 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
7 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

8 Other than developmental disabilities or other chronic health issues, the Division shall  
9 not consider the health of a child as a factor in determining eligibility for participation in the NC  
10 Pre-K program.

11 **SECTION 9C.1.(b)** Multiyear Contracts. – The Division of Child Development and  
12 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
13 private child care centers providing NC Pre-K classrooms.

14 **SECTION 9C.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
15 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
16 standards for preschool students as provided in G.S. 115C-521.1.

17 **SECTION 9C.1.(d)** Programmatic Standards. – Except as provided in subsection  
18 (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
19 prescribed by the Division of Child Development and Early Education regarding programmatic  
20 standards and classroom requirements.

21 **SECTION 9C.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
22 the standard decision-making process developed by the Division of Child Development and Early  
23 Education in awarding NC Pre-K classroom slots and student selection.

24 **SECTION 9C.1.(f)** Reporting. – The Division of Child Development and Early  
25 Education shall submit an annual report no later than March 15 of each year to the Joint  
26 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
27 Management, and the Fiscal Research Division. The report shall include the following:

- 28 (1) The number of children participating in the NC Pre-K program by county.
- 29 (2) The number of children participating in the NC Pre-K program who have  
30 never been served in other early education programs such as child care, public  
31 or private preschool, Head Start, Early Head Start, or early intervention  
32 programs.
- 33 (3) The expected NC Pre-K expenditures for the programs and the source of the  
34 local contributions.
- 35 (4) The results of an annual evaluation of the NC Pre-K program.

36 **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local  
37 partnerships shall be subject to the financial and compliance audits authorized under  
38 G.S. 143B-168.14(b).

## 40 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

41 **SECTION 9C.2.** Of the funds appropriated in this act to the Department of Health  
42 and Human Services, Division of Child Development and Early Education, funds shall be  
43 allocated to raise the base reimbursement rates for child care centers participating in the North  
44 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal  
45 year rates for each year of the 2019-2021 fiscal biennium. It is the intent of the General Assembly  
46 that funds allocated pursuant to this section be used to increase the salaries of teachers working  
47 in child care centers as a means to address disparities in teacher salaries among teachers working  
48 in child care centers versus those working in public schools or Head Start centers.

## 50 **CHILD CARE SUBSIDY RATES**

1           **SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility,  
 2 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 3 of the federal poverty level as follows:

<b>AGE</b>	<b>INCOME PERCENTAGE LEVEL</b>
0 – 5	200%
6 – 12	133%

7           The eligibility for any child with special needs, including a child who is 13 years of  
 8 age or older, shall be two hundred percent (200%) of the federal poverty level.

9           **SECTION 9C.3.(b)** Effective October 1, 2019, fees for families who are required to  
 10 share in the cost of care are established based on nine percent (9%) of gross family income. When  
 11 care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the  
 12 full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the  
 13 full-time co-payment.

14           **SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income  
 15 children shall be in accordance with the following requirements:

- 16           (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
 17 and licensed child care centers and homes that meet the minimum licensing  
 18 standards that are participating in the subsidized child care program shall be  
 19 paid the one-star county market rate or the rate they charge privately paying  
 20 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 21           (2) Licensed child care centers and homes with two or more stars shall receive the  
 22 market rate for that rated license level for that age group or the rate they charge  
 23 privately paying parents, whichever is lower, unless prohibited by subsection  
 24 (g) of this section.
- 25           (3) No payments shall be made for transportation services charged by child care  
 26 facilities.
- 27           (4) Payments for subsidized child care services for postsecondary education shall  
 28 be limited to a maximum of 20 months of enrollment.
- 29           (5) The Department of Health and Human Services shall implement necessary  
 30 rule changes to restructure services, including, but not limited to, targeting  
 31 benefits to employment.

32           **SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties  
 33 that do not have at least 50 children in each age group for center-based and home-based care are  
 34 as follows:

- 35           (1) Except as applicable in subdivision (2) of this subsection, payment rates shall  
 36 be set at the statewide or regional market rate for licensed child care centers  
 37 and homes.
- 38           (2) If it can be demonstrated that the application of the statewide or regional  
 39 market rate to a county with fewer than 50 children in each age group is lower  
 40 than the county market rate and would inhibit the ability of the county to  
 41 purchase child care for low-income children, then the county market rate may  
 42 be applied.

43           **SECTION 9C.3.(e)** A market rate shall be calculated for child care centers and  
 44 homes at each rated license level for each county and for each age group or age category of  
 45 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
 46 within the county. The Division of Child Development and Early Education shall also calculate  
 47 a statewide rate and regional market rate for each rated license level for each age category.

48           **SECTION 9C.3.(f)** The Division of Child Development and Early Education shall  
 49 continue implementing policies that improve the quality of child care for subsidized children,  
 50 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
 51 the higher quality centers and homes only. The Division shall define higher quality, and subsidy

1 funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate  
2 number of four- and five-star rated facilities, the Division shall continue a transition period that  
3 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
4 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
5 of four- and five-star rated facilities for non-star rated programs, such as religious programs.

6 **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
7 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
8 that provides for the purchase of care in child care facilities for minor children of needy families.  
9 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
10 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
11 any additional applicable requirements of federal law or regulations. Child care arrangements  
12 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
13 meet the requirements established by other State law and by the Social Services Commission.

14 County departments of social services or other local contracting agencies shall not  
15 use a provider's failure to comply with requirements in addition to those specified in this  
16 subsection as a condition for reducing the provider's subsidized child care rate.

17 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with  
18 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
19 and policies issued by the Division of Child Development and Early Education for the subsidized  
20 child care program.

21 **SECTION 9C.3.(i)** Noncitizen families who reside in this State legally shall be  
22 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
23 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
24 child care subsidies only if at least one of the following conditions is met:

- 25 (1) The child for whom a child care subsidy is sought is receiving child protective  
26 services or foster care services.
- 27 (2) The child for whom a child care subsidy is sought is developmentally delayed  
28 or at risk of being developmentally delayed.
- 29 (3) The child for whom a child care subsidy is sought is a citizen of the United  
30 States.

31 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of  
32 Child Development and Early Education, shall require all county departments of social services  
33 to include on any forms used to determine eligibility for child care subsidy whether the family  
34 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

35 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed  
36 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
37 provides for the purchase of care in child care facilities for minor children in needy families,  
38 provided that funds allocated from the State-subsidized child care program to Department of  
39 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
40 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
41 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
42 child care shall be as set forth in this section.

#### 43 44 **CHILD CARE ALLOCATION FORMULA**

45 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of  
46 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
47 funds to pay the costs of necessary child care for minor children of needy families. The  
48 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
49 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
50 allocation. The Department of Health and Human Services shall use the following method when

1 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
2 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 3 (1) Funds shall be allocated to a county based upon the projected cost of serving  
4 children under age 11 in families with all parents working who earn less than  
5 the applicable federal poverty level percentage set forth in Section 9C.3(a) of  
6 this act.
- 7 (2) The Division may withhold up to two percent (2%) of available funds from  
8 the allocation formula for (i) preventing termination of services throughout  
9 the fiscal year and (ii) repayment of any federal funds identified by counties  
10 as overpayments, including overpayments due to fraud. The Division shall  
11 allocate to counties any funds withheld before the end of the fiscal year when  
12 the Division determines the funds are not needed for the purposes described  
13 in this subdivision. The Division shall submit a report to the Joint Legislative  
14 Oversight Committee on Health and Human Services and the Fiscal Research  
15 Division, which report shall include each of the following:
- 16 a. The amount of funds used for preventing termination of services and  
17 the repayment of any federal funds.
- 18 b. The date the remaining funds were distributed to counties.
- 19 c. As a result of funds withheld under this subdivision and after funds  
20 have been distributed, any counties that did not receive at least the  
21 amount the counties received the previous year and the amount by  
22 which funds were decreased.

23 The Division shall submit a report in each year of the 2019-2021 fiscal  
24 biennium 30 days after the funds withheld pursuant to this subdivision are  
25 distributed but no later than April 1 of each respective year.

- 26 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
27 for vulnerable populations, which include a child identified as having special  
28 needs and a child whose application for assistance indicates that the child and  
29 the child's family is experiencing homelessness or is in a temporary living  
30 situation. A child identified by this subdivision shall be given priority for  
31 receiving services until such time as set-aside allocations for vulnerable  
32 populations are exhausted.

33 **SECTION 9C.4.(b)** The Division may reallocate unused child care subsidy voucher  
34 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
35 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
36 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
37 levels within the funds allocated to the counties. A county with a spending coefficient over one  
38 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
39 before receiving any reallocated funds.

40 **SECTION 9C.4.(c)** When implementing the formula under subsection (a) of this  
41 section, the Division shall include the market rate increase in the formula process rather than  
42 calculating the increases outside of the formula process. Additionally, the Department shall do  
43 the following:

- 44 (1) A county's initial allocation shall be the county's expenditure in the previous  
45 fiscal year or a prorated share of the county's previous fiscal year expenditures  
46 if sufficient funds are not available. With the exception of market rate  
47 increases consistent with any increases approved by the General Assembly, a  
48 county whose spending coefficient is less than ninety-two percent (92%) in  
49 the previous fiscal year shall receive its prior year's expenditure as its  
50 allocation and shall not receive an increase in its allocation in the following  
51 year. A county whose spending coefficient is at least ninety-two percent

(92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

- (2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

### SMART START INITIATIVES

**SECTION 9C.5.(a) Policies.** – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

- (1) Increase children's literacy.
- (2) Increase the parents' ability to raise healthy, successful children.
- (3) Improve children's health.
- (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

**SECTION 9C.5.(b) Administration.** – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

**SECTION 9C.5.(c) Salaries.** – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

- (1) The population of the area serviced by a local partnership.
- (2) The amount of State funds administered.
- (3) The amount of total funds administered.
- (4) The professional experience of the individual to be compensated.
- (5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

1 The salary schedule shall be used only to determine the maximum amount of State  
2 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit  
3 a local partnership from using non-State funds to supplement an individual's salary in excess of  
4 the amount set by the salary schedule established under this subsection.

5 **SECTION 9C.5.(d) Match Requirements.** – The North Carolina Partnership for  
6 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
7 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021  
8 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local  
9 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
10 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
11 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.  
12 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
13 the required match for a fiscal year in order to meet the match requirement of the succeeding  
14 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
15 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
16 match requirement of this subsection. Volunteer services that qualify as professional services  
17 shall be valued at the fair market value of those services. All other volunteer service hours shall  
18 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
19 Employment Security of the Department of Commerce in the Employment and Wages in North  
20 Carolina Annual Report for the most recent period for which data are available. Expenses,  
21 including both those paid by cash and in-kind contributions, incurred by other participating  
22 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
23 partnerships also may be considered resources available to meet the required private match. In  
24 order to qualify to meet the required private match, the expenses shall:

- 25 (1) Be verifiable from the contractor's records.
- 26 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
27 generally accepted accounting principles for nonprofit organizations.
- 28 (3) Not include expenses funded by State funds.
- 29 (4) Be supplemental to and not supplant preexisting resources for related program  
30 activities.
- 31 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
32 be necessary and reasonable for the proper and efficient accomplishment of  
33 the Program's objectives.
- 34 (6) Be otherwise allowable under federal or State law.
- 35 (7) Be required and described in the contractual agreements approved by the  
36 North Carolina Partnership for Children, Inc., or the local partnership.
- 37 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
38 partnership by the contractor in the same manner as reimbursable expenses.

39 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
40 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
41 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
42 responsible for compiling information on the private cash and in-kind contributions into a report,  
43 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
44 verification by the Department of Revenue. The same match requirements shall apply to any  
45 expansion funds appropriated by the General Assembly.

46 **SECTION 9C.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,  
47 and all local partnerships shall use competitive bidding practices in contracting for goods and  
48 services on contract amounts as follows:

- 49 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
50 by a written policy as developed by the Board of Directors of the North  
51 Carolina Partnership for Children, Inc.

- 1 (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen  
2 thousand dollars (\$15,000), three written quotes.  
3 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty  
4 thousand dollars (\$40,000), a request for proposal process.  
5 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
6 proposal process and advertising in a major newspaper.

7 **SECTION 9C.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,  
8 shall not reduce the allocation for counties with less than 35,000 in population below the  
9 2012-2013 funding level.

10 **SECTION 9C.5.(g)** Performance-Based Evaluation. – The Department of Health  
11 and Human Services shall continue to implement the performance-based evaluation system.

12 **SECTION 9C.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)  
13 of this section, the Department of Health and Human Services and the North Carolina Partnership  
14 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
15 Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed  
16 in the following manner:

- 17 (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the  
18 purposes of this section, "capital expenditures" means expenditures for capital  
19 improvements as defined in G.S. 143C-1-1(d)(5).  
20 (2) Expenditures of State funds for advertising and promotional activities are  
21 prohibited for the 2019-2021 fiscal biennium.

22 For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds  
23 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
24 any private funds the local partnerships receive on those activities.

25 **SECTION 9C.5.(i)** Notwithstanding subsection (h) of this section, the North  
26 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
27 State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall  
28 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
29 for fund-raising. The report shall include the following:

- 30 (1) The amount of funds expended on fund-raising.  
31 (2) Any return on fund-raising investments.  
32 (3) Any other information deemed relevant.

33 **SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

34 "(d) The North Carolina Partnership for Children, Inc., shall make a report no later than  
35 December 1 of each year to the General Assembly Joint Legislative Oversight Committee on  
36 Health and Human Services and the Fiscal Research Division of the General Assembly that shall  
37 include the following:

- 38 (1) A description of the program and significant services and initiatives.  
39 (2) A history of Smart Start funding and the previous fiscal year's expenditures.  
40 (3) The number of children served by type of service.  
41 (4) The type and quantity of services provided.  
42 (5) The results of the previous year's evaluations of the Initiatives or related  
43 programs and services.  
44 (6) A description of significant policy and program changes.  
45 (7) Any recommendations for legislative action."

47 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION**  
48 **LIBRARY**

49 **SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children,  
50 Inc., from the Department of Health and Human Services, shall be used to increase access to

1 Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books  
 2 on a monthly basis to children registered for the program.

3 **SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up  
 4 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
 5 of the funds for program evaluation. Funds appropriated under this section shall not be subject  
 6 to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be  
 7 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
 8 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
 9 Section 9C.5(d) of this act.

10  
 11 **PART IX-D. HEALTH BENEFITS**

12  
 13 **MEDICAID ELIGIBILITY**

14 **SECTION 9D.1.** Article 2 of Chapter 108A of the General Statutes is amended by  
 15 adding a new section to read:

16 **"§ 108A-54.3A. Eligibility categories and income thresholds.**

17 (a) The Department shall provide Medicaid coverage for individuals in accordance with  
 18 federal statutes and regulations and specifically shall provide coverage for the following  
 19 populations:

20 (1) Families, children under the age of 21, pregnant women, and individuals who  
 21 are aged, blind, or disabled, who are medically needy, subject to the following  
 22 annual income levels after meeting the applicable deductible:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$2,904</u>
<u>2</u>	<u>3,804</u>
<u>3</u>	<u>4,404</u>
<u>4</u>	<u>4,800</u>
<u>5</u>	<u>5,196</u>
<u>6</u>	<u>5,604</u>
<u>7</u>	<u>6,000</u>
<u>8</u>	<u>6,300</u>
<u>9</u>	<u>6,504</u>
<u>10</u>	<u>6,900</u>
<u>11</u>	<u>7,200</u>
<u>12</u>	<u>7,596</u>
<u>13</u>	<u>8,004</u>
<u>14</u>	<u>8,400</u>

38 each additional family member add \$396

39 (2) Families and children under the age of 21, subject to the following annual  
 40 income levels:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$5,208</u>
<u>2</u>	<u>6,828</u>
<u>3</u>	<u>8,004</u>
<u>4</u>	<u>8,928</u>
<u>5</u>	<u>9,888</u>
<u>6</u>	<u>10,812</u>
<u>7</u>	<u>11,700</u>
<u>8</u>	<u>12,432</u>
<u>9</u>	<u>13,152</u>
<u>10</u>	<u>14,028</u>

- 1           each additional family member     add \$936  
2           (3)   Children under the age of 6 with family incomes equal to or less than two  
3           hundred ten percent (210%) of the federal poverty guidelines.  
4           (4)   Children aged 6 through 18 with family incomes equal to or less than one  
5           hundred thirty-three percent (133%) of the federal poverty guidelines.  
6           (5)   Children under the age of 19 who are receiving foster care or adoption  
7           assistance under title IV-E of the Social Security Act, without regard to  
8           income.  
9           (6)   Children in the legal custody of State-sponsored foster care who are under the  
10          age of 21 and ineligible for Title IV-E assistance, without regard to income.  
11          (7)   Independent foster care adolescents ages 18, 19, and 20, as defined in 42  
12          U.S.C. § 1396d(w)(1), without regard to income.  
13          (8)   Former foster care children under the age of 26 in accordance with 42 U.S.C.  
14          § 1396a(a)(10)(A)(i)(IX), without regard to income.  
15          (9)   Adoptive children with special or rehabilitative needs, regardless of the  
16          adoptive family's income.  
17          (10) Pregnant women with incomes equal to or less than one hundred ninety-six  
18          percent (196%) of the federal poverty guidelines. Coverage for pregnant  
19          women eligible under this subdivision include only services related to  
20          pregnancy and to other conditions determined by the Department as  
21          conditions that may complicate pregnancy.  
22          (11) Men and women of childbearing age with family incomes equal to or less than  
23          one hundred ninety-five percent (195%) of the federal poverty guidelines.  
24          Coverage for the individuals described in this subdivision shall be limited to  
25          coverage for family planning services.  
26          (12) Women who need treatment for breast or cervical cancer and who are defined  
27          in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).  
28          (13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of  
29          Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations,  
30          with incomes equal to or less than one hundred percent (100%) of the federal  
31          poverty guidelines.  
32          (14) Beneficiaries receiving supplemental security income under title XVI of the  
33          Social Security Act.  
34          (15) Workers with disabilities, as provided in G.S. 108A-66.1.  
35          (16) Qualified working disabled individuals, as provided in G.S. 108A-67.  
36          (17) Qualified Medicare beneficiaries with incomes equal to or less than one  
37          hundred percent (100%) of the federal poverty guidelines. Coverage for the  
38          individuals described in this subdivision shall be limited to payment of  
39          Medicare premiums and deductibles and co-insurance for Medicare-covered  
40          services.  
41          (18) Specified low-income Medicare beneficiaries with incomes equal to or less  
42          than one hundred twenty percent (120%) of the federal poverty guidelines.  
43          Coverage for the individuals described in this subdivision shall be limited to  
44          payment of Medicare Part B premiums.  
45          (19) Qualifying individuals who are Medicare beneficiaries and who have incomes  
46          equal to or less than one hundred thirty-five percent (135%) of the federal  
47          poverty guidelines, may be covered within funds available for the Limited  
48          Medicare-Aid Capped Enrollment program. Coverage for the individuals  
49          described in this subdivision shall be limited to payment of Medicare Part B  
50          premiums.

- 1           (20) Recipients of an optional State supplementation program provided in  
2           accordance with 42 U.S.C. § 1382e.  
3           (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by  
4           the Centers for Medicare and Medicaid Services and authorized by an act of  
5           the General Assembly, within funds available for the waiver.  
6           (22) Refugees, in accordance with 8 U.S.C. § 1522.  
7           (23) Qualified aliens subject to the five-year bar for means tested public assistance  
8           under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services  
9           under 8 U.S.C. § 1611."

## 11 **MEDICAID ANNUAL REPORT**

12           **SECTION 9D.2.** The Department of Health and Human Services, Division of Health  
13 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
14 accompanying tables. DHB shall publish the report and tables on its Web site no later than  
15 December 31 following each State fiscal year.

## 17 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

18           **SECTION 9D.3.** The Department of Health and Human Services (Department) shall  
19 issue Medicaid identification cards to recipients on an annual basis with updates as needed. The  
20 Department shall adopt rules, or amend any current rules relating to Medicaid identification  
21 cards, to implement this section. No later than July 1, 2020, the Department shall submit a report  
22 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the  
23 adoption or amendment of rules in accordance with this section.

## 25 **ADMINISTRATIVE HEARINGS FUNDING**

26           **SECTION 9D.4.** Of the funds appropriated to the Department of Health and Human  
27 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the  
28 Department of Health and Human Services (Department) shall transfer the sum of one million  
29 dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars  
30 (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH).  
31 These funds shall be allocated by the OAH for mediation services provided for Medicaid  
32 applicant and recipient appeals and to contract for other services necessary to conduct the appeals  
33 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department  
34 for mediation services provided for Medicaid recipient appeals and contracted services necessary  
35 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down  
36 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the  
37 OAH for covered services rendered in accordance with the MOA, the Department shall transfer  
38 the federal share of Medicaid funds drawn down for this purpose.

## 40 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

41           **SECTION 9D.5.(a)** Receivables reserved at the end of the 2019-2020 and  
42 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those  
43 fiscal years.

44           **SECTION 9D.5.(b)** For the 2019-2020 fiscal year, the Department of Health and  
45 Human Services shall deposit from its revenues one hundred sixty-five million three hundred  
46 thousand dollars (\$165,300,000) with the Department of State Treasurer to be accounted for as  
47 nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services  
48 shall deposit from its revenues one hundred thirty million dollars (\$130,000,000) with the  
49 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall  
50 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other  
51 resources from State-owned and State-operated hospitals that are used to provide indigent and

1 nonindigent care services. The return from State-owned and State-operated hospitals to the  
2 Department of Health and Human Services will be made from nonfederal resources in an amount  
3 equal to the amount of the payments from the Division of Health Benefits for uncompensated  
4 care. The treatment of any revenue derived from federal programs shall be in accordance with  
5 the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

## 6 7 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

8 **SECTION 9D.6.** The Department of Health and Human Services, Division of Health  
9 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
10 services, medical equipment, supplies, and appliances by implementation of volume purchase  
11 plans, single source procurement, or other contracting processes in order to improve cost  
12 containment.

## 13 14 **LME/MCO OUT-OF-NETWORK AGREEMENTS**

15 **SECTION 9D.7.(a)** The Department of Health and Human Services (Department)  
16 shall continue to ensure that local management entities/managed care organizations  
17 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements  
18 developed in consultation with LME/MCOs. The out-of-network agreement shall be a  
19 streamlined agreement between a single provider of behavioral health or  
20 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care  
21 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and  
22 comply with all requirements of State and federal laws and regulations. LME/MCOs shall use  
23 the out-of-network agreement in lieu of a comprehensive provider contract when all of the  
24 following conditions are met:

- 25 (1) The services requested are medically necessary and cannot be provided by an  
26 in-network provider.
- 27 (2) The behavioral health or IDD provider's site of service delivery is located  
28 outside of the geographical catchment area of the LME/MCO, and the  
29 LME/MCO is not accepting applications or the provider does not wish to  
30 apply for membership in the LME/MCO closed network.
- 31 (3) The behavioral health or IDD provider is not excluded from participation in  
32 the Medicaid program, the NC Health Choice program, or other State or  
33 federal health care program.
- 34 (4) The behavioral health or IDD provider is serving no more than two enrollees  
35 of the LME/MCO, unless the agreement is for inpatient hospitalization, in  
36 which case the LME/MCO may, but shall not be required to, enter into more  
37 than five such out-of-network agreements with a single hospital or health  
38 system in any 12-month period.

39 **SECTION 9D.7.(b)** A Medicaid provider providing services pursuant to an  
40 out-of-network agreement shall be considered a network provider for purposes of Chapter 108D  
41 of the General Statutes only as it relates to enrollee grievances and appeals.

## 42 43 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

44 **SECTION 9D.8.(a)** The local management entities/managed care organizations  
45 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
46 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million  
47 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year  
48 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen  
49 dollars (\$18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the  
50 intergovernmental transfer required by this section shall be determined by DHB. The amount of

1 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
2 year shall be as follows:

	<b>2019-2020</b>	<b>2020-2021</b>
3 Alliance Behavioral Healthcare	\$2,994,453	\$2,994,453
4 Cardinal Innovations Healthcare	\$4,032,586	\$4,032,586
5 Eastpointe	\$1,701,156	\$1,701,156
6 Partners Behavioral Health Management	\$1,914,860	\$1,914,860
7 Sandhills Center	\$1,978,939	\$1,978,939
8 Trillium Health Resources	\$3,119,822	\$3,119,822
9 Vaya Health	\$2,286,401	\$2,286,401

11 **SECTION 9D.8.(b)** In the event that any county disengages from an LME/MCO and  
12 realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the  
13 authority to reallocate the amount of the intergovernmental transfer that each affected  
14 LME/MCO is required to make under subsection (a) of this section, taking into consideration the  
15 change in catchment area and covered population, provided that the aggregate amount of the  
16 transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

17 **SECTION 9D.8.(c)** If DHB does not make the additional capitation payment  
18 associated with the Medicaid risk reserve to an LME/MCO in any given month, then the  
19 intergovernmental transfer required to be made by that LME/MCO under subsection (a) shall be  
20 reduced on a pro rata basis and the aggregate amount to be collected by DHB in the corresponding  
21 fiscal year shall be adjusted accordingly.

## 22 **CO-PAYMENTS FOR MEDICAID SERVICES**

23 **SECTION 9D.9.(a)** Beginning November 1, 2019, the co-payments for Medicaid  
24 services shall be increased to four dollars (\$4.00). This section does not apply to services  
25 provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social  
26 Security Act or to recipients prohibited by federal law from cost-sharing requirements.

27 **SECTION 9D.9.(b)** The Department of Health and Human Services, Division of  
28 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare  
29 and Medicaid Services to implement this section.

## 30 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

31 **SECTION 9D.10.(a)** The Department of Health and Human Services, Division of  
32 Health Benefits, shall amend the North Carolina Innovations Waiver to increase the number of  
33 slots available under the waiver by 1,000 slots. These additional slots shall be made available on  
34 January 1, 2020.

35 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of  
36 Health Benefits (DHB), shall convene a workgroup of stakeholders to develop a 10-year plan to  
37 address the registry of unmet needs for the North Carolina Innovations Waiver. The workgroup  
38 shall consider alternatives to the Innovations Waiver to address the registry of unmet needs,  
39 including the implementation of a new waiver program for individuals who qualify for the  
40 Innovations Waiver and alternative means of distribution of the waiver slots. This 10-year plan  
41 shall include a detailed cost analysis of all recommendations and methods proposed to address  
42 the registry of unmet needs. No later than December 1, 2020, DHB shall submit a report on the  
43 10-year plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.

## 44 **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

45 **SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the  
46 Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the  
47 Medicaid program shall consist of only the following four requirements:  
48  
49  
50

- 1 (1) The adult is currently entitled to and receives federal Retirement, Survivors,  
2 and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's  
3 record due to the retirement, death, or disability of a parent.
- 4 (2) The adult is blind or has a disability that began before age 22.
- 5 (3) The adult would currently be eligible for Supplemental Security Income (SSI)  
6 or State-County Special Assistance if the current RSDI benefit is disregarded.
- 7 (4) For eligibility that is based on former receipt of State-County Special  
8 Assistance and not SSI, the adult must currently reside in an adult care home.  
9

## 10 INCREASE IN REIMBURSEMENT FOR PRIMARY CARE PROVIDERS

11 **SECTION 9D.12A.** The Department of Health and Human Services, Division of  
12 Health Benefits, shall increase the reimbursement for the evaluation and management codes that  
13 are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse  
14 practitioners, and physician assistants, and (ii) contained in the State Plan Amendment  
15 #2018-0012 submitted by the Department of Health and Human Services on March 8, 2019.  
16

## 17 ESTABLISH NEW ADULT CARE HOME PAYMENT METHODOLOGY

18 **SECTION 9D.12B.(a)** It is the intent of the General Assembly to provide funding  
19 to adult care homes in the State in a manner that recognizes the importance of a stable and reliable  
20 funding stream to ensure access, choice, and quality of care within the adult care home segment  
21 of the care continuum. In furtherance of this intent, and as the North Carolina Medicaid program  
22 transitions to a managed care delivery system, the Department of Health and Human Services is  
23 directed to establish and convene a workgroup to evaluate reimbursement options for services  
24 provided by adult care homes that take into account all funding streams and to develop a new  
25 service definition, or definitions, under Medicaid managed care for these services. The  
26 workgroup shall consist of adult care home industry representatives and other relevant  
27 stakeholders. In development of the new service definition, or definitions, the workgroup shall  
28 include all of the following components:

- 29 (1) Support for alternative payment models available under the State's 1115  
30 Medicaid waiver for Medicaid transformation, including pay-for-performance  
31 initiatives.
- 32 (2) Best practices for long-term services and supports.
- 33 (3) Efficient payment methodologies.

34 **SECTION 9D.12B.(b)** No later than December 1, 2020, the Department of Health  
35 and Human Services shall submit a report on the new service definition, or definitions, developed  
36 by the workgroup, as required in subsection (a) of this section, to the Joint Legislative Oversight  
37 Committee on Health and Human Services, the Joint Legislative Oversight Committee on  
38 Medicaid and NC Health Choice, and the Fiscal Research Division.  
39

## 40 DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM 41 MODIFICATIONS

42 **SECTION 9D.13.** Except for eligibility categories and income thresholds and except  
43 for statutory changes, the Department of Health and Human Services shall not be required to  
44 maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs  
45 required by this Subpart.  
46

## 47 USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID 48 TRANSFORMATION NEEDS

49 **SECTION 9D.15.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
50 Fund may be transferred to the Department of Health and Human Services, Division of Health  
51 Benefits (DHB), as needed for the purpose of paying claims related to services billed under the

1 fee-for-service payment model for recipients who are being, or have been, transitioned to  
2 managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the  
3 need to pay claims run out arises and need not be transferred in one lump sum. To the extent that  
4 any funds are transferred under this subsection, the funds are appropriated for the purpose set  
5 forth in this subsection.

6 **SECTION 9D.15.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
7 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of  
8 forty-nine million sixteen thousand four hundred fifty-two dollars (\$49,016,452) in nonrecurring  
9 funds for the 2019-2020 fiscal year and the sum of ten million nine hundred eighty-three thousand  
10 five hundred forty-eight dollars (\$10,983,548) in nonrecurring funds for the 2020-2021 fiscal  
11 year from the Medicaid Transformation Fund may be transferred to the Department of Health  
12 and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the  
13 State share for qualifying needs directly related to Medicaid transformation, as required by S.L.  
14 2015-241, as amended. Funds may be transferred to DHB as qualifying needs arise during the  
15 2019-2021 fiscal biennium and need not be transferred in one lump sum. Funds transferred during  
16 the 2020-2021 fiscal year shall be for one-time, nonrecurring qualifying needs only.

17 For the purposes of this section, the term "qualifying need" shall be limited to  
18 information technology, time-limited staffing, and contracts related to the following Medicaid  
19 transformation needs:

- 20 (1) Medicaid transformation program design.
- 21 (2) Enrollment broker services.
- 22 (3) NC FAST upgrades related to Medicaid transformation.
- 23 (4) Data management.
- 24 (5) Program integrity.
- 25 (6) Technical and operational integration.
- 26 (7) In the 2019-2020 fiscal year only, administrative expenses related to the  
27 transition to managed care.

28 **SECTION 9D.15.(c)** Requests for Transfer of Funds for Qualifying Need. – A  
29 request by the Department of Health and Human Services, Division of Health Benefits (DHB),  
30 for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of  
31 State Budget and Management (OSBM) and shall include the amount requested and the specific  
32 qualifying need for which the funds are to be used. None of the funds identified in subsection (b)  
33 of this section shall be transferred to DHB until OSBM verifies the following information:

- 34 (1) The amount requested is to be used for a qualifying need in the 2019-2021  
35 fiscal biennium.
- 36 (2) The amount requested provides a State share that will not result in total  
37 requirements that exceed one hundred ninety million dollars (\$190,000,000)  
38 in noncurring funds for the 2019-2021 fiscal biennium and ninety-six million  
39 dollars (\$96,000,000) in recurring funds for the 2019-2021 fiscal biennium.
- 40 (3) The amount requested for a qualifying need in the 2020-2021 fiscal year is for  
41 a nonrecurring qualifying need.

42 **SECTION 9D.15.(d)** Federal Fund Receipts. – Any federal funds received in any  
43 fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB),  
44 that represent a return of State share already expended on a qualifying need related to the funds  
45 received by the DHB under this section shall be deposited into the Medicaid Transformation  
46 Fund.

## 48 **MEDICAID TRANSFORMATION ADMINISTRATIVE REDUCTION FLEXIBILITY** 49 **AND REPORT**

50 **SECTION 9D.15B.(a)** In order to achieve the budgeted reduction in administrative  
51 costs attributable to the implementation of Medicaid transformation in the amount of thirty

1 million six hundred fifty-eight thousand eight hundred fifty-five dollars (\$30,658,855) in  
2 recurring funds for the 2019-2020 fiscal year and in the amount of forty-two million six hundred  
3 ninety-one thousand six hundred fifteen dollars (\$42,691,615) in recurring funds for the  
4 2020-2021 fiscal year, the Secretary of the Department of Health and Human Services (Secretary)  
5 may reduce administrative costs across all Divisions within the Department of Health and Human  
6 Services. In achieving these budgeted reduction amounts, the Secretary shall not reduce any  
7 funds that (i) impact direct services or (ii) are used to support the 2012 settlement agreement  
8 entered into between the United States Department of Justice and the State of North Carolina to  
9 ensure that the State will willingly meet the requirements of the Americans with Disabilities Act  
10 of 1990, Section 504 of the Rehabilitation Act of 1973, and the United States Supreme Court  
11 decision in *Olmstead v. L.C.*, 527 U.S. 581 (1999). The prohibition on reducing funds that impact  
12 direct services shall not be construed to prohibit a reduction in administrative costs associated  
13 with contracts for the provision of direct services.

14 **SECTION 9D.15B.(b)** By January 15, 2020, and January 15, 2021, the Secretary  
15 shall submit a report to the Joint Legislative Oversight Committee on Health and Human  
16 Services, the Joint Legislative Oversight Committee on Medicaid and North Carolina Health  
17 Choice, the House of Representatives Appropriations Committee on Health and Human Services,  
18 the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
19 Division on the actions taken during that fiscal year to achieve the budgeted reduction in  
20 administrative costs attributable to the implementation of Medicaid transformation. If the  
21 Secretary elects to eliminate positions, the report shall include a list of each position eliminated,  
22 along with its position number, title, and the amount of salary and fringe benefits associated with  
23 each position.  
24

## 25 **TRIBAL OPTION/MEDICAID TRANSFORMATION**

26 **SECTION 9D.16.(a)** The Department of Health and Human Services may contract  
27 with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined  
28 under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care–related  
29 services to Medicaid and NC Health Choice beneficiaries who are members of federally  
30 recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or  
31 health care–related services as agreed upon with the IMCE or IHCP, as approved by the Secretary  
32 of the Department of Health and Human Services and as allowed by the Centers for Medicare  
33 and Medicaid Services (CMS), including, but not limited to, the following services:

- 34 (1) Primary care case management as a primary care case managed system or  
35 entity, as described in 42 C.F.R. § 438.2.
- 36 (2) Utilization management and referrals.
- 37 (3) The management or provision of home- and community-based services under  
38 a 1915(c) waiver.
- 39 (4) The management or provision of specialized services covered by a BH IDD  
40 Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L.  
41 2015-245, as amended by S.L. 2018-48.

42 Coverage provided by the IMCE or IHCP may be more permissive, but no more  
43 restrictive, than Medicaid or NC Health Choice medical coverage policy adopted or amended by  
44 the Department of Health and Human Services; however, the coverage shall be in compliance  
45 with federal regulations and policies related to the receipt of federal funding for these health care  
46 or health care–related services.

47 **SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by  
48 Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

- 49 "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all  
50 Medicaid and NC Health Choice program aid categories except for the  
51 following categories:

1 ...

2 e. Members of federally recognized tribes. Members of federally  
3 recognized tribes shall have the option to enroll voluntarily in PHPs.

4 e1. Eligible recipients who are enrolled in a DHHS-contracted Indian  
5 managed care entity, as defined in 42 C.F.R. § 438.14(a).

6 ...."

7 **SECTION 9D.16.(c)** Subdivision 9 of Section 4 of S.L. 2015-245, as amended by  
8 S.L. 2018-48, reads as rewritten:

9 "(9) LME/MCOs. – Beginning on the date that capitated contracts begin,  
10 LME/MCOs shall cease managing Medicaid services for all Medicaid  
11 recipients other than recipients described in sub-subdivisions a., d., e., e1., f.,  
12 g., j., k., and l. of subdivision (5) of this section. Until BH IDD Tailored Plans  
13 become operational, all of the following shall occur:

14 a. LME/MCOs shall continue to manage the Medicaid services that are  
15 currently covered by the LME/MCOs for Medicaid recipients  
16 described in sub-subdivisions a., d., e., e1., f., g., j., k., and l. of  
17 subdivision (5) of this section.

18 ...."

19 **SECTION 9D.16.(d)** The Department of Health and Human Services is authorized  
20 to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or  
21 any amendments thereto, to implement the provisions of this section.

22  
23 **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID**  
24 **TRANSFORMATION**

25 **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.  
26 2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.

27  
28 **REVISED HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND**  
29 **DIRECTED PAYMENTS**

30 **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the  
31 General Statutes is repealed.

32 **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General  
33 Statutes is amended by adding a new Article to read:

34 "Article 7A.

35 "Hospital Assessment Act.

36 "Part 1. General.

37 "**§ 108A-130. Short title and purpose.**

38 This Article shall be known as the "Hospital Assessment Act." This Article does not authorize  
39 a political subdivision of the State to license a hospital for revenue or impose a tax or assessment  
40 on a hospital.

41 "**§ 108A-131. Definitions.**

42 The following definitions apply in this Article:

43 (1) Base assessment. – The assessment payable under G.S. 108A-142.

44 (2) CMS. – Centers for Medicare and Medicaid Services.

45 (3) Critical access hospital. – Defined in 42 C.F.R. § 400.202.

46 (4) Department. – The Department of Health and Human Services.

47 (5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.

48 (6) Public hospital. – A hospital that certifies its public expenditures to the  
49 Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which  
50 the assessment applies.

51 (7) Secretary. – The Secretary of Health and Human Services.

1           (8)    State's annual Medicaid payment. – An amount equal to one hundred ten  
2           million dollars (\$110,000,000) for State fiscal year 2019-2020, increased each  
3           year over the prior year's payment by the percentage specified as the Medicare  
4           Market Basket Index less productivity most recently published in the Federal  
5           Register.

6           (9)    Supplemental assessment. – The assessment payable under G.S. 108A-141.

7           (10)   Total hospital costs. – The costs as calculated using the most recent available  
8           Hospital Cost Report Information System's cost report data available through  
9           CMS or other comparable data, including both inpatient and outpatient  
10          components, for all hospitals that are not exempt from the applicable  
11          assessment.

12    **§ 108A-132. Due dates and collections.**

13          (a)    Beginning October 1, 2019, assessments under this Article are due quarterly in the  
14          time and manner prescribed by the Secretary and shall be considered delinquent if not paid within  
15          seven calendar days of this due date.

16          (b)    With respect to any hospital owing a past due assessment amount under this Article,  
17          the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments  
18          otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good  
19          cause shown.

20          (c)    In the event the data necessary to calculate an assessment under this Article is not  
21          available to the Secretary in time to impose the quarterly assessments for a payment year, the  
22          Secretary may defer the due date for the assessment to a subsequent quarter.

23    **§ 108A-133. Assessment appeals.**

24          A hospital may appeal a determination of the assessment amount owed through a  
25          reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation  
26          to pay an assessment amount when due.

27    **§ 108A-134. Allowable costs; patient billing.**

28          (a)    Assessments paid under this Article may be included as allowable costs of a hospital  
29          for purposes of any applicable Medicaid reimbursement formula, except that assessments paid  
30          under this Article shall be excluded from cost settlement.

31          (b)    Assessments imposed under this Article may not be added as a surtax or assessment  
32          on a patient's bill.

33    **§ 108A-135. Rule-making authority.**

34          The Secretary may adopt rules to implement this Article.

35    **§ 108A-136. Repeal.**

36          If CMS determines that an assessment under this Article is impermissible or revokes approval  
37          of an assessment under this Article, then that assessment shall not be imposed and the  
38          Department's authority to collect the assessment is repealed.

39                            "Part 2. Supplemental and Base Assessments.

40    **§ 108A-140. Applicability.**

41          (a)    The assessments imposed under this Part apply to all licensed North Carolina  
42          hospitals, except as provided in this section.

43          (b)    The following hospitals are exempt from both the supplemental assessment and the  
44          base assessment:

45                  (1)    Critical access hospitals.

46                  (2)    Freestanding psychiatric hospitals.

47                  (3)    Freestanding rehabilitation hospitals.

48                  (4)    Long-term care hospitals.

49                  (5)    State-owned and State-operated hospitals.

50                  (6)    The primary affiliated teaching hospital for each University of North Carolina  
51                  medical school.

1 (c) Public hospitals are exempt from the supplemental assessment.

2 **"§ 108A-141. Supplemental assessment.**

3 (a) The supplemental assessment shall be a percentage, established by the General  
4 Assembly, of total hospital costs.

5 (b) The Department shall propose the rate of the supplemental assessment to be imposed  
6 under this section when the Department prepares its budget request for each upcoming fiscal  
7 year. The Governor shall submit the Department's proposed supplemental assessment rate to the  
8 General Assembly each fiscal year.

9 (c) The Department shall base the proposed supplemental assessment rate on all of the  
10 following factors:

11 (1) The percentage change in aggregate payments to hospitals subject to the  
12 supplemental assessment for Medicaid and NC Health Choice enrollees,  
13 excluding hospital access payments made under 42 C.F.R § 438.6, as  
14 demonstrated in data from prepaid health plans and the State, as determined  
15 by the Department.

16 (2) Any changes in the federal medical assistance percentage rate applicable to  
17 the Medicaid or NC Health Choice programs for the applicable year.

18 (d) The rate for the supplemental assessment for each taxable year shall be the percentage  
19 rate set by law by the General Assembly.

20 **"§ 108A-142. Base assessment.**

21 (a) The base assessment shall be a percentage, established by the General Assembly, of  
22 total hospital costs.

23 (b) The Department shall propose the rate of the base assessment to be imposed under  
24 this section when the Department prepares its budget request for each upcoming fiscal year. The  
25 Governor shall submit the Department's proposed base assessment rate to the General Assembly  
26 each fiscal year.

27 (c) The Department shall base the proposed base assessment rate on all of the following  
28 factors:

29 (1) The change in the State's annual Medicaid payment for the applicable year.

30 (2) The percentage change in aggregate payments to hospitals subject to the base  
31 assessment for Medicaid and NC Health Choice enrollees, excluding hospital  
32 access payments made under 42 C.F.R § 438.6, as demonstrated in data from  
33 prepaid health plans and the State, as determined by the Department.

34 (3) Any changes in the federal medical assistance percentage rate applicable to  
35 the Medical or NC Health Choice programs for the applicable year.

36 (4) Any changes as determined by the Department in (i) reimbursement under the  
37 Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R  
38 § 438.6 for which the nonfederal share is not funded by General Fund  
39 appropriations, and (iii) reimbursement under the NC Health Choice program.

40 (d) The rate for the base assessment for each taxable year shall be the percentage rate set  
41 by law by the General Assembly.

42 **"§ 108A-143. Payment from other hospitals.**

43 If a hospital that is exempt from both the base and supplemental assessments under this Part  
44 (i) makes an intergovernmental transfer to the Department to be used to draw down matching  
45 federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March  
46 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional  
47 amount shall be a percentage of the amount of funds that (i) would be transferred to the State  
48 through such an intergovernmental transfer and (ii) are to be used to match additional federal  
49 funds that the exempt hospital is able to receive because of the acquired, merged, leased, or  
50 managed hospital. That percentage shall be calculated by dividing the amount of the State's

1 annual Medicaid payment by the total amount collected under the base assessment under  
2 G.S. 108A-142.

3 **"§ 108A-144. Use of funds.**

4 The proceeds of the assessments imposed under this Part, and all corresponding matching  
5 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund  
6 payments to hospitals made directly by the Department, to fund a portion of capitation payments  
7 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate  
8 medical education payments."

9 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental  
10 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is two and  
11 thirty-one hundredths percent (2.31%) for the taxable year October 1, 2019, through September  
12 30, 2020.

13 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base  
14 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is one and fifty-one  
15 hundredths percent (1.51%) for the taxable year October 1, 2019, through September 30, 2020.

16 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the  
17 supplemental payment program for eligible medical professional providers described in the  
18 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.  
19 This payment program shall be called the Average Commercial Rate Supplemental and Directed  
20 Payment Program. Effective October 1, 2019, the following two changes to the program shall be  
21 implemented:

- 22 (1) The program shall no longer utilize a limit on the number of eligible medical  
23 professional providers that may be reimbursed through the program, and  
24 instead shall utilize a limit on the total payments made under the program.
- 25 (2) Payments under the program shall consist of two components: (i)  
26 supplemental payments that increase reimbursement to the average  
27 commercial rate under the State Plan and (ii) directed payments that increase  
28 reimbursement to the average commercial rate under the managed care  
29 system.

30 **SECTION 9D.18.(f)** The limitation on total payments made under the Average  
31 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional  
32 providers shall apply to the combined amount of payments made as supplemental payments under  
33 the State Plan and payments made as directed payments under the managed care system and shall  
34 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as  
35 follows:

- 36 (1) For services provided during the period October 1, 2019, through June 30,  
37 2020, the total annual supplemental and directed payments made under the  
38 Average Commercial Rate Supplemental and Directed Payment Program shall  
39 not exceed seventy-five percent (75%) of the gross supplemental payments  
40 made to eligible medical providers during the 2018-2019 fiscal year.
- 41 (2) For services provided on or after July 1, 2020, the total annual supplemental  
42 and directed payments made under the Average Commercial Rate  
43 Supplemental and Directed Payment Program shall not exceed one hundred  
44 percent (100%) of the gross supplemental payments made to eligible medical  
45 providers during the 2018-2019 fiscal year, increased at the start of each State  
46 fiscal year by an inflation factor determined by the Department of Health and  
47 Human Services, Division of Health Benefits.

48 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program  
49 for eligible medical professional providers, the Department of Health and Human Services shall  
50 limit the total amount of supplemental and directed payments that may be received by the eligible  
51 providers affiliated with East Carolina University Brody School of Medicine and University of

1 North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental  
2 payments and directed payments shall not be made for services provided in Wake County.

3 **SECTION 9D.18.(h)** The Department of Health and Human Services is not  
4 authorized to make any modifications to the supplemental payment program for eligible medical  
5 professional providers, except as authorized in subsections (e) through (g) of this section.

6 **SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100  
7 is repealed.

8 **SECTION 9D.18.(j)** Notwithstanding any provision of Section 11H.9 of S.L.  
9 2017-57 to the contrary, the State Controller shall transfer funds from the Medicaid Contingency  
10 Reserve, established by Section 12H.38 of S.L. 2014-100, to the Department of Health and  
11 Human Services, Division of Health Benefits (DHB), only upon request by the DHB as needed  
12 to cover any shortfall in receipts from the supplemental or base assessments under  
13 G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, that are anticipated  
14 in this act, and only if the following two conditions are met:

- 15 (1) The Office of State Budget and Management (OSBM) has certified that there  
16 will be a shortfall in receipts anticipated in this act from the supplemental or  
17 base assessments.
- 18 (2) OSBM has certified that the amount requested by DHB does not exceed the  
19 shortfall in receipts certified by OSBM under subdivision (1) of this  
20 subsection.

21 Upon making the request to the State Controller for the transfer of funds pursuant to  
22 this section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight  
23 Committee on Medicaid and NC Health Choice of the request and the amount of the request. To  
24 the extent any funds are transferred under this subsection, the funds are hereby appropriated for  
25 the purpose set forth in this subsection. The authority set forth in this subsection expires June 30,  
26 2020.

27 **SECTION 9D.18.(k)** The Department of Health and Human Services, Division of  
28 Health Benefits (DHB) shall establish a new fund code entitled "Hospital Assessment Fund" in  
29 Budget Code 24445. If there is a collection of receipts greater than the amount anticipated in this  
30 act for the 2019-2020 fiscal year from the supplemental or base assessments under  
31 G.S. 108A-141 and G.S. 108A-142, enacted by subsection (b) of this section, then up to thirty  
32 million dollars (\$30,000,000) shall be transferred to the Hospital Assessment Fund in Budget  
33 Code 24445 only if the following two conditions are met:

- 34 (1) The Office of State Budget and Management (OSBM) has certified that there  
35 will be over-realized receipts for the 2019-2020 fiscal year from the  
36 supplemental or base assessments.
- 37 (2) OSBM has certified that the amount to be transferred does not exceed the  
38 amount of over-realized receipts certified by OSBM under subdivision (1) of  
39 this subsection and does not exceed thirty million dollars (\$30,000,000).

40 Funds in the Hospital Assessment Fund shall be used in the 2020-2021 fiscal year to  
41 support a decrease in the supplemental assessment rate, base assessment rate, or both, that  
42 corresponds with the amount of over-realized receipts for the 2019-2020 fiscal year.

43 **SECTION 9D.18.(l)** Except as otherwise provided, this section becomes effective  
44 July 1, 2019.

#### 45 **GROSS PREMIUMS TAX/PREPAID HEALTH PLANS**

46 **SECTION 9D.19.(a)** The title of Article 8B of Chapter 105 of the General Statutes  
47 reads as rewritten:

48 "Article 8B.

49 "Taxes Upon Insurance Companies, Companies and Prepaid Health Plans."

50 **SECTION 9D.19.(b)** G.S. 105-228.3 reads as rewritten:  
51

**"§ 105-228.3. Definitions.**

The following definitions apply in this Article:

- (1) Article 65 corporation. – A corporation subject to Article 65 of Chapter 58 of the General Statutes, regulating hospital, medical, and dental service corporations.
- (2) Capitation payment. – Amounts paid by the Department of Health and Human Services to prepaid health plans under capitated contracts for the delivery of Medicaid and NC Health Choice services in accordance with S.L. 2015-245, as amended.
- ~~(1a)~~(3) Captive insurance company. – Defined in G.S. 58-10-340.
- ~~(1b)~~(4) Foreign captive insurance company. – A captive insurance company as defined in G.S. 58-10-340(9), except that such company is not formed or licensed under the laws of this State but is formed and licensed under the laws of any jurisdiction within the United States other than this State.
- ~~(2)~~(5) Insurer. – An insurer as defined in G.S. 58-1-5 or a group of employers who have pooled their liabilities pursuant to G.S. 97-93 of the Workers' Compensation Act.
- (6) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.
- ~~(3)~~(7) Self-insurer. – An employer that carries its own risk pursuant to G.S. 97-93 of the Workers' Compensation Act."

**SECTION 9D.19.(c)** G.S. 105-228.5 reads as rewritten:

**"§ 105-228.5. Taxes measured by gross premiums.**

(a) Tax Levied. – A tax is levied in this section on insurers, Article 65 corporations, health maintenance organizations, prepaid health plans, and self-insurers. An insurer, health maintenance organization, prepaid health plan, or Article 65 corporation that is subject to the tax levied by this section is not subject to franchise or income taxes imposed by Articles 3 and 4, respectively, of this Chapter.

(b) Tax Base. –

- (1) Insurers. – The tax imposed by this section on an insurer or a health maintenance organization shall be measured by gross premiums from business done in this State during the preceding calendar year.
- (2) Repealed by Session Laws 2006-196, effective for taxable years beginning on or after January 1, 2008.
- (3) Article 65 Corporations. – The tax imposed by this section on an Article 65 corporation shall be measured by gross collections from membership dues, exclusive of receipts from cost plus plans, received by the corporation during the preceding calendar year.
- (4) Self-insurers. – The tax imposed by this section on a self-insurer shall be measured by the gross premiums that would be charged against the same or most similar industry or business, taken from the manual insurance rate then in force in this State, applied to the self-insurer's payroll for the previous calendar year as determined under Article 36 of Chapter 58 of the General Statutes modified by the self-insurer's approved experience modifier.
- (5) Prepaid Health Plans. – The tax imposed by this section on a prepaid health plan shall be measured by gross capitation payments received by the prepaid health plan from the Department of Health and Human Services for services provided to enrollees in the State Medicaid program or NC Health Choice program in the preceding calendar year.

(b1) Calculation of Tax Base. – In determining the amount of gross premiums from business in this State, all gross premiums received in this State, credited to policies written or procured in this State, or derived from business written in this State shall be deemed to be for

1 contracts covering persons, property, or risks resident or located in this State unless one of the  
2 following applies:

- 3 (1) The premiums are properly reported and properly allocated as being received  
4 from business done in some other nation, territory, state, or states.
- 5 (2) The premiums are from policies written in federal areas for persons in military  
6 service who pay premiums by assignment of service pay.

7 Gross premiums from business done in this State in the case of life insurance contracts,  
8 including supplemental contracts providing for disability benefits, accidental death benefits, or  
9 other special benefits that are not annuities, means all premiums collected in the calendar year,  
10 other than for contracts of reinsurance, for policies the premiums on which are paid by or credited  
11 to persons, firms, or corporations resident in this State, or in the case of group policies, for  
12 contracts of insurance covering persons resident within this State. The only deductions allowed  
13 shall be for premiums refunded on policies rescinded for fraud or other breach of contract and  
14 premiums that were paid in advance on life insurance contracts and subsequently refunded to the  
15 insured, premium payer, beneficiary or estate. Gross premiums shall be deemed to have been  
16 collected for the amounts as provided in the policy contracts for the time in force during the year,  
17 whether satisfied by cash payment, notes, loans, automatic premium loans, applied dividend, or  
18 by any other means except waiver of premiums by companies under a contract for waiver of  
19 premium in case of disability.

20 Gross premiums from business done in this State in the case of prepaid health plans means  
21 all capitation payments received by a prepaid health plan from the Department of Health and  
22 Human Services for the delivery of services to enrollees in the State Medicaid program or NC  
23 Health Choice program in the calendar year. Capitation payments refunded by a prepaid health  
24 plan to the State are the only allowable deductions.

25 Gross premiums from business done in this State for all other health care plans and contracts  
26 of insurance, including contracts of insurance required to be carried by the Workers'  
27 Compensation Act, means all premiums written during the calendar year, or the equivalent  
28 thereof in the case of self-insurers under the Workers' Compensation Act, for contracts covering  
29 property or risks in this State, other than for contracts of reinsurance, whether the premiums are  
30 designated as premiums, deposits, premium deposits, policy fees, membership fees, or  
31 assessments. Gross premiums shall be deemed to have been written for the amounts as provided  
32 in the policy contracts, new and renewal, becoming effective during the year irrespective of the  
33 time or method of making payment or settlement for the premiums, and with no deduction for  
34 dividends whether returned in cash or allowed in payment or reduction of premiums or for  
35 additional insurance, and without any other deduction except for return of premiums, deposits,  
36 fees, or assessments for adjustment of policy rates or for cancellation or surrender of policies.

37 (c) Exclusions. – Every insurer, in computing the premium tax, shall exclude all of the  
38 following from the gross amount of premiums, and the gross amount of excluded premiums is  
39 exempt from the tax imposed by this section:

- 40 (1) All premiums received on or after July 1, 1973, from policies or contracts  
41 issued in connection with the funding of a pension, annuity, or profit-sharing  
42 plan qualified or exempt under section 401, 403, 404, 408, 457 or 501 of the  
43 Code as defined in G.S. 105-228.90.
- 44 (2) Premiums or considerations received from annuities, as defined in  
45 G.S. 58-7-15.
- 46 (3) Funds or considerations received in connection with funding agreements, as  
47 defined in G.S. 58-7-16.
- 48 (4) The following premiums, to the extent federal law prohibits their taxation  
49 under this Article:
  - 50 a. Federal Employees Health Benefits Plan premiums.
  - 51 b. ~~Medicaid~~ or Medicare premiums.

- 1                   c.     Medicaid or NC Health Choice premiums, other than capitation  
2                             payments, paid by or on behalf of a Medicaid or NC Health Choice  
3                             beneficiary.
- 4       (d)     Tax Rates; Disposition. –
- 5               (1)     Workers' Compensation. – The tax rate to be applied to gross premiums, or  
6                   the equivalent thereof in the case of self-insurers, on contracts applicable to  
7                   liabilities under the Workers' Compensation Act is two and five-tenths percent  
8                   (2.5%). The net proceeds shall be credited to the General Fund.
- 9               (2)     Other Insurance Contracts. – The tax rate to be applied to gross premiums on  
10                   all other taxable contracts issued by insurers or health maintenance  
11                   organizations and to be applied to gross premiums and gross collections from  
12                   membership dues, exclusive of receipts from cost plus plans, received by  
13                   Article 65 corporations is one and nine-tenths percent (1.9%). The net  
14                   proceeds shall be credited to the General Fund.
- 15             (2a)     Prepaid Health Plans. – The tax rate to be applied to gross premiums from  
16                   capitation payments received by prepaid health plans is one and nine-tenths  
17                   percent (1.9%). The net proceeds shall be credited to the General Fund.
- 18             (3)     Additional Rate on Property Coverage Contracts. – An additional tax at the  
19                   rate of seventy-four hundredths percent (0.74%) applies to gross premiums on  
20                   insurance contracts for property coverage. The tax is imposed on ten percent  
21                   (10%) of the gross premiums from insurance contracts for automobile  
22                   physical damage coverage and on one hundred percent (100%) of the gross  
23                   premiums from all other contracts for property coverage. Twenty percent  
24                   (20%) of the net proceeds of this additional tax must be credited to the  
25                   Volunteer Fire Department Fund established in Article 87 of Chapter 58 of  
26                   the General Statutes. Twenty percent (20%) of the net proceeds must be  
27                   credited to the Department of Insurance for disbursement pursuant to  
28                   G.S. 58-84-25. Up to twenty percent (20%), as determined in accordance with  
29                   G.S. 58-87-10(f), must be credited to the Workers' Compensation Fund. The  
30                   remaining net proceeds must be credited to the General Fund. The additional  
31                   tax imposed on property coverage contracts under this subdivision is a special  
32                   purpose assessment based on gross premiums and not a gross premiums tax.  
33                   The following definitions apply in this subdivision:
- 34               a.     Automobile physical damage. – The following lines of business  
35                   identified by the NAIC: private passenger automobile physical  
36                   damage and commercial automobile physical damage.
- 37               b.     Property coverage. – The following lines of business identified by the  
38                   NAIC: fire, farm owners multiple peril, homeowners multiple peril,  
39                   nonliability portion of commercial multiple peril, ocean marine, inland  
40                   marine, earthquake, private passenger automobile physical damage,  
41                   commercial automobile physical damage, aircraft, and boiler and  
42                   machinery. The term also includes insurance contracts for wind  
43                   damage.
- 44               c.     NAIC. – National Association of Insurance Commissioners.
- 45             (4)     Repealed by Session Laws 2006-196, effective for taxable years beginning on  
46                   or after January 1, 2008.
- 47             (5)     Repealed by Session Laws 2003-284, s. 43.1, effective for taxable years  
48                   beginning on or after January 1, 2004.
- 49             (6)     Repealed by Session Laws 2005-276, s. 38.4(a), effective for taxable years  
50                   beginning on or after January 1, 2007.

1 (e) Report and Payment. – Each taxpayer doing business in this State shall, within the  
2 first 15 days of March, file with the Secretary of Revenue a full and accurate report of the total  
3 gross premiums as defined in this section, the payroll and other information required by the  
4 Secretary in the case of a self-insurer, or the total gross collections from membership dues  
5 exclusive of receipts from cost plus plans collected in this State during the preceding calendar  
6 year. The taxes imposed by this section shall be remitted to the Secretary with the report.

7 (f) Installment Payments Required. – Taxpayers that are subject to the tax imposed by  
8 this section and have a premium tax liability of ten thousand dollars (\$10,000) or more for  
9 business done in North Carolina during the immediately preceding year shall remit three equal  
10 quarterly installments with each installment equal to at least thirty-three and one-third percent  
11 (33 1/3%) of the premium tax liability incurred in the immediately preceding taxable year. The  
12 quarterly installment payments shall be made on or before April 15, June 15, and October 15 of  
13 each taxable year. The ~~company taxpayer~~ shall remit the balance by the following March 15 in  
14 the same manner provided in this section for annual returns.

15 The Secretary may permit an insurance company or prepaid health plan to pay less than the  
16 required estimated payment when the insurer or prepaid health plan reasonably believes that the  
17 total estimated payments made for the current year will exceed the total anticipated tax liability  
18 for the year.

19 An underpayment or an overpayment of an installment payment required by this subsection  
20 accrues interest in accordance with G.S. 105-241.21. An overpayment of tax shall be credited to  
21 the ~~company taxpayer~~ and applied against the taxes imposed upon the ~~company taxpayer~~ under  
22 this Article.

23 (g) Exemptions. – This section does not apply to farmers' mutual assessment fire  
24 insurance companies or to fraternal orders or societies that do not operate for a profit and do not  
25 issue policies on any person except members. This section does not apply to a captive insurance  
26 company taxed under G.S. 105-228.4A."

27 **SECTION 9D.19.(d)** G.S. 58-6-25 reads as rewritten:

28 "**§ 58-6-25. Insurance regulatory charge.**

29 ...

30 (e) Definitions. – The following definitions apply in this section:

31 ...

32 (2) Insurance company. – A company or prepaid health plan that pays the gross  
33 premiums tax levied in G.S. 105-228.5 and G.S. 105-228.8.

34 ...."

35 **SECTION 9D.19.(e)** G.S. 105-259 reads as rewritten:

36 "**§ 105-259. Secrecy required of officials; penalty for violation.**

37 ...

38 (b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has  
39 access to tax information in the course of service to or employment by the State may not disclose  
40 the information to any other person except as provided in this subsection. Standards used or to  
41 be used for the selection of returns for examination and data used or to be used for determining  
42 the standards may not be disclosed for any purpose. All other tax information may be disclosed  
43 only if the disclosure is made for one of the following purposes:

44 ...

45 (49) To exchange information concerning a tax imposed by Article 8B of this  
46 Chapter with the North Carolina Department of Insurance or the North  
47 Carolina Department of Health and Human Services when the information is  
48 needed to fulfill a duty imposed on the ~~Department~~Department of Revenue.

49 ...."

50 **SECTION 9D.19.(f)** This section is effective October 1, 2019, and applies to  
51 capitation payments received by prepaid health plans on or after that date.

1  
2 **REIMBURSEMENT CHANGES FOR THE PRIMARY AFFILIATED TEACHING**  
3 **HOSPITAL FOR THE EAST CAROLINA UNIVERSITY BRODY SCHOOL OF**  
4 **MEDICINE**

5 **SECTION 9D.20.(a)** Effective July 1, 2019, the Department of Health and Human  
6 Services shall amend the Medicaid State Plan to no longer reimburse the primary affiliated  
7 teaching hospital for the East Carolina University Brody School of Medicine for all allowable  
8 costs for inpatient and outpatient services. The primary affiliated teaching hospital for the East  
9 Carolina University Brody School of Medicine shall be reimbursed in the same manner as other  
10 private hospitals under the Medicaid State Plan.

11 **SECTION 9D.20.(b)** Effective July 1, 2019, notwithstanding G.S. 108A-122(c), the  
12 primary affiliated teaching hospital for the East Carolina University Brody School of Medicine  
13 shall be subject to the equity assessment under Article 7 of Chapter 108A of the General Statutes.

14 **SECTION 9D.20.(c)** Notwithstanding G.S. 108A-140, as enacted by Section  
15 9D.18(b) of this act, the primary affiliated teaching hospital for the East Carolina University  
16 Brody School of Medicine shall be subject to the supplemental assessment under Article 7A of  
17 Chapter 108A of the General Statutes, as enacted by Section 9D.18(b) of this act.

18  
19 **PART IX-E. HEALTH SERVICE REGULATION**

20  
21 **FUNDS TO CONTINUE THE MCDOWELL COUNTY EMERGENCY MEDICAL**  
22 **SERVICES COMMUNITY PARAMEDICINE PILOT PROGRAM SITE**

23 **SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and  
24 Human Services, Division of Health Service Regulation, the sum of seventy thousand dollars  
25 (\$70,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand  
26 dollars (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to continue,  
27 at the McDowell County Emergency Medical Services site, the community paramedicine pilot  
28 program authorized in Section 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L.  
29 2016-94. The focus of this community paramedicine pilot program shall continue to be expansion  
30 of the role of paramedics to allow for community-based initiatives that result in providing care  
31 that avoids nonemergency use of emergency rooms and 911 services and avoidance of  
32 unnecessary admissions into health care facilities.

33 **SECTION 9E.1.(b)** The participation requirements, objectives, standards, and  
34 required outcomes for the pilot program shall remain the same as established pursuant to Section  
35 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

36 **SECTION 9E.1.(c)** By December 1, 2021, the Department of Health and Human  
37 Services shall submit an updated report on the community paramedicine pilot program to the  
38 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
39 Division. At a minimum, the report shall include all of the following:

- 40 (1) Any updated version of the evaluation plan required by subsection (d) of  
41 Section 12A.12 of S.L. 2015-241.
- 42 (2) An updated estimate of the cost to expand the program incrementally and  
43 statewide.
- 44 (3) An updated estimate of any potential savings of State funds associated with  
45 expansion of the program.
- 46 (4) If expansion of the program is recommended, an updated time line for  
47 expanding the program.
- 48 (5) Recommendations to make all piloted program sites fully receipt supported.

49  
50 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

1           **SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,  
2 the Department of Health and Human Services, Division of Health Service Regulation, shall not  
3 issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This  
4 prohibition shall not restrict the Department of Health and Human Services from doing any of  
5 the following:

- 6           (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 7           (2) Issuing a license for a special care unit in any area of the State upon a  
8 determination by the Secretary of the Department of Health and Human  
9 Services that increased access to this type of care is necessary in that area  
10 during the moratorium imposed by this section.
- 11           (3) Processing all completed applications for special care unit licenses received  
12 by the Division of Health Service Regulation along with the applicable license  
13 fee prior to June 1, 2013.
- 14           (4) Issuing a license to a facility that was in possession of a certificate of need as  
15 of July 31, 2013, that included authorization to operate special care unit beds.

16           **SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a  
17 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
18 Research Division by March 1, 2021, containing at least the following information:

- 19           (1) The number of licensed special care units in the State.
- 20           (2) The capacity of the currently licensed special care units to serve people in  
21 need of their services.
- 22           (3) The anticipated growth in the number of people who will need the services of  
23 a licensed special care unit.
- 24           (4) The number of applications received from special care units seeking licensure  
25 as permitted by this section and the number of those applications that were not  
26 approved.

## 27 28 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE** 29 **SERVICES**

30           **SECTION 9E.3.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,  
31 and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3  
32 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part,  
33 the Department of Health and Human Services shall not issue any licenses for home care agencies  
34 as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does  
35 not apply to companion, sitter, or respite services and shall not restrict the Department from doing  
36 any of the following:

- 37           (1) Issuing a license to a certified home health agency as defined in  
38 G.S. 131E-176(12) that intends to offer in-home aide services.
- 39           (2) Issuing a license to an agency that needs a new license for an existing home  
40 care agency being acquired.
- 41           (3) Issuing a license for a new home care agency in any area of the State upon a  
42 determination by the Secretary of the Department of Health and Human  
43 Services that increased access to care is necessary in that area.

44           **SECTION 9E.3.(b)** The Department of Health and Human Services shall submit a  
45 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
46 Research Division by March 1, 2021, containing at least the following information:

- 47           (1) The number of licensed home care agencies in the State that offer in-home  
48 aide services.
- 49           (2) The capacity of the currently licensed home care agencies to provide in-home  
50 aide services to people in need of their services.

- 1 (3) The anticipated growth in the number of people who will need in-home aide  
 2 services provided by a licensed home care agency.  
 3 (4) The number of applications received from home care agencies that intend to  
 4 offer in-home aide services, seeking licensure as permitted by this section, and  
 5 the number of those applications that were not approved.  
 6

## 7 AMEND CERTIFICATE OF NEED LAWS

8 SECTION 9E.4.(a) G.S. 131E-176 reads as rewritten:

### 9 "§ 131E-176. Definitions.

10 As used in this Article, unless the context clearly requires otherwise, the following terms  
 11 have the meanings specified:

12 ...

- 13 (2) "Bed capacity" means space used exclusively for inpatient ~~care, care at a~~  
 14 health service facility, including space designed or remodeled for licensed  
 15 inpatient beds even though temporarily not used for such purposes. The  
 16 number of beds to be counted in any patient room shall be the maximum  
 17 number for which adequate square footage is provided as established by rules  
 18 of the Department except that single beds in single rooms are counted even if  
 19 the room contains inadequate square footage. ~~The term "bed capacity" also~~  
 20 ~~refers to the number of dialysis stations in kidney disease treatment centers,~~  
 21 ~~including freestanding dialysis units.~~

22 ...

- 23 (5) "Change in bed capacity" means (i) any relocation of health service facility  
 24 ~~beds, or dialysis stations~~beds from one licensed facility or campus to another,  
 25 or (ii) any redistribution of health service facility bed capacity among the  
 26 categories of health service facility bed as defined in G.S. 131E-176(9c), or  
 27 (iii) any increase in the number of health service facility ~~beds, or dialysis~~  
 28 ~~stations in kidney disease treatment centers, including freestanding dialysis~~  
 29 ~~units~~beds.

30 ...

- 31 (9a) "Health service" means an organized, interrelated medical, diagnostic,  
 32 therapeutic, ~~and/or or~~ rehabilitative activity~~activity, or any combination of~~  
 33 these, that is integral to the prevention of disease or the clinical management  
 34 of a sick, injured, or disabled person. "Health service" does not include  
 35 administrative and other activities that are not integral to clinical  
 36 management~~management, or any activities performed at a facility that does~~  
 37 not meet the definition of a health service facility.

- 38 (9b) "Health service facility" means a hospital; long-term care hospital; ~~psychiatric~~  
 39 ~~facility;~~ rehabilitation facility; nursing home facility; adult care home; ~~kidney~~  
 40 ~~disease treatment center, including freestanding hemodialysis units;~~  
 41 ~~intermediate care facility for the mentally retarded;~~ home health agency  
 42 office; ~~chemical dependency treatment facility; diagnostic center; hospice~~  
 43 office, hospice inpatient facility, and hospice residential care facility; ~~and~~  
 44 ~~ambulatory surgical facility. The term "health service facility" does not~~  
 45 include a licensable facility, as defined in G.S. 122C-3(14)b.

- 46 (9c) "Health service facility bed" means a bed licensed for use in a health service  
 47 facility in the categories of (i) acute care beds; (ii) ~~psychiatric beds;~~ (iii)  
 48 rehabilitation beds; ~~(iv)-(iii)~~ nursing home beds; ~~(v) intermediate care beds for~~  
 49 ~~the mentally retarded;~~ (vi) ~~chemical dependency treatment beds;~~ (vii) ~~(iv)~~  
 50 hospice inpatient facility beds; ~~(viii)-(v)~~ hospice residential care facility beds;  
 51 ~~(ix)-(vi)~~ adult care home beds; and ~~(x)~~ or (vii) long-term care hospital beds.

1 ...  
 2 (14a) ~~"Intermediate care facility for the mentally retarded"~~ "Intermediate care  
 3 facility for individuals with intellectual disabilities" means facilities licensed  
 4 pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose  
 5 of providing health and habilitative services based on the developmental  
 6 model and principles of normalization for persons with ~~mental retardation,~~  
 7 intellectual disabilities, autism, cerebral palsy, epilepsy or related conditions.

8 ...  
 9 (16) "New institutional health services" means any of the following:

10 ...  
 11 d. The offering of ~~dialysis services or~~ home health services by or on  
 12 behalf of a health service facility if those services were not offered  
 13 within the previous 12 months by or on behalf of the facility.

14 ...  
 15 ~~r. The conversion of a specialty ambulatory surgical program to a~~  
 16 ~~multispecialty ambulatory surgical program or the addition of a~~  
 17 ~~specialty to a specialty ambulatory surgical program.~~

18 ...  
 19 ~~u. The construction, development, establishment, increase in the number,~~  
 20 ~~or relocation of an operating room or gastrointestinal endoscopy room~~  
 21 ~~in a licensed health service facility, other than the relocation of an~~  
 22 ~~operating room or gastrointestinal endoscopy room within the same~~  
 23 ~~building or on the same grounds or to grounds not separated by more~~  
 24 ~~than a public right-of-way adjacent to the grounds where the operating~~  
 25 ~~room or gastrointestinal endoscopy room is currently located.~~

26 ~~v. The change in designation, in a licensed health service facility, of an~~  
 27 ~~operating room to a gastrointestinal endoscopy room or change in~~  
 28 ~~designation of a gastrointestinal endoscopy room to an operating room~~  
 29 ~~that results in a different number of each type of room than is reflected~~  
 30 ~~on the health service facility's license in effect as of January 1, 2005.~~

31 ...."

32 SECTION 9E.4.(b) G.S. 131E-177 reads as rewritten:

33 **"§ 131E-177. Department of Health and Human Services is designated State Health**  
 34 **Planning and Development Agency; powers and duties.**

35 The Department of Health and Human Services is designated as the State Health Planning  
 36 and Development Agency for the State of North Carolina, and is empowered to exercise the  
 37 following powers and duties:

- 38 (1) To establish standards and criteria or plans required to carry out the provisions  
 39 and purposes of this Article and to adopt rules pursuant to Chapter 150B of  
 40 the General Statutes, to carry out the purposes and provisions of this  
 41 ~~Article;~~Article.
- 42 (2) Adopt, amend, and repeal such rules and regulations, consistent with the laws  
 43 of this State, as may be required by the federal government for grants-in-aid  
 44 for health service facilities and health planning which may be made available  
 45 by the federal government. This section shall be liberally construed in order  
 46 that the State and its citizens may benefit from such  
 47 ~~grants-in-aid;~~grants-in-aid.
- 48 (3) Define, by rule, procedures for submission of periodic reports by persons or  
 49 health service facilities subject to agency review under this ~~Article;~~Article.
- 50 (4) ~~Develop~~ With respect to health service facilities planning, all of the following:

- 1                   a.     ~~Develop~~ policy, criteria, and standards for health service facilities  
2                   ~~planning; shall conduct planning.~~
- 3                   b.     ~~Conduct~~ statewide registration and inventories of and make  
4                   determinations of need for health service facilities, health services as  
5                   specified in G.S. 131E-176(16)f., and equipment as specified in  
6                   G.S. 131E-176(16)f1., which shall include consideration of adequate  
7                   geographic location of equipment and ~~services; and develop services.~~
- 8                   c.     ~~Develop a State Medical Facilities Plan; Plan, provided, however, that~~  
9                   ~~the State Medical Facilities Plan shall not include policies or need~~  
10                  ~~determinations that limit the number of operating rooms or~~  
11                  ~~gastrointestinal endoscopy rooms.~~
- 12                  (5)    Implement, by rule, criteria for project ~~review; review.~~
- 13                  (6)    Have the power to grant, deny, or withdraw a certificate of need and to impose  
14                  such sanctions as are provided for by this ~~Article; Article.~~
- 15                  (7)    Solicit, accept, hold and administer on behalf of the State any grants or devises  
16                  of money, securities or property to the Department for use by the Department  
17                  in the administration of this ~~Article; and Article.~~
- 18                  (8)    Repealed by Session Laws 1987, c. 511, s. 1.
- 19                  (9)    Collect fees for submitting applications for certificates of need.
- 20                  (10)   The authority to review all records in any recording medium of any person or  
21                  health service facility subject to agency review under this Article which  
22                  pertain to construction and acquisition activities, staffing or costs and charges  
23                  for patient care, including but not limited to, construction contracts,  
24                  architectural contracts, consultant contracts, purchase orders, cancelled  
25                  checks, accounting and financial records, debt instruments, loan and security  
26                  agreements, staffing records, utilization statistics and any other records the  
27                  Department deems to be reasonably necessary to determine compliance with  
28                  this Article.

29                  The Secretary of Health and Human Services shall have final decision-making authority with  
30                  regard to all functions described in this section."

31                  **SECTION 9E.4.(c)** G.S. 131E-178(a) reads as rewritten:

32                  "(a)   No person shall offer or develop a new institutional health service without first  
33                  obtaining a certificate of need from the ~~Department; provided, however, no person who provides~~  
34                  ~~gastrointestinal endoscopy procedures in one or more gastrointestinal endoscopy rooms located~~  
35                  ~~in a nonlicensed setting, shall be required to obtain a certificate of need to license that setting as~~  
36                  ~~an ambulatory surgical facility with the existing number of gastrointestinal endoscopy rooms,~~  
37                  ~~provided that:~~

- 38                  (1)    ~~The license application is postmarked for delivery to the Division of Health~~  
39                  ~~Service Regulation by December 31, 2006;~~
- 40                  (2)    ~~The applicant verifies, by affidavit submitted to the Division of Health Service~~  
41                  ~~Regulation within 60 days of the effective date of this act, that the facility is~~  
42                  ~~in operation as of the effective date of this act or that the completed application~~  
43                  ~~for the building permit for the facility was submitted by the effective date of~~  
44                  ~~this act;~~
- 45                  (3)    ~~The facility has been accredited by The Accreditation Association for~~  
46                  ~~Ambulatory Health Care, The Joint Commission on Accreditation of~~  
47                  ~~Healthcare Organizations, or The American Association for Accreditation of~~  
48                  ~~Ambulatory Surgical Facilities by the time the license application is~~  
49                  ~~postmarked for delivery to the Division of Health Service Regulation of the~~  
50                  ~~Department; and~~

(4) ~~The license application includes a commitment and plan for serving indigent and medically underserved populations.~~

~~All other persons proposing to obtain a license to establish an ambulatory surgical facility for the provision of gastrointestinal endoscopy procedures shall be required to obtain a certificate of need. The annual State Medical Facilities Plan shall not include policies or need determinations that limit the number of gastrointestinal endoscopy rooms that may be approved.~~Department."

**SECTION 9E.4.(d)** G.S. 131E-181 reads as rewritten:

"§ 131E-181. Nature of certificate of need.

...

(d) A recipient of a certificate of need shall complete the project authorized by the certificate of need within two years after the decision to issue the certificate of need becomes final. If the recipient does not complete the project authorized by the certificate of need within this two-year time period, the certificate of need for the authorized project expires the day after the two-year time period ends. A project authorized by a certificate of need is complete when the health service or the health service facility for which the certificate of need was issued is licensed and certified and is in material compliance with the representations made in the certificate of need application.

(e) The Department shall withdraw a certificate of need issued to any recipient that ceases operating the health service or health service facility included in that certificate of need for more than one year."

**SECTION 9E.4.(e)** G.S. 131E-183(a)(1) reads as rewritten:

"(1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, ~~dialysis stations, operating rooms,~~ or home health offices that may be approved."

**SECTION 9E.4.(f)** G.S. 131E-184(c) reads as rewritten:

"(c) The Department shall exempt from certificate of need review any conversion of existing acute care beds to psychiatric ~~beds provided:~~beds.

(1) ~~The hospital proposing the conversion has executed a contract with the Department's Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and/or one or more of the Area Mental Health, Developmental Disabilities, and Substance Abuse Authorities to provide psychiatric beds to patients referred by the contracting agency or agencies; and~~

(2) ~~The total number of beds to be converted shall not be more than twice the number of beds for which the contract pursuant to subdivision (1) of this subsection shall provide."~~

**SECTION 9E.4.(g)** G.S. 131E-184(e)(1) reads as rewritten:

"(1) The proposed capital expenditure would:

- a. Be used solely for the purpose of renovating, replacing on the same site, or expanding an existing:
  1. Nursing home facility, or
  2. Adult care home ~~facility, or facility;~~ and
  3. ~~Intermediate care facility for the mentally retarded; and~~
- b. Not result in a change in bed capacity, as defined in G.S. 131E-176(5), or the addition of a health service facility or any other new institutional health service other than that allowed in G.S. 131E-176(16)b."

**SECTION 9E.4.(h)** G.S. 131E-184 is amended by adding new subsections to read:

"(i) The Department shall exempt from certificate of need review the development, acquisition, construction, expansion, or replacement of a health service facility or health service

1 that obtained certificate of need approval prior to October 1, 2019, as an ambulatory surgical  
2 facility, including an ambulatory surgical facility with one or more operating rooms or  
3 gastrointestinal endoscopy procedure rooms; a diagnostic center; kidney disease treatment center,  
4 including freestanding dialysis units; chemical dependency treatment facility; intermediate care  
5 facility for individuals with intellectual disabilities; psychiatric hospital; or any other licensable  
6 facility, as defined in G.S. 122C-3(14)b.

7 (j) The Department shall exempt from certificate of need review the establishment of a  
8 home health agency by a continuing care retirement community licensed under Article 64 of  
9 Chapter 58 of the General Statutes to provide home health services to one or more residents of a  
10 continuing care retirement community who have entered into a contract with the continuing care  
11 retirement community to receive continuing care services with lodging. A continuing care  
12 retirement community that seeks to provide home health services to individuals who do not reside  
13 at the continuing care retirement community pursuant to a contract to receive continuing care  
14 services with lodging shall be required to obtain a certificate of need as a home health agency  
15 prior to developing or offering home health services to any individual not a resident of the  
16 continuing care retirement community under a contract to receive continuing care services with  
17 lodging. As used in this subsection, the terms "continuing care" and "lodging" are as defined in  
18 G.S. 58-64-1. Nothing in this subsection shall be construed to exempt from the State's home  
19 health agency licensure and certification requirements a continuing care retirement community  
20 that has been exempted from certificate of need review for the provision of home health services  
21 to one or more residents pursuant to this subsection."

22 **SECTION 9E.4.(i)** G.S. 131E-184(j), as enacted by this section, applies to  
23 continuing care retirement communities engaged in the direct provision of home health services  
24 on or after October 1, 2019.

25 **SECTION 9E.4.(j)** G.S. 131E-186(a) reads as rewritten:

26 "(a) Within the prescribed time limits in G.S. 131E-185, the Department shall issue a  
27 decision to "approve," "approve with conditions," or "deny," an application for a new institutional  
28 health service. ~~Approvals involving new or expanded nursing care or intermediate care for the~~  
29 ~~mentally retarded bed capacity shall include a condition that specifies the earliest possible date~~  
30 ~~the new institutional health service may be certified for participation in the Medicaid program.~~  
31 ~~The date shall be set far enough in advance to allow the Department to identify funds to pay for~~  
32 ~~care in the new or expanded facility in its existing Medicaid budget or to include these funds in~~  
33 ~~its State Medicaid budget request for the year in which Medicaid certification is expected."~~

34 **SECTION 9E.4.(k)** G.S. 131E-188 reads as rewritten:

35 **"§ 131E-188. Administrative and judicial review.**

36 (a) After a decision of the Department to issue, deny or withdraw a certificate of need or  
37 exemption or to issue a certificate of need pursuant to a settlement agreement with an applicant  
38 to the extent permitted by law, ~~any affected person, as defined in subsection (c) of this section,~~  
39 ~~shall be proponent of an application that was reviewed with the application for that certificate of~~  
40 ~~need is entitled to a contested case hearing under Article 3 of Chapter 150B of the General~~  
41 ~~Statutes. A petition for a contested case shall be filed within 30 days after the Department makes~~  
42 ~~its decision. When a petition is filed, the Department shall send notification of the petition to the~~  
43 ~~proponent of each application that was reviewed with the application for a certificate of need that~~  
44 ~~is the subject of the petition. Any affected person shall be entitled to intervene in a contested~~  
45 ~~case.~~

46 A contested case shall be conducted in accordance with the following timetable:

- 47 (1) An administrative law judge or a hearing officer, as appropriate, shall be  
48 assigned within 15 days after a petition is filed.
- 49 (2) The parties shall complete discovery within 90 days after the assignment of  
50 the administrative law judge or hearing officer.

- 1 (3) The hearing at which sworn testimony is taken and evidence is presented shall  
 2 be held within 45 days after the end of the discovery period.
- 3 (4) The administrative law judge or hearing officer shall make a final decision  
 4 within 75 days after the hearing.
- 5 (5) Repealed by Session Laws 2011-398, s. 46, as amended by Session Laws  
 6 2011-326, s. 23, effective January 1, 2012, and applicable to contested cases  
 7 commenced on or after that date.

8 The administrative law judge or hearing officer assigned to a case may extend the deadlines  
 9 in subdivisions (2) through (4) so long as the administrative law judge or hearing officer makes  
 10 a final decision in the case within 270 days after the petition is filed.

11 ...

12 (b) Any ~~affected~~ person who was a party in a contested case hearing shall be entitled to  
 13 judicial review of all or any portion of any final decision in the following manner. The appeal  
 14 shall be to the Court of Appeals as provided in G.S. 7A-29(a). The procedure for the appeal shall  
 15 be as provided by the rules of appellate procedure. The appeal of the final decision shall be taken  
 16 within 30 days of the receipt of the written notice of final decision, and notice of appeal shall be  
 17 filed with the Office of Administrative Hearings and served on the Department and all other  
 18 ~~affected~~ persons who were parties to the contested hearing. The Court of Appeals, in an action  
 19 for judicial review brought under this section, shall award all costs of such action, including  
 20 reasonable attorney's fees to the prevailing party. For the purpose of this subsection, reasonable  
 21 attorney's fees include attorney's fees incurred during the administrative review portion of the  
 22 contested case arising under Article 3 of Chapter 150B of the General Statutes.

23 (b1) Before filing an appeal of a final decision granting a certificate of need, the ~~affected~~  
 24 ~~person-appellant~~ shall deposit a bond with the Clerk of the Court of Appeals. The bond  
 25 requirements of this subsection shall not apply to any appeal filed by the Department.

- 26 (1) The bond shall be secured by cash or its equivalent in an amount equal to five  
 27 percent (5%) of the cost of the proposed new institutional health service that  
 28 is the subject of the appeal, but may not be less than five thousand dollars  
 29 (\$5,000) and may not exceed fifty thousand dollars (\$50,000); provided that  
 30 the applicant who received approval of the certificate of need may petition the  
 31 Court of Appeals for a higher bond amount for the payment of such costs and  
 32 damages as may be awarded pursuant to subdivision (2) of this subsection.  
 33 This amount shall be determined by the Court in its discretion, not to exceed  
 34 ~~three hundred thousand dollars (\$300,000).~~ five hundred thousand dollars  
 35 (\$500,000). A holder of a certificate of need who is appealing only a condition  
 36 in the certificate is not required to file a bond under this subsection.

37 ...

38 (c) ~~The term "affected persons" includes: the applicant; any individual residing within~~  
 39 ~~the service area or the geographic area served or to be served by the applicant; any individual~~  
 40 ~~who regularly uses health service facilities within that geographic area or the service area; any~~  
 41 ~~person who provides services, similar to the services under review, to individuals residing within~~  
 42 ~~the service area or the geographic area proposed to be served by the applicant; any person who,~~  
 43 ~~prior to receipt by the agency of the proposal being reviewed, has provided written notice to the~~  
 44 ~~agency of an intention to provide similar services in the future to individuals residing within the~~  
 45 ~~service area or the geographic area to be served by the applicant; third party payers who~~  
 46 ~~reimburse health service facilities for services in the service area in which the project is proposed~~  
 47 ~~to be located; and any agency which establishes rates for health service facilities or HMOs~~  
 48 ~~located in the service area in which the project is proposed to be located."~~

49 **SECTION 9E.4.(J)** G.S. 131E-147 is amended by adding a new subsection to read:

"(f) The Department shall not issue or renew a license to operate an ambulatory surgical facility developed, acquired, or replaced on or after October 1, 2019, unless the application includes all of the following:

- (1) A commitment that the Medicare allowable amount for self-pay and Medicaid surgical cases minus all revenue collected from self-pay and Medicaid surgical cases shall be at least four percent (4%) of the total revenue collected for all surgical cases performed in the facility or proposed facility.
- (2) For each year of operation, a commitment to report to the Department the total number of cases by each of the following payer categories:
  - a. Self-pay surgical cases.
  - b. Medicaid surgical cases.
  - c. Medicare surgical cases.
  - d. Commercial insurance surgical cases.
  - e. Managed care surgical cases.
  - f. Other surgical cases.
- (3) A commitment to report utilization and payment data for services provided by the ambulatory surgical facility to the statewide data processor, as required by G.S. 131E-214.2."

**SECTION 9E.4.(m)** G.S. 131E-175(11) and (12) are repealed.

**SECTION 9E.4.(n)** This section becomes effective October 1, 2019.

**PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE ABUSE SERVICES**

**SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

**SECTION 9F.1.(a)** For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

**SECTION 9F.1.(b)** In addition to the recurring reduction for single-stream funding required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, the DMH/DD/SAS is directed to further reduce its allocation for single-stream funding by fifteen million dollars (\$15,000,000) in recurring funds for the 2019-2020 fiscal year and by fifteen million dollars (\$15,000,000) in recurring funds for the 2020-2021 fiscal year.

The DMH/DD/SAS shall allocate the combined total of the recurring reduction for single-stream funding required by this section and the recurring reduction for single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, among the LME/MCOs as follows:

	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
Alliance Behavioral Healthcare	(\$5,554,338)	(\$5,554,338)
Cardinal Innovations Healthcare	(\$24,998,210)	(\$24,998,210)
Eastpointe	(\$2,784,425)	(\$2,784,425)
Partners Behavioral Health Management	(\$3,253,332)	(\$3,253,332)

1	Sandhills Center	(\$2,338,367)	(\$2,338,367)
2	Trillium Health Resources	(\$6,158,214)	(\$6,158,214)
3	Vaya Health	(\$6,354,009)	(\$6,354,009)
4	Total	(\$51,440,895)	(\$51,440,895)

5  
6 By March 1, 2020, the Secretary of Health and Human Services shall submit to the  
7 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
8 Division a proposal for any adjustments to the specified recurring reductions among the  
9 LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting  
10 any proposed changes.

11 **SECTION 9F.1.(c)** During each year of the 2019-2021 fiscal biennium, each  
12 LME/MCO shall fund at least the same level of single-stream service utilization as during the  
13 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be  
14 construed to require LME/MCOs to authorize or maintain the same level of services for any  
15 specific individual whose services were paid for with single-stream funding. Further, this  
16 requirement shall not be construed to create a private right of action for any person or entity  
17 against the State of North Carolina or the Department of Health and Human Services or any of  
18 its divisions, agents, or contractors and shall not be used as authority in any contested case  
19 brought pursuant to Chapter 108C of the General Statutes or Chapter 108D of the General  
20 Statutes.

21 **SECTION 9F.1.(d)** The Department of Health and Human Services shall develop a  
22 maintenance of effort (MOE) spending requirement for all mental health and substance abuse  
23 services which must be maintained using nonfederal State appropriations on an annual basis in  
24 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the  
25 MOE spending requirement is met using State appropriations.  
26

## 27 FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

28 **SECTION 9F.2.(a)** Use of Funds. – Of the funds appropriated to the Department of  
29 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
30 Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one  
31 thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal  
32 year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars  
33 (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase  
34 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or  
35 through local management entities/managed care organizations (LME/MCOs). The Department  
36 shall continue to implement a two-tiered system of payment for purchasing these local inpatient  
37 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient  
38 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the  
39 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for  
40 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day  
41 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and  
42 Human Services, existing funds allocated to LME/MCOs for community-based mental health,  
43 developmental disabilities, and substance abuse services may be used to purchase additional local  
44 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of  
45 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated  
46 or otherwise available to the Department for the purchase of inpatient psychiatric services  
47 through contracts with local hospitals.

48 **SECTION 9F.2.(b)** Distribution and Management of Beds or Bed Days. – Except as  
49 provided in this subsection, the Department shall work to ensure that any local inpatient  
50 psychiatric beds or bed days purchased in accordance with this section are utilized solely for  
51 individuals who are medically indigent, as defined in this subsection. In addition, the Department

1 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
2 with this section are distributed across the State in LME/MCO catchment areas and according to  
3 need as determined by the Department. The Department shall ensure that beds or bed days for  
4 individuals with higher acuity levels are distributed across the State in LME/MCO catchment  
5 areas and according to greatest need based on hospital bed utilization data. The Department shall  
6 enter into contracts with LME/MCOs and local hospitals for the management of these beds or  
7 bed days. The Department shall work to ensure that these contracts are awarded equitably around  
8 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric  
9 beds or bed days, including the determination of the specific local hospital or State psychiatric  
10 hospital to which an individual should be admitted pursuant to an involuntary commitment order.

11 The Department may use up to ten percent (10%) of the funds allocated in this section  
12 for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and  
13 nonhospital detoxification services for individuals in need of these services, regardless if the  
14 individuals are medically indigent, defined as uninsured persons who (i) are financially unable  
15 to obtain private insurance coverage as determined by the Department and (ii) are not eligible for  
16 government-funded health coverage such as Medicare or Medicaid.

17 **SECTION 9F.2.(c) Funds to Be Held in Statewide Reserve.** – Funds appropriated to  
18 the Department for the purchase of local inpatient psychiatric beds or bed days shall not be  
19 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
20 Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the  
21 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
22 for payment to the Department within 15 working days after receipt of a clean claim from the  
23 hospital and shall pay the hospital within 30 working days after receipt of payment from the  
24 Department.

25 **SECTION 9F.2.(d) Ineffective LME/MCO Management of Beds or Bed Days.** – If  
26 the Department determines that (i) an LME/MCO is not effectively managing the beds or bed  
27 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not  
28 being utilized while demand for services at the State psychiatric hospitals has not decreased, or  
29 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of  
30 this section, the Department may contract with another LME/MCO to manage the beds or bed  
31 days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

32 **SECTION 9F.2.(e) Reporting by LME/MCOs.** – The Department shall establish  
33 reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

34 **SECTION 9F.2.(f) Reporting by Department.** – By no later than December 1, 2020,  
35 and by no later than December 1, 2021, the Department shall report to the Joint Legislative  
36 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of  
37 the following:

- 38 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
39 year from (i) funds appropriated in this act that are designated for this purpose  
40 in subsection (a) of this section, (ii) existing State appropriations, and (iii)  
41 local funds.
- 42 (2) An explanation of the process used by the Department to ensure that, except  
43 as otherwise provided in subsection (a) of this section, local inpatient  
44 psychiatric beds or bed days purchased in accordance with this section are  
45 utilized solely for individuals who are medically indigent, along with the  
46 number of medically indigent individuals served by the purchase of these beds  
47 or bed days.
- 48 (3) The amount of funds used to pay for facility-based crisis services, along with  
49 the number of individuals who received these services and the outcomes for  
50 each individual.

- 1 (4) The amount of funds used to pay for nonhospital detoxification services, along  
2 with the number of individuals who received these services and the outcomes  
3 for each individual.  
4 (5) Other Department initiatives funded by State appropriations to reduce State  
5 psychiatric hospital use.  
6

#### 7 **TRAUMATIC BRAIN INJURY FUNDING**

8 **SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health  
9 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
10 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred  
11 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020  
12 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars  
13 (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support  
14 TBI services as follows:

- 15 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars  
16 (\$359,218) shall be used to fund contracts with the Brain Injury Association  
17 of North Carolina, Carolinas Rehabilitation, or appropriate service providers  
18 to assist families in accessing the continuum of care and to provide  
19 educational programs on brain injury prevention, intervention, and care.  
20 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars  
21 (\$2,013,868) shall be used to provide services and supports, established by the  
22 Division of Mental Health, Developmental Disabilities, and Substance Abuse  
23 Services in its operating processes, including residential, day program,  
24 transportation, respite, and home modification, to individuals with TBI  
25 statewide.  
26

#### 27 **ADULT AND PEDIATRIC TRAUMATIC BRAIN INJURY PILOT PROGRAM**

28 **SECTION 9F.3A.(a)** Of the funds appropriated in this act to the Department of  
29 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
30 Substance Abuse Services, the sum of three hundred thousand dollars (\$300,000) in nonrecurring  
31 funds for the 2019-2020 fiscal year shall be used to continue the adult and pediatric traumatic  
32 brain injury pilot program, as authorized by Section 11F.9 of S.L. 2017-57, as amended by  
33 Section 3.3 of S.L. 2017-212.

34 **SECTION 9F.3A.(b)** By April 1, 2020, the Department of Health and Human  
35 Services shall submit a report on the pilot program authorized by Section 11F.9 of S.L. 2017-57,  
36 as amended by Section 3.3 of S.L. 2017-212, to the Joint Legislative Oversight Committee on  
37 Health and Human Services and the Fiscal Research Division. At a minimum, the report shall  
38 include all of the following:

- 39 (1) The number and outcome of patients served at each program site, broken down  
40 by patient age and county of origin.  
41 (2) A breakdown of expenditures at each program site by type of service.  
42 (3) An estimate of the cost to expand the program incrementally and statewide.  
43 (4) An estimate of any potential savings of State funds associated with expansion  
44 of the program.  
45 (5) If expansion of the program is recommended, a time line for expanding the  
46 program.  
47

#### 48 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

49 **SECTION 9F.4.** Any funds allocated to the Department of Health and Human  
50 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
51 from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to

1 Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not  
2 expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property  
3 Fund.

4  
5 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR SUBSTANCE ABUSE**  
6 **TREATMENT FACILITY**

7 **SECTION 9F.4A.** Of the funds appropriated from the Dorothea Dix Hospital  
8 Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human  
9 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
10 for the 2019-2020 fiscal year, the sum of five hundred thousand dollars (\$500,000) in  
11 nonrecurring funds shall be used to pay for the completion of the construction of the Residential  
12 Treatment Center for Women operated by The Samaritan Colony, Inc., in Richmond County.

13  
14 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR TREATMENT AND**  
15 **RECOVERY SERVICES**

16 **SECTION 9F.4B.** Of the funds appropriated from the Dorothea Dix Hospital  
17 Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human  
18 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
19 for the 2019-2020 fiscal year, the sum of six hundred thousand dollars (\$600,000) in nonrecurring  
20 funds shall be provided to Bridge to Recovery, Inc., a nonprofit corporation in Monroe, North  
21 Carolina. Bridge to Recovery, Inc., shall not use these funds for any purpose other than to provide  
22 treatment and recovery services to individuals with substance use disorders.

23  
24 **FUNDS FOR NEW BROUGHTON HOSPITAL**

25 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health  
26 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
27 Abuse Services, for the 2020-2021 fiscal year, the sum of four million nine hundred thousand  
28 dollars (\$4,900,000) in recurring funds shall be used for new staffing and operational support,  
29 including utilities, maintenance costs, and other physical plant operating costs to open new  
30 Psychiatric Intensive Care Unit beds in the new Broughton Hospital.

31  
32 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

33 **SECTION 9F.6.(a)** As used in this section, "group home" means any facility that (i)  
34 is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised  
35 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves  
36 adults whose primary diagnosis is mental illness or a developmental disability but may also have  
37 other diagnoses.

38 **SECTION 9F.6.(b)** Of the funds appropriated in this act to the Department of Health  
39 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
40 Abuse Services, the sum of one million eight hundred thousand dollars (\$1,800,000) in  
41 nonrecurring funds for each year of the 2019-2021 fiscal biennium shall be used to provide  
42 temporary, short-term financial assistance in the form of a monthly payment to group homes on  
43 behalf of each resident who meets all of the following criteria:

- 44 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to  
45 January 1, 2013, but was determined to be ineligible for PCS on or after  
46 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria  
47 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of  
48 S.L. 2012-145 and Section 70 of S.L. 2012-194.
- 49 (2) Has continuously resided in a group home since December 31, 2012.

50 **SECTION 9F.6.(c)** These monthly payments shall be subject to all of the following  
51 requirements and limitations:

- 1 (1) The amount of the monthly payments authorized by this section shall not  
2 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month  
3 for each resident who meets all criteria specified in subsection (b) of this  
4 section.
- 5 (2) A group home that receives the monthly payments authorized by this section  
6 shall not, under any circumstances, use these payments for any purpose other  
7 than providing, as necessary, supervision and medication management for a  
8 resident who meets all criteria specified in subsection (b) of this section.
- 9 (3) The Department shall make monthly payments authorized by this section to a  
10 group home on behalf of each resident who meets all criteria specified in  
11 subsection (b) of this section only for the period commencing July 1, 2019,  
12 and ending June 30, 2021, or upon depletion of the one million eight hundred  
13 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
14 to the Division of Mental Health, Developmental Disabilities, and Substance  
15 Abuse Services, for supplemental short-term assistance for group homes, for  
16 each year of the 2019-2021 fiscal biennium for the purpose of this section,  
17 whichever is earlier.
- 18 (4) The Department shall make monthly payments authorized by this section only  
19 to the extent sufficient funds are available from the one million eight hundred  
20 thousand dollars (\$1,800,000) in nonrecurring funds appropriated in this act  
21 to the Division of Mental Health, Developmental Disabilities, and Substance  
22 Abuse Services, for supplemental short-term assistance for group homes, for  
23 each year of the 2019-2021 fiscal biennium for the purpose of this section.
- 24 (5) The Department shall not make monthly payments authorized by this section  
25 to a group home on behalf of a resident during the pendency of an appeal by  
26 or on behalf of the resident under G.S. 108A-70.9A.
- 27 (6) The Department shall terminate all monthly payments pursuant to this section  
28 on June 30, 2021, or upon depletion of the one million eight hundred thousand  
29 dollars (\$1,800,000) in nonrecurring funds appropriated in this act to the  
30 Division of Mental Health, Developmental Disabilities, and Substance Abuse  
31 Services, for supplemental short-term assistance for group homes, for each  
32 year of the 2019-2021 fiscal biennium for the purpose of this section,  
33 whichever is earlier.
- 34 (7) Each group home that receives the monthly payments authorized by this  
35 section shall submit to the Department a list of all funding sources for the  
36 operational costs of the group home for the preceding two years, in accordance  
37 with the schedule and format prescribed by the Department.

38 **SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer  
39 these funds in the least restrictive manner that ensures compliance with this section and timely  
40 and accurate payments to group homes. The Department shall not, under any circumstances, use  
41 any portion of the one million eight hundred thousand dollars (\$1,800,000) in nonrecurring funds  
42 appropriated in this act to the Division of Mental Health, Developmental Disabilities, and  
43 Substance Abuse Services, for supplemental short-term assistance for group homes, for each year  
44 of the 2019-2021 fiscal biennium for any other purpose than the purpose specified in this section.

45 **SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the  
46 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by  
47 any group home, resident of a group home, or other person to receive temporary, short-term  
48 financial assistance under this section.

49 **SECTION 9F.6.(f)** This section expires June 30, 2021.  
50

1 **REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND**  
2 **SUBSTANCE USE DISORDER TREATMENT SERVICES**

3 **SECTION 9F.8.** The Department of Health and Human Services, Division of Mental  
4 Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,  
5 beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the  
6 use of funds to purchase inpatient alcohol and substance use disorder treatment services required  
7 by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report  
8 shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services  
9 and the Fiscal Research Division with the following information for the prior fiscal year and the  
10 two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- 11 (1) The number of beds in operation.
- 12 (2) The number of bed days.
- 13 (3) The total amount of receipts, the amount of those receipts that were received  
14 from local management entities/managed care organizations, and the amount  
15 of those receipts that were received from all other sources.
- 16 (4) Cost of operation of the ADATC, with personnel and staffing costs reported  
17 separately from all other costs.
- 18 (5) The ADATC's profit or loss.

19  
20 **FUNDS FOR OVERDOSE MEDICATIONS**

21 **SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health  
22 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
23 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each  
24 fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as  
25 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 26 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of  
27 the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to  
28 be distributed at no charge to the North Carolina Harm Reduction Coalition  
29 to serve individuals at risk of experiencing an opioid-related drug overdose or  
30 to the friends and family members of an at-risk individual.
- 31 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the  
32 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be  
33 distributed at no charge to North Carolina law enforcement agencies.

34  
35 **FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES**

36 **SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health  
37 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
38 Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a  
39 facility-based crisis center in Wilkes County, shall not revert, but shall be expended or  
40 encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than  
41 the purpose stated in Section 11F.5 of S.L. 2018-5.

42 **SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to  
43 funds not obligated on that date.

44  
45 **FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR**  
46 **INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL**  
47 **DISABILITIES, OR DEVELOPMENTAL DISABILITIES**

48 **SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health  
49 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
50 Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring  
51 funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North

1 Carolina Association of People Supporting Employment First (NC APSE) to develop and  
2 implement training programs for the Department, including online training modules, on the  
3 provision of evidence-based supported employment services for individuals in targeted  
4 populations, in order to assist these individuals with preparation for, identification of, and  
5 maintenance of integrated, paid, competitive employment. The Department shall make these  
6 training programs available throughout the State to (i) employers that have hired or are willing  
7 to hire individuals in targeted populations, (ii) service providers of local management  
8 entities/managed care organizations, and (iii) any other entity the Department determines will  
9 benefit from receiving this training in order to achieve improved employment outcomes for  
10 individuals in targeted populations. As used in this section, "individuals in targeted populations"  
11 means individuals with serious mental illness who are in or at risk of entry to an adult care home  
12 and individuals with intellectual disabilities, developmental disabilities, or both.  
13

#### 14 **YOUTH TOBACCO ENFORCEMENT FUNDING**

15 **SECTION 9F.12.** Of the funds appropriated in this act to the Department of Health  
16 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
17 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each  
18 year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement  
19 Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of  
20 statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).  
21

#### 22 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT 23 PROGRAM FUNDING**

24 **SECTION 9F.16.(a)** Of the funds appropriated to the Department of Health and  
25 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
26 Services (Division), the sum of five hundred thousand dollars (\$500,000) for each year of the  
27 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Substance Abuse Prevention  
28 and Treatment Block Grant funds for Substance Abuse Services – Treatment for Children/Adults  
29 shall be allocated and used to fund the continuation of the medication-assisted opioid use disorder  
30 treatment pilot program as authorized by Section 12F.1 of S.L. 2016-94, as amended by Section  
31 3.1 of S.L. 2017-212.

32 **SECTION 9F.16.(b)** Section 12F.1(g) of S.L. 2016-94, as amended by Section 3.1  
33 of S.L. 2017-212, reads as rewritten:

34 "**SECTION 12F.1.(g)** Evaluation of Pilot Program. – By ~~November 1, 2020, March 1, 2021,~~  
35 the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health  
36 and Human Services a comprehensive evaluation of the effectiveness of this pilot program in  
37 addressing North Carolina's growing opioid addiction and overdose crisis. The Department may  
38 contract with an institution of higher education or other qualified entity with expertise in  
39 evaluating programs similar to the pilot program authorized by this section. The comprehensive  
40 evaluation shall include whether this pilot program was successful as measured by at least all of  
41 the following:

- 42 (1) The total number of program participants who successfully transitioned to  
43 opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12  
44 months, and 18 months.
- 45 (2) A cost-benefit analysis of the pilot program."  
46

#### 47 **PART IX-G. PUBLIC HEALTH**

#### 48 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO 49 IMPROVE MATERNAL AND CHILD HEALTH** 50

1           **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and  
2 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to  
3 award competitive grants to local health departments for the improvement of maternal and child  
4 health shall be used to continue administering a competitive grant process for local health  
5 departments based on maternal and infant health indicators and the county's detailed proposal to  
6 invest in evidence-based programs to achieve the following goals:

- 7           (1) Improve North Carolina's birth outcomes.
- 8           (2) Improve the overall health status of children in this State from birth to age 5.
- 9           (3) Lower the State's infant mortality rate.

10           **SECTION 9G.1.(b)** The plan for administering the competitive grant process shall  
11 include at least all of the following components:

- 12           (1) A request for application (RFA) process to allow local health departments to  
13 apply for and receive State funds on a competitive basis. The Department shall  
14 require local health departments to include in the application a plan to evaluate  
15 the effectiveness, including measurable impact or outcomes, of the activities,  
16 services, and programs for which the funds are being requested.
- 17           (2) A requirement that the Secretary prioritize grant awards to those local health  
18 departments that are able to leverage non-State funds in addition to the grant  
19 award.
- 20           (3) Ensures that funds received by the Department to implement the plan  
21 supplement and do not supplant existing funds for maternal and child health  
22 initiatives.
- 23           (4) Allows grants to be awarded to local health departments for up to two years.

24           **SECTION 9G.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
25 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
26 recipients for the respective grant period pursuant to the amounts designated under subsection  
27 (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint  
28 Legislative Oversight Committee on Health and Human Services on the grant awards that  
29 includes at least all of the following:

- 30           (1) The identity and a brief description of each grantee and each program or  
31 initiative offered by the grantee.
- 32           (2) The amount of funding awarded to each grantee.
- 33           (3) The number of persons served by each grantee, broken down by program or  
34 initiative.

35           **SECTION 9G.1.(d)** No later than December 1 of each fiscal year, each local health  
36 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
37 the Division of Central Management and Support a written report of all activities funded by State  
38 appropriations. The report shall include the following information about the fiscal year preceding  
39 the year in which the report is due:

- 40           (1) A description of the types of programs, services, and activities funded by State  
41 appropriations.
- 42           (2) Statistical and demographical information on the number of persons served by  
43 these programs, services, and activities, including the counties in which  
44 services are provided.
- 45           (3) Outcome measures that demonstrate the impact and effectiveness of the  
46 programs, services, and activities based on the evaluation protocols developed  
47 by the Division, in collaboration with the University of North Carolina  
48 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
49 2015-241, and reported to the Joint Legislative Oversight Committee on  
50 Health and Human Services on April 1, 2016.

- 1 (4) A detailed program budget and list of expenditures, including all positions  
2 funded, matching expenditures, and funding sources.  
3

#### 4 **LIMITATION ON USE OF STATE FUNDS**

5 **SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13  
6 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and  
7 Human Services for each fiscal year of the 2019-2021 fiscal biennium.  
8

#### 9 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 10 **ASSISTANCE PROGRAM**

11 **SECTION 9G.4.** Upon a determination by the Department of Health and Human  
12 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
13 operate the health insurance premium assistance program implemented within the North Carolina  
14 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
15 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
16 Committee on Health and Human Services notifying the Committee of this determination along  
17 with supporting documentation and a proposed course of action with respect to health insurance  
18 premium assistance program participants.  
19

#### 20 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

21 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health  
22 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina  
23 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the  
24 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for  
25 administrative purposes. The balance of these funds shall be used for direct services.  
26

#### 27 **MOUNTAIN AREA PREGNANCY SERVICES FUNDS**

28 **SECTION 9G.5A.** Of the funds appropriated in this act to the Department of Health  
29 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Mountain  
30 Area Pregnancy Services, a nonprofit corporation, no more than fifteen percent (15%) of the  
31 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for  
32 administrative purposes. The balance of these funds shall be used for direct services.  
33

#### 34 **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR** 35 **DURABLE MEDICAL EQUIPMENT AND TRAINING**

36 **SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human  
37 Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina  
38 Pregnancy Care Fellowship, a nonprofit corporation, shall not revert, but shall remain available  
39 until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care Fellowship shall use  
40 these funds to provide grants to clinics that apply to the Carolina Pregnancy Care Fellowship for  
41 durable medical equipment, training, or a combination of both, without any limitation on how  
42 much of the funds carried forward may be expended for durable medical equipment or training.  
43 Carolina Pregnancy Care Fellowship shall not use more than ten percent (10%) of the funds  
44 carried forward from the 2018-2019 fiscal year for administrative purposes.  
45

46 **SECTION 9G.6.(b)** This section becomes effective June 30, 2019.

#### 47 **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

48 **SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health  
49 and Human Services, Division of Public Health, the sum of one million two hundred thousand  
50 dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one  
51 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021

1 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and  
2 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in  
3 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes  
4 only.

5 **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to  
6 subsection (a) of this section to expand the continuum of care pilot program authorized by Section  
7 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of  
8 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to  
9 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting  
10 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum  
11 of care program shall consist of existing locations of the pilot program authorized by Section  
12 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human  
13 Coalition. All providers rendering services under the statewide program for which they are  
14 compensated with funds allocated pursuant to subsection (a) of this section shall be physically  
15 located in the State of North Carolina. The statewide continuum of care program shall provide  
16 direct services, supports, social services case management, and referrals to biological parents of  
17 unborn children and biological or adoptive parents of children under the age of two, and shall  
18 consist of at least all of the following components:

- 19 (1) Outreach to at-risk populations eligible for the program.
- 20 (2) The use of licensed nurses to perform the following functions:
  - 21 a. Assessment and evaluation of needs related to pregnancy or parenting.
  - 22 b. Provision of medically accurate, pregnancy-related medical  
23 information to program participants.
- 24 (3) The use of licensed social workers, or other individuals of equivalent  
25 experience, to perform the following functions:
  - 26 a. Development of a care plan, resources, and supports for program  
27 participants to address identified needs.
  - 28 b. Referrals to appropriate local resources, including State and federal  
29 benefits programs and local charitable organizations.
  - 30 c. Assistance in applying for State and federal benefits programs.
  - 31 d. Assistance in accomplishing elements of the care plan.

32 **SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide  
33 continuum of care program, an individual shall, at the time of initial contact with the program,  
34 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological  
35 or adoptive parent of a child under the age of two. Participants of the pilot program authorized  
36 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible  
37 to continue to receive continuum of care program services for a period of six months from the  
38 date of termination of pregnancy.

39 **SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the  
40 funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

41 **SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the  
42 Human Coalition shall report to the Department of Health and Human Services on the status and  
43 operation of the continuum of care program authorized by subsection (b) of this section. The  
44 report shall include at least all of the following:

- 45 (1) A detailed breakdown of expenditures for the program.
- 46 (2) The number of individuals served by the program, and for the individuals  
47 served, the types of services provided to each.
- 48 (3) Any other information requested by the Department of Health and Human  
49 Services as necessary for evaluating the success of the program.

1           **SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services  
2 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
3 Fiscal Research Division on the status and operation of the continuum of care program.

4           **SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

5  
6 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

7  
8 **PART IX-I. SOCIAL SERVICES**

9  
10 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**  
11 **STATE-COUNTY SPECIAL ASSISTANCE**

12           **SECTION 9I.1.(a)** The following definitions apply in this section:

13           (1) Facility licensed to accept State-County Special Assistance payments or  
14 facility. – Any residential care facility that is (i) licensed by the Department  
15 of Health and Human Services and (ii) authorized to accept State-County  
16 Special Assistance payments from its residents.

17           (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

18           **SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of  
19 Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021  
20 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall  
21 be used to provide temporary financial assistance in the form of a monthly payment to these  
22 facilities on behalf of each resident who is a recipient of State-County Special Assistance. The  
23 counties shall pay to the State fifty percent (50%) of the cost of providing these monthly  
24 payments to these facilities. The monthly payments provided by DSS to these facilities shall be  
25 subject to all of the following requirements and limitations:

26           (1) The amount of the monthly payments authorized by this section is as follows:

27           a. For the 2019-2020 fiscal year, an amount equal to thirty-four dollars  
28 (\$34.00) per month for each resident of the facility as of the first day  
29 of the month who is a recipient of State-County Special Assistance.

30           b. For the 2020-2021 fiscal year, an amount equal to seventy dollars  
31 (\$70.00) per month for each resident of the facility as of the first day  
32 of the month who is a recipient of State-County Special Assistance.

33           (2) A facility that receives the monthly payments authorized by this section shall  
34 not, under any circumstances, use these payments for any purpose other than  
35 to offset the cost of serving residents who are recipients of State-County  
36 Special Assistance.

37           (3) The DSS shall make monthly payments authorized by this section to a facility  
38 on behalf of a resident only for the period commencing July 1, 2019, and  
39 ending June 30, 2021.

40           (4) The DSS shall make monthly payments authorized by this section only to the  
41 extent sufficient State and county funds allocated to the DSS for each year of  
42 the 2019-2021 fiscal biennium are available for this purpose.

43           (5) The DSS shall not make monthly payments authorized by this section to a  
44 facility on behalf of a resident whose eligibility determination for  
45 State-County Special Assistance is pending.

46           (6) The DSS shall terminate all monthly payments pursuant to this section on the  
47 earlier of the following:

48           a. June 30, 2021.

49           b. Upon depletion of the State and county funds allocated to the DSS for  
50 each year of the 2019-2021 fiscal year for this purpose.

1           **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision  
2 of law to the contrary, the DSS shall not be required to provide any temporary financial assistance  
3 to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to  
4 the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

5           **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to  
6 administer these funds in the least restrictive manner that ensures compliance with this section  
7 and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use  
8 any portion of the State and county funds allocated to the DSS for each year of the 2019-2021  
9 fiscal biennium for the purpose of this section for any other purpose.

10           **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of  
11 the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance  
12 payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in  
13 nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

14           **SECTION 9I.1.(f)** Nothing in this section shall be construed as an obligation by the  
15 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by  
16 any facility, resident of a facility, or other person to receive temporary financial assistance under  
17 this section.

18           **SECTION 9I.1.(g)** This section expires on June 30, 2021.

## 19 20 **TANF BENEFIT IMPLEMENTATION**

21           **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the  
22 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"  
23 prepared by the Department of Health and Human Services and presented to the General  
24 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
25 period October 1, 2019, through September 30, 2022. The Department shall submit the State  
26 Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
27 of Health and Human Services.

28           **SECTION 9I.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 9I.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, 2019. 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 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing  
38 Counties shall be held harmless to their Work First Family Assistance allocations for the  
39 2018-2019 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 9I.2.(e)** In the event that departmental projections of Work First Family  
43 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021  
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 AND PERFORMANCE**  
3 **ENHANCEMENTS**

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  
31 **CHILD CARING INSTITUTIONS**

32 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting  
33 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
34 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
35 specific child caring institution by the Department of Health and Human Services, Office of the  
36 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
37 reimbursements.

38  
39 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

40 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the  
41 Department of Health and Human Services, Division of Social Services, may continue to provide  
42 for the financial support of children who are deemed to be (i) in a permanent family placement  
43 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
44 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
45 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
46 provisions for extending guardianship services for individuals and youth who exited foster care  
47 through the Guardianship Assistance Program after 16 years of age or who have attained the age  
48 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
49 the individual is (i) completing secondary education or a program leading to an equivalent  
50 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
51 participating in a program or activity designed to promote, or remove barriers to, employment,

1 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
2 employment requirements of this section due to a medical condition or disability. The  
3 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
4 and be set at the same rate as the foster care room and board rates in accordance with rates  
5 established under G.S. 108A-49.1.

#### 6 7 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

8 **SECTION 91.6.(a)** Funds appropriated from the General Fund to the Department of  
9 Health and Human Services for the child welfare postsecondary support program shall be used  
10 to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C.  
11 § 1087*ll* for the educational needs of foster youth aging out of the foster care system, youth who  
12 exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or  
13 special needs children adopted from foster care after age 12. These funds shall be allocated by  
14 the State Education Assistance Authority.

15 **SECTION 91.6.(b)** Of the funds appropriated from the General Fund to the  
16 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each  
17 year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education  
18 Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative  
19 functions necessary to manage and distribute scholarship funds under the child welfare  
20 postsecondary support program.

21 **SECTION 91.6.(c)** Of the funds appropriated from the General Fund to the  
22 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four  
23 hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be  
24 used to contract with an entity to administer the child welfare postsecondary support program  
25 described under subsection (a) of this section, which administration shall include the performance  
26 of case management services.

27 **SECTION 91.6.(d)** Funds appropriated to the Department of Health and Human  
28 Services for the child welfare postsecondary support program shall be used only for students  
29 attending public institutions of higher education in this State.

#### 30 31 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

32 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support  
33 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
34 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
35 receives from the federal government to enhance centralized child support services. To  
36 accomplish this requirement, NCCSS shall do the following:

- 37 (1) In consultation with representatives from county child support services  
38 programs, identify how federal incentive funding could improve centralized  
39 services.
- 40 (2) Use federal incentive funds to improve the effectiveness of the State's  
41 centralized child support services by supplementing and not supplanting State  
42 expenditures for those services.
- 43 (3) Continue to develop and implement rules that explain the State process for  
44 calculating and distributing federal incentive funding to county child support  
45 services programs.

46 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall  
47 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
48 receives from the federal government to county child support services programs to improve  
49 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
50 do the following:

- 1 (1) In consultation with representatives from county child support services  
2 programs, examine the current methodology for distributing federal incentive  
3 funding to the county programs and determine whether an alternative formula  
4 would be appropriate. NCCSS shall use its current formula for distributing  
5 federal incentive funding until an alternative formula is adopted.
- 6 (2) Upon adopting an alternative formula, develop a process to phase in the  
7 alternative formula for distributing federal incentive funding over a four-year  
8 period.

9 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –  
10 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
11 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
12 child support services programs to comply with each of the following:

- 13 (1) Submit an annual plan describing how federal incentive funding would  
14 improve program effectiveness and efficiency as a condition of receiving  
15 federal incentive funding.
- 16 (2) Report annually on the following: (i) how federal incentive funding has  
17 improved program effectiveness and efficiency and been reinvested into their  
18 programs, (ii) provide documentation that the funds were spent according to  
19 their annual plans, and (iii) explain any deviations from their plans.

20 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
21 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
22 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
23 describe how federal incentive funds enhanced centralized child support services to benefit  
24 county child support services programs and improved the effectiveness and efficiency of county  
25 child support services programs. The report shall further include any changes to the State process  
26 the NCCSS used in calculating and distributing federal incentive funding to county child support  
27 services programs and any recommendations for further changes.

## 29 **FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

30 **SECTION 91.8.(a)** Federal Improvement Plan Implementation/Report. – The  
31 Department of Health and Human Services, Division of Social Services (Division), shall continue  
32 implementing the requirements of the federal Program Improvement Plan to bring our State into  
33 compliance with national standards for child welfare policy and practices. The Division shall  
34 notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)  
35 and the Fiscal Research Division within 30 days of complete implementation of the Program  
36 Improvement Plan. The Division shall submit a final report to the Committee on the  
37 implementation and outcomes of the Program Improvement Plan no later than 90 days after  
38 implementation is complete.

39 **SECTION 91.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the  
40 Joint Legislative Oversight Committee on Health and Human Services (Committee) and the  
41 Fiscal Research Division within 30 days of complete implementation of the child welfare  
42 component of the North Carolina Families Accessing Services Through Technology (NC FAST)  
43 system. The Division shall then submit a final report to the Committee on the implementation  
44 and outcomes of the child welfare component of the NC FAST system no later than 90 days after  
45 implementation is complete.

## 47 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE 48 SENIORS**

49 **SECTION 91.9.(a)** The Department of Health and Human Services, Division of  
50 Social Services (Division), shall continue implementing an evidence-based pilot program to  
51 increase access to public benefits for seniors aged 65 and older who are dually enrolled in

1 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce  
2 health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes  
3 of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled  
4 in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have  
5 demonstrated experience in assisting with these types of services and the partnership shall  
6 accomplish each of the following:

- 7 (1) Identify, through data sharing, dual eligible seniors aged 65 and older who  
8 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but  
9 are not currently enrolled.
- 10 (2) Conduct an outreach program toward those seniors for the purpose of  
11 enrolling them into SNAP.
- 12 (3) Provide comprehensive application assistance through outreach specialists to  
13 complete public benefits application processes.
- 14 (4) Evaluate project effectiveness and explore how data can be utilized to achieve  
15 optimal outcomes.
- 16 (5) Make recommendations regarding policy options available to the State to  
17 streamline access to benefits.

18 **SECTION 9I.9.(b)** The Division shall report to the Office of the Governor and the  
19 Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot  
20 program by February 1 following each year the pilot program is in place. The report shall, at a  
21 minimum, include the following:

- 22 (1) The number of seniors age 65 and older who are dual eligibles but are not  
23 enrolled in SNAP.
- 24 (2) The number of those identified that would be included in the sample  
25 population.
- 26 (3) Methods of outreach toward those seniors in the sample population.
- 27 (4) Number of to date enrollments in SNAP as a direct result of outreach during  
28 the pilot program.
- 29 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 30 (6) Any other findings the Division deems relevant.

31 **SECTION 9I.9.(c)** If funding and capacity exist, the Division of Social Services may  
32 expand the pilot program to include other public benefits programs.  
33

## 34 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

35 **SECTION 9I.10.** The Foster Care Transitional Living Initiative Fund shall continue  
36 to fund and support transitional living services that demonstrate positive outcomes for youth,  
37 attract significant private sector funding, and lead to the development of evidence-based  
38 programs to serve the at-risk population described in this section. The Fund shall continue to  
39 support a demonstration project with services provided by Youth Villages to (i) improve  
40 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
41 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
42 juvenile and adult correction services associated with the provision of Transitional Living  
43 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
44 evidence-based transitional living program available to all youth aging out of foster care. In  
45 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
46 support the following strategies:

- 47 (1) Transitional Living Services, which is an outcome-based program that follows  
48 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
49 participants have been tracked since the program's inception. The program has  
50 been evaluated through an independent Randomized Controlled Trial. Results  
51 indicate that the Youth Villages Transitional Living Model had positive

1 impacts in a variety of areas, including housing stability, earnings, economic  
 2 hardship, mental health, and intimate partner violence in comparison to the  
 3 control population.

4 (2) Public-Private Partnership, which is a commitment by private-sector funding  
 5 partners to match at least twenty-five percent (25%) of the funds appropriated  
 6 to the Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal  
 7 biennium for the purposes of providing Transitional Living Services through  
 8 the Youth Villages Transitional Living Model to youth aging out of foster  
 9 care.

10 (3) Impact Measurement and Evaluation, which are services funded through  
 11 private partners to provide independent measurement and evaluation of the  
 12 impact the Youth Villages Transitional Living Model has on the youth served,  
 13 the foster care system, and on other programs and services provided by the  
 14 State which are utilized by former foster care youth.

15 (4) Advancement of Evidence-Based Process, which is the implementation and  
 16 ongoing evaluation of the Youth Villages Transitional Living Model for the  
 17 purposes of establishing the first evidence-based transitional living program  
 18 in the nation. To establish the evidence-based program, additional randomized  
 19 controlled trials may be conducted to advance the model.  
 20

21 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF**  
 22 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

23 **SECTION 9I.11.** The Department of Health and Human Services, Division of Social  
 24 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and  
 25 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians  
 26 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of  
 27 S.L. 2016-94, when implementation is complete.  
 28

29 **CHILD ADVOCACY CENTER FUNDING**

30 **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health  
 31 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium  
 32 for child advocacy centers, allocations shall be made as follows:

- 33 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center  
 34 in good standing with Children's Advocacy Centers of North Carolina, Inc.
- 35 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of  
 36 North Carolina, Inc., for its operations.  
 37

38 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

39 **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

40 "(a) There is created the Permanency Innovation Initiative Fund that will support a  
 41 demonstration project with services provided by Children's Home Society of North Carolina to  
 42 (i) improve permanency outcomes for children living in foster care through reunification with  
 43 parents, providing placement or guardianship with other relatives, or adoption, (ii) improve  
 44 engagement with biological relatives of children in or at risk of entering foster care, and (iii)  
 45 reduce costs associated with maintaining children in foster care. In implementing these goals, the  
 46 Permanency Innovation Initiative Fund shall support the following strategies:

- 47 ...
- 48 (3) Permanency Training Services, which are services delivered by Children's  
 49 Home Society of North Carolina to ~~enhance the readiness of support~~ county  
 50 departments of social services to implement the permanency strategies under  
 51 subdivision (2) of this ~~subsection~~ subsection, advance permanency-focused

1 services for children in the legal custody of county departments of social  
2 services, and provide training services to support the delivery of the  
3 services and support services to caregivers and family members who are  
4 supporting the permanency goal of children in the legal custody of county  
5 departments of social services."

6 **SECTION 9L.13.(b)** Funds appropriated to the Department of Health and Human  
7 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the  
8 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available  
9 federal matching funds.

## 10 11 **FUNDS FOR QUALITY ASSURANCE POSITIONS**

12 **SECTION 9L.16.** Of the funds appropriated in this act to the Department of Health  
13 and Human Services, Division of Social Services, the sum of seven hundred fifty thousand dollars  
14 (\$750,000) in recurring funds for each year of the 2019-2021 fiscal biennium shall be used to  
15 provide a fifty percent (50%) match for participating counties to establish new quality assurance  
16 positions for child welfare within county departments of social services offices in the State. The  
17 Division shall prioritize receipt of the matching funds based on county need. The Division shall  
18 allocate the positions funded pursuant to this section based on a percentage of county population  
19 such that (i) counties having at least one percent (1%) of the State's population each shall receive  
20 one position and (ii) counties having less than one percent (1%) of the State's population shall  
21 share a position, as determined by the Division. The Division shall implement a comprehensive  
22 continuous quality improvement (CQI) training plan that provides all staff, new and existing,  
23 with introductory and ongoing training on the Division's CQI plan, policies, and requirements  
24 that provide clarity regarding staff and stakeholder roles in the CQI process.

## 25 26 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

27 **SECTION 9L.17.(a)** Funds appropriated in this act to the Department of Health and  
28 Human Services, Division of Social Services (Division), for each year of the 2019-2021 fiscal  
29 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and  
30 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
31 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
32 data to be submitted to the Division that includes, at a minimum, each of the following:

- 33 (1) The dollar amount and number of transactions accessed or expended  
34 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 35 (2) The amount of benefits expended out-of-state, by state, from active cases for  
36 both SNAP and TANF.
- 37 (3) The dollar amount and number of transactions of benefits accessed or  
38 expended in this State, by types of retailers or institutions, for both SNAP and  
39 TANF.

40 **SECTION 9L.17.(b)** Upon receiving the expenditures data for SNAP and TANF  
41 from the vendor, the Division shall evaluate the data. The Division shall also provide the Program  
42 Evaluation Division of the General Assembly with a copy of the "raw" data submitted by the  
43 vendor in accordance with subsection (c) of this section. After evaluating the expenditures data,  
44 the Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
45 year to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal  
46 Research Division. The Division shall post its report required by this subsection on its Web site  
47 and otherwise make the data available by June 30 and December 31 of each year. In the first  
48 report required by this section, the Division shall report how this data is used to investigate fraud  
49 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
50 how that data is utilized in the detection of fraud and abuse.

1           **SECTION 9I.17.(c)** The Division shall maintain the confidentiality of information  
2 not public under Chapter 132 of the General Statutes. The Division shall properly redact any  
3 information subject to reporting under this section to prevent identification of individual  
4 recipients of SNAP or TANF benefits.

5  
6           **INCREASE FOSTER CARE RATES**

7           **SECTION 9I.18.(a)** G.S. 108A-49.1 reads as rewritten:

8           "**§ 108A-49.1. Foster care and adoption assistance payment rates.**

9           (a) The maximum rates for State participation in the foster care assistance program are  
10 established on a graduated scale as follows:

11           (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five  
12 years of age.

13           (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.

14           (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21  
15 years of age.

16           (b) The maximum rates for the State adoption assistance program are established  
17 consistent with the foster care rates as follows:

18           (1) ~~\$475.00-\$514.00~~ per child per month for children from birth through five  
19 years of age.

20           (2) ~~\$581.00-\$654.00~~ per child per month for children six through 12 years of age.

21           (3) ~~\$634.00-\$698.00~~ per child per month for children at least 13 but less than 21  
22 years of age.

23           ...."

24           **SECTION 9I.18.(b)** This section becomes effective July 1, 2020.

25  
26           **CHILD WELFARE/BEHAVIORAL HEALTH PILOT PROJECT**

27           **SECTION 9I.19.(a)** From funds appropriated in this act to the Department of Health  
28 and Human Services, Division of Social Services, for the 2019-2020 fiscal year, the Division of  
29 Social Services, in collaboration with the Division of Mental Health, Developmental Disabilities,  
30 and Substance Abuse Services, shall establish a two-year child welfare and behavioral health  
31 pilot project that will provide easier access to comprehensive health services for children in foster  
32 care by (i) creating better continuity of care, (ii) providing an alternative to therapeutic foster  
33 care, and (iii) ensuring care and services are available without disruption to a child's foster care  
34 placement while accessing services needed to treat the child's trauma. Four counties shall  
35 participate in the pilot project, which shall include Davie, Forsyth, Rockingham, and Stokes.

36           **SECTION 9I.19.(b)** The purpose of the pilot project is to establish a  
37 trauma-informed integrated health foster care model to facilitate partnerships between county  
38 departments of social services and local management entities/managed care organizations  
39 (LME/MCOs) regarding children placed in foster care that will do each of the following:

40           (1) Address safety and health needs of children with the application of  
41 trauma-informed tools.

42           (2) Address appropriate preventive and medical care for children placed in foster  
43 care.

44           (3) Address other social determinants of health, specifically those related to  
45 education and social development.

46           (4) Meet the goals of Medicaid Transformation, Child Welfare Reform, and the  
47 federal Families First Prevention Services Act (Family First Act).

48           (5) Provide for collaboration across agencies, including private behavioral health  
49 providers, health systems, and agencies of social determinants of health.

50           (6) Allow for the development of alternative funding models and service  
51 definitions.

- 1 (7) Allow for behavioral health services in family foster homes augmented with  
2 mental health services.
- 3 (8) Allow for wraparound services for the child to support a singular, unified goal  
4 of children in foster care having a single placement.
- 5 (9) Assign dedicated care coordination to each county social services agency.

6 **SECTION 91.19.(c)** The Division of Social Services and the Division of Mental  
7 Health, Developmental Disabilities, and Substance Abuse Services shall submit a progress report  
8 on the pilot project established under this section to the Joint Legislative Oversight Committee  
9 on Health and Human Services (Committee) by April 1, 2020, and submit a final report to the  
10 Committee by October 1, 2021, that, at a minimum, includes each of the following:

- 11 (1) The average cost of providing alternatives to therapeutic foster care.
- 12 (2) An outline of enhanced services offered and developed during the pilot  
13 project, including barriers and challenges.
- 14 (3) The outcomes achieved from the pilot project.
- 15 (4) A plan outlining the potential for replication across other counties, including  
16 cost-modeling recommendations.
- 17

18 **POSTPONE DEPLOYMENT OF CHILD WELFARE AND AGING COMPONENTS OF**  
19 **NC FAST**

20 **SECTION 91.20.(a)** The Department of Health and Human Services, Division of  
21 Social Services, shall postpone deployment of the North Carolina Families Accessing Services  
22 through Technology (NC FAST) system as it relates to case-management functionality for the  
23 child welfare system and aging and adult services' programs. The Division shall not deploy the  
24 child welfare case-management component of the NC FAST system statewide prior to October  
25 1, 2019, but shall instead continue to develop and improve case-management functionality for  
26 the child welfare component of NC FAST only in those counties that participated in the initial  
27 pilot program prior to January 1, 2019.

28 **SECTION 91.20.(b)** All counties other than the counties that participated in the pilot  
29 program prior to January 1, 2019, may elect to utilize the Intake and Assessment functionality of  
30 the NC FAST system.

31 **SECTION 91.20.(c)** The Division shall move forward with developing and issuing  
32 requests for proposals (RFP) to consider a vehicle for the child welfare case-management  
33 component of NC FAST, but shall not issue any contracts without prior approval from the  
34 General Assembly.

35 **SECTION 91.20.(d)** The Joint Legislative Program Evaluation Oversight  
36 Committee shall revise the biennial 2019-2020 work plan for the Program Evaluation Division  
37 to include a study of the case-management functionality of the child welfare component of NC  
38 FAST. The Program Evaluation Division shall submit its evaluation to the Joint Legislative  
39 Program Evaluation Oversight Committee and to the chairs of the Joint Legislative Oversight  
40 Committee on Health and Human Services no later than May 1, 2020.

41

42 **PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]**

43

44 **PART IX-K. DHHS BLOCK GRANTS**

45

46 **DHHS BLOCK GRANTS**

47 **SECTION 9K.1.(a)** Except as otherwise provided, appropriations from federal block  
48 grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the  
49 following schedule:

50

51 **TEMPORARY ASSISTANCE FOR NEEDY**

**FY 2019-2020**

**FY 2020-2021**

<b>FAMILIES (TANF) FUNDS</b>			
<b>Local Program Expenditures</b>			
<b>Division of Social Services</b>			
01. Work First Family Assistance	\$37,549,914	\$35,549,914	
02. Work First County Block Grants	80,093,566	80,093,566	
03. Work First Electing Counties	2,378,213	2,378,213	
04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877	
05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391	
06. Funding for Counties to Assist with County Implementation of NC FAST, Project 4	8,092	0	
07. Child Welfare Program Improvement Plan	775,176	775,176	
08. Child Welfare Collaborative	400,000	400,000	
09. Child Welfare Initiatives	1,400,000	1,400,000	
<b>Division of Child Development and Early Education</b>			
10. Subsidized Child Care Program	53,203,069	45,813,694	
11. Swap-Child Care Subsidy	5,400,000	12,600,000	
12. NC Pre-K Services	66,300,000	68,300,000	
<b>Division of Public Health</b>			
13. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000	
<b>DHHS Administration</b>			
14. Division of Social Services	2,482,260	2,482,260	
15. Office of the Secretary	34,042	34,042	
16. Eligibility Systems – Operations and Maintenance	653,815	711,349	
17. NC FAST Implementation	1,817,362	0	
18. Division of Social Services – Workforce			

1	Innovation & Opportunity Act (WIOA)	93,216	93,216
2			
3	<b>Transfers to Other Block Grants</b>		
4			
5	<b>Division of Child Development and Early Education</b>		
6			
7	19. Transfer to the Child Care and		
8	Development Fund	21,773,001	21,773,001
9			
10	<b>Division of Social Services</b>		
11			
12	20. Transfer to Social Services Block		
13	Grant for Child Protective Services –		
14	Training	1,300,000	1,300,000
15			
16	21. Transfer to Social Services Block		
17	Grant for Child Protective Services	5,040,000	5,040,000
18			
19	22. Transfer to Social Services Block		
20	Grant for County Departments of		
21	Social Services for Children's Services	13,097,783	13,097,783
22			
23	23. Transfer to Social Services Block		
24	Grant – Foster Care Services	1,385,152	1,385,152
25			
26	24. Transfer to Social Services Block		
27	Grant – Child Advocacy Centers	1,582,000	1,582,000
28			
29	25. Transfer to Social Services Block		
30	Grant – Child Protective Services,	737,067	737,067
31	Child Welfare Training for Counties		
32			
33	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
34	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$312,392,996</b>	<b>\$310,435,701</b>
35			
36	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
37	<b>EMERGENCY CONTINGENCY FUNDS</b>		
38			
39	<b>Local Program Expenditures</b>		
40			
41	<b>Division of Child Development and Early Education</b>		
42			
43	01. Subsidized Child Care	\$33,439,988	\$33,439,988
44			
45	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
46	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
47	<b>CONTINGENCY FUNDS</b>	<b>\$33,439,988</b>	<b>\$33,439,988</b>
48			
49	<b>SOCIAL SERVICES BLOCK GRANT</b>		
50			
51	<b>Local Program Expenditures</b>		

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**Divisions of Social Services and Aging and Adult Services**

01. County Departments of Social Services	\$19,905,849	\$19,905,849
02. County Departments of Social Services (Transfer From TANF)	\$13,097,783	\$13,097,783
03. EBCI Tribal Public Health and Human Services	244,740	244,740
04. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
05. State In-Home Services Fund	1,943,950	1,943,950
06. Adult Protective Services	1,720,404	1,720,404
07. State Adult Day Care Fund	1,994,084	1,994,084
08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
09. Special Children Adoption Incentive Fund	462,600	462,600
10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	1,300,000	1,300,000
11. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	737,067	737,067
12. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
13. Child Advocacy Centers (Transfer from TANF \$1,582,000)	2,000,000	2,000,000
14. Guardianship – Division of Social Services	1,802,671	1,802,671
15. Foster Care Services (Transfer From TANF)	1,385,152	1,385,152

**Division of Central Management and Support**

16. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
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**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

1	17. Mental Health Services – Adult and		
2	Child/Developmental Disabilities Program/		
3	Substance Abuse Services – Adult	4,149,595	4,149,595
4			
5	<b>DHHS Program Expenditures</b>		
6			
7	<b>Division of Services for the Blind</b>		
8			
9	18. Independent Living Program	3,603,793	3,603,793
10			
11	<b>Division of Health Service Regulation</b>		
12			
13	19. Adult Care Licensure Program	402,951	402,951
14			
15	20. Mental Health Licensure and		
16	Certification Program	200,880	200,880
17			
18	<b>Division of Aging and Adult Services</b>		
19			
20	21. Guardianship	3,825,443	3,825,443
21			
22	<b>DHHS Administration</b>		
23			
24	22. Division of Aging and Adult Services	679,541	679,541
25			
26	23. Division of Social Services	654,220	654,220
27			
28	24. Office of the Secretary/Controller's Office	132,047	132,047
29			
30	25. Legislative Increases/Fringe Benefits	236,278	236,278
31			
32	26. Division of Child Development and		
33	Early Education	13,878	13,878
34			
35	27. Division of Mental Health, Developmental		
36	Disabilities, and Substance Abuse Services	27,446	27,446
37			
38	28. Division of Health Service Regulation	121,719	121,719
39			
40	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$74,055,372</b>	<b>\$74,055,372</b>
41			
42	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
43			
44	<b>Local Program Expenditures</b>		
45			
46	<b>Division of Social Services</b>		
47			
48	01. Low-Income Energy Assistance		
49	Program (LIEAP)	\$40,298,638	\$40,298,638
50			
51	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638

1			
2	<b>Local Administration</b>		
3			
4	<b>Division of Social Services</b>		
5			
6	03. County DSS Administration	6,618,366	6,618,366
7			
8	<b>DHHS Administration</b>		
9			
10	<b>Division of Central Management and Support</b>		
11			
12	04. Division of Social Services	10,000	10,000
13			
14	05. Office of the Secretary/DIRM	128,954	128,954
15			
16	06. Office of the Secretary/Controller's Office	18,378	18,378
17			
18	07. NC FAST Development	2,287,188	2,287,188
19			
20	08. NC FAST Operations and Maintenance	2,539,033	2,539,033
21			
22	<b>Transfers to Other State Agencies</b>		
23			
24	<b>Department of Environmental Quality</b>		
25			
26	09. Weatherization Program	8,692,641	8,552,641
27			
28	10. Heating Air Repair and Replacement Program (HARRP)	5,881,761	5,701,761
29			
30			
31	11. Local Residential Energy Efficiency Service Providers – Weatherization	544,742	514,742
32			
33			
34	12. Local Residential Energy Efficiency Service Providers – HARRP	327,169	277,169
35			
36			
37	13. DEQ – Weatherization Administration	544,742	514,742
38			
39	14. DEQ – HARRP Administration	277,169	277,169
40			
41	<b>Department of Administration</b>		
42			
43	15. N.C. Commission on Indian Affairs	87,736	87,736
44			
45	<b>TOTAL LOW-INCOME ENERGY</b>		
46	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$108,555,155</b>	<b>\$108,125,155</b>
47			
48	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
49			
50	<b>Local Program Expenditures</b>		
51			

1	<b>Division of Child Development and Early Education</b>		
2			
3	01. Child Care Services	\$232,109,943	\$239,499,318
4			
5	02. Smart Start Subsidy	7,392,654	7,392,654
6			
7	03. Transfer from TANF Block Grant		
8	for Child Care Subsidies	21,773,001	21,773,001
9			
10	04. Quality and Availability Initiatives		
11	(TEACH Program \$3,800,000)	55,217,124	55,217,124
12			
13	<b>DHHS Administration</b>		
14			
15	<b>Division of Child Development and Early Education</b>		
16			
17	05. DCDEE Administrative Expenses	9,710,886	9,710,886
18			
19	<b>Division of Social Services</b>		
20			
21	06. Local Subsidized Child Care		
22	Services Support	18,533,357	18,533,357
23			
24	07. Direct Deposit for Child Care Payments	505,100	505,100
25			
26	<b>Division of Central Management and Support</b>		
27			
28	08. NC FAST Development	464,290	0
29			
30	09. NC FAST Operations and Maintenance	1,104,504	1,201,697
31			
32	10. DHHS Central Administration – DIRM		
33	Technical Services	645,162	645,162
34			
35	11. DHHS Central Administration	7,346	7,346
36			
37	<b>Division of Public Health</b>		
38			
39	12. Child Care Health Consultation Contracts	62,205	62,205
40			
41	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
42	<b>FUND BLOCK GRANT</b>	<b>\$347,525,572</b>	<b>\$354,547,850</b>
43			
44	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
45			
46	<b>Local Program Expenditures</b>		
47			
48	01. Mental Health Services – Child	\$4,779,087	\$4,779,087
49			
50	02. Mental Health Services – Adult/Child	18,531,361	18,531,360
51			

1	03. Mental Health Services – First		
2	Psychotic Symptom Treatment	1,976,970	1,976,970
3			
4	<b>DHHS Administration</b>		
5			
6	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
7			
8	04. Administration	200,000	200,000
9			
10	<b>TOTAL MENTAL HEALTH SERVICES</b>		
11	<b>BLOCK GRANT</b>	<b>\$25,487,418</b>	<b>\$25,487,417</b>
12			
13	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
14			
15	<b>Local Program Expenditures</b>		
16			
17	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
18			
19	01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
20			
21	02. Substance Abuse Prevention	9,110,422	9,110,422
22			
23	03. Substance Abuse Services – Treatment for		
24	Children/Adults		
25	(Medication-Assisted Opioid Use Disorder		
26	Treatment Pilot Program \$500,000;		
27	First Step Farm of WNC, Inc. \$100,000)	29,856,450	29,856,449
28			
29	05. Crisis Solutions Initiatives – Collegiate		
30	Wellness/Addiction Recovery	1,085,000	1,085,000
31			
32	06. Crisis Solutions Initiatives – Community		
33	Paramedic Mobile Crisis Management	20,000	20,000
34			
35	<b>DHHS Program Expenditures</b>		
36			
37	<b>Division of Central Management and Support</b>		
38			
39	07. Competitive Grants	1,600,000	1,600,000
40			
41	<b>DHHS Administration</b>		
42			
43	<b>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</b>		
44			
45	08. Administration	454,000	454,000
46			
47	09. Controlled Substance Reporting System		
48	Enhancement	427,655	427,655
49			
50	10. Veterans Initiatives	250,000	250,000
51			

1	<b>Division of Public Health</b>		
2			
3	11. HIV Testing for Individuals in Substance		
4	Abuse Treatment	241,488	0
5			
6	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
7	<b>AND TREATMENT BLOCK GRANT</b>	<b>\$45,595,930</b>	<b>\$45,354,441</b>
8			
9	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
10			
11	<b>Local Program Expenditures</b>		
12			
13	<b>Division of Public Health</b>		
14			
15	01. Women and Children's Health Services		
16	(Safe Sleep Campaign \$45,000; Sickle Cell		
17	Centers \$100,000; Prevent Blindness \$575,000;		
18	March of Dimes \$350,000; Teen Pregnancy		
19	Prevention Initiatives \$650,000;		
20	17P Project \$52,000; Nurse-Family		
21	Partnership \$950,000; Perinatal & Neonatal		
22	Outreach Coordinator Contracts \$440,000;		
23	Mountain Area Pregnancy Services \$50,000)	\$14,719,224	\$14,719,224
24			
25	02. Oral Health	48,227	48,227
26			
27	03. Evidence-Based Programs in Counties		
28	With Highest Infant Mortality Rates	1,575,000	1,575,000
29			
30	<b>DHHS Program Expenditures</b>		
31			
32	04. Children's Health Services	1,427,323	1,427,323
33			
34	05. Women's Health – Maternal Health	169,864	169,864
35			
36	06. Women and Children's Health – Perinatal		
37	Strategic Plan Support Position	68,245	68,245
38			
39	07. State Center for Health Statistics	158,583	158,583
40			
41	08. Health Promotion – Injury and		
42	Violence Prevention	87,271	87,271
43			
44	<b>DHHS Administration</b>		
45			
46	09. Division of Public Health Administration	552,571	552,571
47			
48	<b>TOTAL MATERNAL AND CHILD</b>		
49	<b>HEALTH BLOCK GRANT</b>	<b>\$18,806,308</b>	<b>\$18,806,308</b>
50			
51	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		

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**Local Program Expenditures**

01. Physical Activity and Prevention	\$3,030,116	\$3,030,116
02. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	160,000	160,000

**DHHS Program Expenditures****Division of Public Health**

03. HIV/STD Prevention and Community Planning	137,648	137,648
04. Oral Health Preventive Services	150,000	150,000
05. Laboratory Services – Testing, Training, and Consultation	21,000	21,000
06. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	53,206	53,206
07. Performance Improvement and Accountability	592,123	592,123
08. State Center for Health Statistics	82,505	82,505

**DHHS Administration****Division of Public Health**

09. Division of Public Health	65,000	65,000
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**TOTAL PREVENTIVE HEALTH  
SERVICES BLOCK GRANT**

**\$4,291,598                      \$4,291,598**

**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$22,354,709	\$22,354,709
02. Discretionary Funding	921,096	921,096
03. Office of Economic Opportunity	981,096	981,096
04. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000

**TOTAL COMMUNITY SERVICES  
BLOCK GRANT**

**\$24,316,901                      \$24,316,901**

**GENERAL PROVISIONS**

**SECTION 9K.1.(b)** Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

**SECTION 9K.1.(c)** Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and 2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

**SECTION 9K.1.(d)** Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule is enacted by the General Assembly.

**SECTION 9K.1.(e)** All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and

1 Management shall not approve any reduction of funds designated for subrecipients in subsection  
2 (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block  
3 Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget  
4 and Management shall consult with the Joint Legislative Oversight Committee on Health and  
5 Human Services for review prior to implementing any changes. In consulting, the report shall  
6 include an itemized listing of affected programs, including associated changes in budgeted  
7 allocations. All changes to the budgeted allocations to the Block Grants shall be reported  
8 immediately to the Joint Legislative Oversight Committee on Health and Human Services and  
9 the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by  
10 legislative salary increases and benefit adjustments.

11 **SECTION 9K.1.(f)** Except as otherwise provided, the Department of Health and  
12 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
13 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
14 so long as the total allocation for the line items within those block grants remains the same.  
15

### 16 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

17 **SECTION 9K.1.(g)** The sum of eighty million ninety-three thousand five hundred  
18 sixty-six dollars (\$80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in  
19 this act in TANF funds to the Department of Health and Human Services, Division of Social  
20 Services, shall be used for Work First County Block Grants. The Division shall certify these  
21 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
22 has the authority to realign the authorized budget for these funds among the State-level services  
23 based on current year actual expenditures. The Division shall also have the authority to realign  
24 appropriated funds from Work First Family Assistance for electing counties to the Work First  
25 County Block Grant for electing counties based on current year expenditures so long as the  
26 electing counties meet Maintenance of Effort requirements.

27 **SECTION 9K.1.(h)** The sum of nine million four hundred twelve thousand three  
28 hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and  
29 Human Services, Division of Social Services, in TANF funds for each fiscal year of the  
30 2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county  
31 departments of social services for hiring or contracting staff to investigate and provide services  
32 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
33 license, and support prospective foster and adoptive families; and to provide interstate and  
34 post-adoption services for eligible families.

35 Counties shall maintain their level of expenditures in local funds for Child Protective  
36 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
37 the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall  
38 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

39 **SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred  
40 seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of  
41 Health and Human Services, Special Children Adoption Fund, for each fiscal year of the  
42 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of  
43 Social Services, in consultation with the North Carolina Association of County Directors of  
44 Social Services and representatives of licensed private adoption agencies, shall develop  
45 guidelines for the awarding of funds to licensed public and private adoption agencies upon the  
46 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the  
47 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance  
48 the adoption services program. No local match shall be required as a condition for receipt of these  
49 funds.

50 **SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars  
51 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human

1 Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall  
2 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
3 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
4 services to families in their homes in the least restrictive setting.

5 **SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars  
6 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human  
7 Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen  
8 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each  
9 year of the 2019-2021 fiscal biennium shall be used to provide services for youth in foster care  
10 or the juvenile justice system.

## 11 **SOCIAL SERVICES BLOCK GRANT**

12 **SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight  
13 hundred forty-nine dollars (\$19,905,849) for each year of the 2019-2021 fiscal biennium  
14 appropriated in this act in the Social Services Block Grant to the Department of Health and  
15 Human Services, Division of Social Services, and the sum of thirteen million ninety-seven  
16 thousand seven hundred eighty-three dollars (\$13,097,783) for each year of the 2019-2021 fiscal  
17 biennium transferred from funds appropriated in the TANF Block Grant shall be used for county  
18 block grants. The Division shall certify these funds in the appropriate State-level services based  
19 on prior year actual expenditures. The Division has the authority to realign the authorized budget  
20 for these funds, as well as State Social Services Block Grant funds, among the State-level services  
21 based on current year actual expenditures.

22  
23 Of the funds allocated in this subsection for each year of the 2019-2021 fiscal  
24 biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist  
25 counties in the implementation of Project 4, Child Services, in North Carolina Families  
26 Accessing Services Through Technology (NC FAST). These funds shall be available in each  
27 fiscal year of the fiscal biennium for this purpose.

28 **SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars  
29 (\$1,300,000) appropriated in this act in the Social Services Block Grant to the Department of  
30 Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021  
31 fiscal biennium shall be used to support various child welfare training projects as follows:

- 32 (1) Provide a regional training center in southeastern North Carolina.
- 33 (2) Provide training for residential child caring facilities.
- 34 (3) Provide for various other child welfare training initiatives.

35 **SECTION 9K.1.(n)** The Department of Health and Human Services is authorized,  
36 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
37 Block Grant funding allocated for departmental administration between divisions that have  
38 received administrative allocations from the Social Services Block Grant.

39 **SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special  
40 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

41 **SECTION 9K.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
42 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021  
43 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
44 Social Services. The Division shall allocate these funds to local departments of social services to  
45 replace the loss of Child Protective Services State funds that are currently used by county  
46 governments to pay for Child Protective Services staff at the local level. These funds shall be  
47 used to maintain the number of Child Protective Services workers throughout the State. These  
48 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and  
49 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

50 **SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand  
51 five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium

1 appropriated in this act in the Social Services Block Grant to the Department of Health and  
2 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS  
3 competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the  
4 provisions of 10A NCAC 71R .0201(3).

5 **SECTION 9K.1.(r)** The sum of two million dollars (\$2,000,000) appropriated in this  
6 act in the Social Services Block Grant for each fiscal year of the 2019-2021 fiscal biennium to  
7 the Department of Health and Human Services, Division of Social Services, shall be used to  
8 continue support for the Child Advocacy Centers, and the funds are exempt from the provisions  
9 of 10A NCAC 71R .0201(3).

10 **SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand  
11 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2019-2021 fiscal  
12 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
13 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used  
14 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may  
15 expend funds allocated in this section to support existing corporate guardianship contracts during  
16 the 2019-2020 and 2020-2021 fiscal years.

17 **SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to  
18 the Division of Aging and Adult Services for Adult Protective Services, the sum of four hundred  
19 seventy-five thousand forty-one dollars (\$475,041) shall be used to increase the number of Adult  
20 Protective Services workers where these funds can be the most effective. These funds shall be  
21 used to pay for salaries and related expenses and shall not be used to supplant any other source  
22 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local  
23 match of twenty-five percent (25%).

24 **SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand sixty-seven  
25 dollars (\$737,067) appropriated in this act in the Social Services Block Grant for each fiscal year  
26 of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human  
27 Services, Division of Social Services. These funds shall be used to assist with training needs for  
28 county child welfare training staff and shall not be used to supplant any other source of funding  
29 for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3)  
30 requiring a local match of twenty-five percent (25%).

#### 31 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

32 **SECTION 9K.1.(v)** Additional emergency contingency funds received may be  
33 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
34 consultation with the Joint Legislative Oversight Committee on Health and Human Services.  
35 Additional funds received shall be reported to the Joint Legislative Oversight Committee on  
36 Health and Human Services and the Fiscal Research Division upon notification of the award. The  
37 Department of Health and Human Services shall not allocate funds for any activities, including  
38 increasing administration, other than assistance payments, without prior consultation with the  
39 Joint Legislative Oversight Committee on Health and Human Services.

40 **SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand  
41 six hundred thirty-eight dollars (\$40,298,638) for each year of the 2019-2021 fiscal biennium  
42 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of  
43 Health and Human Services, Division of Social Services, shall be used for Energy Assistance  
44 Payments for the households of (i) elderly persons age 60 and above with income up to one  
45 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for  
46 services funded through the Division of Aging and Adult Services.

47  
48 County departments of social services shall submit to the Division of Social Services  
49 an outreach plan for targeting households with 60-year-old household members no later than  
50 August 1 of each year. The outreach plan shall comply with the following:

- 1 (1) Ensure that eligible households are made aware of the available assistance,  
2 with particular attention paid to the elderly population age 60 and above and  
3 disabled persons receiving services through the Division of Aging and Adult  
4 Services.
- 5 (2) Include efforts by the county department of social services to contact other  
6 State and local governmental entities and community-based organizations to  
7 (i) offer the opportunity to provide outreach and (ii) receive applications for  
8 energy assistance.
- 9 (3) Be approved by the local board of social services or human services board  
10 prior to submission.  
11

## 12 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

13 **SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal  
14 TANF funds shall comply with all regulations and policies issued by the Division of Child  
15 Development and Early Education for the subsidized child care program.

16 **SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development  
17 Fund Block Grant for any program cannot be obligated or spent in that program within the  
18 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
19 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
20 to use the federal funds fully.  
21

## 22 **MENTAL HEALTH SERVICES BLOCK GRANT**

23 **SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine  
24 hundred seventy dollars (\$1,976,970) appropriated in this act in the Mental Health Services Block  
25 Grant to the Department of Health and Human Services, Division of Mental Health,  
26 Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal  
27 biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.  
28

## 29 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

30 **SECTION 9K.1.(aa)** The sum of two hundred fifty thousand dollars (\$250,000)  
31 appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the  
32 Department of Health and Human Services, Division of Mental Health, Developmental  
33 Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium  
34 shall be used to support Veterans initiatives.  
35

## 36 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

37 **SECTION 9K.1.(bb)** If federal funds are received under the Maternal and Child  
38 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
39 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall  
40 be transferred to the State Board of Education to be administered by the Department of Public  
41 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
42 until marriage education program and shall delegate to one or more persons the responsibility of  
43 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public  
44 Instruction shall carefully and strictly follow federal guidelines in implementing and  
45 administering the abstinence education grant funds.

46 **SECTION 9K.1.(cc)** The sum of one million five hundred seventy-five thousand  
47 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the  
48 Department of Health and Human Services, Division of Public Health, for each year of the  
49 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the  
50 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the  
51 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,

1 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings  
2 to the House of Representatives Appropriations Committee on Health and Human Services, the  
3 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
4 Division no later than December 31 of each year.

5 **SECTION 9K.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars  
6 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the  
7 Department of Health and Human Services, Division of Public Health, Women and Children's  
8 Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant  
9 existing State or federal funds. This allocation shall be used for a Public Health Program  
10 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
11 Plan and provide staff support for the stakeholder work group.

12 **SECTION 9K.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated  
13 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
14 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for  
15 community-based sickle cell centers shall not be used to supplant existing State or federal funds.  
16

## 17 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 18 **DACS REPORT CHANGES**

19 **SECTION 10.1.(a)** G.S. 19A-62(c) reads as rewritten:

20 "(c) Report. – In March of each year, the Department must report to the ~~Joint Legislative~~  
21 ~~Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture  
22 and Natural and Economic Resources and the Fiscal Research Division. The report must contain  
23 information regarding all revenues and expenditures of the Spay/Neuter Account."  
24

25 **SECTION 10.1.(b)** G.S. 19A-69 reads as rewritten:

26 "**§ 19A-69. Report.**

27 The Department shall report annually to the ~~Joint Legislative Commission on Governmental~~  
28 ~~Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
29 Resources and the Fiscal Research Division no later than March 1. The report shall contain  
30 information regarding all revenues and expenditures of the Animal Shelter Support Fund."  
31

32 **SECTION 10.1.(c)** G.S. 106-744(i) reads as rewritten:

33 "(i) The Advisory Committee shall report no later than October 1 of each year to the ~~Joint~~  
34 ~~Legislative Commission on Governmental Operations~~, Joint Legislative Oversight Committee  
35 on Agriculture and Natural and Economic Resources, the Environmental Review Commission,  
36 ~~and the House of Representatives and Senate Appropriations Subcommittees on Natural and~~  
37 ~~Economic Resources~~ the chairs of the Senate Appropriations Committee on Agriculture, Natural,  
38 and Economic Resources, and the chairs of the House of Representatives Appropriations  
39 Committee on Agriculture and Natural and Economic Resources regarding the activities of the  
40 Advisory Committee, the agriculture easements purchased, and agricultural projects funded  
41 during the previous fiscal year."

42 **SECTION 10.1.(d)** G.S. 106-747(f) reads as rewritten:

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

49 **SECTION 10.1.(e)** G.S. 106-755.1(14) reads as rewritten:

50 "(14) By September 1 of each year, to report to the ~~House of Representatives~~  
51 ~~Appropriations Subcommittee on Natural and Economic Resources~~, the  
Senate Appropriations Committee on Natural and Economic Resources, the

1 ~~Joint Legislative Commission on Governmental Operations, chairs of the~~  
2 ~~Senate Appropriations Committee on Agriculture, Natural, and Economic~~  
3 ~~Resources, the chairs of the House of Representatives Appropriations~~  
4 ~~Committee on Agriculture and Natural and Economic Resources, the Joint~~  
5 ~~Legislative Oversight Committee on Agriculture and Natural and Economic~~  
6 ~~Resources, and the Fiscal Research Division on the activities of the Council,~~  
7 ~~the status of the wine and grape industry in North Carolina and the United~~  
8 ~~States, progress on the development and implementation of the State~~  
9 ~~Viticulture Plan, and any contracts or agreements entered into by the Council~~  
10 ~~for research, education, or marketing."~~

11 **SECTION 10.1.(f)** G.S. 106-887(i) reads as rewritten:

12 "(i) The Department shall report no later than October 1 of each year to the ~~Joint~~  
13 ~~Legislative Commission on Governmental Operations, the House and Senate Appropriations~~  
14 ~~Subcommittees on Natural and Economic Resources, Joint Legislative Oversight Committee on~~  
15 ~~Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations~~  
16 ~~Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of~~  
17 ~~Representatives Appropriations Committee on Agriculture and Natural and Economic~~  
18 ~~Resources, the Fiscal Research Division, and the Environmental Review Commission on the~~  
19 ~~Department's management activities at DuPont State Recreational Forest during the preceding~~  
20 ~~fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal~~  
21 ~~year."~~

22 **SECTION 10.1.(g)** G.S. 106-911 reads as rewritten:

23 **"§ 106-911. Annual report on wildfires.**

24 No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall  
25 submit a written report on wildfires in the State to the chairs of the ~~House Appropriations~~  
26 ~~Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee~~  
27 ~~on Natural and Economic Resources, the Joint Legislative Commission on Governmental~~  
28 ~~Operations, Senate Appropriations Committee on Agriculture, Natural, and Economic~~  
29 ~~Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture~~  
30 ~~and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture~~  
31 ~~and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly.~~  
32 The report shall include the following information for all major or project wildfires during the  
33 prior fiscal year:

34 ...."

35 **SECTION 10.1.(h)** G.S. 106-1029(b)(3) and (5) read as rewritten:

36 "(3) Establish in November prior to those sessions in which the General Assembly  
37 considers the State budget, the estimated total assessment that will be  
38 collectible in the next budget period and so inform the ~~General Assembly;~~Joint  
39 Legislative Oversight Committee on Agriculture and Natural and Economic  
40 Resources.

41 ...

42 (5) By January 15 of each odd-numbered year, report to the ~~General Assembly~~  
43 Joint Legislative Oversight Committee on Agriculture and Natural and  
44 Economic Resources on the number of acres reforested, type of owners  
45 assisted, geographic distribution of funds, the amount of funds ~~encumbered~~  
46 encumbered, and other matters. The report shall include the information by  
47 forestry district and statewide and shall be for the two fiscal years prior to the  
48 date of the report."

49 **SECTION 10.1.(i)** Section 11.1 of S.L. 2012-142 is codified as G.S. 106-915 and  
50 reads as rewritten:

51 **"§ 106-915. B.R.I.D.G.E. Youthful Offenders Program; annual report.**

1 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public  
2 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in  
3 cooperation with the North Carolina Forest Service when assigning youthful offenders from the  
4 ~~Western Youth Institution-Foothills Correctional Institution~~ to work programs.

5 (b) The North Carolina Forest Service shall submit an annual report on the B.R.I.D.G.E.  
6 Youthful Offenders Program no later than October 1 of each year beginning October 1, 2012, to  
7 the Fiscal Research Division, the ~~Chairs of the House Appropriations Subcommittee on Natural  
8 and Economic Resources and the Senate Appropriations Committee on Natural and Economic  
9 Resources, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety  
10 and the Senate Appropriations Committee on Justice and Public Safety, the Joint Legislative  
11 Commission on Governmental Operations,~~ chairs of the Senate Appropriations Committee on  
12 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives  
13 Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint  
14 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
15 chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the  
16 House of Representatives Appropriations Committee on Justice and Public Safety, and the Joint  
17 Legislative Oversight Committee on Justice and Public Safety. The report shall include the  
18 following information for the prior fiscal year:

19 ...."

20 **SECTION 10.1.(j)** Section 13.7(b) of S.L. 2013-360 is codified as G.S. 106-590 and  
21 reads as rewritten:

22 "**§ 106-590. Annual report on funds allocated to the North Carolina Agricultural**  
23 **Foundation, Inc.**

24 ~~North Carolina Agricultural Foundation—FFA Foundation (hereinafter "FFA Foundation")~~  
25 The North Carolina Agricultural Foundation, Inc., shall do the following if the Department of  
26 Agriculture and Consumer Services allocates funds to the entity it for programs of the North  
27 Carolina Future Farmers of America Association:

- 28 (1) By September 1 of each year, and more frequently as requested, report to the  
29 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative  
30 Oversight Committee on Agriculture and Natural and Economic Resources  
31 and the Fiscal Research Division on prior State fiscal year program activities,  
32 objectives, and accomplishments and prior State fiscal year itemized  
33 expenditures and fund sources.
- 34 (2) Provide to the Fiscal Research Division a copy of the organization's annual  
35 audited financial statement within 30 days of issuance of the statement."  
36

## 37 **TIMBER SALES/RETENTION OF PROCEEDS**

38 **SECTION 10.2.** The Department of Agriculture and Consumer Services is  
39 authorized to expend up to one hundred fifty thousand dollars (\$150,000) each year for forestry  
40 management from funds received from the sale of timber that are deposited with the State  
41 Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget  
42 is authorized to transfer up to one hundred fifty thousand dollars (\$150,000) from the capital  
43 improvement account to the Reserve for Forestry Management in the Department's operating  
44 budget and to prepare succeeding continuation budget documents to include one hundred fifty  
45 thousand dollars (\$150,000) in the Reserve for Forestry Management.  
46

## 47 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF** 48 **STATE-MANAGED PROPERTIES**

49 **SECTION 10.7.(a)** The Department of Agriculture and Consumer Services' Plant  
50 Industry Division shall study and report on wildlife enhancement, invasive species control, and

1 native habitat restoration on properties managed by the State. The Division shall include the  
2 following in its study and report:

- 3 (1) The amount of funds and other resources dedicated by each State agency land  
4 manager (including the Department of Natural and Cultural Resources, the  
5 Wildlife Resources Commission, the Department of Environmental Quality,  
6 and the Department of Agriculture and Consumer Services) to habitat  
7 management for wildlife enhancement, including, but not limited to, invasive  
8 species removal, prescribed burning, selective thinning, and native plant  
9 restoration.
- 10 (2) The potential need for each State agency land manager for additional funding  
11 or positions necessary to support wildlife enhancement, including invasive  
12 species removal, prescribed burning, selective thinning, and native plant  
13 restoration.
- 14 (3) Identification of existing federal funding sources for wildlife enhancement on  
15 State-managed properties and missed match opportunities with State  
16 resources.

17 **SECTION 10.7.(b)** The Department shall provide its report to the Joint Legislative  
18 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
19 Research Division no later than April 1, 2020.

## 20 **SWINE BIOGAS**

21 **SECTION 10.9.** Of the funds appropriated in this act to the Department of  
22 Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty  
23 thousand dollars (\$450,000) is allocated for the purpose of providing cost share assistance to  
24 swine farmers for the installation of anaerobic digesters to be used for the production of biogas  
25 at an eligible farm.

26 The funds shall be administered through the Agriculture Cost Share Program for  
27 Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General  
28 Statutes. Notwithstanding G.S. 106-850(b)(6), participants shall be eligible for cost share of no  
29 more than seventy-five percent (75%) of that portion of the construction and equipment costs for  
30 the project in excess of four hundred forty dollars (\$440.00) per 1,000 pounds of steady state live  
31 weight of swine located at the eligible farm. The annual limit specified in G.S. 106-850(b)(6)  
32 shall not apply to funds allocated by this section, but total funding provided for any project shall  
33 not exceed one hundred thousand dollars (\$100,000) over the lifetime of the project. Any  
34 allocated funds not awarded for the purposes specified in this section by June 30, 2020, shall  
35 revert to the General Fund.

36 For purposes of this section, an "eligible farm" shall be a swine farm meeting the  
37 following criteria:

- 38 (1) The swine farm has a design capacity of less than 1,000,000 pounds steady  
39 state live weight.
- 40 (2) The swine farm has entered into a contract with a duration of 10 years or more  
41 for the purchase of the biogas produced by the anaerobic digester.  
42

## 43 **INNOVATIVE LAGOON SLUDGE TREATMENT**

44 **SECTION 10.10.** Of the funds appropriated in this act to the Department of  
45 Commerce for the Gas Products Service to Agriculture Fund, the sum of four hundred fifty  
46 thousand dollars (\$450,000) is allocated for the purpose of providing cost share assistance to  
47 swine farmers for the installation of innovative swine anaerobic lagoon sludge management  
48 systems utilizing constructed wetlands as the primary system component.

49 The funds shall be administered through the Agriculture Cost Share Program for  
50 Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General  
51

1 Statutes. The annual limit specified in G.S. 106-850(b)(6) shall not apply to funds allocated by  
2 this section, but total funding provided for any project shall not exceed one hundred fifty  
3 thousand dollars (\$150,000) over the lifetime of the project. Any allocated funds not awarded for  
4 the purposes specified in this section by June 30, 2020, shall revert to the General Fund.  
5

#### 6 **HEMLOCK RESTORATION REPORT**

7 **SECTION 10.12.** The North Carolina Forest Service shall report on the hemlock  
8 restoration initiatives funded by this act. The report shall include the following with respect to  
9 each hemlock restoration initiative funded during the 2019-2021 biennium:

- 10 (1) Identification of goals and outcomes for the initiative.
- 11 (2) A description of the measures used or data collected to evaluate the efficiency  
12 and effectiveness of the initiative in reaching its desired goals and outcomes.
- 13 (3) The performance of each initiative with respect to the identified goals and  
14 outcomes.

15 The Forest Service shall provide its report on the prior fiscal year's funding to the  
16 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and  
17 the Fiscal Research Division no later than October 1 of each year in the 2019-2021 fiscal  
18 biennium.  
19

#### 20 **PRESCRIBED BURNING MATCHING GRANT PROGRAM**

21 **SECTION 10.13.(a)** Article 80 of Chapter 106 of the General Statutes is amended  
22 by adding a new section to read:

##### 23 **"§ 106-971. Prescribed burn grants.**

24 (a) Establishment. – The Prescribed Burn Grant Program is established within the North  
25 Carolina Forest Service of the Department of Agriculture and Consumer Services. The Forest  
26 Service is responsible for administering the Program and shall issue rules setting forth the form  
27 and contents of the application, grant cycle time lines, and funding limits for individual projects  
28 and for grant recipients.

29 (b) Purposes. – The Program shall be used for support of prescribed burning on privately  
30 owned forestlands that will maximize the benefits set forth in this Article.

31 (c) Eligibility. – To be eligible for funding from the Program, prescribed burning projects  
32 must meet all of the following criteria:

- 33 (1) The project must meet the requirements of this Article, as determined by the  
34 Forest Service.
- 35 (2) Funds provided by the Program must be matched in an equal amount by the  
36 landowner or another non-State source of funds."

37 **SECTION 10.13.(b)** Notwithstanding G.S. 150B-21.1A(a), the Department of  
38 Agriculture and Consumer Services shall adopt emergency rules in accordance with  
39 G.S. 150B-21.1A to implement G.S. 106-971, as enacted by this section.  
40

## 41 **PART XI. COMMERCE**

### 42 **COMMERCE REPORT CHANGE**

43 **SECTION 11.1.** G.S. 143B-434.01(b) reads as rewritten:

44 "(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1  
45 of each year. The Plan shall cover a period of four years and each annual update shall extend the  
46 time frame by one year so that a four-year plan is always in effect. The Secretary shall provide  
47 copies of the Plan and each annual update to the ~~Governor and the Joint Legislative Commission~~  
48 ~~on Governmental Operations.~~ Governor, the chairs of the Senate Appropriations Committee on  
49 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives  
50 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint  
51 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint

1 Legislative Economic Development and Global Engagement Oversight Committee. The Plan  
 2 shall encompass all of the components set out in this section."  
 3

4 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

5 **SECTION 11.2.(a)** Of the funds appropriated in this act for federal block grant  
 6 funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30,  
 7 2021, according to the following schedule:  
 8

9 **COMMUNITY DEVELOPMENT BLOCK GRANT**

10	01. State Administration	\$1,610,278
11		
12	02. Neighborhood Revitalization	10,000,000
13		
14	03. Economic Development	11,000,000
15		
16	04. Infrastructure	25,719,918
17		
18		

19 **TOTAL COMMUNITY DEVELOPMENT**

20	<b>BLOCK GRANT – 2020 Program Year</b>	<b>\$48,330,196</b>
21	<b>2021 Program Year</b>	<b>\$48,330,196</b>
22		

23 **SECTION 11.2.(b)** If federal funds are reduced below the amounts specified in this  
 24 section after the effective date of this act, then every program in each of these federal block grants  
 25 shall be reduced by the same percentage as the reduction in federal funds.

26 **SECTION 11.2.(c)** Any block grant funds appropriated by the Congress of the  
 27 United States in addition to the funds specified in this section shall be expended as follows: each  
 28 program category under the Community Development Block Grant shall be increased by the  
 29 same percentage as the increase in federal funds.

30 **SECTION 11.2.(d)** The Department of Commerce shall consult with the Joint  
 31 Legislative Commission on Governmental Operations prior to reallocating Community  
 32 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
 33 the Director of the Budget finds either of the following conditions exist:

- 34 (1) If a reallocation is required because of an emergency that poses an imminent  
 35 threat to public health or public safety, then the Director of the Budget may  
 36 authorize the reallocation without consulting the Commission. The  
 37 Department of Commerce shall report to the Commission on the reallocation  
 38 no later than 30 days after it was authorized and shall identify in the report the  
 39 emergency, the type of action taken, and how it was related to the emergency.
- 40 (2) If the State will lose federal block grant funds or receive less federal block  
 41 grant funds in the next fiscal year unless a reallocation is made, then the  
 42 Department of Commerce shall provide a written report to the Commission  
 43 on the proposed reallocation and shall identify the reason that failure to take  
 44 action will result in the loss of federal funds. If the Commission does not hear  
 45 the issue within 30 days of receipt of the report, the Department may take the  
 46 action without consulting the Commission.

47 **SECTION 11.2.(e)** By September 1, 2019, and September 1, 2020, the Department  
 48 of Commerce shall report to the chairs of the House of Representatives Appropriations  
 49 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate  
 50 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint  
 51 Legislative Economic Development and Global Engagement Oversight Committee; and the

1 Fiscal Research Division on the use of Community Development Block Grant Funds  
2 appropriated in the prior fiscal year. The report shall include the following:

- 3 (1) A discussion of each of the categories of funding and how the categories were  
4 selected, including information on how a determination was made that there  
5 was a statewide need in each of the categories.
- 6 (2) Information on the number of applications that were received in each category  
7 and the total dollar amount requested in each category.
- 8 (3) A list of grantees, including the grantee's name, county, category under which  
9 the grant was funded, the amount awarded, and a narrative description of the  
10 project.

11 **SECTION 11.2.(f)** For purposes of this section, eligible activities under the category  
12 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State  
13 Administered Community Development Block Grant definition of the term "infrastructure."  
14 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the  
15 infrastructure category in subsection (a) of this section shall not be reallocated to any other  
16 category.

17 **SECTION 11.2.(g)** Throughout each year, deobligated funds arise in the various  
18 funding categories and program years of the Community Development Block Grant (CDBG)  
19 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)  
20 projects being required to repay funds. Surplus federal administrative funds in the CDBG  
21 program may vary from year to year based upon the amount of State-appropriated funds allocated  
22 and the amount of eligible in-kind funds identified.

23 **SECTION 11.2.(h)** To allow the Department of Commerce and the Department of  
24 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as  
25 they are identified throughout the program year, the following shall apply to the use of  
26 deobligated CDBG funds and surplus federal administrative funds:

- 27 (1) All surplus federal administrative funds shall be divided equally between the  
28 Departments of Commerce and Environmental Quality and shall be used as  
29 provided in subdivisions (2) and (3) of this subsection.
- 30 (2) All deobligated funds allocated to the Department of Commerce and any  
31 surplus federal administrative funds, as provided for in subdivision (1) of this  
32 subsection, may be used by the Department for all of the following:
  - 33 a. To issue grants in the CDBG economic development or neighborhood  
34 revitalization program category.
  - 35 b. For providing training and guidance to local governments relative to  
36 the CDBG program, its management, and administrative requirements.
  - 37 c. For any other purpose consistent with the Department's administration  
38 of the CDBG program if an equal amount of State matching funds is  
39 available.
- 40 (3) All deobligated funds allocated to the Department of Environmental Quality  
41 and any surplus federal administrative funds, as provided for in subdivision  
42 (1) of this subsection, may be used by the Department for all of the following:
  - 43 a. To issue grants in the CDBG infrastructure program category.
  - 44 b. For any other purpose consistent with the Department's administration  
45 of the CDBG program if an equal amount of State matching funds is  
46 available.

## 47 **GOLDEN LEAF FOUNDATION CODIFICATION AND REPORT CHANGES**

48 **SECTION 11.3.(a)** Chapter 143 of the General Statutes is amended by adding a new  
49 Article 74A, to be entitled "Golden LEAF Foundation." Section 1 of S.L. 1999-2 is codified as  
50 G.S. 143-710, to be entitled "Golden LEAF Foundation." Section 2(c) of S.L. 1999-2, as  
51

1 amended by Section 15.10A(a) of S.L. 2013-360, is codified as G.S. 143-711, to be entitled  
2 "Board of directors." Section 3 of S.L. 1999-2 is codified as G.S. 143-712, to be entitled "Articles  
3 of incorporation; reporting." Section 4 of S.L. 1999-2 is repealed. Section 5 of S.L. 1999-2 is  
4 codified as G.S. 143-711(b). Section 6 of S.L. 1999-2, as amended by Section 6.11(d) of S.L.  
5 2011-145, Section 7(b) of S.L. 2011-391, and Section 6.4(b) of S.L. 2013-360, is codified as  
6 G.S. 143-713, to be entitled "Use of funds."

7 **SECTION 11.3.(b)** Article 74A of Chapter 143 of the General Statutes, as enacted  
8 by subsection (a) of this section, reads as rewritten:

9 "Article 74A.

10 "Golden LEAF Foundation.

11 **"§ 143-710. Golden LEAF Foundation.**

12 The creation of the nonprofit corporation Golden L.E.A.F. (Long-term Economic  
13 Advancement Foundation), Inc., ("Golden LEAF Foundation") pursuant to subparagraph VI.A.1  
14 of the Consent Decree and Final Judgment entered in that action of 98 CVS 14377 on December  
15 21, 1998, is hereby approved for the purposes and on the terms and conditions set forth in  
16 subparagraph VI.A.1 of the Consent Decree and Final Judgment.

17 **"§ 143-711. Board of directors.**

18 (a) The General Assembly also approves the provisions in the Consent Decree  
19 concerning the governance of the ~~nonprofit corporation Golden LEAF Foundation~~ by 15  
20 directors holding staggered, four-year terms, five directors to be appointed by the Governor of  
21 the State of North Carolina, one of whom shall be the ~~chair~~ Chair of the Rural Infrastructure  
22 Authority created in G.S. 143B-472.128, or the ~~chair's~~ Chair's designee, five by the President Pro  
23 Tempore of the North Carolina Senate, and five by the Speaker of the North Carolina House of  
24 Representatives; and that the Governor shall appoint the first Chair among ~~his~~ the Governor's  
25 appointees, and the directors shall elect their own Chair from among their number for subsequent  
26 terms. Members of the General Assembly ~~may~~ shall not be appointed to serve on the board of  
27 directors while serving in the General Assembly.

28 (b) It is the intent of the General Assembly that the Governor, Speaker of the House of  
29 Representatives, and President Pro Tempore of the Senate, in appointing directors to the  
30 ~~nonprofit corporation, Golden LEAF Foundation~~, shall, in their sole discretion, include among  
31 their appointments representatives of tobacco production, tobacco manufacturing,  
32 tobacco-related employment, health, and economic development interests, with each appointing  
33 authority selecting at least two directors from these interests. It is also the intent of the General  
34 Assembly that the appointing authorities, in appointing directors, shall appoint members that  
35 represent the geographic, gender, and racial diversity of the State.

36 **"§ 143-712. Articles of incorporation; reporting.**

37 The Attorney General shall draft articles of incorporation for the ~~nonprofit corporation~~  
38 Golden LEAF Foundation to enable the ~~nonprofit corporation Golden LEAF Foundation~~ to carry  
39 out its mission as set out in the Consent Decree. The articles of incorporation shall provide for  
40 the following:

- 41 (1) Consultation; reporting. – The ~~nonprofit corporation Golden LEAF~~  
42 Foundation shall consult with the Joint Legislative Commission on  
43 Governmental Operations (~~"Commission"~~) prior to the ~~corporation's~~ board of  
44 directors (i) adopting bylaws and (ii) adopting the annual operating budget.  
45 The ~~nonprofit corporation Golden LEAF Foundation~~ shall also report on its  
46 programs and activities to the ~~Commission~~ Joint Legislative Commission on  
47 Governmental Operations, the Joint Legislative Oversight Committee on  
48 Agriculture and Natural and Economic Resources, and the Joint Legislative  
49 Economic Development and Global Engagement Oversight Committee on or  
50 before ~~March 1~~ September 15 of each fiscal year and more frequently as  
51 requested by ~~the Commission~~ any of these entities. The report shall include

1 information on the activities and accomplishments during the fiscal year,  
 2 itemized expenditures during the fiscal year, planned activities and goals for  
 3 at least the next 12 months, and itemized anticipated expenditures for the next  
 4 fiscal year.all of the following information:

- 5 a. Grants made in the prior fiscal year, including the amount, term, and  
 6 purpose of the grant.
- 7 b. Outcome data collected by the Golden LEAF Foundation, including  
 8 the number of jobs created.
- 9 c. Cumulative grant data by program and by county.
- 10 d. Unaudited actual administrative expenses and grants made in the prior  
 11 fiscal year.
- 12 e. Current fiscal year budget, planned activities, and goals for the current  
 13 fiscal year.

14 The ~~nonprofit corporation~~ Golden LEAF Foundation shall also annually  
 15 provide to the ~~Commission~~ Joint Legislative Oversight Committee on  
 16 Agriculture and Natural and Economic Resources and the Joint Legislative  
 17 Economic Development and Global Engagement Oversight Committee an  
 18 itemized report of its administrative expenses ~~and copies of its annual report~~  
 19 ~~and tax return information~~ for the previous fiscal year by September 15 of  
 20 each year, a copy of its annual audited financial statement for the previous  
 21 fiscal year within 30 days of having received an audit report from an  
 22 independent auditor, and a copy of its annual federal income tax return for the  
 23 previous fiscal year within 30 days of filing.

24 (2) Public records; open meetings. – The ~~nonprofit corporation~~ Golden LEAF  
 25 Foundation is subject to the Open Meetings Law as provided in Article 33C  
 26 of Chapter 143 of the General Statutes and the Public Records Act as provided  
 27 in Chapter 132 of the General Statutes. The ~~nonprofit corporation~~ Golden  
 28 LEAF Foundation shall publish at least annually a report, available to the  
 29 public and filed with the ~~Joint Legislative Commission on Governmental~~  
 30 ~~Operations,~~ Joint Legislative Oversight Committee on Agriculture and  
 31 Natural and Economic Resources and the Joint Legislative Economic  
 32 Development and Global Engagement Oversight Committee, of every  
 33 expenditure or distribution in furtherance of the public charitable purposes of  
 34 the ~~nonprofit corporation~~ Golden LEAF Foundation.

35 (3) Transfer of assets. – The ~~nonprofit corporation~~ Golden LEAF Foundation  
 36 shall not dispose of assets pursuant to G.S. 55A-12-02 without the approval  
 37 of the General Assembly.

38 (4) Charter repeal. – The charter of the ~~nonprofit corporation~~ Golden LEAF  
 39 Foundation may be repealed at any time by the ~~legislature~~ General Assembly  
 40 pursuant to Article VIII, Section 1 of the North Carolina Constitution. The  
 41 ~~nonprofit corporation~~ Golden LEAF Foundation shall not amend its  
 42 articles of incorporation without the approval of the General Assembly.

43 (5) Dissolution. – The ~~nonprofit corporation~~ Golden LEAF Foundation may be  
 44 dissolved pursuant to Chapter 55A of the General Statutes, by the General  
 45 Assembly, or by the Court pursuant to the Consent Decree. Upon dissolution,  
 46 all unencumbered assets and funds of the ~~nonprofit corporation~~ Golden LEAF  
 47 Foundation, including the right to receive future funds pursuant to Section 2  
 48 ~~of this act,~~ funds, are transferred to the Settlement Reserve Fund established  
 49 pursuant to G.S. 143-16.4.

50 "§ 143-713. Use of funds.

1 (a) The funds under the Master Settlement Agreement, which is incorporated into the  
2 Consent Decree, shall be credited to the Settlement Reserve Fund.

3 (b) Any monies paid into the North Carolina State Specific Account from the Disputed  
4 Payments Account on account of the Non-Participating Manufacturers that would have been  
5 transferred to ~~The Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., the~~  
6 Golden LEAF Foundation shall be deposited in the Settlement Reserve Fund."

7 **SECTION 11.3.(c)** G.S. 105-113.4C reads as rewritten:

8 "**§ 105-113.4C. Enforcement of Master Settlement Agreement Provisions.**

9 The Master Settlement Agreement between the states and the tobacco product manufacturers,  
10 incorporated by reference into the consent decree referred to in ~~S.L. 1999-2, G.S. 143-710,~~  
11 requires each state to diligently enforce Article 37 of Chapter 66 of the General Statutes. The  
12 Office of the Attorney General and the Secretary of Revenue shall perform the following  
13 responsibilities in enforcing Article 37:

14 ...."

## 15 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

16 **SECTION 11.4.(a)** The entities listed in subsection (b) of this section shall do the  
17 following for each year that State funds are expended:

- 18 (1) By September 1 of each year, and more frequently as requested, report to the  
19 Joint Legislative Oversight Committee on Agriculture and Natural and  
20 Economic Resources; the chairs of the House of Representatives  
21 Appropriations Committee on Agriculture and Natural and Economic  
22 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
23 Natural, and Economic Resources; and the Fiscal Research Division on prior  
24 State fiscal year program activities, objectives, and accomplishments and prior  
25 State fiscal year itemized expenditures and fund sources.
- 26 (2) Provide to the Joint Legislative Oversight Committee on Agriculture and  
27 Natural and Economic Resources; the chairs of the House of Representatives  
28 Appropriations Committee on Agriculture and Natural and Economic  
29 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
30 Natural, and Economic Resources; and the Fiscal Research Division a copy of  
31 the entity's annual audited financial statement within 30 days of issuance of  
32 the statement.

33 **SECTION 11.4.(b)** The following entities shall comply with the requirements of  
34 subsection (a) of this section:

- 35 (1) North Carolina Biotechnology Center.  
36 (2) High Point Market Authority.  
37 (3) RTI International.  
38

## 39 **NC BIOTECHNOLOGY CENTER**

40 **SECTION 11.5.(a)** Of the funds appropriated in this act to the Department of  
41 Commerce, the sum of thirteen million six hundred thousand three hundred thirty-eight dollars  
42 (\$13,600,338) for each fiscal year in the 2019-2021 biennium shall be allocated to the North  
43 Carolina Biotechnology Center (hereinafter "Center") for the following purposes:

- 44 (1) Job creation: AgBiotech Initiative, economic and industrial development, and  
45 related activities – two million nine hundred twenty-four thousand  
46 seventy-three dollars (\$2,924,073).  
47 (2) Science and commercialization: science and technology development, Centers  
48 of Innovation, business and technology development, education and training,  
49 and related activities – eight million eight hundred thirteen thousand nineteen  
50 dollars (\$8,813,019).  
51

- 1 (3) Center operations: administration, professional and technical assistance and  
2 oversight, corporate communications, human resource management, financial  
3 and grant administration, legal, and accounting – one million eight hundred  
4 sixty-three thousand two hundred forty-six dollars (\$1,863,246).

5 **SECTION 11.5.(b)** The Center shall prioritize funding and distribution of loans over  
6 existing funding and distribution of grants.

7 **SECTION 11.5.(c)** Up to ten percent (10%) of each of the allocations in subsection  
8 (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if,  
9 in the judgment of Center management, the reallocation will advance the mission of the Center.

## 10 11 **MODIFY FILM GRANT**

12 **SECTION 11.6.(a)** G.S. 143B-437.02A reads as rewritten:

### 13 **"§ 143B-437.02A. The Film and Entertainment Grant Fund.**

14 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
15 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
16 funds to encourage the production of motion pictures, television shows, movies for television,  
17 productions intended for on-line distribution, and commercials and to develop the filmmaking  
18 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
19 administration of the program. Those guidelines may provide for the Secretary to award the grant  
20 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
21 following provisions, which shall apply to each grant from the account:

- 22 (1) The funds are reserved for a production on which the production company has  
23 qualifying expenses of at least the following:
- 24 a. For a feature-length film:
    - 25 1. ~~Three million dollars (\$3,000,000),~~ One million five hundred  
26 thousand dollars (\$1,500,000), if for theatrical viewing.
    - 27 2. ~~One million dollars (\$1,000,000),~~ Five hundred thousand  
28 dollars (\$500,000), if a movie for television.
  - 29 b. For a television series, ~~one million dollars (\$1,000,000)~~ five hundred  
30 thousand dollars (\$500,000) per episode.
  - 31 c. For a commercial for theatrical or television viewing or on-line  
32 distribution, two hundred fifty thousand dollars (\$250,000).

33 ...."

34 **SECTION 11.6.(b)** This section becomes effective July 1, 2019, and applies to  
35 grants made on or after that date.

## 36 37 **FILM SCHOOL ALLOCATION OF FILM GRANT PROGRAM**

38 **SECTION 11.7.** Of the funds appropriated in this act to the Department of  
39 Commerce for the Film and Entertainment Grant Fund, the Department may award up to one  
40 million dollars (\$1,000,000) in each fiscal year of the 2019-2021 fiscal biennium for grants for  
41 productions that are a project of one or more students of a film program of an accredited  
42 university in or an accredited college in this State. The provisions of G.S. 143B-437.02A, other  
43 than the provisions of subsections (d) and (f) of that section, apply to grants made pursuant to  
44 this section. The Department shall submit to the Joint Economic Development and Global  
45 Engagement Oversight Committee and to the Fiscal Research Division an initial report on grants  
46 made pursuant to this section no later April 1, 2020, and a final report no later than October 1,  
47 2021.

## 48 49 **ROWLAND FUNDING CLARIFICATION**

50 **SECTION 11.8.** Notwithstanding any other provision of law to the contrary, funds  
51 appropriated to the Rural Economic Development Fund by S.L. 2018-5 and allocated to the Town

1 of Rowland for road signage improvements shall instead be used for renovation, restoration, and  
2 preservation work on the Rowland train depot.

## 3 4 **PART XII. ENVIRONMENTAL QUALITY**

### 5 6 **DEQ REPORT CHANGES**

7 **SECTION 12.1.(a)** Section 15.6(b) of S.L. 1999-237, as amended by Section 4.21  
8 of S.L. 2017-10, reads as rewritten:

9 "Section 15.6.(b) The Department of Environmental Quality and the Office of State Budget  
10 and Management shall report to the Joint Legislative Oversight Committee on Agriculture and  
11 Natural and Economic Resources the amount and the source of the funds used pursuant to  
12 subsection (a) of this section ~~within 30 days of the expenditure of these funds on or before April~~  
13 15 of each year and shall include this information in the status of solid waste management report  
14 required to be submitted pursuant to G.S. 130A-309.06(c)."

15 **SECTION 12.1.(b)** G.S. 130A-309.06(c) reads as rewritten:

16 "(c) The Department shall report to the Environmental Review Commission and the Fiscal  
17 Research Division on or before ~~January 15~~ April 15 of each year on the status of solid waste  
18 management efforts in the State. The report shall ~~include~~ include all of the following:

19 ...

20 (17) ~~A report~~ Reports on the Inactive Hazardous Waste Response Act of 1987  
21 pursuant to ~~G.S. 130A-310.10(a)~~ G.S. 130A-310.10.

22 ...

23 (20) A report on the use of funds for Superfund cleanups and inactive hazardous  
24 site cleanups."

25 **SECTION 12.1.(c)** G.S. 130A-294(i) reads as rewritten:

26 "(i) The Department shall include in the status of solid waste management report required  
27 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
28 on the implementation and cost of the hazardous waste management program. The report shall  
29 include an evaluation of how well the State and private parties are managing and cleaning up  
30 hazardous waste. The report shall also include recommendations to the Governor, State agencies,  
31 and the General Assembly on ways to: improve waste management; reduce the amount of waste  
32 generated; maximize resource recovery, reuse, and conservation; and minimize the amount of  
33 hazardous waste which must be disposed of. The report shall include beginning and ending  
34 balances in the Hazardous Waste Management Account for the reporting period, total fees  
35 collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures  
36 by activities and categories for the hazardous waste management program, any recommended  
37 adjustments in annual and tonnage fees which may be necessary to assure the continued  
38 availability of funds sufficient to pay the State's share of the cost of the hazardous waste  
39 management program, and any other information requested by the General Assembly. In  
40 recommending adjustments in annual and tonnage fees, the Department may propose fees for  
41 hazardous waste generators, and for hazardous waste treatment facilities that treat waste  
42 generated on site, which are designed to encourage reductions in the volume or quantity and  
43 toxicity of hazardous waste. The report shall also include a description of activities undertaken  
44 to implement the resident inspectors program established under G.S. 130A-295.02. In addition,  
45 the report shall include an annual update on the mercury switch removal program that shall  
46 include, at a minimum, all of the following:

47 ...."

48 **SECTION 12.1.(d)** G.S. 130A-309.64(e) reads as rewritten:

49 "(e) The Department shall include in the report to be delivered to the Environmental  
50 Review Commission ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a  
51 description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part

1 for the fiscal year ending the preceding June 30. The description of the implementation of the  
2 North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under  
3 subsection (a) of this section and the amount of each grant for the previous 12-month period. The  
4 report also shall include the amount of funds used to clean up nuisance sites under subsection (d)  
5 of this section."

6 **SECTION 12.1.(e)** G.S. 130A-309.85 reads as rewritten:

7 "**§ 130A-309.85. Reporting on the management of white goods.**

8 The Department shall include in the report to be delivered to the Environmental Review  
9 Commission ~~on or before 15 January of each year~~ pursuant to G.S. 130A-309.06(c) a description  
10 of the management of white goods in the State for the fiscal year ending the preceding 30 June.  
11 The description of the management of white goods shall include the following information:

12 ...."

13 **SECTION 12.1.(f)** G.S. 130A-309.140(a) reads as rewritten:

14 "(a) The Department shall include in the status of solid waste management report required  
15 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
16 on the recycling of discarded computer equipment and televisions in the State under this Part.  
17 The report must include an evaluation of the recycling rates in the State for discarded computer  
18 equipment and televisions, a discussion of compliance and enforcement related to the  
19 requirements of this Part, and any recommendations for any changes to the system of collection  
20 and recycling of discarded computer equipment, televisions, or other electronic devices."

21 **SECTION 12.1.(g)** G.S. 130A-310.10 reads as rewritten:

22 "**§ 130A-310.10. Annual reports.**

23 (a) The Secretary shall include in the status of solid waste management report required  
24 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
25 on inactive hazardous sites that includes at least the following:

- 26 (1) The Inactive Hazardous Waste Sites Priority List.
- 27 (2) A list of remedial action plans requiring State funding through the Inactive  
28 Hazardous Sites Cleanup Fund.
- 29 (3) A comprehensive budget to implement these remedial action plans and the  
30 adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of  
31 ~~said these plans~~.
- 32 (4) A prioritized list of sites that are eligible for remedial action under  
33 CERCLA/SARA together with recommended remedial action plans and a  
34 comprehensive budget to implement ~~such these plans~~. The budget for  
35 implementing a remedial action plan under CERCLA/SARA shall include a  
36 statement as to any appropriation that may be necessary to pay the State's share  
37 of ~~such the plan~~.
- 38 (5) A list of sites and remedial action plans undergoing voluntary cleanup with  
39 Departmental approval.
- 40 (6) A list of sites and remedial action plans that may require State funding, a  
41 comprehensive budget if implementation of these possible remedial action  
42 plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup  
43 Fund to fund the possible costs of ~~said these plans~~.
- 44 (7) A list of sites that pose an imminent hazard.
- 45 (8) A comprehensive budget to develop and implement remedial action plans for  
46 sites that pose imminent hazards and that may require State funding, and the  
47 adequacy of the Inactive Hazardous Sites Cleanup Fund.
- 48 (8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.
- 49 (9) Any other information requested by the General Assembly or the  
50 Environmental Review Commission.

1 (a1) On or before ~~October 1~~ April 15 of each year, the Department shall report to each  
2 member of the General Assembly who has an inactive hazardous substance or waste disposal site  
3 in the member's district. This report shall include the location of each inactive hazardous  
4 substance or waste disposal site in the member's district, the type and amount of hazardous  
5 substances or waste known or believed to be located on each of these sites, the last action taken  
6 at each of these sites, and the date of that last action. The Department shall include this  
7 information in the status of solid waste management report required to be submitted pursuant to  
8 G.S. 130A-309.06(c).

9 (b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

10 **SECTION 12.1.(h)** G.S. 130A-310.40 reads as rewritten:

11 "**§ 130A-310.40. Legislative reports.**

12 The Department shall include in the status of solid waste management report required to be  
13 submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) an evaluation  
14 of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and  
15 commercial properties. This evaluation shall include any recommendations for additional  
16 incentives or changes, if needed, to improve the effectiveness of this Part in addressing ~~such these~~  
17 properties. This evaluation shall also include a report on receipts by and expenditures from the  
18 Brownfields Property Reuse Act Implementation Account."

19 **SECTION 12.1.(i)** G.S. 143-215.104U(a) reads as rewritten:

20 "(a) The Secretary shall include in the status of solid waste management report required  
21 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report  
22 on at least the following:

23 ...."

24 **SECTION 12.1.(j)** Section 14.22(j) of S.L. 2013-360 reads as rewritten:

25 **"SECTION 14.22.(j)** This section authorizes a Long Term Dredging Memorandum of  
26 Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal  
27 biennium and which shall provide for all of the following:

- 28 (1) Prioritization of projects through joint consultation with the State, applicable  
29 units of local government, and the U.S. Army Corps of Engineers.
- 30 (2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation  
31 Channel Dredging Fund shall be used in accordance with that section.
- 32 (3) Annual reporting by the Department on the use of funds provided to the U.S.  
33 Army Corps of Engineers under the Long Term Dredging Memorandum of  
34 Agreement. These reports shall be made to the ~~Joint Legislative Commission~~  
35 ~~on Governmental Operations, Joint Legislative Oversight Committee on~~  
36 Agriculture and Natural and Economic Resources, the Fiscal Research  
37 Division, and the Office of State Budget and Management and shall include  
38 all of the following:
  - 39 a. A list of all projects commenced.
  - 40 b. The estimated cost of each project.
  - 41 c. The date that work on each project commenced or is expected to  
42 commence.
  - 43 d. The date that work on each project was completed or is expected to be  
44 completed.
  - 45 e. The actual cost of each project."

46  
47 **COLLABORATORY/GENX**

48 **SECTION 12.2.** Section 13.1(g) of S.L. 2018-5 reads as rewritten:

49 **"SECTION 13.1.(g)** The North Carolina Policy Collaboratory at the University of North  
50 Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and  
51 instrumentation, including mass spectrometers, located within institutions of higher education in

1 the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North  
2 Carolina State University, North Carolina A&T State University, Duke University, and other  
3 public and private institutions, and coordinate these faculty and resources to conduct nontargeted  
4 analysis for PFAS, including GenX, at all public water supply surface water intakes and one  
5 public water supply well selected by each municipal water system that operates groundwater  
6 wells for public drinking water supplies as identified by the Department of Environmental  
7 Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in  
8 consultation with the participating institutions of higher education, shall establish a protocol for  
9 the baseline testing required by this subsection, as well as a protocol for periodic retesting of the  
10 municipal intakes and additional public water supply wells. No later than ~~December 1, 2019,~~  
11 December 1, 2020, Collaboratory shall report the results of such sampling by identifying  
12 chemical families detected at each intake to the Environmental Review Commission, the Joint  
13 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
14 Department of Environmental Quality, the Department of Health and Human Services, and the  
15 United States Environmental Protection Agency."

## 16 17 **SEPTAGE MANAGEMENT PROGRAM PERMITTING TIME LINE AMENDMENTS**

18 **SECTION 12.3.** G.S. 130A-291.1(e2) reads as rewritten:

19 "(e2) A properly completed application for a permit and the annual fee under this section  
20 are due by ~~1 January~~ December 15 of each year. The Department shall mail a notice of the annual  
21 fees to each permitted septage management firm and each individual who operates a septage  
22 treatment or disposal facility prior to ~~1 November~~ October 1 of each calendar year. A late fee in  
23 the amount equal to fifty percent (50%) of the annual permit fee under this section shall be  
24 submitted when a properly completed application and annual permit fee are not submitted by ~~1~~  
25 January January 1 following the ~~1 November~~ October 1 notice. The clear proceeds of civil  
26 penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture  
27 Fund in accordance with G.S. 115C-457.2."

## 28 29 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED** 30 **FUND AMENDMENTS**

31 **SECTION 12.4.** G.S. 143-215.73F(b) reads as rewritten:

32 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

- 33 (1) To provide the State's share of the costs associated with any dredging project  
34 designed to keep shallow draft navigation channels located in State waters or  
35 waters of the ~~state~~ State located within lakes navigable and safe.
- 36 (2) For aquatic weed control projects in waters of the State under Article 15 of  
37 Chapter 113A of the General Statutes. Funding for aquatic weed control  
38 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 39 ~~(3)~~ (3a) For the compensation of a beach and inlet management project manager with  
40 the Division of Coastal Management of the Department of Environmental  
41 Quality for the purpose of overseeing all For administrative support of Fund  
42 operations, limited to one hundred thousand dollars (\$100,000) in each fiscal  
43 year.
- 44 (3b) For administrative support of activities related to beach and inlet management  
45 in the State. Funding for the position is limited to ninety-nine thousand dollars  
46 (\$99,000) in each fiscal year. State, limited to one hundred thousand dollars  
47 (\$100,000) in each fiscal year.
- 48 (4) To provide funding for siting and acquisition of dredged disposal easement  
49 sites associated with the maintenance of the Atlantic Intracoastal Waterway  
50 between the border with the state of South Carolina and the border with the

1 Commonwealth of Virginia, under a Memorandum of Agreement between the  
2 State and the federal government.

3 (5) For assessments and data collection regarding dredge material disposal sites  
4 located in the State."

#### 6 MOUNT AIRY FUNDING CLARIFICATION

7 SECTION 12.5. Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

8 "(2) One million dollars (\$1,000,000) to the Town of Mount Airy for ~~a water and~~  
9 ~~sewer line extension project.~~water or sewer projects."

#### 11 WATER AND SEWER INFRASTRUCTURE GRANTS

12 SECTION 12.6. Of the funds appropriated by this act to the Division of Water  
13 Infrastructure of the Department of Environmental Quality for water and sewer infrastructure  
14 grants, the following sums are allocated to the indicated local governments for the 2019-2020  
15 fiscal year for various water and sewer infrastructure projects, including asset inventory and  
16 assessment:

- 17 (1) Two hundred thousand dollars (\$200,000) to the Town of Four Oaks.
- 18 (2) Three million dollars (\$3,000,000) to the Town of Maysville.
- 19 (3) Five hundred thousand dollars (\$500,000) to the Town of Midland.
- 20 (4) One hundred thousand dollars (\$100,000) to the Town of Wilson's Mills.
- 21 (5) One hundred fifty thousand dollars (\$150,000) to the Town of Salemburg.
- 22 (6) One hundred fifty thousand dollars (\$150,000) to the Town of Bethel.
- 23 (7) One million dollars (\$1,000,000) to Sampson County.

#### 25 WASTEWATER INFRASTRUCTURE PROJECT

26 SECTION 12.7. Notwithstanding G.S. 159G-22(b), fifteen million dollars  
27 (\$15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the  
28 Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system.  
29 Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall  
30 be zero percent (0%).

#### 32 INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN 33 BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM 34 RESTORATION FUND

35 SECTION 12.8.(a) G.S. 147-69.2(a) reads as rewritten:

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

38 ...

39 (17n) The Riparian Buffer Restoration Fund.

40 ...."

41 SECTION 12.8.(b) G.S. 147-69.2(d) reads as rewritten:

42 "(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j),  
43 ~~and (17k)-(17k), (17l), and (17n)~~ of subsection (a) of this section in any of the investments  
44 authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section.  
45 The State Treasurer may require a minimum deposit, up to one hundred thousand dollars  
46 (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of  
47 participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to  
48 defray the costs of administering the funds and expenditures authorized under this section. Funds  
49 deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation  
50 Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the  
51 Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest

1 or other investment income earned thereon shall be prorated and credited to the North Carolina  
2 Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem  
3 Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the  
4 basis of the amounts contributed to the respective Funds, figured according to sound accounting  
5 principles."  
6

#### 7 CERTAIN TIMBER SALES/NONREVERT

8 SECTION 12.9. Section 14.3 of S.L. 2015-241 reads as rewritten:

9 "SECTION 14.3. The Department of ~~Environment and Natural Resources'~~Environmental  
10 Quality's Stewardship Program may retain revenue generated from timber harvesting on the  
11 Great Coharie property in the Conservation Grant Endowment Interest Fund (~~6705~~)(Fund Code  
12 64307-6705) for the purpose of restoration and stewardship of that property and these funds are  
13 hereby appropriated for that purpose. Any unused portion of this revenue remaining in the Fund  
14 on ~~June 30, 2019~~June 30, 2021, shall revert to the General Fund."  
15

#### 16 CONSERVATION GRANT FUND CHANGES

17 SECTION 12.10.(a) G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and  
18 G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

19 SECTION 12.10.(b) G.S. 113A-232, as amended by subsection (a) of this section,  
20 reads as rewritten:

#### 21 "§ 113A-232. Conservation Grant Fund.

22 (a) Fund Created. – The Conservation Grant Fund is created within the Department of  
23 Environmental Quality. The Fund shall be administered by the Department. ~~The purpose of the~~  
24 ~~Fund is to stimulate the use of conservation easements, to improve the capacity of private~~  
25 ~~nonprofit land trust organizations to successfully accomplish conservation projects, to better~~  
26 ~~equip real estate related professionals to pursue opportunities for conservation, to increase~~  
27 ~~landowner participation in land and water conservation, and to provide an opportunity to leverage~~  
28 ~~private and other public monies for conservation easements.~~

29 (a1) Fund Purpose. – The purpose of the Conservation Grant Fund is to stimulate the use  
30 of conservation easements, to steward properties held by deed or conservation easement by the  
31 State, to improve the capacity of private nonprofit land trust organizations to successfully  
32 accomplish conservation projects, to better equip real estate-related professionals to pursue  
33 opportunities for conservation, to increase landowner participation in land and water  
34 conservation, and to provide an opportunity to leverage private and other public funds for  
35 conservation easements.

36 (b) Fund Sources. – The Conservation Grant Fund shall consist of any ~~monies-funds~~  
37 appropriated to it by the General Assembly and any ~~monies-funds~~ received from public or private  
38 sources. Unexpended ~~monies-funds~~ in the Fund that were appropriated from the General Fund  
39 by the General Assembly shall revert at the end of the fiscal year unless the General Assembly  
40 otherwise provides. Unexpended ~~monies-funds~~ in the Fund from other sources shall not revert  
41 and shall remain available for expenditure in accordance with this Article.

42 (c1) Grant Eligibility. – ~~State Conservation properties, as described in G.S. 113A-235,~~  
43 State conservation land management agencies, local government conservation land management  
44 agencies, and private nonprofit land trust organizations are eligible to receive grants from the  
45 Conservation Grant Fund. Private nonprofit land trust organizations must be certified under  
46 section-Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

47 (d) Use of Revenue. – Revenue ~~in~~and investment income generated by the Conservation  
48 Grant Fund may be used only for the following purposes:

- 49 (1) The administrative costs of the Department in administering the Fund-Fund  
50 and stewardship program operations.

- 1           (2) ~~Conservation grants~~ Expenses related to grants, contracts, and agreements  
 2           made in accordance with this ~~Article~~.Article, including any of the following:  
 3           a.       Reimbursement for total or partial transaction costs for a donation of  
 4           real property or an interest in real property from an individual or  
 5           corporation, when the Department determines either of the following:  
 6           1.       The donor has insufficient financial ability to pay all costs or  
 7           insufficient taxable income to allow these costs to be included  
 8           in the donated value.  
 9           2.       The donor has insufficient tax burdens to allow these costs to  
 10           be offset by charitable deductions.  
 11           b.       Management support, including initial baseline inventory and  
 12           planning.  
 13           c.       Monitoring compliance of conservation easements, the related use of  
 14           riparian buffers, natural areas, and greenways, and the presence of  
 15           ecological integrity.  
 16           d.       Education and studies on conservation properties, including  
 17           information materials intended for landowners and education for staff  
 18           and volunteers.  
 19           e.       Stewardship of conservation properties.  
 20           f.       Transaction costs for recipients, including legal expenses, closing and  
 21           title costs, and unusual direct costs, such as overnight travel.  
 22           g.       Administrative costs.  
 23           h.       Award of grants under G.S. 113A-234.  
 24           i.       Legal expenses incurred in protecting and seeking remedies for  
 25           damages to Department-held conservation properties.  
 26           j.       Acquisition of conservation properties and easements.  
 27           (3)       To establish an endowment account, the interest from which will be used for  
 28           a purpose described in ~~G.S. 113A-233(a)~~.this subsection. The principal of this  
 29           account shall not be used for the purchase of real property or an interest in real  
 30           property."

31           **SECTION 12.10.(c)** G.S. 113A-233 is repealed.

32           **SECTION 12.10.(d)** G.S. 113A-234 reads as rewritten:

33           "**§ 113A-234. Administration of grants.**

34           (a)       Grant Procedures and Criteria. – The Secretary of the Department of Environmental  
 35           Quality shall establish the procedures and criteria for awarding grants from the Conservation  
 36           Grant Fund. The criteria shall focus grants on those areas, approaches, and techniques that are  
 37           likely to provide the optimum positive effect on environmental protection. The Secretary shall  
 38           make the final decision on the award of grants and shall announce the award publicly in a timely  
 39           manner.

40           ...."

41           **SECTION 12.10.(e)** G.S. 113A-235, as amended by subsection (a) of this section,  
 42           reads as rewritten:

43           "**§ 113A-235. Conservation easements, properties eligible for funding.**

44           (a)       Property Eligibility. – In order for real property or an interest in real property to be  
 45           ~~the subject of eligible for~~ a grant under this ~~Article~~,Article as a conservation property, the real  
 46           property or interest in real property must meet all of the following conditions:

47           ...

48           (a1)      Acquisition and Protection of Conservation ~~Easements~~.Properties. – Ecological  
 49           systems and appropriate public use of these systems may be protected through conservation  
 50           easements, including conservation agreements under Article 4 of Chapter 121 of the General  
 51           Statutes, the Conservation and Historic Preservation Agreements Act, and conservation

1 easements under the Conservation Reserve Enhancement Program. The Department may acquire  
2 conservation properties and easements by purchase, gift, or assignment, in accordance with  
3 G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and  
4 local agencies and qualified nonprofit organizations to monitor compliance with conservation  
5 easements and conservation agreements and to ensure the continued viability of the protected  
6 ecosystems. Soil and water conservation districts established under Chapter 139 of the General  
7 Statutes may acquire easements under the Conservation Reserve Enhancement Program by  
8 purchase or gift.

9 ...."

## 10 11 **FUNDS FOR BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER** 12 **FUND**

13 **SECTION 12.12.** Funds appropriated to the Division of Water Infrastructure of the  
14 Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L.  
15 2018-5 and deposited into the PFAS Recovery Fund may be used for the purposes set forth in  
16 G.S. 87-98.

## 17 18 **REDIRECT PFAS RECOVERY FUNDS**

19 **SECTION 12.13.** Funds appropriated to the Division of Water Infrastructure of the  
20 Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of S.L.  
21 2018-5 and deposited into the PFAS Recovery Fund shall be transferred and reallocated for other  
22 projects as follows:

- 23 (1) Eight hundred thirty-seven thousand seven hundred fifty-five dollars  
24 (\$837,755) to the Compensatory Mitigation Fund for the purpose of dissolving  
25 the conservation easement associated with the Little Alamance Creek stream  
26 restoration project in Alamance County and held by the State of North  
27 Carolina. Any additional funds needed to dissolve the conservation easement  
28 shall be provided by the Department of Environmental Quality from funds  
29 available to the Department.
- 30 (2) Two hundred thousand dollars (\$200,000) to the Oil or Other Hazardous  
31 Substances Pollution Protection Fund established by G.S. 143-215.87 to be  
32 used by the Department of Environmental Quality for investigation and  
33 remediation of discharges of petroleum products into waters of the State that  
34 are ineligible for funding from programs addressing leaking underground  
35 storage tanks.
- 36 (3) One hundred thousand dollars (\$100,000) to provide a directed grant to  
37 MountainTrue for recreational water quality testing.
- 38 (4) Five hundred thousand dollars (\$500,000) to provide a directed grant to the  
39 Town of Maysville for construction of a public water supply well to replace a  
40 contaminated well.

## 41 42 **DRY CLEANING SOLVENT PROGRAM EXTENSION**

43 **SECTION 12.14.(a)** G.S. 143-215.104A reads as rewritten:

44 "**§ 143-215.104A. Title; sunset.**

45 This part is the "Dry-Cleaning Solvent Cleanup Act of 1997" and may be cited by that name.  
46 ~~Except as otherwise provided in this section, this~~ This part expires 1 January 2022.  
47 January 1, 2032, except with respect to all of the following:

- 48 (1) ~~G.S. 143-215.104K is not repealed~~ does not expire to the extent that it applies  
49 to liability arising from dry-cleaning solvent contamination described in a  
50 Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent

1 Remediation Agreement entered into by the Environmental Management  
2 Commission pursuant to G.S. 143-215.104H and G.S. 143-215.104I.

3 (2) Any Dry-Cleaning Solvent Assessment Agreement or Dry-Cleaning Solvent  
4 Remediation Agreement in force as of ~~1 January 2012~~ January 1, 2032, shall  
5 continue to be governed by the provisions of Part 6 of Article 21A of Chapter  
6 143 of the General Statutes as though those provisions had not been repealed.

7 (3) G.S. 143-215.104D(b)(2) ~~is not repealed; does not expire;~~ rules adopted by  
8 the Environmental Management Commission pursuant to  
9 G.S. 143-215.104D(b)(2) shall continue in effect; and those rules may be  
10 enforced pursuant to G.S. 143-215.104P, 143-215.104Q, and 143-215.104R,  
11 which shall remain in effect for that purpose."

12 **SECTION 12.14.(b)** G.S. 105-164.44E reads as rewritten:

13 **"§ 105-164.44E. Transfer to the Dry-Cleaning Solvent Cleanup Fund.**

14 (a) Transfer. – At the end of each quarter, the Secretary must transfer to the Dry-Cleaning  
15 Solvent Cleanup Fund established under G.S. 143-215.104C an amount equal to fifteen percent  
16 (15%) of the net State sales and use taxes collected under G.S. 105-164.4(a)(4) during the  
17 previous fiscal year, as determined by the Secretary based on available data.

18 (b) Sunset. – This section is repealed effective ~~July 1, 2020~~ July 1, 2030."

19 **SECTION 12.14.(c)** G.S. 105-187.35 reads as rewritten:

20 **"§ 105-187.35. Sunset.**

21 This Article is repealed effective ~~January 1, 2020~~ January 1, 2030."

22  
23 **WATER/WASTEWATER PUBLIC ENTERPRISE REFORM**

24 **SECTION 12.15.(a)** G.S. 159G-20 reads as rewritten:

25 **"§ 159G-20. Definitions.**

26 The following definitions apply in this Chapter:

27 ...

28 (4a) Distressed unit. – A public water system or wastewater system operated by a  
29 local government unit exhibiting signs of failure to identify or address those  
30 financial or operating needs necessary to enable that system to become or to  
31 remain a local government unit generating sufficient revenues to adequately  
32 fund management and operations, personnel, appropriate levels of  
33 maintenance, and reinvestment that facilitate the provision of reliable water  
34 or wastewater services.

35 ...

36 (13) Local government unit. – Any of the following:

37 a. A city as defined in G.S. 160A-1.

38 b. A county.

39 c. A consolidated city-county as defined in G.S. 160B-2.

40 d. ~~A county water and sewer district created pursuant to Article 6 of~~  
41 ~~Chapter 162A of the General Statutes.~~ Any of the following entities  
42 created pursuant to Chapter 162A of the General Statutes:

43 1. A water and sewer authority created pursuant to Article 1.

44 2. A metropolitan water district created pursuant to Article 4.

45 3. A metropolitan sewerage district created pursuant to Article 5.

46 4. A metropolitan water and sewerage district created pursuant to  
47 Article 5A.

48 5. A county water and sewer district created pursuant to Article  
49 6.

50 e. ~~A metropolitan sewerage district or a metropolitan water district~~  
51 ~~created pursuant to Article 4 of Chapter 162A of the General Statutes.~~

- f. ~~A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.~~
- g. A sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes.
- h. A joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter 160A of the General Statutes.
- i. A joint agency that was created by agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water and wastewater services off the airport premises before 1 January 1995.

...

(22a) Viable Utility Reserve. – The Viable Utility Reserve established in G.S. 159G-22 as an account in the Water Infrastructure Fund.

...."

**SECTION 12.15.(b)** G.S. 159G-22 is amended by adding two new subsections to read:

"(h) Viable Utility Reserve. – The Viable Utility Reserve is established as an account within the Water Infrastructure Fund. The account is established to receive appropriated State funds to be used for grants to local government units for those purposes authorized under this Article. Revenue credited to the Viable Utility Reserve is neither received from the federal government nor provided as a match for federal funds.

(i) Viable Utility Accounts. – The Department is directed to establish accounts within the Viable Utility Reserve to administer grants for public water systems or wastewater systems owned by local government units."

**SECTION 12.15.(c)** G.S. 159G-30 reads as rewritten:

**"§ 159G-30. Department's responsibility.**

The Department, through the ~~Division of Water Infrastructure, Division,~~ administers loans the following:

- (1) Loans and grants made from the CWSRF, the DWSRF, the Wastewater Reserve, and the Drinking Water Reserve and shall administer the Reserve.
- (2) The award of funds by the State Water Infrastructure Authority from the Community Development Block Grant program to local government units for infrastructure projects.
- (3) Grants made from the Viable Utility Reserve."

**SECTION 12.15.(d)** G.S. 159G-31 is amended by adding a new subsection to read:

"(d) A local government unit is eligible to apply for a grant from the Viable Utility Reserve."

**SECTION 12.15.(e)** G.S. 159G-32 is amended by adding a new subsection to read:

"(d) Viable Utility Reserve. – The Department is authorized to make grants from the Viable Utility Reserve to do any of the following:

- (1) Provide physical interconnection and extension of public water or wastewater infrastructure to provide regional service.
- (2) Rehabilitate existing public water or wastewater infrastructure.
- (3) Decentralize an existing public water system or wastewater system into smaller viable parts.
- (4) Fund a study of any one or more of the following:
  - a. Rates.
  - b. Asset inventory and assessment.
  - c. Merger and regionalization options.
- (5) Fund other options deemed feasible which results in local government units generating sufficient revenues to adequately fund management and

1 operations, personnel, appropriate levels of maintenance, and reinvestment  
2 that facilitate the provision of reliable water or wastewater services."

3 **SECTION 12.15.(f)** Article 2 of Chapter 159G of the General Statutes is amended  
4 by adding a new section to read:

5 **"§ 159G-34.5. Grant types available from Viable Utility Reserve.**

6 (a) The Department is authorized to make the following types of grants from the Viable  
7 Utility Reserve:

8 (1) Asset assessment and rate study grant. – An asset inventory and assessment  
9 grant is available to inventory the existing public water or wastewater system,  
10 or both, document the condition of the inventoried infrastructure, and conduct  
11 a rate study to determine a rate structure sufficient to prevent the local  
12 government unit from becoming a distressed unit.

13 (2) Merger/regionalization feasibility grant. – A merger/regionalization grant is  
14 available to determine the feasibility of consolidating the management of  
15 multiple water or wastewater systems into a single operation or to provide  
16 regional treatment or water supply and the best way of carrying out the  
17 consolidation or regionalization. The Department shall not make a grant under  
18 this subdivision for a merger or regionalization proposal that would result in  
19 a new surface water transfer regulated under G.S. 143-215.22L.

20 (3) Project grant. – A project grant is available for a portion of the costs of a public  
21 water system or wastewater system project as defined in G.S. 159G-32(d).

22 (b) A grant awarded from the Viable Utility Reserve may be awarded to a regional  
23 council of government created under Part 2 of Article 20 of Chapter 160A of the General Statutes  
24 or to a regional planning commission created under Article 19 of Chapter 153A of the General  
25 Statutes, if the Department and the Local Government Commission determine it is in the best  
26 interest of the local government unit.

27 (c) Each type of grant must be administered through a separate account within the Viable  
28 Utility Reserve."

29 **SECTION 12.15.(g)** G.S. 159G-35 reads as rewritten:

30 **"§ 159G-35. Criteria for loans and grants.**

31 (a) CWSRF and DWSRF. – Federal law determines the criteria for awarding a loan or  
32 grant from the CWSRF or the DWSRF. An award of a loan or grant from one of these accounts  
33 must meet the criteria set under federal law. The Department is directed to establish through  
34 negotiation with the United States Environmental Protection Agency the criteria for evaluating  
35 applications for loans and grants from the CWSRF and the DWSRF and the priority assigned to  
36 the criteria. The Department must incorporate the negotiated criteria and priorities in the  
37 Capitalization Grant Operating Agreement between the Department and the United States  
38 Environmental Protection Agency. The criteria and priorities incorporated in the Agreement  
39 apply to a loan or grant from the CWSRF or the DWSRF. The priority considerations in  
40 G.S. 159G-23 do not apply to a loan or grant from the CWSRF or the DWSRF.

41 (b) Certain Reserves. – The priority considerations in G.S. 159G-23 apply to a loan or  
42 grant from the Wastewater Reserve or the Drinking Water Reserve. The Department may  
43 establish by rule other criteria that apply to a loan or grant from the Wastewater Reserve or the  
44 Drinking Water Reserve.

45 (c) Viable Utility Reserve. – The Local Government Commission and the Authority shall  
46 jointly develop evaluation criteria for grants from the Viable Utility Reserve. These evaluation  
47 criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

48 **SECTION 12.15.(h)** G.S. 159G-36 reads as rewritten:

49 **"§ 159G-36. Limits on loans and grants.**

1 (a) CWSRF and DWSRF. – Federal law governs loans and grants from the CWSRF and  
2 the DWSRF. An award of a loan or grant from one of these accounts must be consistent with  
3 federal law.

4 (b) Certain Reserve Cost Limit. – The amount of a loan or grant from the Wastewater  
5 Reserve or the Drinking Water Reserve may not exceed the construction costs of a project. A  
6 loan or grant from one of these Reserves is available only to the extent that other funding sources  
7 are not reasonably available to the applicant.

8 (b1) Viable Utility Reserve Cost Limit. – The amount of a grant from the Viable Utility  
9 Reserve shall not exceed the construction costs of a project. A grant from this Reserve is available  
10 only to the extent that other funding sources are not reasonably available to the applicant.

11 (c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant  
12 types made from the Wastewater Reserve or the Drinking Water Reserve to the same local  
13 government unit or nonprofit water corporation:

- 14 (1) The amount of loans awarded for a fiscal year may not exceed three million  
15 dollars (\$3,000,000).
- 16 (2) The amount of loans awarded for three consecutive fiscal years for targeted  
17 interest rate projects may not exceed three million dollars (\$3,000,000).
- 18 (3) The amount of project grants awarded for three consecutive fiscal years may  
19 not exceed three million dollars (\$3,000,000).
- 20 (4) The amount of merger/regionalization feasibility grants awarded for three  
21 consecutive fiscal years may not exceed fifty thousand dollars (\$50,000).
- 22 (5) The amount of asset inventory and assessment grants awarded for three  
23 consecutive fiscal years may not exceed one hundred fifty thousand dollars  
24 (\$150,000).

25 (d) Viable Utility Reserve Recipient Limit. – Grants under the Viable Utility Reserve  
26 shall not exceed fifteen million dollars (\$15,000,000) to any single local government unit. Where  
27 two or more local government units are merging into a single utility, the total grant awarded shall  
28 not exceed thirty million dollars (\$30,000,000)."

29 **SECTION 12.15.(i)** G.S. 159G-37 reads as rewritten:

30 "**§ 159G-37. Application to CWSRF, Wastewater Reserve, DWSRF, ~~and Drinking Water~~  
31 ~~Reserve-Reserve, and Viable Utility Reserve.~~**

32 (a) Application. – An application for a loan or grant from the CWSRF, the Wastewater  
33 Reserve, the DWSRF, or the Drinking Water ~~Reserve-Reserve, or a grant from the Viable Utility~~  
34 Reserve, must be filed with the ~~Division of Water Infrastructure of the Department.~~ Division. An  
35 application must be submitted on a form prescribed by the Division and must contain the  
36 information required by the Division. An applicant must submit to the Division any additional  
37 information requested by the Division to enable the Division to make a determination on the  
38 application. An application that does not contain information required on the application or  
39 requested by the Division is incomplete and is not eligible for consideration. An applicant may  
40 submit an application in as many categories as it is eligible for consideration under this Article.

41 (b) Certification. – The ~~Division of Water Infrastructure~~ shall require all local  
42 governments applying for loans or grants for water or wastewater purposes to certify that no  
43 funds received from water or wastewater utility operations have been transferred to the local  
44 government's general fund for the purpose of supplementing the resources of the general fund.  
45 The prohibition in this section shall not be interpreted to include payments made to the local  
46 government to reimburse the general fund for expenses paid from that fund that are reasonably  
47 allocable to the regular and ongoing operations of the utility, including, but not limited to, rent  
48 and shared facility costs, engineering and design work, plan review, and shared personnel costs."

49 **SECTION 12.15.(j)** G.S. 159G-39 is amended by adding a new subsection to read:

50 "(e) Viable Utility Reserve Terms. – The Department shall not award a grant from the  
51 Viable Utility Reserve Fund unless the Local Government Commission approves the award of

1 the grant and the terms of the grant. The Department and the Local Government Commission  
2 may, in their discretion, impose specific performance measures or conditions on any grant  
3 awarded from the Viable Utility Reserve."

4 **SECTION 12.15.(k)** Article 2 of Chapter 159G of the General Statutes is amended  
5 by adding a new section to read:

6 **"§ 159G-45. Assessment of local government units; assistance.**

7 (a) The Authority and the Local Government Commission shall develop criteria to  
8 determine how local government units should be assessed and reviewed in accordance with this  
9 section, and these criteria shall address at least all of the following:

- 10 (1) Whether the public water or wastewater system serves less than 10,000  
11 customers.
- 12 (2) Whether the public water or wastewater system has an established,  
13 operational, and adequately funded program for its repair, maintenance, and  
14 management.
- 15 (3) Whether the annual debt service is disproportionate to the public water or  
16 wastewater system's annual revenue.
- 17 (4) Whether the local government unit has appropriated funds from its utility or  
18 public service enterprise fund in accordance with G.S. 159-13(b)(14) in two  
19 or more of the preceding five fiscal years without maintaining a reserve fund  
20 sufficient to provide for operating expenses, capital outlay, and debt service.
- 21 (5) Whether the local government unit has appropriated funds to supplement the  
22 operating expenses, capital outlay, or debt service on outstanding utility or  
23 enterprise bonds or notes in excess of the user fees collected in two or more  
24 of the preceding five fiscal years.

25 (b) Utilizing the assessment and review process, the Authority and Local Government  
26 Commission shall identify distressed units. Each distressed unit identified under this subsection  
27 shall do all of the following:

- 28 (1) Conduct an asset assessment and rate study, as directed and approved by the  
29 Authority and the Local Government Commission.
- 30 (2) Participate in a training and educational program approved by the Authority  
31 and the Local Government Commission for that distressed unit. Attendance  
32 shall be mandatory for any governing board members and staff whose  
33 participation is required by the Authority and Local Government Commission.  
34 The scope of training and education, and its method of delivery, shall be at the  
35 discretion of the Authority and Local Government Commission.
- 36 (3) Develop an action plan, taking into consideration all of the following:
  - 37 a. A short-term and a long-term plan for infrastructure repair,  
38 maintenance, and management.
  - 39 b. Continuing education of the governing board and system operating  
40 staff.
  - 41 c. Long-term financial management to ensure the public water system or  
42 wastewater system will generate sufficient revenue to adequately fund  
43 management and operations, personnel, appropriate levels of  
44 maintenance, and reinvestment that facilitate the provision of reliable  
45 water or wastewater services.
  - 46 d. Any other matters identified by the Authority or the Local Government  
47 Commission.

48 (c) Once an identified distressed unit has completed all of the requirements of subsection  
49 (b) of this section, that unit shall no longer be identified as a distressed unit for the remainder of  
50 that assessment and review cycle.



1       (c) Upon confirmation of the time and place of the public hearing, each district board of  
2 an affected unit and any other governing board affected shall do all of the following:

- 3           (1) Cause notice of the public hearing to be posted, at least 30 days prior to the  
4 hearing, at the courthouse in any county within which the affected unit lies.  
5           (2) Publish the notice at least once a week for four successive weeks in a  
6 newspaper having general circulation in the affected unit, the first publication  
7 to be at least 30 days prior to the public hearing.  
8           (3) Publish notice in any other manner required by the Environmental  
9 Management Commission.

10 **"§ 162A-860. Merger of units.**

11       (a) Any unit may merge with any other unit, any county, any city, any consolidated  
12 city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the  
13 General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter  
14 160A of the General Statutes, or any joint agency that was created by agreement between two  
15 cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water  
16 and wastewater services off the airport premises before January 1, 1995, if the merger is a  
17 condition of receiving a grant from the Viable Utility Reserve as provided in Article 2 of Chapter  
18 159G of the General Statutes. The Environmental Management Commission shall adopt a  
19 resolution transferring the assets, liabilities, and other obligations to the entity with which the  
20 unit is being merged and dissolving the unit as provided for in this Article.

21       (b) Any unit may merge with any other unit, any county, any city, any consolidated  
22 city-county, any sanitary district created pursuant to Part 2 of Article 2 of Chapter 130A of the  
23 General Statutes, any joint agency created pursuant to Part 1 or Part 5 of Article 20 of Chapter  
24 160A of the General Statutes, or any joint agency that was created by agreement between two  
25 cities and towns to operate an airport pursuant to G.S. 63-56 and that provided drinking water  
26 and wastewater services off the airport premises before January 1, 1995, on approval by the  
27 Environmental Management Commission, upon consultation with the Department of  
28 Environmental Quality and the Local Government Commission. The Environmental  
29 Management Commission may adopt a resolution transferring the assets, liabilities, and other  
30 obligations to the entity with which the unit is being merged and dissolving the unit as provided  
31 for in this Article, if the Environmental Management Commission deems the merger in the best  
32 interest of the people of the State.

33       (c) The Environmental Management Commission shall adopt a resolution dissolving a  
34 unit and transferring the assets, liabilities, and other obligations of the unit to another unit when  
35 the procedures set forth in G.S. 162A-855 have been completed and all of the following apply:

- 36           (1) Both units are created pursuant to Article 5 of this Chapter.  
37           (2) Both units are located in the same county.  
38           (3) The jurisdiction of the units are contiguous.  
39           (4) The unit to be merged and dissolved does not directly provide sewerage  
40 services to any customers.  
41           (5) The unit to be merged and dissolved leases its assets to the unit with which it  
42 is proposed to be merged.  
43           (6) The unit to be merged and dissolved has no outstanding debts.

44 **"§ 162A-865. Dissolution of units.**

45       (a) Any unit may be dissolved, if the dissolution is a condition of a grant from the Viable  
46 Utility Reserve as provided in Article 2 of Chapter 159G of the General Statutes. The  
47 Environmental Management Commission shall adopt a resolution transferring the assets,  
48 liabilities, and other obligations as provided for in the grant conditions imposed under Article 2  
49 of Chapter 159G of the General Statutes.

50       (b) Any unit may be dissolved in order to merge that unit with any other unit, any county,  
51 any city, any consolidated city-county, any sanitary district created pursuant to Part 2 of Article

1 2 of Chapter 130A of the General Statutes, any joint agency created pursuant to Part 1 or Part 5  
2 of Article 20 of Chapter 160A of the General Statutes, or any joint agency that was created by  
3 agreement between two cities and towns to operate an airport pursuant to G.S. 63-56 and that  
4 provided drinking water and wastewater services off the airport premises before January 1, 1995,  
5 and establish a new entity created under the General Statutes, on approval by the Environmental  
6 Management Commission, upon consultation with the Department of Environmental Quality and  
7 the Local Government Commission. The Environmental Management Commission may adopt a  
8 resolution transferring the assets, liabilities, and other obligations to the new entity and dissolving  
9 the unit as provided for in this Article, if the Environmental Management Commission deems the  
10 merger in the best interest of the people of the State.

11 **"§ 162A-870. Effective date of merger or dissolution.**

12 Upon the adoption of a resolution of merger or dissolution by the Environmental  
13 Management Commission as provided in this Article, the effective date for merger and  
14 dissolution shall be fixed as of June 30 following the adoption of the resolution or the second  
15 June 30 following adoption of the resolution.

16 **"§ 162A-875. Effect of merger or dissolution.**

17 (a) Upon adoption of the resolution of merger or dissolution by the Environmental  
18 Management Commission, all of the following shall apply on the effective date set forth in the  
19 resolution:

- 20 (1) All property, real, personal, and mixed, including accounts receivable,  
21 belonging to the dissolving unit shall be transferred, disposed of, or otherwise  
22 accounted for as provided in the resolution of merger or dissolution.
- 23 (2) All judgments, liens, rights of liens, and causes of action of any nature in favor  
24 of the dissolving unit shall vest in and remain and inure to the benefit of the  
25 merged district.
- 26 (3) All taxes, assessments, sewer charges, and any other debts, charges, or fees  
27 owing to the dissolving unit shall be owed to and collected as provided in the  
28 resolution of merger or dissolution.
- 29 (4) All actions, suits, and proceedings pending against, or having been instituted  
30 by, the dissolving unit shall not be abated by merger, but all such actions,  
31 suits, and proceedings shall be continued and completed in the same manner  
32 as if merger had not occurred, and the merged entity shall be a party to all  
33 such actions, suits, and proceedings in the place and stead of the dissolving  
34 unit and shall pay or cause to be paid any judgments rendered against the  
35 dissolving unit in any such actions, suits, or proceedings. No new process is  
36 required to be served in any such action, suit, or proceeding.
- 37 (5) All obligations of the dissolving unit, including outstanding indebtedness,  
38 shall be assumed as provided in the resolution of merger or dissolution, and  
39 all such obligations and outstanding indebtedness shall constitute obligations  
40 and indebtedness as provided in the resolution of merger or dissolution.
- 41 (6) All ordinances, rules, regulations, and policies of the dissolving unit shall  
42 continue in full force and effect until repealed or amended by the governing  
43 body of the merged entity.
- 44 (7) The dissolving unit shall be abolished and shall no longer be constituted a  
45 public body or a body politic and corporate, except for purposes of carrying  
46 into effect the provisions and intent of this section.
- 47 (8) Governance of the district shall be as specified in the resolution of merger or  
48 dissolution, which may be amended by the Environmental Management  
49 Commission as needed.

50 (b) All governing boards and district boards are authorized to take the actions and execute  
51 the documents necessary to effectuate the provisions and intent of this section."

1           **SECTION 12.15.(m)** Article 20 of Chapter 160A of the General Statutes is amended  
2 by adding a new Part to read:

3                           "Part 5. Water and Wastewater Systems.

4           "§ 160A-481.1. Definitions.

5           The words defined in this section shall have the meanings indicated when used in this Part:

6                   (1)   Local government unit. – Defined in G.S. 159G-20.

7                   (2)   Undertaking. – Defined in G.S. 160A-460.

8                   (3)   Unit of local government. – Defined in G.S. 160A-460.

9           "§ 160A-481.2. Interlocal cooperation authorized.

10           Interlocal cooperation, as provided in Part 1 of this Article, is authorized between any local  
11 government unit and any other unit of local government in this State for any purpose. When two  
12 or more local government units agree to contract for one or more undertakings under this Part,  
13 the provisions of Part 1 of this Article apply."

14           **SECTION 12.15.(n)** The Department of Environmental Quality shall study the  
15 statutes and rules governing subbasin transfers and make recommendations as to whether the  
16 statutes and rules should be amended. The study shall specifically examine whether transfers of  
17 water between subbasins within the same major river basin should continue to be required to  
18 comply with all of the same requirements under G.S. 143-215.22L as transfers of water between  
19 major river basins. In conducting this study, the Department shall consider whether the costs of  
20 complying with specific requirements, including financial costs and time, are justified by the  
21 benefits of the requirements, including the production of useful information and public notice  
22 and involvement. No later than October 1, 2019, the Department of Environmental Quality shall  
23 report its findings and recommendations to the Environmental Review Commission.

24           **SECTION 12.15.(o)** The Treasurer and Secretary of State shall study and make  
25 recommendations as to the feasibility of authorizing historical charters for units of local  
26 government that have become, or are on the brink of becoming, defunct. The study shall  
27 specifically examine whether these historical charters are needed, the impact of these charters on  
28 the bond rating of the State and its political subdivisions, and the consequences of these historical  
29 charters. No later than March 1, 2020, the Treasurer and Secretary of State shall report their  
30 findings and recommendations to the General Assembly.

31           **SECTION 12.15.(p)** Subsections (a) through (m) of this section become effective  
32 October 1, 2019. The remainder of this section is effective when it becomes law.

33  
34 **COMMERCIAL FISHING LICENSE BUYBACK**

35           **SECTION 12.16.(a)** Notwithstanding G.S. 113-175.1(c) or any other provision of  
36 law to the contrary, the Division of Marine Fisheries of the Department of Environmental Quality  
37 may use up to one million dollars (\$1,000,000) in each fiscal year of the 2019-2021 fiscal  
38 biennium from the Commercial Fishing Fund (Fund Codes 24318-2353 or 24318-2358) to  
39 implement a voluntary fisheries license buyback program for holders of underutilized  
40 commercial fishing licenses.

41           **SECTION 12.16.(b)** The Division of Marine Fisheries shall report to the Joint  
42 Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the  
43 Fiscal Research Division as follows:

44                   (1)   No later than September 1, 2019, on its plan for the voluntary license buyback  
45 program, with consideration of a reverse auction model.

46                   (2)   No later than April 15, 2020, on interim progress in implementing the buyback  
47 program, including any required legislative changes.

48                   (3)   No later than September 1, 2020, and September 1, 2021, on activities and  
49 results of the buyback program during the prior fiscal year.

50  
51 **DEQ ORGANIZATIONAL LAYER REFORM**

1           **SECTION 12.17.(a)** Definition. – For purposes of this section, "organizational  
2 layers" refer to the number of levels in a Department's hierarchy, from the highest to the lowest  
3 position.

4           **SECTION 12.17.(b)** Directive. – The Department of Environmental Quality shall  
5 examine its organizational structure as recommended in the Program Evaluation Division report  
6 "Most Departments' Spans of Control and Number of Organizational Layers Do Not Meet  
7 Recommended Levels" (December 12, 2016) (the PED Report). Based on this examination, and  
8 on the benchmark maximum of seven organizational layers recommended by the PED Report,  
9 the Department shall implement the following reforms:

10           (1) Eliminate one organizational layer no later than June 30, 2020.

11           (2) Eliminate a second organizational layer no later than June 30, 2021.

12           **SECTION 12.17.(c)** Study. – The Department shall report to the Joint Legislative  
13 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
14 Research Division regarding its implementation of this section no later than March 1, 2020, (with  
15 respect to the directive set forth in subdivision (b)(1) of this section) and March 1, 2021 (with  
16 respect to the directive set forth in subdivision (b)(2) of this section).  
17

## 18 **IMPUTED RENT PILOT PROGRAM**

19           **SECTION 12.18.(a)** Notwithstanding G.S. 143C-4-3.1(e), of the funds appropriated  
20 from the State Capital and Infrastructure Fund to the Department of Environmental Quality, the  
21 sum of one million dollars (\$1,000,000) in each fiscal year of the fiscal biennium shall be  
22 allocated to the Imputed Rent Pilot Program, as established by this section.

23           **SECTION 12.18.(b)** There is established the Imputed Rent Pilot Program in which  
24 the Department of Environmental Quality shall pay to the State Capital and Infrastructure Fund  
25 the imputed rent value of the space occupied by the Department of Environmental Quality in  
26 State-owned buildings. By September 1, 2019, the Department of Administration shall determine  
27 the amount of square footage of the space occupied by the Department of Environmental Quality  
28 in State-owned buildings and shall calculate the imputed rent value per square foot by dividing  
29 one million dollars (\$1,000,000) by this amount. Quarterly thereafter, the Department of  
30 Administration shall redetermine the square footage of the space occupied by the Department of  
31 Environmental Quality in State-owned buildings.

32           **SECTION 12.18.(c)** By October 1, 2019, and quarterly thereafter, the Department  
33 of Environmental Quality shall pay to the State Capital and Infrastructure Fund the imputed rent  
34 value of the space occupied by the Department of Environmental Quality in State-owned  
35 buildings. This imputed rent value shall be based on the imputed rent value per square foot, as  
36 calculated by the Department of Administration pursuant to subsection (b) of this section,  
37 multiplied by the square footage of the space occupied by the Department of Environmental  
38 Quality in State-owned buildings, as determined by the Department of Administration in the  
39 previous month.

40           **SECTION 12.18.(d)** If, during the Imputed Rent Pilot Program, the Department of  
41 Environmental Quality reduces the amount of square footage that it occupies in State-owned  
42 buildings and thereby reduces the amount of its quarterly payments under this section, it may  
43 spend any savings in its discretion on a nonrecurring basis.

44           **SECTION 12.18.(e)** During the Imputed Rent Pilot Program, the Office of State  
45 Budget and Management, when allocating funds under G.S. 143C-8-13, shall prioritize any  
46 repairs and renovations that would facilitate the Department of Environmental Quality reducing  
47 the amount of square footage that it occupies in State-owned buildings.

48           **SECTION 12.18.(f)** The Department of Environmental Quality shall submit the  
49 following reports on the Imputed Rent Pilot Program to the chairs of the Senate Appropriations  
50 Committee, the chairs of the House of Representatives Appropriations Committee, the chairs of  
51 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the

1 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
2 and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural  
3 and Economic Resources, and the Joint Legislative Program Evaluation Oversight Committee:

4 (1) By September 30, 2020, an interim report on the previous fiscal year.

5 (2) By September 30, 2021, a final report on the previous fiscal year.

6 **SECTION 12.18.(g)** The Imputed Rent Pilot Program shall terminate on June 30,  
7 2021.

#### 8 9 **DELAY ANIMAL WASTE GENERAL PERMITS/STUDY**

10 **SECTION 12.19.(a)** Notwithstanding 15A NCAC 02T .0111(e), the Department of  
11 Environmental Quality, pursuant to the powers relative to general permits and to permits for  
12 facilities not discharging to the surface waters of the State that are granted to the Environmental  
13 Management Commission under G.S. 143-215.1 and G.S. 143-215.10C and delegated by the  
14 Commission to the Department, shall extend the expiration of general permits AWG100000  
15 (Swine), AWG200000 (Cattle), and AWG300000 (Poultry) until October 1, 2020. Subject to the  
16 provisions of 40 Code of Federal Regulations Part 123 and of subsections (g) and (h) of 15A  
17 NCAC 02T .0111, the Department of Environmental Quality shall extend the expiration of  
18 individual certificates of coverage issued under these general permits until October 1, 2020.

19 **SECTION 12.19.(b)** The Environmental Review Commission shall study the  
20 Department of Environmental Quality's process for the development and adoption of general  
21 permits for animal waste management systems for swine, cattle, and poultry operations. The  
22 study shall specifically include consideration of whether the general permit process should  
23 comply with the Administrative Procedure Act, Chapter 150B of the General Statutes. In  
24 conducting this study, the Environmental Review Commission shall seek input from the  
25 Department of Environmental Quality; the Department of Agriculture and Consumer Services;  
26 the Office of Administrative Hearings; the College of Agriculture and Life Sciences at North  
27 Carolina State University; representatives of swine, cattle, and poultry farmers; and  
28 representatives of environmental protection and natural resource conservation groups. The  
29 Environmental Review Commission shall report its findings and recommendations, including  
30 any legislative proposals, to the 2020 Regular Session of the 2019 General Assembly upon its  
31 convening.

32 **SECTION 12.19.(c)** This section is effective when it becomes law.

#### 33 34 **REPURPOSE PRE-REGULATORY LANDFILL FUNDS AMENDMENT**

35 **SECTION 12.20.** Section 13.2 of S.L. 2018-5, as amended by Section 4.2 of S.L.  
36 2018-97, reads as rewritten:

37 **"SECTION 13.2.** Notwithstanding G.S. 130A-310.11(b), up to two million dollars  
38 (\$2,000,000) of the funds credited to the Inactive Hazardous Sites Cleanup Fund under  
39 G.S. 105-187.63 for the assessment and remediation of pre-1983 landfills shall instead be used  
40 by the Department of Environmental Quality's Division of Waste Management to provide a  
41 matching grant to Charlotte Motor Speedway, ~~LLC-LLC~~ (CMS) for the purpose of remediation  
42 activities at the Charlotte Motor Speedway in Cabarrus County. The Division shall provide one  
43 dollar (\$1.00) for every ~~two non-State dollars (\$2.00)~~ one non-State dollar (\$1.00) provided in  
44 kind or otherwise, up to a maximum of two million dollars (\$2,000,000) for the matching grant  
45 described in this section. CMS may allocate all or a portion of the grant provided by this section  
46 to an entity that controls CMS or an entity controlled by CMS. Entities receiving such an  
47 allocation shall be considered a subgrantee as defined in ~~443C-6-23~~ G.S. 143C-6-23."

#### 48 49 **REGIONAL WATER AND SEWER FUNDING**

50 **SECTION 12.21.(a)** Section 14.20A of S.L. 2016-94, as amended by Section 1 of  
51 S.L. 2017-17, reads as rewritten:

**"REGIONAL WATER AND SEWER FUNDING**

"SECTION 14.20A.(a) Of the funds appropriated to the Department of Environmental Quality, Division of Water Infrastructure, by this act, the sum of fourteen million five hundred forty-eight thousand nine hundred eighty-one dollars (\$14,548,981) shall be used to fund interconnection, extension of water and sewer lines, and related water and wastewater system modification and expansion involving the Counties of Rockingham and Guilford and the municipalities of Oak Ridge, Stokesdale, Summerfield, Reidsville, Madison, and Mayodan. Of the funds allocated by this section, no more than twenty-five percent (25%) of the funds shall be used for Guilford County and may include one or more of the municipalities listed in this section located in Guilford County, and no more than seventy-five percent (75%) shall be used for Rockingham County and may include one or more of the municipalities listed in this section located in Rockingham County. The funds allocated by this section may be spent for planning, design, survey, real property acquisition, construction, repair, and any other activities necessary to improve the performance and reliability and expand the capacity and service footprint of participating water and wastewater systems in Rockingham and Guilford Counties. The Counties of Rockingham and Guilford and the municipalities participating in the interconnection and extension of water and sewer lines within each county funded by this section shall agree on the use of the funds allocated by this section through any combination of (i) interlocal agreements under Article 20 of Chapter 160A of the General Statutes that specify, at a minimum, the ownership of the water ~~lines~~ lines, sewer lines, and related infrastructure funded by this section and long-term maintenance, repair, and replacement responsibility or (ii) one or more regional water and sewer authorities under Article 1 of Chapter 162A of the General Statutes.

"SECTION 14.20A.(b) Notwithstanding G.S. 143C-6-23(f1)(1) and G.S. 143C-1-2, funds allocated by this section shall be held in reserve by the Office of State Budget and Management and the allocations to each County shall be released when the County and one or more of the municipalities specified in subsection (a) of this section reach agreement on the funds allocated to that County by this section through interlocal agreements or the formation of regional water and sewer authorities or a combination of interlocal agreements and regional water and sewer authorities. Funds not spent or encumbered by June 30, ~~2020, 2021~~, shall be returned by the local governments or regional water and sewer authority to the Office of State Budget and Management and revert to the General Fund."

**SECTION 12.21.(b)** This section becomes effective June 30, 2019.

**DEQ GRANTS-IN-AID**

**SECTION 12.22.(a)** Section 13.9 of S.L. 2018-5, as amended by Section 2.9 of S.L. 2018-138, reads as rewritten:

**"DEQ GRANT-IN-AID GRANTS-IN-AID**

"SECTION 13.9.(a) Of the funds appropriated in this act to the Department of Environmental Quality, Division of Water Resources, the ~~sum of five million dollars (\$5,000,000) shall be used~~ following sums are allocated to the indicated recipients for the indicated storm resiliency purposes:

- (1) Three million four hundred thousand dollars (\$3,400,000) to provide a grant-in-aid to Resource Institute, Inc., for the purpose of working with local governments on Topsail Island and engineering firms to develop, plan, or implement projects in or benefitting the Towns of Surf City and Topsail Beach intended to mitigate the impacts of future hurricanes on ~~Topsail Island~~ those local governments and their adjoining coastlines.
- (2) One million six hundred thousand dollars (\$1,600,000) to the Town of North Topsail Beach for hurricane recovery projects in or benefitting the Town and its adjoining coastline.

1 "SECTION 13.9.(b) On or before October 1, 2019, ~~Resource Institute, Inc.,~~ the recipients  
2 of allocations under this section shall submit a report to the Joint Legislative Oversight  
3 Committee on Agriculture and Natural and Economic Resources and the Fiscal Research  
4 Division. The report shall contain at least all of the following:

- 5 (1) A list of participating local governments and engineering firms and other  
6 partners in projects funded under this section.
- 7 (2) A list of projects funded on Topsail Island, including a summary of the costs  
8 and the scope of the project.
- 9 (3) A summary of the emerging techniques developed and implemented as a result  
10 of the efforts of the collaboration between local governments, engineering  
11 firms, and Resource Institute, Inc.
- 12 (4) Documentation of the impact on the resilience of beach nourishment projects  
13 and the number of beach nourishment projects assisted."

14 SECTION 12.22.(b) This section becomes effective June 30, 2019.

### 16 PART XIII. LABOR [RESERVED]

### 18 PART XIV. NATURAL AND CULTURAL RESOURCES

#### 20 DNCR REPORT CHANGES

21 SECTION 14.1.(a) Part 1 of Article 2 of Chapter 143B of the General Statutes is  
22 amended by adding a new section to read:

#### 23 "§ 143B-53.10. Annual report on fees.

24 The Department of Natural and Cultural Resources shall submit a report by October 15 of  
25 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic  
26 Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums,  
27 and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina  
28 Battleship. The report shall include all of the following:

- 29 (1) For each site, the amount and type of fees charged.
- 30 (2) For each site, the total amount collected by type of fee and how the funds were  
31 expended.
- 32 (3) Visitor information for each site, including a breakdown of fee-paying visitors  
33 and visitors whose fees were waived, such as visitors in school groups.
- 34 (4) Any fee changes and a justification for any increases or decreases.
- 35 (5) Number of days the site was open to visitors.
- 36 (6) Plans, if known, to change fees in the upcoming year."

37 SECTION 14.1.(b) G.S. 121-7.3 reads as rewritten:

#### 38 "§ 121-7.3. Admission and related activity fees and operating hours.

39 The Department of Natural and Cultural Resources may charge a reasonable admission and  
40 related activity fee to the Roanoke Island Festival Park and any historic site or museum  
41 administered by the Department. Admission and related activity fees collected under this section  
42 are receipts of the Department and shall be deposited in the appropriate special fund. The revenue  
43 collected pursuant to this section shall be used only for the individual site or venue where the  
44 receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of  
45 this section. The Department is exempt from the requirements of Chapter 150B of the General  
46 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and  
47 admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and  
48 museums. ~~The Department shall submit a report to the Joint Legislative Oversight Committee on~~  
49 ~~Agriculture and Natural and Economic Resources and the Fiscal Research Division on the~~  
50 ~~amount and purpose of a fee change within 30 days following its effective date."~~

51 SECTION 14.1.(c) G.S. 143B-71 reads as rewritten:

1 **"§ 143B-71. Tryon Palace Commission – creation, ~~powers~~ powers, and duties.**

2 There is hereby created the Tryon Palace Commission of the Department of Natural and  
3 Cultural Resources with the power and duty to adopt, ~~amend~~ amend, and rescind rules ~~and~~  
4 ~~regulations~~ concerning the restoration and maintenance of the Tryon Palace complex, and with  
5 other powers and duties as provided in Article 2 of Chapter 121 of the General ~~Statutes of North~~  
6 ~~Carolina, Statutes~~, including the authority to charge reasonable admission and related activity  
7 fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes  
8 and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission  
9 fees or related activity fees at Tryon Palace Historic Sites and Gardens. ~~The Commission shall~~  
10 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and~~  
11 ~~Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change~~  
12 ~~within 30 days following its effective date."~~

13  
14 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**  
15 **CONFORMING CHANGE AND RULE-MAKING EXEMPTION**

16 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

17 **"§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

18 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department  
19 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules  
20 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out  
21 the provisions and purposes of this ~~Part~~ Part, including the following:

- 22 (1) The U.S.S. North Carolina Battleship Commission is authorized and  
23 empowered to adopt such rules ~~and regulations~~ not inconsistent with the  
24 management responsibilities of the Secretary of the Department provided by  
25 Chapter 143A of the General Statutes and laws of this State and this Chapter  
26 that may be necessary and desirable for the operation and maintenance of the  
27 U.S.S. North Carolina as a permanent memorial and exhibit commemorating  
28 the heroic participation of the men and women of North Carolina in the  
29 prosecution and victory of the Second World War and for the faithful  
30 performance and fulfillment of its duties and obligations.
- 31 (2) The U.S.S. North Carolina Battleship Commission shall have the power and  
32 duty to charge reasonable admission and related activity fees for admission to  
33 the ship and to establish standards and adopt rules ~~and regulations~~; ~~(i)~~  
34 ~~establishing and providing for a proper charge for admission to the ship;~~ and  
35 ~~(ii)~~ for the maintenance and operation of the ship as a permanent memorial  
36 and exhibit.
- 37 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the  
38 provisions of this Chapter. The Commission is exempt from the requirements  
39 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,  
40 amending, or repealing rules for operating hours and admission fees or related  
41 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~  
42 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~  
43 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~  
44 ~~amount and purpose of a fee change within 30 days following its effective~~  
45 ~~date."~~

46 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

47 **"§ 150B-1. Policy and scope.**

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

50 ...

- 1 (23) The Department of Natural and Cultural Resources with respect to operating  
2 hours, admission fees—fees, or related activity fees at historic sites and  
3 museums pursuant to G.S. 121-7.3.  
4 (24) Tryon Palace Commission with respect to operating hours, admission fees  
5 fees, or related activity fees pursuant to G.S. 143B-71.  
6 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees  
7 fees, or related activity fees pursuant to G.S. 143B-73."  
8

## 9 SYMPHONY CHALLENGE GRANT

10 **SECTION 14.3.(a)** Of the funds appropriated in this act to the Department of Natural  
11 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for the  
12 2019-2020 fiscal year and two million dollars (\$2,000,000) in recurring funds for the 2020-2021  
13 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It  
14 is the intent of the General Assembly that the North Carolina Symphony raise at least nine million  
15 dollars (\$9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North  
16 Carolina Symphony cannot use funds transferred from the organization's endowment to its  
17 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this  
18 section.

19 **SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony  
20 shall receive the allocation from the Department of Natural and Cultural Resources under this  
21 section as follows:

- 22 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
23 funding, the North Carolina Symphony shall receive the sum of six hundred  
24 thousand dollars (\$600,000).  
25 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
26 non-State funding for a total amount of six million dollars (\$6,000,000) in  
27 non-State funds, the North Carolina Symphony shall receive the sum of seven  
28 hundred thousand dollars (\$700,000).  
29 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
30 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
31 non-State funds, the North Carolina Symphony shall receive the final sum of  
32 seven hundred thousand dollars (\$700,000) in the 2019-2020 fiscal year.

33 **SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony  
34 shall receive the allocation from the Department of Natural and Cultural Resources under this  
35 section as follows:

- 36 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State  
37 funding, the North Carolina Symphony shall receive the sum of six hundred  
38 thousand dollars (\$600,000).  
39 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
40 non-State funding for a total amount of six million dollars (\$6,000,000) in  
41 non-State funds, the North Carolina Symphony shall receive the sum of seven  
42 hundred thousand dollars (\$700,000).  
43 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
44 non-State funding for a total amount of nine million dollars (\$9,000,000) in  
45 non-State funds, the North Carolina Symphony shall receive the final sum of  
46 seven hundred thousand dollars (\$700,000) in the 2020-2021 fiscal year.  
47

## 48 REPORT ON ATTRACTIONS MARKETING

49 **SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study  
50 and report on the marketing of the North Carolina Zoological Park, the North Carolina  
51 Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"),

1 including marketing conducted on behalf of the State Attractions by affiliated or independent  
2 support or friends organizations. As part of its report, the Department shall assess and provide  
3 the following for the 2018-2019 fiscal year:

- 4 (1) All public and private funds spent on marketing the State Attractions,  
5 including a breakdown of funding source and the particular marketing uses  
6 for the funds from each source.
- 7 (2) Identification of new or innovative marketing techniques of the State  
8 Attractions that could be utilized, but currently lack funding.
- 9 (3) The scope and effectiveness of cooperative or collaborative marketing  
10 activities with other State agencies or with the nonprofit corporation with  
11 which the Department of Commerce contracts pursuant to  
12 G.S. 143B-431.01(b).
- 13 (4) An explanation of measures of effectiveness or reach that are used to evaluate  
14 current marketing programs, as well as effectiveness or reach data generated  
15 by those measures.

16 **SECTION 14.4.(b)** The Department shall provide its report to the Joint Legislative  
17 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
18 Research Division no later than October 15, 2019.

#### 19 **ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND**

20 **SECTION 14.5.** G.S. 143B-135.209(a) reads as rewritten:

21 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina  
22 Zoo Fund shall be used for the following types of projects and activities at the North Carolina  
23 Zoological Park and to match private funds raised for these ~~types of projects: projects and~~  
24 activities:

- 25 (1) Repair, renovation, expansion, maintenance, and educational exhibit  
26 construction. Funds used for repair, renovation, and expansion projects may  
27 be transferred to a capital projects fund to account for use of the funds for each  
28 project.
- 29 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and  
30 support facilities (including greenhouses and temporary animal holding  
31 areas).
- 32 (3) The acquisition, maintenance, or replacement of tram equipment as required  
33 to maintain adequate service to the public.
- 34 (4) Marketing of the zoo.

#### 35 **STATUTORY AUTHORITY REGARDING RECREATION**

36 **SECTION 14.6.(a)** Subsections (a) and (d) of G.S. 143-323 are recodified as  
37 subsections (b) and (c) of G.S. 143B-135.60, to be entitled "Additional powers and duties of the  
38 Department regarding recreation."

39 **SECTION 14.6.(b)** G.S. 143-320(3) is repealed.

40 **SECTION 14.6.(c)** G.S. 143B-135.60, as enacted by subsection (a) of this section,  
41 reads as rewritten:

42 "**§ 143B-135.60. Additional powers and duties of the Department regarding recreation.**

43 (a) Definition. – As used in this section, "recreation" means those interests that are  
44 diversionary in character and that aid in promoting entertainment, pleasure, relaxation,  
45 instruction, and other physical, mental, and cultural developments and experiences of a leisure  
46 nature, and includes all governmental, private nonprofit, and commercial recreation forms of the  
47 recreation field and includes parks, conservation, recreation travel, the use of natural resources,  
48 wilderness, and high density recreation types and the variety of recreation interests in areas and  
49 programs which are incorporated in this range.  
50  
51

1 (b) Recreation. – The Department of ~~Environmental Quality~~ shall have the following  
2 powers and duties with respect to recreation:

3 ...

4 (c) Federal Assistance. – The Department, with the approval of the Governor, may apply  
5 for and accept grants from the federal government and its agencies and from any foundation,  
6 corporation, association, or individual, and may comply with the terms, conditions, and  
7 limitations of the grant, in order to accomplish any of the purposes of the Department. Grant  
8 funds shall be expended pursuant to the ~~Executive Budget Act~~. State Budget Act. The Director of  
9 the Department's Division of Parks and Recreation is designated as the State liaison officer with  
10 respect to funding through the federal Land and Water Conservation Fund or any successor fund  
11 established for similar purposes. The Secretary may designate additional personnel to assist the  
12 Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities under  
13 this subsection."

## 14 PART F PROJECTS

15 **SECTION 14.7.** Of the funds appropriated in this act to the Parks and Recreation  
16 Trust Fund, nonrecurring funds for the 2019-2020 fiscal year are allocated for various projects  
17 in the following amounts:

- 18 (1) One million five hundred thousand dollars (\$1,500,000) to the North Carolina  
19 Freedom Monument Project, Inc., to build a public sculpture park on land  
20 located between the Legislative Building and the Governor's Mansion in  
21 downtown Raleigh to commemorate historic and ongoing struggles for  
22 freedom in North Carolina, and especially the enduring roles of  
23 African-Americans in the struggle for freedom in this State. Notwithstanding  
24 G.S. 143B-135.56(b)(2), these funds shall not be expended unless the North  
25 Carolina Freedom Monument Project, Inc., raises the sum of one million  
26 seven hundred thousand dollars (\$1,700,000) in non-State funds to match the  
27 funds allocated by this section.
- 28 (2) One million dollars (\$1,000,000) to the Department of Natural and Cultural  
29 Resources for stabilization or renovation of structures located on the Vade  
30 Mecum tract at Hanging Rock State Park as set forth in the July 2018 Hanging  
31 Rock State Park Expansion Master Plan.
- 32 (3) One million dollars (\$1,000,000) to provide a grant to the Town of Madison  
33 for development of the Lindsey Bridge river landing and park.
- 34 (4) Two million dollars (\$2,000,000) to the Department of Natural and Cultural  
35 Resources for the development of Pisgah View Park in Buncombe and  
36 Haywood Counties.
- 37 (5) Two million dollars (\$2,000,000) to the Department of Natural and Cultural  
38 Resources for the development of the Wilderness Gateway Trail in McDowell,  
39 Rutherford, Burke, and Catawba Counties.

## 40 CONSERVATION CORPS NAME CHANGE

41 **SECTION 14.8.** G.S. 143-58.7 reads as rewritten:

42 "**§ 143-58.7. Contracts with ~~Youth~~ Conservation Corps.**

43 State departments, institutions, and agencies may contract with ~~the North Carolina Youth~~  
44 Conservation Corps North Carolina to perform trail construction and maintenance, invasive  
45 species removal, and other conservation projects in State parks, State forests, and other  
46 State-owned facilities where the projects provide direct public benefits to the citizens of the State  
47 and offer youth and young adults of the State a structured program that connects them to natural  
48 resources and teaches job skills, leadership, community service, and personal responsibility.  
49  
50

1 Contracts under this section are exempt from the competitive bidding procedures described in  
2 this Article and the rules adopted under it."  
3

#### 4 **NATURAL HERITAGE PROGRAM FEE WAIVER**

5 **SECTION 14.9.** G.S. 143B-135.272 reads as rewritten:

6 "(a) The Secretary may establish fees to defray the costs associated with any of the  
7 following:

8 (1) Responding to inquiries requiring customized environmental review services  
9 or the costs associated with developing, improving, or maintaining technology  
10 that supports an online interface for external users to access Natural Heritage  
11 Program data. ~~The Secretary may reduce or waive the fee established under  
12 this subsection if the Secretary determines that a waiver or reduction of the  
13 fee is in the public interest.~~

14 (2) Any activity authorized under G.S. 143B-135.234(10), including an inventory  
15 of natural areas conducted under the Natural Heritage Program, conservation  
16 and protection planning, and informational programs for owners of natural  
17 areas, as defined in G.S. 143B-135.254.

18 ...

19 (c) The Secretary may reduce or waive fees established under this section if the Secretary  
20 determines that a reduction or waiver of the fees is in the public interest or serves the purposes  
21 declared in the Nature Preserves Act, Part 42 of Article 2 of Chapter 143B of the General  
22 Statutes."

#### 24 **NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION**

25 **SECTION 14.10.(a)** G.S. 143B-135.272(b) reads as rewritten:

26 "(b) Fees collected under this section are receipts of the Department of Natural and  
27 Cultural Resources and shall be deposited in the ~~Clean Water Management Trust Fund~~ special  
28 fund for the purpose of supporting the operations of the Natural Heritage Program."

29 **SECTION 14.10.(b)** Part 42 of Article 2 of Chapter 143B of the General Statutes is  
30 amended by adding a new section to read:

31 **"§ 143B-135.273. Administration of the Conservation Tax Credit program.**

32 All duties and responsibilities related to stewardship and oversight of properties and interests  
33 for which tax credits were granted under the Conservation Tax Credit program for tax years  
34 beginning before January 1, 2014, and previously given to the Department of Environmental  
35 Quality or its predecessors are transferred to the Department of Natural and Cultural Resources.  
36 The Department of Natural and Cultural Resources shall exercise the duties and responsibilities  
37 transferred by this section through the Natural Heritage Program."

#### 39 **REPURPOSE CERTAIN PLANNING FUNDS**

40 **SECTION 14.11.** Funds appropriated to the Division of North Carolina Aquariums  
41 in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L.  
42 2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and  
43 allocated for planning and permitting of a satellite aquarium area shall instead be used for the  
44 following purposes:

45 (1) Ninety-eight thousand seven hundred ninety-four dollars (\$98,794) to address  
46 storm damage at the Core Sound Waterfowl Museum and Heritage Center in  
47 Harkers Island, North Carolina.

48 (2) One hundred fifty-five thousand dollars (\$155,000) to add the home of civil  
49 rights leader Golden Frinks to the Historic Edenton State Historic Site.

#### 51 **HISTORIC SITES MAINTENANCE FUNDS**

1           **SECTION 14.11A.** Funds appropriated to the Department of Natural and Cultural  
2 Resources by this act and allocated for maintenance of State Historic Sites may be used at any  
3 State Historic Site other than Tryon Palace, the North Carolina Transportation Museum, or the  
4 Battleship U.S.S. North Carolina.

5  
6           **REPEAL OBSOLETE ONE MILLION ACRES PROGRAM**

7           **SECTION 14.11B.(a)** G.S. 113A-240(a) and (b) are recodified as  
8 G.S. 143B-135.230(a) and (c), respectively.

9           **SECTION 14.11B.(b)** G.S. 143B-135.230, as amended by subsection (a) of this  
10 section, reads as rewritten:

11       "**§ 143B-135.230. Purpose.**

12       (a) It is the intent of the General Assembly to ~~continue to support~~ and accelerate the  
13 State's programs of land conservation and ~~protection~~, protection and farmland and open space  
14 preservation and coordination to find means to assure and increase funding for these programs,  
15 to support the long-term management of conservation lands acquired by the State, and to improve  
16 the coordination, efficiency, and implementation of the various State and local land protection  
17 programs operating in North Carolina.

18       (b) It is the further intent of the General Assembly that moneys from the Fund created  
19 under this Part shall be used to help finance projects that enhance or restore degraded surface  
20 waters; protect and conserve surface waters, including drinking supplies, and contribute toward  
21 a network of riparian buffers and greenways for environmental, educational, and recreational  
22 benefits; provide buffers around military bases to protect the military mission; acquire land that  
23 represents the ecological diversity of North Carolina; and acquire land that contributes to the  
24 development of a balanced State program of historic properties.

25       (c) It is the further intent of the General Assembly that the State's lands should be  
26 protected in a manner that minimizes any adverse impacts on the ability of local governments to  
27 carry out their broad mandates."

28           **SECTION 14.11B.(c)** Article 17 of Chapter 113A of the General Statutes, as  
29 amended by subsection (a) of this section, is repealed.

30  
31           **WRC REPORT CHANGE**

32           **SECTION 14.12.** G.S. 143-250 reads as rewritten:

33       "**§ 143-250. Wildlife Resources Fund.**

34       ...

35       All moneys credited to the Wildlife Resources Fund shall be made available to carry out the  
36 intent and purposes of this Article in accordance with plans approved by the North Carolina  
37 Wildlife Resources Commission, and all ~~such of these funds are hereby~~ appropriated, reserved,  
38 set ~~aside~~ aside, and made available until expended, for the enforcement and administration of this  
39 Article, ~~Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North~~  
40 ~~Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of~~  
41 the General Statutes. No later than October 1 of each year, the Wildlife Resources Commission  
42 shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative  
43 Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures  
44 from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that  
45 year and on the planned expenditures for the current fiscal year.

46       ...."

47  
48           **OUTDOOR HERITAGE AMENDMENTS**

49           **SECTION 14.13.(a)** G.S. 126-5(c1) reads as rewritten:

50       "(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this  
51 Chapter shall not apply to:

1 ...

2 (36) Employees of the Outdoor Heritage Advisory Council."

3 **SECTION 14.13.(b)** The introductory language of Section 13A.1(a) of S.L. 2018-5  
4 reads as rewritten:

5 "SECTION 13A.1.(a) ~~G.S. 143B-344.62~~ G.S. 143B-344.60 reads as rewritten:"

6 **SECTION 14.13.(c)** Funds appropriated to the Outdoor Heritage Advisory Council  
7 by this act for grants shall not be used for the Council's administrative expenses. The Council  
8 shall report annually on the grant program until the funds have been expended. The report shall  
9 be submitted by April 1 of each fiscal year to the Joint Legislative Oversight Committee on  
10 Agriculture and Natural and Economic Resources and the Fiscal Research Division, and shall  
11 include, at a minimum, a listing of grantees, award amounts, and a brief description of the purpose  
12 or use of each award.

### 13 **PRESCRIBED BURNING PLAN**

14 **SECTION 14.14.** The Wildlife Resources Commission, in consultation with the  
15 Department of Agriculture, shall formulate a plan to conduct prescribed burning on State lands  
16 to enhance wildlife biodiversity. The Commission shall report this plan to the Joint Legislative  
17 Oversight Committee on Agriculture and Natural and Economic Resources by March 1, 2020.

## 18 **PART XV. ADMINISTRATIVE OFFICE OF THE COURTS**

### 19 **COLLECTION OF WORTHLESS CHECKS**

20 **SECTION 15.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
21 Department may use any balance remaining in the Collection of Worthless Checks Fund on June  
22 30, 2019, for the purchase or repair of office or information technology equipment during the  
23 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks  
24 Fund on June 30, 2020, for the purchase or repair of office or information technology equipment  
25 during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial  
26 Department shall report to the chairs of the House of Representatives and Senate Appropriations  
27 Committees on Justice and Public Safety and the Office of State Budget and Management on the  
28 equipment to be purchased or repaired and the reasons for the purchases.

### 29 **E-COURTS SYSTEM**

30 **SECTION 15.2.(a)** Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal  
31 year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget  
32 Code 22006-2006 to be used to implement an integrated information technology system  
33 (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not  
34 exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000,  
35 Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense  
36 Services, for the 2018-2019 fiscal year.

37 **SECTION 15.2.(b)** The Administrative Office of the Courts shall report to the Joint  
38 Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year  
39 of the biennium all of the following information:

- 40 (1) The specific budgetary actions taken that resulted in unexpended or  
41 unencumbered funds that were transferred pursuant to subsection (a) of this  
42 section.
- 43 (2) The specific fund codes impacted by the actions that resulted in unexpended  
44 or unencumbered funds.

### 45 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

1           **SECTION 15.3.(a)** Notwithstanding the minimum staffing number in  
 2 G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of  
 3 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate  
 4 positions allocated to that county. To provide accessibility for law enforcement and citizens, the  
 5 clerk of superior court's office shall provide some of the services traditionally provided by the  
 6 magistrates' office during some or all of the regular courthouse hours.

7           **SECTION 15.3.(b)** The Administrative Office of the Courts shall report by March  
 8 1, 2020, to the chairs of the House of Representatives Appropriations Committee on Justice and  
 9 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding  
 10 all hires made pursuant to subsection (a) of this section.

11  
 12 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

13           **SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

14           "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 15 has the counties and the number of full-time assistant district attorneys set forth in the following  
 16 table:

17	18	19	20
21	22	23	24
25	26	27	28
29	30	31	32
33	34	35	36
37	38	39	40
41	42	43	44
45	46	47	48
49	50	51	52
Prosecutorial			No. of Full-Time
District	Counties		Asst. District
1	Camden, Chowan, Currituck,		Attorneys
	Dare, Gates, Pasquotank,		<del>11</del> <u>12</u>
	Perquimans		
2	Beaufort, Hyde, Martin,		8
	Tyrrell, Washington		
3	Pitt		12
4	Carteret, Craven, Pamlico		13
5	Duplin, Jones, Onslow,		19
	Sampson		
6	New Hanover, Pender		19
7	Bertie, Halifax, Hertford,		11
	Northampton		
8	Edgecombe, Nash, Wilson		19
9	Greene, Lenoir, Wayne		<del>14</del> <u>15</u>
10	Wake		42
11	Franklin, Granville, Person		15
	Vance, Warren		
12	Harnett, Lee		<del>11</del> <u>12</u>
13	Johnston		<del>10</del> <u>11</u>
14	Cumberland		25
15	Bladen, Brunswick, Columbus		<del>14</del> <u>15</u>
16	Durham		18
17	Alamance		12
18	Orange, Chatham		10
19	Scotland, Hoke		10
20	Robeson		<del>12</del> <u>13</u>
21	Anson, Richmond		6
22	Caswell, Rockingham		<del>8</del> <u>9</u>
23	Stokes, Surry		8
24	Guilford		34
25	Cabarrus		<del>9</del> <u>10</u>
26	Mecklenburg		58

1	27	Rowan	9
2	28	Montgomery, Stanly	6
3	29	Moore	5
4	30	Union	11
5	31	Forsyth	27
6	32	Alexander, Iredell	12
7	33	Davidson, Davie	12
8	34	Alleghany, Ashe, Wilkes,	9
9		Yadkin	
10	35	Avery, Madison, Mitchell,	8
11		Watauga, Yancey	
12	36	Burke, Caldwell, Catawba	<del>19</del> <u>20</u>
13	37	Randolph	10
14	38	Gaston	<del>15</del> <u>16</u>
15	39	Cleveland,	12
16		Lincoln	
17	40	Buncombe	14
18	41	McDowell, Rutherford	8
19	42	Henderson, Polk, Transylvania	9
20	43	Cherokee, Clay, Graham,	12
21		Haywood, Jackson, Macon,	
22		Swain."	

23 **SECTION 15.6.(c)** G.S. 7A-60(a1), as amended by subsection (a) of this section,  
 24 reads as rewritten:

25 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 26 has the counties and the number of full-time assistant district attorneys set forth in the following  
 27 table:

28			No. of Full-Time
29	Prosecutorial		Asst. District
30	District	Counties	Attorneys
31	...	...	...
32	36	Burke, Caldwell	<del>9</del> <u>10</u>
33	...	...	...."

34 **SECTION 15.6.(d)** Subsection (a) of this section becomes effective July 1, 2019.  
 35 Subsection (c) of this section becomes effective January 1, 2023.

36  
 37 **INNOVATIVE COURT PILOT PROJECT REPORT**

38 **SECTION 15.7.** The Administrative Office of the Courts, in conjunction with  
 39 Haywood County and Robeson County, shall report to the chairs of the Joint Legislative  
 40 Oversight Committee on Justice and Public Safety by March 1, 2020, on the results of the  
 41 innovative court pilot projects in each county.

42  
 43 **IMPLEMENT RECOMMENDATIONS MADE BY NORTH CAROLINA HUMAN**  
 44 **TRAFFICKING COMMISSION**

45 **SECTION 15.8.(a)** G.S. 14-43.13 reads as rewritten:

46 "**§ 14-43.13. Sexual servitude.**

47 (a) A person commits the offense of sexual servitude when that person knowingly or in  
 48 reckless disregard of the consequences of the action ~~subjects or maintains~~ subjects, maintains, or  
 49 obtains another ~~in~~ for the purposes of sexual servitude.

50 ...."

1           **SECTION 15.8.(b)** Article 27 of Chapter 14 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 14-208.1. Promoting travel for unlawful sexual conduct.**

4           (a) Definition. – For purposes of this section, the term "travel services" means  
5 transportation by air, sea, or ground; hotel or other lodging accommodations; package tours, or  
6 the provision of vouchers or coupons to be redeemed for future travel; or accommodations for a  
7 fee, commission, or other valuable consideration.

8           (b) Offense. – A person commits the offense of promoting travel for unlawful sexual  
9 conduct if the person sells or offers to sell travel services that the person knows to include travel  
10 for the purpose of engaging in conduct that would constitute any one of the following offenses if  
11 occurring within this State:

12           (1) An offense under Article 7B of Chapter 14 of the General Statutes.

13           (2) Any of the following offenses involving the sexual exploitation of a minor:

14           a. G.S. 14-190.16.

15           b. G.S. 14-190.17.

16           c. G.S. 14-190.17A.

17           (3) Any of the following offenses involving indecent liberties with a minor:

18           a. G.S. 14-202.1.

19           b. G.S. 14-202.4.

20           (4) Any of the following prostitution offenses:

21           a. G.S. 14-204.

22           b. G.S. 14-205.1.

23           c. G.S. 14-205.2.

24           d. G.S. 14-205.3.

25           (c) Punishment. – A violation of this section is a Class G felony."

26           **SECTION 15.8.(c)** Article 10A of Chapter 14 of the General Statutes is amended by  
27 adding a new section to read:

28 **"§ 14-43.18. Civil cause of action; damages and attorneys' fees; limitation.**

29           (a) Cause of Action. – An individual who is a victim may bring a civil action against a  
30 person who violates this Article or a person who knowingly benefits financially or by receiving  
31 anything of value from participation in a venture which that person knew or should have known  
32 violates this Article.

33           (b) Relief and Damages. – The victim may seek and the court may award any or all of  
34 the following types of relief:

35           (1) An injunction to enjoin continued violation of this Article.

36           (2) Compensatory damages, which include the following:

37           a. The greater of (i) the gross income or value to the defendant of the  
38 victim's labor or (ii) the value of the victim's labor as guaranteed under  
39 the Minimum Wage Law and overtime provisions of the Fair Labor  
40 Standards Act (FLSA).

41           b. Any costs reasonably incurred by the victim for medical care,  
42 psychological treatment, temporary housing, transportation, and any  
43 other services designed to assist a victim in recovering from any  
44 injuries or loss resulting from a violation of this Article.

45           (3) General damages for noneconomic losses.

46           (c) Attorneys' Fees. – The court may award to the plaintiff and assess against the  
47 defendant the reasonable costs and expenses, including attorneys' fees, of the plaintiff in bringing  
48 an action pursuant to this section. If the court determines that the plaintiff's action is frivolous, it  
49 may award to the defendant and assess against the plaintiff the reasonable costs and expenses,  
50 including attorneys' fees, of the defendant in defending the action brought pursuant to this  
51 section.

1 (d) Stay Pending Criminal Action. – Any civil action filed under this section shall be  
 2 stayed during the pendency of any criminal action arising out of the same occurrence in which  
 3 the plaintiff is the victim. The term "criminal action" includes investigation and prosecution and  
 4 is pending until final adjudication in the trial court.

5 (e) Statute of Limitations. – No action may be maintained under subsection (a) of this  
 6 section unless it is commenced no later than either of the following:

7 (1) 10 years after the cause of action arose.

8 (2) 10 years after the victim reaches 18 years of age if the victim was a minor at  
 9 the time of the alleged offense.

10 (f) Jury Trial. – Parties to a civil action brought pursuant to this section shall have the  
 11 right to a jury trial as provided under G.S. 1A-1, Rules of Civil Procedure."

12 **SECTION 15.8.(d)** G.S. 15A-145.6(b) reads as rewritten:

13 "(b) A person who has been convicted of a prostitution offense may file a petition in the  
 14 court of the county where the person was convicted for expunction of the prostitution offense  
 15 from the person's criminal record provided that all the following criteria are met:

16 (1) The person has not previously been convicted of any violent felony or violent  
 17 misdemeanor under the laws of the United States or the laws of this State or  
 18 any other state.

19 (2) The person satisfies any one of the following criteria:

20 a. ~~The person's participation in the prostitution offense was a result of~~  
 21 ~~having been a trafficking victim under G.S. 14-43.11 (human~~  
 22 ~~trafficking) or G.S. 14-43.13 (sexual servitude) or a victim of a severe~~  
 23 ~~form of trafficking under the federal Trafficking Victims Protection~~  
 24 ~~Act (22 U.S.C. § 7102(13)).~~

25 b. The person has no prior convictions for a prostitution offense and at  
 26 least three years have passed since the date of conviction or the  
 27 completion of any active sentence, period of probation, and  
 28 post-release supervision, whichever occurs later.

29 c. The person received was discharged, and the charge was dismissed  
 30 upon completion of a conditional discharge pursuant to under  
 31 G.S. 14-204(b)."

32 **SECTION 15.8.(e)** Article 5 of Chapter 15A of the General Statutes is amended by  
 33 adding a new section to read:

34 **"§ 15A-145.9. Expunctions of certain offenses committed by human trafficking victims.**

35 (a) Definition. – For purposes of this section, the following terms apply:

36 (1) Nonviolent offense. – Any misdemeanor or felony except the following:

37 a. A Class A through G felony.

38 b. An offense that includes assault as an essential element of the offense.

39 c. An offense requiring registration pursuant to Article 27A of Chapter  
 40 14 of the General Statutes, whether or not the person is currently  
 41 required to register.

42 d. Any of the following sex-related or stalking offenses:  
 43 G.S. 14-27.25(b), 14-27.30(b), 14-190.7, 14-190.8, 14-190.9, 14-202,  
 44 14-208.11A, 14-208.18, 14-277.3A, or 14-321.1.

45 e. An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any  
 46 offense for which punishment was determined pursuant to  
 47 G.S. 14-3(c).

48 f. An offense under G.S. 14-401.16.

49 g. A traffic offense.

50 h. Any offense that is an attempt to commit an offense described in  
 51 sub-subdivisions a. through g. of this subdivision.

1           (2)   Trafficking victim. – A person that meets the definition for the term "victim"  
2           set forth in G.S. 14-43.10 or a victim of a severe form of trafficking under the  
3           federal Trafficking Victims Protection Act (22 U.S.C. § 7102(13)).

4           (b)   Expunction Authorized. – A person who has been convicted of a nonviolent offense  
5           may file a petition in the court of the county where the person was convicted for expunction of  
6           the nonviolent offense from the person's criminal record if the court finds that the person was  
7           coerced or deceived into committing the offense as a direct result of having been a trafficking  
8           victim.

9           (c)   Petition Requirements. – The petition shall contain all of the following:

10          (1)   An affidavit by the petitioner that the petitioner: (i) is a victim of human  
11          trafficking, (ii) was coerced or deceived into committing the offense as a direct  
12          result of the person's status as a trafficking victim, and (iii) has been of good  
13          moral character since the date of conviction of the offense in question.

14          (2)   A statement that the petition is a motion in the cause in the case wherein the  
15          petitioner was convicted.

16          (3)   An application on a form approved by the Administrative Office of the Courts  
17          requesting and authorizing a search by the Department of Public Safety for  
18          any outstanding warrants. The application shall be filed with the clerk of  
19          superior court. The clerk of superior court shall forward the application to the  
20          Department of Public Safety, which shall conduct the search and report its  
21          findings to the court.

22          (4)   An affidavit by the petitioner that no restitution orders or civil judgments  
23          representing amounts ordered for restitution entered against the petitioner are  
24          outstanding.

25          (d)   Service of Petition. – The petition shall be served upon the district attorney of the  
26          court wherein the case was tried resulting in conviction. The district attorney shall have 30 days  
27          thereafter in which to file any objection thereto and shall be duly notified as to the date of the  
28          hearing of the petition.

29          (e)   Issues for Consideration. – The court in which the petition was filed may take the  
30          following steps and may consider the following issues in rendering a decision upon a petition for  
31          expunction of records of an offense under this section:

32          (1)   Call upon a probation officer for additional investigation or verification of the  
33          petitioner's conduct during the period since the date of conviction of the  
34          offense in question.

35          (2)   Review any other information the court deems relevant, including, but not  
36          limited to, affidavits or other testimony provided by law enforcement officers,  
37          district attorneys, or licensed social workers.

38          (f)   Restoration of Status. – The court shall order that the person be restored, in the  
39          contemplation of the law, to the status the person occupied before the arrest or indictment or  
40          information if the court finds all of the following after a hearing:

41          (1)   The criteria set out in subsection (b) of this section are satisfied.

42          (2)   The petitioner has remained of good moral character.

43          (3)   The petitioner has no outstanding warrants.

44          (4)   The petitioner has no outstanding restitution orders or civil judgments  
45          representing amounts ordered for restitution entered against the petitioner.

46          (g)   Effect. – No person as to whom an order has been entered pursuant to subsection (f)  
47          of this section shall be held thereafter under any provision of any laws to be guilty of perjury or  
48          otherwise giving a false statement by reason of that person's failure to recite or acknowledge the  
49          arrest, indictment, information, trial, or conviction. Persons required by State law to obtain a  
50          criminal history record check on a prospective employee shall not be deemed to have knowledge  
51          of any convictions expunged under this section.

1       (h) Law Enforcement Certification. – Persons pursuing certification under the provisions  
2 of Article 1 of Chapter 17C or 17E of the General Statutes, however, shall disclose all convictions  
3 to the certifying Commission regardless of whether or not the convictions were expunged  
4 pursuant to the provisions of this section.

5       (i) Records Expunged. – The court shall also order that the conviction of the offenses be  
6 expunged from the records of the court and direct all law enforcement agencies bearing record  
7 of the same to expunge their records of the conviction. The clerk shall notify State and local  
8 agencies of the court's order as provided in G.S. 15A-150.

9       (j) Additional Records Expunged. – Any other applicable State or local government  
10 agency shall expunge from its records entries made as a result of the conviction ordered expunged  
11 under this section. The agency shall also reverse any administrative actions taken against a person  
12 whose record is expunged under this section as a result of the charges or convictions expunged.  
13 This subsection shall not apply to the Department of Justice for DNA records and samples stored  
14 in the State DNA Database and the State DNA Databank.

15       (k) Costs Waived. – The costs of expunging the records shall not be taxed against the  
16 petitioner."

17       **SECTION 15.8.(f)** G.S. 15A-151.5(a) reads as rewritten:

18       "(a) Notwithstanding any other provision of this Article, the Administrative Office of the  
19 Courts shall make all confidential files maintained under G.S. 15A-151 electronically available  
20 to all prosecutors of this State if the criminal record was expunged on or after July 1, 2018, under  
21 any of the following:

22       ...

23       (7a) G.S. 15A-145.8. Expunction of records of certain offenses committed by  
24 human trafficking victims.

25       ...."

26       **SECTION 15.8.(g)** G.S. 15A-1415(b) reads as rewritten:

27       "(b) The following are the only grounds which the defendant may assert by a motion for  
28 appropriate relief made more than 10 days after entry of judgment:

29       ...

30       (10) The defendant was convicted of a ~~first offense of prostitution under G.S.~~  
31 ~~14-204, and the court did not discharge the defendant and dismiss the charge~~  
32 ~~pursuant to G.S. 14-204(b); nonviolent offense as defined in G.S. 15A-145.9;~~  
33 the defendant's participation in the offense was a result of having been a victim  
34 of human trafficking under G.S. 14-43.11, sexual servitude under  
35 G.S. 14-43.13, or the federal Trafficking Victims Protection Act (22 U.S.C. §  
36 7102(13)); and the defendant seeks to have the conviction vacated."

37       **SECTION 15.8.(h)** G.S. 15A-1416.1 reads as rewritten:

38       "**§ 15A-1416.1. Motion by the defendant to vacate ~~prostitution~~ a nonviolent offense**  
39 **conviction for ~~sex~~ human trafficking victim.**

40       (a) A motion for appropriate relief seeking to vacate a conviction for ~~prostitution~~ a  
41 nonviolent offense based on the grounds set out in G.S. 15A-1415(b)(10) shall be filed in the  
42 court where the conviction occurred. The motion may be filed at any time following the entry of  
43 a verdict or finding of ~~guilty under G.S. 14-204.~~ guilty. Any motion for appropriate relief filed  
44 under this section shall state why the facts giving rise to this motion were not presented to the  
45 trial court and shall be made with due diligence after the defendant has ceased to be a victim of  
46 such trafficking or has sought services for victims of such offenses, subject to reasonable  
47 concerns for the safety of the defendant, family members of the defendant, or other victims of  
48 such trafficking that may be jeopardized by the bringing of such motion or for other reasons  
49 consistent with the purpose of this section. ~~Reasonable notice of the~~ The motion shall be  
50 contemporaneously served upon the State, the district attorney in the prosecutorial district in

1 which the conviction was entered. The district attorney shall have 30 days thereafter in which to  
2 file any objection thereto and shall be duly notified as to the date of the hearing of the motion.

3 (b) The court may grant the motion if, in the discretion of the court, the defendant has  
4 demonstrated, by the preponderance of the evidence, that the violation was a direct result of the  
5 defendant having been a victim of human trafficking or sexual servitude. servitude and that the  
6 offense would not have been committed but for the defendant having been a victim of human  
7 trafficking or sexual servitude. Evidence of such may include any of the following documents  
8 listed in subdivisions (1) through ~~(3)~~(4) of this subsection; alternatively, the court may consider  
9 such other evidence as it deems of sufficient credibility and probative value in determining  
10 whether the defendant is a trafficking victim:

11 (1) Certified records of federal or State court proceedings which demonstrate that  
12 the defendant was a victim of a person charged with an offense under  
13 G.S. 14-43.11, G.S. 14-43.13, or under 22 U.S.C. Chapter 78.

14 (2) Certified records of "approval notices" or "enforcement certifications"  
15 generated from federal immigration proceedings available to such victims.

16 (3) A sworn statement from a trained professional staff of a victim services  
17 organization, an attorney, a member of the clergy, or a medical or other  
18 professional from whom the defendant has sought assistance in addressing the  
19 trauma associated with being trafficked.

20 (4) A sworn statement or affidavit from a federal, State, or local law enforcement  
21 officer who investigated the violation of G.S. 14-43.11, G.S. 14-43.13, or the  
22 federal Trafficking Victims Protection Act, as stated within the defendant's  
23 motion.

24 ...

25 (d) A previous or subsequent conviction shall not affect a person's eligibility for relief  
26 under this section."

27 **SECTION 15.8.(i)** Subsection 15.8(c) of this section becomes effective July 1, 2019.

28 The remainder of this section becomes effective on December 1, 2019.

29  
30 **EXPAND CIRCUMSTANCES UNDER WHICH EMERGENCY JUDGE MAY BE**  
31 **ASSIGNED BY THE CHIEF JUSTICE OF THE NORTH CAROLINA SUPREME**  
32 **COURT**

33 **SECTION 15.9.(a)** G.S. 7A-52(a) reads as rewritten:

34 "(a) Judges of the district court and judges of the superior court who have not reached the  
35 mandatory retirement age specified in G.S. 7A-4.20, but who have retired under the provisions  
36 of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years  
37 of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the  
38 court from which they retired. From the commissioned emergency district, superior, and special  
39 superior court judges, the Chief Justice of the Supreme Court shall create two lists of active  
40 emergency judges and two lists of inactive emergency judges. For emergency superior and  
41 special superior court judges, the active list shall be limited to a combined total of 10 emergency  
42 judges; all other emergency superior and special superior court judges shall be on an inactive list.  
43 For emergency district court judges, the active list shall be limited to 25 emergency judges; all  
44 other emergency district court judges shall be on an inactive list. There is no limit to the number  
45 of emergency judges on either inactive list. In the Chief Justice's discretion, emergency judges  
46 may be added or removed from their respective active and inactive lists, as long as the respective  
47 numerical limits on the active lists are observed. The Chief Justice is requested to consider  
48 geographical distribution in assigning emergency judges to an active list but may utilize any  
49 factor in determining which emergency judges are assigned to an active list. The Chief Justice of  
50 the Supreme Court may order any emergency district, superior, or special superior court judge  
51 on an active list who, in his opinion, is competent to perform the duties of a judge, to hold regular

1 or special sessions of the court from which the judge retired, as needed. Order of assignment  
 2 shall be in writing and entered upon the minutes of the court to which such emergency judge is  
 3 assigned. An emergency judge shall only be assigned in the event of a:

- 4 (1) Death of a sitting judge.
- 5 (2) Disability or medical leave of absence of a sitting judge.
- 6 (3) Recall to active military duty of a sitting judge.
- 7 (4) Retirement or removal of a sitting judge.
- 8 (5) Court case-management ~~emergency~~ emergency or disaster declaration made  
 9 pursuant to G.S. 166A-19.3(3).
- 10 (6) Assignment by the Chief Justice of a Rule 2.1 exceptional case to an  
 11 emergency judge.
- 12 (7) Court coverage need created by holdover sessions, administrative  
 13 responsibilities of the chief district court judge, or cases in which a judge has  
 14 a conflict or judicial educational responsibilities."

15 **SECTION 15.9.(b)** This section is effective when it becomes law.

16  
 17 **ADDITIONAL DISTRICT COURT JUDGES**

18 **SECTION 15.10.(a)** G.S. 7A-133 reads as rewritten:

19 **"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 20 **court, by counties.**

21 (a) Each district court district shall have the numbers of judges as set forth in the  
 22 following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	6	Craven Pamlico Carteret
4	89	Sampson Duplin Jones Onslow
5	9	New Hanover Pender
6	4	Northampton Bertie Hertford
7	7	Halifax Nash

1			Edgecombe
2			Wilson
3	8	6	Wayne
4			Greene
5			Lenoir
6	9	5	Granville
7			(part of Vance
8			see subsection (b))
9			Franklin
10			Person
11	9B	2	Warren
12			(part of Vance
13			see subsection (b))
14			
15	10A	3	(part of Wake
16			see subsection (b))
17	10B	3	(part of Wake
18			see subsection (b))
19	10C	3	(part of Wake
20			see subsection (b))
21	10D	<u>65</u>	(part of Wake
22			see subsection (b))
23	10E	3	(part of Wake
24			see subsection (b))
25	10F	3	(part of Wake
26			see subsection (b))
27	11	11	Harnett
28			Johnston
29			Lee
30	12	10	Cumberland
31	13	6	Bladen
32			Brunswick
33			Columbus
34	14	<u>76</u>	Durham
35	15A	4	Alamance
36	15B	5	Orange
37			Chatham
38	16A	6	Scotland
39			Hoke
40			Anson
41			Richmond
42	16B	5	Robeson
43	17A	4	Caswell
44			Rockingham
45	17B	4	Stokes
46			Surry
47	18	14	Guilford
48	19A	<u>56</u>	Cabarrus
49	19B	7	Montgomery
50			Moore
51			Randolph

1	19C	5	Rowan
2	20A	2	Stanly
3	20B	<del>12</del>	(part of Union
4			see subsection (b))
5	20C	2	(part of Union
6			see subsection (b))
7	20D	1	Union
8	21	11	Forsyth
9	22A	<del>56</del>	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	<del>9</del> <u>10</u>	Burke
23			Caldwell
24			Catawba
25			
26	26A	3	(part of Mecklenburg
27			see subsection (b))
28	26B	3	(part of Mecklenburg
29			see subsection (b))
30	26C	2	(part of Mecklenburg
31			see subsection (b))
32	26D	2	(part of Mecklenburg
33			see subsection (b))
34	26E	3	(part of Mecklenburg
35			see subsection (b))
36	26F	3	(part of Mecklenburg
37			see subsection (b))
38	26G	2	(part of Mecklenburg
39			see subsection (b))
40	26H	3	(part of Mecklenburg
41			see subsection (b))
42	27A	7	Gaston
43	27B	6	Cleveland
44			Lincoln
45	28	7	Buncombe
46	29A	<del>34</del>	McDowell
47			Rutherford
48	29B	4	Henderson
49			Polk
50			Transylvania
51	30	6	Cherokee

Clay  
Graham  
Haywood  
Jackson  
Macon  
Swain.

...."

**SECTION 15.10.(b)** Section 2(b) of S.L. 2018-14 reads as rewritten:

**"SECTION 2.(b)** In order to implement the district court districts as enacted by this section, the following shall apply:

(1) Judges in the following districts, as set out in this section, shall take office on January 1, 2019, with elections in 2018, and every four years thereafter, to be held accordingly:

- a. District 10A – one judge.
- b. District 10B – one judge.
- c. District 10D – three judges.
- d. District 10E – two judges.
- e. District 10F – one judge.
- f. District 26A – three judges.
- g. District 26B – one judge.
- h. District 26E – two judges.
- i. District 26F – two judges.
- j. District 26G – one judge.

(2) Judges in the following districts, as set out in this section, shall take office on January 1, 2021, with elections in 2020, and every four years thereafter, to be held accordingly:

- a. District 10A – two judges.
- b. District 10B – two judges.
- c. District 10C – three judges.
- d. District 10D – ~~three~~ two judges.
- e. District 10E – one judge.
- f. District 10F – two judges.
- g. District 26B – two judges.
- h. District 26C – two judges.
- i. District 26D – two judges.
- j. District 26E – one judge.
- k. District 26F – one judge.
- l. District 26G – one judge.
- m. District 26H – three judges."

**SECTION 15.10.(c)** Subsection 15.10(b) of this section becomes effective July 1, 2019. Subsection 15.10(a) of this section becomes effective January 1, 2021, and elections conducted in 2020 shall be conducted in accordance with the judgeships created in subsection 15.10(a) of this section.

**MODIFY CERTAIN FEES/ESTATES/IN REM FORECLOSURES/MARRIAGE CEREMONIES**

**SECTION 15.11.(a)** G.S. 7A-307 reads as rewritten:

**"§ 7A-307. Costs in administration of estates.**

(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, in the administration of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36C-2-203, in estate proceedings under G.S. 28A-2-4, in power of

attorney proceedings under G.S. 32C-1-116(a), and in collections of personal property by affidavit, the following costs shall be assessed:

(2b) Notwithstanding subdivisions (1) and (2) of this subsection, ~~no costs shall be the only cost assessed~~ when the estate is administered or settled pursuant to ~~G.S. 28A-25-6~~ G.S. 28A-25-6 shall be a fee of twenty dollars (\$20.00) to be assessed upon filing of the application.

(b1) The clerk shall assess the following miscellaneous fees:

- (1) Filing and indexing a will with no probate
- first page ..... \$ 1.00
- each additional page or fraction thereof ..... 25
(2) Issuing letters to fiduciaries, per letter over five letters issued ..... 1.00
(3) Inventory of safe deposits of a decedent, per box, per day ..... 15.00
(4) Taking a deposition ..... 10.00
(5) Docketing and indexing a will probated in another county in the State
- first page ..... 6.00
- each additional page or fraction thereof ..... 25
(6) Hearing petition for year's allowance to surviving spouse or child, in cases not assigned to a magistrate, and allotting the same ..... ~~8.00~~20.00

SECTION 15.11.(b) G.S. 7A-309 reads as rewritten:

"§ 7A-309. Magistrate's special fees.

The following special fees shall be collected by the magistrate and remitted to the clerk of superior court for the use of the State in support of the General Court of Justice:

- (1) Performing marriage ceremony \$20.00\$50.00
(2) Hearing petition for year's allowance to surviving spouse or child, issuing notices to commissioners, allotting the same, and making return 8.0020.00
(3) Taking a deposition 10.00
(4) Proof of execution or acknowledgment of any instrument 2.00
(5) Performing any other statutory function not incident to a civil or criminal action \$ 2.00."

SECTION 15.11.(c) G.S. 7A-308(a) reads as rewritten:

(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

- (1) Foreclosure under power of sale in deed of trust or mortgage..... \$300.00
If the property is sold under the power of sale, an additional amount will be charged, determined by the following formula: forty-five cents (.45) per one hundred dollars (\$100.00), or major fraction thereof, of the final sale price. If the amount determined by the formula is less than ten dollars (\$10.00), a minimum ten dollar (\$10.00) fee will be collected. If the amount determined by the formula is more than five hundred dollars (\$500.00), a maximum five hundred-dollar (\$500.00) fee will be collected.
(1a) In rem foreclosures conducted under G.S. 105-375, if the property is sold under execution.....\$300.00

SECTION 15.11.(d) G.S. 105-375 reads as rewritten:

"§ 105-375. In rem method of foreclosure.

1 (b) Docketing Certificate of Taxes as Judgment. – In lieu of following the procedure set  
2 forth in G.S. 105-374, the governing body of any taxing unit may direct the tax collector to file  
3 with the clerk of superior court, no earlier than 30 days after the tax liens were advertised, a  
4 certificate showing the following: the name of the taxpayer as defined in G.S. 105-273(17), for  
5 each parcel on which the taxing unit has a lien for unpaid taxes, together with the amount of  
6 taxes, penalties, interest, and costs that are a lien thereon; the year or years for which the taxes  
7 are due; and a description of the property sufficient to permit its identification by parol testimony.  
8 The fees for docketing and indexing the certificate assessed pursuant to G.S. 7A-308(a)(11) shall  
9 be payable to the clerk of superior court at the time the taxes are collected or the property is sold.

10 ...

11 (i1) Fee. – The fee assessed in G.S. 7A-308(a)(1a) shall be payable to the clerk of superior  
12 court out of the sale proceeds at the time the property is sold.

13 ...."

14 **SECTION 15.11.(e)** G.S. 28A-25-6(f) reads as rewritten:

15 "(f) If no administrator has been appointed, the clerk of superior court ~~shall~~shall, upon  
16 motion of the clerk or upon the application of an interested party, disburse the money received  
17 under this section for the following purposes and in the following order:

- 18 (1) To pay the surviving spouse's year's allowance and children's year's allowance  
19 assigned in accordance with ~~law~~law.
- 20 (2), (3) Repealed by Session Laws 1981, c. 383, s. 3.
- 21 (4) All other claims shall be disbursed according to the order set out in  
22 G.S. 28A-19-6.

23 Notwithstanding the foregoing provisions of this subsection, the clerk shall pay, out of funds  
24 provided the deceased pursuant to G.S. 111-18 and Part 3 of Article 2 of Chapter 108A of the  
25 General Statutes of North Carolina, any lawful claims for care provided by an adult care home  
26 to the deceased, incurred not more than 90 days prior to the deceased's death. After the death of  
27 a spouse who died intestate and after the disbursements have been made in accordance with this  
28 subsection, the balance in the clerk's hands belonging to the estate of the decedent shall be paid  
29 to the surviving spouse, and if there is no surviving spouse, the clerk shall pay it to the heirs in  
30 proportion to their respective interests."

31 **SECTION 15.11.(f)** Subsections (a) and (b) of this section become effective January  
32 1, 2020, and apply to petitions filed on or after that date. Subsections (c) and (d) of this section  
33 become effective October 1, 2019, and apply to execution sales conducted on or after that date.

## 34 **PART XVI. INDIGENT DEFENSE SERVICES**

### 35 **COURT COSTS FOR SUPPORT OF INDIGENT DEFENSE/REPORT/MODIFY** 36 **APPOINTED COUNSEL FEE APPLICATIONS**

37 **SECTION 16.3.(a)** G.S. 7A-455.1 reads as rewritten:

38 **"§ 7A-455.1. Appointment fee in criminal cases.**

39 (a) In every criminal case in which counsel is appointed at the trial level, the judge shall  
40 order the defendant to pay to the clerk of court an appointment fee of ~~sixty dollars (\$60.00)-~~  
41 seventy-five dollars (\$75.00). No fee shall be due unless the person is convicted.

42 (b) The mandatory ~~sixty dollar (\$60.00)-~~seventy-five dollar (\$75.00) fee may not be  
43 remitted or revoked by the court and shall be added to any amounts the court determines to be  
44 owed for the value of legal services rendered to the defendant and shall be collected in the same  
45 manner as attorneys' fees are collected for such representation.

46 (c) Repealed by Session Laws 2005-250 s. 3, effective August 4, 2005.

47 (d) Inability, failure, or refusal to pay the appointment fee shall not be grounds for  
48 denying appointment of counsel, for withdrawal of counsel, or for contempt.  
49  
50

1 (e) The appointment fee required by this section shall be assessed only once for each  
2 attorney appointment, regardless of the number of cases to which the attorney was assigned. An  
3 additional appointment fee shall not be assessed if the charges for which an attorney was  
4 appointed were reassigned to a different attorney.

5 (f) Of each appointment fee collected under this section, the sum of ~~fifty-five dollars~~  
6 ~~(\$55.00)~~ seventy dollars (\$70.00) shall be credited to the Indigent Persons' Attorney Fee Fund  
7 and the sum of five dollars (\$5.00) shall be credited to the Court Information Technology Fund  
8 under G.S. 7A-343.2. These fees shall not revert.

9 (g) The Office of Indigent Defense Services shall adopt rules and develop forms to  
10 govern implementation of this section."

11 **SECTION 16.3.(b)** G.S. 7A-304(a) reads as rewritten:

12 "(a) In every criminal case in the superior or district court, wherein the defendant is  
13 convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the  
14 prosecuting witness, the following costs shall be assessed and collected. No costs may be  
15 assessed when a case is dismissed. Only upon entry of a written order, supported by findings of  
16 fact and conclusions of law, determining that there is just cause, the court may (i) waive costs  
17 assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a),  
18 (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or  
19 costs without providing notice and opportunity to be heard by all government entities directly  
20 affected. The court shall provide notice to the government entities directly affected of (i) the date  
21 and time of the hearing and (ii) the right to be heard and make an objection to the remission or  
22 waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be  
23 made to the government entities affected by first-class mail to the address provided for receipt of  
24 court costs paid pursuant to the order.

25 ...

26 (3c) For legal representation to indigent defendants and others entitled to counsel  
27 under North Carolina law, the sum of two dollars (\$2.00) to be remitted to the  
28 Office of Indigent Defense Services.

29 ...."

30 **SECTION 16.3.(c)** The Office of Indigent Defense Services and the Administrative  
31 Office of the Courts shall update all appointed counsel fee application forms in order to provide  
32 space for the itemization of time spent on appointed cases.

33 **SECTION 16.3.(d)** The Office of Indigent Defense Services shall report to the chairs  
34 of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2020,  
35 regarding the implementation of rate increases to the Private Assigned Counsel Fund and  
36 modifications to appointed counsel fee application forms.

37 **SECTION 16.3.(e)** Subsections (a) and (b) of this section become effective  
38 December 1, 2019, and apply to costs assessed on or after that date. Subsection (c) of this section  
39 becomes effective December 1, 2019, and applies to all appointed counsel fee application forms  
40 submitted on or after that date.

## 41 **PART XVII. JUSTICE**

### 42 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

43  
44 **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill  
45 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be  
46 construed to require the termination of sworn personnel or to affect North Carolina State Crime  
47 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of  
48 this section and who continue to meet the sworn status retention standards mandated by the North  
49 Carolina Criminal Justice Education and Standards Commission.  
50  
51

**1 REQUIRE TESTING OF ALL SEXUAL ASSAULT EXAMINATION KITS**

2 **SECTION 17.2.(a)** This act shall be known and may be cited as "The Standing Up  
3 for Rape Victims (SURVIVOR) Act of 2019."

4 **SECTION 17.2.(b)** Article 13 of Chapter 15A of the General Statutes is amended  
5 by adding a new section to read:

6 **"§ 15A-266.5A. Statewide sexual assault examination kit testing protocol.**

7 (a) Legislative Intent. – The General Assembly finds that deoxyribonucleic acid (DNA)  
8 evidence is a powerful law enforcement tool that can identify unknown suspects, create case  
9 linkages, connect crimes to known perpetrators, and exonerate the innocent. Timely testing is  
10 vital to solve cases, punish offenders, bring justice to victims, and prevent future crimes. It is the  
11 intent of the General Assembly that every sexual assault examination kit reported to law  
12 enforcement in this State be tested and eliminate the inventory of untested sexual assault  
13 examination kits located statewide. The purpose of this section is to address the manner in which  
14 sexual assault examination kits are processed and the protocol for testing the statewide inventory  
15 of untested sexual assault examination kits identified pursuant to the findings of the statewide  
16 audit completed pursuant to Section 17.7 of S.L. 2017-57.

17 (b) Definitions. – The following definitions apply in this section:

18 (1) CODIS. – As defined in G.S. 15A-266.2.

19 (2) Collecting agency. – Any agency, program, center, or other entity that collects  
20 a sexual assault examination kit.

21 (3) State DNA database. – As defined in G.S. 15A-266.2.

22 (4) Reported sexual assault examination kit. – A sexual assault examination kit  
23 collected from a person who consented to the collection of the sexual assault  
24 examination kit and has consented to participate in the criminal justice process  
25 by reporting the crime to law enforcement.

26 (5) Unfounded sexual assault examination kit. – A reported sexual assault  
27 examination kit, whereupon completion of the investigation it was concluded  
28 by the investigating law enforcement agency, based on clear and convincing  
29 evidence, that a crime did not occur.

30 (6) Unreported sexual assault examination kit. – A sexual assault examination kit  
31 collected from a person who consented to the collection of the sexual assault  
32 examination kit, but has not consented to participate in the criminal justice  
33 process.

34 (c) Notification and Submission Requirements for Kits Completed On or After July 1,  
35 2019. – Any collecting agency that collects a sexual assault examination kit completed on or after  
36 July 1, 2019, shall preserve the kit according to guidelines established under G.S. 15A-268(a2)  
37 and notify the appropriate law enforcement agency as soon as practicable, but no later than 24  
38 hours after the collection occurred. A law enforcement agency notified under this subsection  
39 shall do all of the following:

40 (1) Take custody of a sexual assault examination kit from the collecting agency  
41 that collected the kit within seven days of receiving notification. The law  
42 enforcement agency that takes custody of a kit under this subdivision shall  
43 retain and preserve the kit in accordance with the requirements of  
44 G.S. 15A-268.

45 (2) Submit a reported sexual assault examination kit to the State Crime  
46 Laboratory, or a laboratory approved by the State Crime Laboratory, not more  
47 than 45 days after taking custody of the reported sexual assault examination  
48 kit.

49 (3) Submit an unreported sexual assault examination kit to the Department of  
50 Public Safety not more than 45 days after taking custody of the unreported  
51 sexual assault examination kit. The Department of Public Safety shall store

1                   any kit it receives under this subdivision pursuant to the authority set forth in  
2                   G.S. 143B-601(13).

3           (d)   Notification and Submission Requirements for Kits Completed On or Before January  
4 1, 2018. – Any law enforcement agency that possesses a sexual assault examination kit completed  
5 on or before January 1, 2018, shall do the following:

6           (1)   Establish a review team that may consist of prosecutors, active or retired law  
7 enforcement officers, sexual assault nurse examiners, victim advocacy  
8 groups, and representatives from a forensic laboratory. The review team  
9 required under this subdivision shall be established as soon as practicable, but  
10 no later than three months after the effective date of this section.

11          (2)   Utilize the review team established under subdivision (1) of this subsection to  
12 survey the law enforcement agency's entire untested sexual assault  
13 examination kit inventory and conduct a case review to determine each sexual  
14 assault examination kit's testing priority. The survey and review required  
15 under this subdivision shall be completed as soon as practicable, but no later  
16 than six months after the effective date of this section. The review required  
17 under this subdivision shall consider each of the following factors in  
18 determining the submission priority of a sexual assault examination kit:

19           a.   Investigative and evidentiary value for the individual case.

20           b.   CODIS potential to link profiles and identify possible serial offenders.

21           c.   Potential for victim participation in the investigation and prosecution.

22           d.   Potential value for admission as evidence under Rule 404(b) of the  
23 North Carolina Rules of Evidence.

24           e.   Age and health of victim.

25           f.   Potential for exculpatory value for a convicted person.

26           g.   Any other factor the review team deems to be relevant.

27          (3)   Upon determination by the review team that a sexual assault examination kit  
28 is of priority status and not subject to subsection (e) of this section, the law  
29 enforcement agency shall notify the State Crime Laboratory, or a laboratory  
30 approved by the State Crime Laboratory, of the sexual assault examination kit  
31 and submit a request for testing of the sexual assault examination kit. The law  
32 enforcement agency shall continue the process set forth in subdivisions (2)  
33 and (3) of this subsection until all untested sexual assault examination kits  
34 eligible for submission within its inventory have been submitted for testing.  
35 The following untested sexual assault examinations kits are not eligible for  
36 submission for testing under this subdivision:

37           a.   Unreported sexual assault examination kits. Unreported sexual assault  
38 examination kits shall be sent within 45 days of the review required  
39 under subdivision (2) of this subsection to the Department of Public of  
40 Safety for storage pursuant to the authority set forth in  
41 G.S. 143B-601(13).

42           b.   Sexual assault examination kits that have been confirmed as  
43 unfounded sexual assault examination kits after a comprehensive case  
44 review by the law enforcement agency and complete review by the  
45 review team established under subdivision (1) of this subsection. The  
46 law enforcement agency shall track within the agency the number of  
47 sexual assault examination kits which are concluded to be unfounded  
48 along with a brief summary indicating the information and evidence  
49 supporting the determination of an unfounded sexual assault  
50 examination kit. If the law enforcement agency receives any  
51 information or evidence that creates investigative or evidentiary value

1                   for testing the unfounded sexual assault examination kit, the law  
2                   enforcement agency shall send the unfounded sexual assault  
3                   examination kit to the State Crime Laboratory, or a laboratory  
4                   approved by the State Crime Laboratory, as soon as practicable.

5                   c.       Sexual assault examination kits in which (i) a criminal prosecution has  
6                   resulted in conviction, (ii) the convicted person does not seek DNA  
7                   testing, and (iii) the convicted person's DNA profile is already in  
8                   CODIS.

9                   (e)       Submission Requirements for Other Kits. – Sexual assault examination kits that are  
10                  not subject to the requirements of subsections (c) or (d) of this section shall be submitted to the  
11                  State Crime Laboratory, or a laboratory approved by the State Crime Laboratory, as soon as  
12                  practicable.

13                  (f)       Testing Requirements for Accepted Kits. – As soon as practicable after receiving a  
14                  written request for testing of a sexual assault examination kit subject to subsection (d) of this  
15                  section, the State Crime Laboratory, or a laboratory approved by the State Crime Laboratory,  
16                  shall notify the submitting law enforcement agency of the request's approval and provide  
17                  shipment instructions for the sexual assault examination kit. The State Crime Laboratory, or a  
18                  laboratory approved by the State Crime Laboratory, shall pursue DNA analysis of any sexual  
19                  assault examination kit accepted from a law enforcement agency under this section to develop  
20                  DNA profiles that are eligible for entry into CODIS and the State DNA Database pursuant to  
21                  G.S. 15A-266.5 and G.S. 15A-266.7. The State CODIS System Administrator, or the  
22                  Administrator's designee, shall enter a DNA profile developed under this subsection into the  
23                  CODIS database pursuant to G.S. 15A-266.8 and into the State DNA Database, provided that the  
24                  testing of the sexual assault examination kit resulted in an eligible DNA profile.

25                  (g)       Lack of Compliance. – Lack of compliance with the requirements set forth in this  
26                  section shall not result in any of the following:

27                       (1)       Constituting grounds upon which a person may challenge in any hearing, trial,  
28                       or other court proceeding the validity of DNA evidence in any criminal or  
29                       civil proceeding.

30                       (2)       Justification for the exclusion of evidence generated from a sexual assault  
31                       examination kit.

32                       (3)       Providing a person who is accused or convicted of committing a crime against  
33                       a victim a basis to request that the person's case be dismissed or conviction set  
34                       aside, or providing a cause of action or civil claim.

35                  (h)       Sexual Assault Response and Training. – The Department of Justice, the North  
36                  Carolina Coalition Against Sexual Assault, the North Carolina Victims Assistance Network, and  
37                  the Conference of District Attorneys shall jointly develop and provide response and training  
38                  programs to law enforcement and their sexual assault examination kit review teams regarding  
39                  sexual assault investigations, including victim interactions and kit collection, storage, tracking,  
40                  and testing."

41                       **SECTION 17.2.(c)** G.S. 15A-266.8 is amended by adding a new subsection to read:

42                       "(d) A law enforcement agency that receives an actionable CODIS hit on a submitted DNA  
43                       sample shall provide electronic notice to the State Crime Laboratory as follows:

44                               (1)       Detailing any arrest of a person made in connection with the CODIS hit, no  
45                               later than 15 days after the arrest.

46                               (2)       Detailing any conviction of a person resulting from the CODIS hit, no later  
47                               than 15 days from the date of conviction."

48                       **SECTION 17.2.(d)** The State Crime Lab shall report to the Joint Legislative  
49                       Oversight Committee on Justice and Public Safety by March 1, 2020, on the use of funds  
50                       appropriated in this act to test sexual assault evidence collection kits.

1           **SECTION 17.2.(e)** This section is effective when it becomes law and applies to  
2 CODIS hits received on or after that date.

### 4 **EXPAND CRIMINAL JUSTICE FELLOWS PROGRAM ELIGIBILITY**

5           **SECTION 17.3.(a)** G.S. 17C-20 reads as rewritten:

6 **"§ 17C-20. Definitions.**

7           As used in this Article, the following definitions apply:

8           ...

9           (5) Eligible county. – A county with a population of less than ~~75,000~~125,000  
10 according to the latest federal decennial ~~census~~census or a county designated  
11 as a development tier one area pursuant to G.S. 143B-437.08, or both.

12           ...."

13           **SECTION 17.3.(b)** This section is effective when it becomes law and applies to  
14 Criminal Justice Fellows Program recipients selected on or after that date.

## 16 **PART XVIII. PUBLIC SAFETY**

### 18 **JPS GRANT REPORTING**

19           **SECTION 18.1.** The Department of Public Safety, the Department of Justice, and  
20 the Judicial Department shall each report by May 1 of each year to the chairs of the House of  
21 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
22 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved  
23 for receipt by those departments. The report shall include information on the amount of grant  
24 funds received or preapproved for receipt by each department, the use of the funds, the State  
25 match expended to receive the funds, and the period to be covered by each grant. If a department  
26 intends to continue the program beyond the end of the grant period, that department shall report  
27 on the proposed method for continuing the funding of the program at the end of the grant period.  
28 Each department shall also report on any information it may have indicating that the State will  
29 be requested to provide future funding for a program presently supported by a local grant.

### 31 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

32           **SECTION 18.2.(a)** Notwithstanding any other provision of law, the Office of State  
33 Budget and Management shall not transfer any positions, personnel, or funds from the  
34 Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium  
35 unless the transfer was included in the base budget for one or both fiscal years of the biennium.

36           **SECTION 18.2.(b)** This section becomes effective July 1, 2019. If any transfers that  
37 violate this section were made in fiscal year 2018-2019, prior to this section becoming effective,  
38 those transfers shall be rescinded within 15 days of this section becoming effective.

### 40 **CODIFY LAPSED SALARY REPORT**

41           **SECTION 18.3.** Part 1 of Article 13 of Chapter 143B of the General Statutes is  
42 amended by adding a new section to read:

43 **"§ 143B-605. Lapsed salary reports.**

44           (a) The Department of Public Safety shall report the following information to the chairs  
45 of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the  
46 House of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
47 Appropriations Committee on Justice and Public Safety:

48           (1) The amount of lapsed salary generated by fund code for the previous six  
49 months.

50           (2) An itemized accounting of the use of lapsed salary funds including:

51           a. Fund code.

- b. Current certified budget.
- c. Annual projected expenditure.
- d. Annual projected shortfall.
- e. Amount of lapsed salary funds transferred to date.

(b) The reports shall be submitted by February 1 and August 1 of each year. The August report shall also include an annual accounting of this information for the previous fiscal year."

## **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

**SECTION 18.6.(a)** Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

**SECTION 18.6.(b)** Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

- (1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
  - a. The position type.
  - b. The agency to which the position is assigned.
  - c. The source of funding for the position.
- (2) For each receipt-supported position listed, the contract and any other terms of the contract.

**SECTION 18.6.(c)** Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

- (1) The position type.
- (2) The agency to which the position is being assigned.
- (3) The position salary.
- (4) The total amount of the contract.
- (5) The terms of the contract.

**SECTION 18.6.(d)** Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

## **USE OF SEIZED AND FORFEITED PROPERTY**

**SECTION 18.7.(a)** Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- (1) A report upon receipt of any assets.
- (2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
- (3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

1           **SECTION 18.7.(b)** The General Assembly finds that the use of seized and forfeited  
2 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
3 of real property, repair of buildings where the repair includes structural change, and construction  
4 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
5 Therefore, the Department of Justice and the Department of Public Safety are prohibited from  
6 using these assets for such purposes without the prior approval of the General Assembly.

7           **SECTION 18.7.(c)** Nothing in this section prohibits State law enforcement agencies  
8 from receiving funds from the United States Department of Justice, the United States Department  
9 of the Treasury, and the United States Department of Health and Human Services.

10           **SECTION 18.7.(d)** The Joint Legislative Oversight Committee on Justice and Public  
11 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized  
12 and forfeited assets. The Committee shall report its findings and recommendations prior to the  
13 convening of the 2020 Regular Session of the 2019 General Assembly.

#### 14 15 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

16           **SECTION 18.8.** The Department of Public Safety may continue to contract with The  
17 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds  
18 for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for  
19 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
20 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
21 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
22 average daily inmate population compared to bed capacity using the same methodology as that  
23 used by the Department of Public Safety.

#### 24 25 **INMATE CONSTRUCTION PROGRAM**

26           **SECTION 18.9.** Article 3 of Chapter 148 of the General Statutes is amended by  
27 adding a new section to read:

##### 28 **"§ 148-32.3. Inmate Construction Program.**

29           Notwithstanding any other provision of law, but subject to the provisions of this Article, the  
30 State Construction Office may utilize inmates in the custody of the Division of Adult Correction  
31 of the Department of Public Safety through the Inmate Construction Program for repair and  
32 renovation projects on State-owned facilities, with priority given to Department of Public Safety  
33 construction projects. State agencies utilizing the Inmate Construction Program shall reimburse  
34 the Division of Adult Correction of the Department of Public Safety for the cost of transportation,  
35 custody, and wages for the inmate crews."

#### 36 37 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

38           **SECTION 18.10.** G.S. 148-32.1(b2) reads as rewritten:

39           "(b2) The Statewide Misdemeanant Confinement Program is established. The Program  
40 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
41 a period of more than 90 days and for all sentences imposed for impaired driving under  
42 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
43 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
44 address methods for the placement and transportation of inmates and reimbursement to counties  
45 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
46 from that county or from other counties pursuant to the Program may enter into a written  
47 agreement with the Division of Adult Correction and Juvenile Justice to do so.

48           The North Carolina Sheriffs' Association shall:

- 49           (1)   Report no later than the fifteenth day of each month to the Office of State  
50           Budget and Management and the Fiscal Research Division on the Statewide

1 Misdemeanant Confinement Program. Each monthly report shall include all  
2 of the following:

3 a. The daily population delineated by misdemeanor or DWI monthly  
4 housing.

5 b. The cost of housing prisoners under the Program.

6 c. The cost of transporting prisoners under the Program.

7 d. Personnel costs.

8 e. Inmate medical care costs.

9 f. The number of counties that volunteer to house inmates under the  
10 Program.

11 g. The administrative costs paid to the Sheriffs' Association and to the  
12 Department of Public Safety.

13 (2) Report no later than October 1 of each year to the chairs of the House of  
14 Representatives Appropriations Committee on Justice and Public Safety and  
15 the Senate Appropriations Committee on Justice and Public Safety and the  
16 Joint Legislative Oversight Committee on Justice and Public Safety on the  
17 Statewide Misdemeanant Confinement Program. The report shall include the  
18 following with respect to the prior fiscal year:

19 a. The cost of housing prisoners by county under the Program.

20 b. The cost of transporting prisoners by county under the Program.

21 c. Personnel costs by county.

22 d. Inmate medical care costs by county.

23 e. The number of counties that volunteer to house inmates under the  
24 Program.

25 f. The administrative costs paid to the Sheriffs' Association and to the  
26 Department of Public Safety."

## 27 28 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 29 **EQUIPMENT PURCHASES SECTIONS**

30 **SECTION 18.11.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected  
31 for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the  
32 Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal  
33 biennium to provide training programs and equipment purchases for the Section of Community  
34 Corrections, but only to the extent sufficient funds remain available in the Fund to support the  
35 mission of the Interstate Compact Program.

36 **SECTION 18.11.(b)** No later than October 1 of each fiscal year, the Department of  
37 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public  
38 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
39 used.

## 40 41 **NURSE STAFFING AT STATE PRISONS REPORT**

42 **SECTION 18.12.(a)** The Department of Public Safety shall report the following  
43 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
44 February 1, 2020, and by February 1, 2021:

45 (1) The total number of permanent nursing positions allocated to the Department,  
46 the number of filled positions, the number of positions that have been vacant  
47 for more than six months, and information regarding the location of both filled  
48 and vacant positions.

49 (2) The extent to which temporary contract services are being used to staff vacant  
50 nursing positions, the method for funding the contract services, and any cost

1 differences between the use of permanent employees versus contract  
2 employees.

- 3 (3) A progress report on the implementation of its plan to (i) reduce the use of  
4 contract services to provide nursing in State prisons and (ii) attract and retain  
5 qualified nurses for employment in permanent positions in State prisons.

6 **SECTION 18.12.(b)** Notwithstanding any other provision of law, the Department of  
7 Public Safety may, in its discretion and subject to the approval of the Office of State Budget and  
8 Management, convert funds appropriated for contractual nursing services to permanent nursing  
9 positions when it is determined to promote security, generate cost savings, or improve health care  
10 quality. The Department shall report on any such conversions to the Fiscal Research Division.

#### 11 12 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

13 **SECTION 18.13.** The Department of Public Safety, Division of Adult Correction,  
14 shall report the following information to the Joint Legislative Oversight Committee on Justice  
15 and Public Safety by February 1, 2020, and by February 1, 2021:

- 16 (1) The number of Division employees charged with the commission of a criminal  
17 offense committed in a State prison and during the employee's work hours.  
18 The information shall be provided by State facility and shall specify the  
19 offense charged and the outcome of the charge.
- 20 (2) The number of employees disciplined, demoted, or separated from service due  
21 to personal misconduct. To the extent it does not disclose confidential  
22 personnel records, the information shall be organized by type of misconduct,  
23 nature of corrective action taken, and outcome of the corrective action.
- 24 (3) The hiring and screening process, including any required credentials or skills,  
25 criminal background checks, and personality assessments. The information  
26 shall also include the process the Division uses to verify the information  
27 provided by an applicant.

#### 28 29 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

30 **SECTION 18.14.** Of the funds appropriated in this act for the Statewide  
31 Misdemeanant Confinement Program:

- 32 (1) The sum of five hundred thousand dollars (\$500,000) shall be transferred each  
33 fiscal year of the 2019-2021 biennium to the North Carolina Sheriffs'  
34 Association, Inc., a nonprofit corporation, to support the Program and for  
35 administrative and operating expenses of the Association and its staff.
- 36 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
37 allocated each fiscal year of the 2019-2021 biennium to the Division of Adult  
38 Correction for its administrative and operating expenses for the Program.

#### 39 40 **PRISON REFORM REPORT**

41 **SECTION 18.15.** The Department of Public Safety (Department) shall report  
42 quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021  
43 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on  
44 the Department's prison reform initiatives, including:

- 45 (1) All modifications to Department rules, policies, and procedures related to  
46 disciplinary actions against correctional officers and other correctional staff.
- 47 (2) All modifications to Department rules, policies, and procedures related to  
48 disciplinary actions against inmates.
- 49 (3) The amount, content, quality, and frequency of staff training.

- 1 (4) Modifications to inmate work assignments, including assessments of the  
2 appropriateness of particular work assignments based on inmate  
3 classification.
- 4 (5) Facility infrastructure improvements made to emergency communication,  
5 location tracking capabilities, and installation of additional cameras.
- 6 (6) Increased availability of staff personal safety equipment and institutional  
7 safety equipment.
- 8 (7) Adequacy of staffing of prison facilities and actions taken to increase staffing  
9 levels.
- 10 (8) Actions taken to increase retention efforts of staff.
- 11 (9) Changes to the hiring and orientation processes and procedures for  
12 correctional officers.
- 13 (10) Methods used to prevent delivery of contraband items to prisoners, including  
14 illegal drugs and mobile phones, and an evaluation or summary of the  
15 effectiveness of the methods.
- 16 (11) Modifications to housing capacity to meet prison staffing requirements.  
17

#### 18 **PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF** 19 **ADULT CORRECTION AND JUVENILE JUSTICE**

20 **SECTION 18.16.(a)** The Department of Public Safety shall develop a long-term plan  
21 to meet Standard Operating Capacity requirements of the Division of Adult Correction and  
22 Juvenile Justice. The long-term plan shall, at a minimum, include the following:

- 23 (1) An analysis of the required staffing to meet Standard Operating Capacity  
24 requirements.
- 25 (2) Recommendations for reopening closed facilities.
- 26 (3) Recommendations for constructing new facilities.

27 **SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term  
28 plan required under subsection (a) of this section to the Joint Legislative Oversight Committee  
29 on Justice and Public Safety no later than December 1, 2019.  
30

#### 31 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 32 **EXPENSES**

33 **SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety  
34 may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse  
35 counties for the cost of housing convicted inmates, parolees, and post-release supervisees  
36 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may  
37 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,  
38 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight  
39 Committee on Justice and Public Safety and the chairs of the House of Representatives  
40 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
41 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for  
42 prisoners awaiting transfer.  
43

#### 44 **STAFFING FOR LONG-TERM CARE FACILITY**

45 **SECTION 18.17A.(a)** The Secretary of the Department of Public Safety shall  
46 transfer funding for 22 custody positions vacant one year or longer for the operation of the Central  
47 Prison Long-Term Care Facility. In addition, the Secretary shall reallocate vacant health care  
48 positions totaling no more than one million seven hundred fifty thousand dollars (\$1,750,000) to  
49 staff the Central Prison Long-Term Care Facility. The reallocation shall be made according to  
50 the following priorities, but the Secretary shall have discretion to select positions from either

1 subdivision (1) or (2) of this subsection, or both, according to the overall needs of the adult  
2 correctional system:

3 (1) All vacant health care–related positions.

4 (2) Any position that has been vacant for more than one year.

5 **SECTION 18.17A.(b)** The Secretary shall have the discretion to create additional  
6 positions from savings achieved through the one million dollar (\$1,000,000) reduction in the  
7 purchased services and supplies accounts to operate the Long-Term Care Facility.

8 **SECTION 18.17A.(c)** The Department shall report by November 1, 2019, to the  
9 Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of  
10 this section. The report shall specify for each reallocated position (i) the type of position and (ii)  
11 the amount of time the position had been vacant.

### 12 **DOT CONTRACT OF INMATE LITTER CREW**

13 **SECTION 18.17B.** After the issuance of a request for information (RFI) and receipt  
14 of bids by the Department of Transportation for litter pickup on State highways and roads, the  
15 Department of Transportation shall first offer the contract to the Division of Adult Correction  
16 upon the same terms and conditions as the most favorable bid received by the Department of  
17 Transportation from a suitable contractor. The Division of Adult Correction shall have 30 days  
18 to accept or decline the offered contract.

### 19 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

20 **SECTION 18.18.(a)** Funds appropriated in this act to the Department of Public  
21 Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required  
22 for or used for community program contracts, may be used only for the following:

23 (1) Other statewide residential programs that provide Level 2 intermediate  
24 dispositional alternatives for juveniles.

25 (2) Statewide community programs that provide Level 2 intermediate  
26 dispositional alternatives for juveniles.

27 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
28 Prevention Councils which provide Level 2 intermediate dispositional  
29 alternatives for juveniles.

30 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
31 intermediate dispositional alternatives for juveniles listed in  
32 G.S. 7B-2506(13) through (23).

33 **SECTION 18.18.(b)** Funds appropriated by this act to the Department of Public  
34 Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing,  
35 operations, maintenance, or any other expenses of youth development centers or detention  
36 facilities.

37 **SECTION 18.18.(c)** The Department of Public Safety shall submit an electronic  
38 report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in  
39 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
40 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
41 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
42 The report shall include all of the following: an itemized list of the contracts that have been  
43 executed, the amount of each contract, the date the contract was executed, the purpose of the  
44 contract, the number of juveniles that will be served and the manner in which they will be served,  
45 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
46 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

### 47 **RADIOLOGICAL EMERGENCY PLANNING**

48 **SECTION 18.21.(a)** G.S. 166A-29 reads as rewritten:  
49

**"§ 166A-29. Emergency planning; charge.**

(a) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear facility which is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee is to be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no later than July 31 of each year.~~ on a schedule set by the Department of Public Safety. This minimum fee may be increased from time to time as the costs of such planning and implementation increase. Such increases shall be by agreement between the State and the licensees or operators of the fixed nuclear facilities.

(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to the Department of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~ Health Service Regulation of the Department of Health and Human Services, an annual fee of at least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is located within this State. This fee shall be applied only to the costs of planning and implementing emergency response activities as required by the Federal Emergency Management Agency for the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year.~~ on a schedule set by the Department of Public Safety.

...."

**SECTION 18.21.(b)** This section becomes effective July 1, 2019, and applies to fees assessed on or after that date.

**PART XIX. ADMINISTRATION****DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE  
E-PROCUREMENT SYSTEM**

**SECTION 19.1.(a)** Notwithstanding the provisions of G.S. 66-58.12(c), the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2019-2020 fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100, Fund Code 1412, shall be used to develop a real estate information system as required by Section 31.2 of S.L. 2018-5.

**SECTION 19.1.(b)** For purposes of updating the E-Procurement System (hereinafter "System"), the Department of Administration shall do all of the following:

- (1) Create a detailed plan for updating the System, including:
  - a. The ways in which the System will be improved.
  - b. The itemized costs of the improvements.
  - c. The length of time it will take to make the improvements.
- (2) No later than October 1, 2019, submit a report on the detailed plan required by subdivision (1) of this subsection to the Joint Legislative Oversight Committee on General Government.
- (3) No later than October 1, 2019, submit a report on the detailed plan required by subdivision (1) of this subsection to the State Chief Information Officer for review and approval as provided in G.S. 143B-1322(c)(14).

**PROCUREMENT SIMPLIFICATION AND INCREASED ACCOUNTABILITY**

**SECTION 19.2.(a)** G.S. 143-52.1 reads as rewritten:

1 **"§ 143-52.1. Award recommendations; State Purchasing Officer action.**

2 (a) Award Recommendation. – When the dollar value of a contract to be awarded under  
3 Article 3 of Chapter 143 of the General Statutes exceeds the benchmark established pursuant to  
4 G.S. 143-53.1, an award recommendation shall be submitted to the State Purchasing Officer for  
5 approval or other action. The State Purchasing Officer shall promptly notify the agency or  
6 institution making the recommendation, or for which the purchase is to be made, of the action  
7 taken.

8 (b) through (d) Repealed by Session Laws 2013-234, s. 4, effective July 3, 2013.

9 (e) Reporting. – The State Procurement Officer shall provide a monthly report of all  
10 contract awards greater than ~~twenty-five thousand dollars (\$25,000)~~ the benchmark established  
11 under G.S. 143-53.1 approved through the Division of Purchase and Contract to the Cochairs of  
12 the Joint Legislative Committee on Governmental Operations. The report shall include the  
13 amount of the award, the award recipient, the using agency, and a short description of the nature  
14 of the award."

15 **SECTION 19.2.(b)** G.S. 143-53 reads as rewritten:

16 **"§ 143-53. Rules.**

17 (a) The Secretary of Administration may adopt rules governing the following:

18 (1) Prescribing the routine and procedures to be followed in canvassing bids and  
19 awarding contracts, and for reviewing decisions made pursuant thereto, and  
20 the decision of the reviewing body shall be the final administrative review.  
21 The Division of Purchase and Contract shall review and decide a protest on a  
22 contract valued at ~~twenty-five thousand dollars (\$25,000) or more~~ an amount  
23 that exceeds the benchmark established under G.S. 143-53.1. The Secretary  
24 shall adopt rules or criteria governing the review of and decision on a protest  
25 on a contract ~~of less than twenty-five thousand dollars (\$25,000)~~ valued at or  
26 below the benchmark established under G.S. 143-53.1 by the agency that  
27 awarded the contract.

28 ...

29 (5) Prescribing conditions under which purchases and contracts for the purchase,  
30 installment or lease-purchase, rental or lease of goods and services may be  
31 entered into by means other than competitive bidding, including, but not  
32 limited to, negotiation, reverse auctions, and acceptance of electronic bids.  
33 Notwithstanding the provisions of subsections (a) and (b) of this section, any  
34 waiver of competition for the purchase, rental, or lease of goods and services  
35 is subject to prior review by the Secretary, if the expenditure exceeds ~~ten~~  
36 ~~thousand dollars (\$10,000)~~ the benchmark established under G.S. 143-53.1.  
37 The Division may levy a fee, not to exceed one dollar (\$1.00), for review of  
38 each waiver application.

39 ...."

40 **SECTION 19.2.(c)** G.S. 143-53.1 reads as rewritten:

41 **"§ 143-53.1. Setting of benchmarks; increase by Secretary.**

42 (a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to  
43 competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to  
44 rule making by the Secretary of Administration for competitive bidding shall promote  
45 compliance with the principles of procurement efficiency, transparency, and fair competition to  
46 obtain the State's business. For State departments, institutions, and agencies, except the President  
47 of The University of North Carolina or a special responsibility constituent institution of The  
48 University of North Carolina and community colleges, the benchmark shall not be greater than  
49 one hundred thousand dollars (\$100,000). For the President of The University of North Carolina  
50 or a special responsibility constituent institution of The University of North Carolina, the

1 benchmark prescribed in this section is as provided in G.S. 116-31.10. For community colleges,  
2 the benchmark prescribed in this section is as provided in G.S. 115D-58.14.

3 ...."

4 **SECTION 19.2.(d)** G.S. 143-57 reads as rewritten:

5 "**§ 143-57. Purchases of articles in certain emergencies.**

6 In case of any emergency or pressing need arising from unforeseen causes including but not  
7 limited to delay by contractors, delay in transportation, breakdown in machinery, or unanticipated  
8 volume of work, the Secretary of Administration shall have power to obtain or authorize  
9 obtaining in the open market any necessary supplies, materials, equipment, printing or services  
10 for immediate delivery to any department, institution or agency of the State government. A report  
11 on the circumstances of such emergency or need and the transactions thereunder shall be made a  
12 matter of record promptly thereafter. If the expenditure exceeds ~~ten thousand dollars (\$10,000),~~  
13 the benchmark established under G.S. 143-53.1, the report shall also be made promptly thereafter  
14 to the Division of Purchase and Contract."

15 **SECTION 19.2.(e)** This section is effective when it becomes law and applies to  
16 contracts entered into on or after that date.

## 17 18 **VACANT POSITION ELIMINATION FLEXIBILITY AND REPORT**

19 **SECTION 19.3.** Notwithstanding any provision of this act to the contrary, the  
20 Department of Administration, Department of Insurance, Department of Revenue, Department  
21 of State Treasurer, State Board of Elections, and Office of the Governor shall meet the personal  
22 services reduction by eliminating positions, either vacant or filled, for each year of the 2019-2021  
23 fiscal biennium. By October 1, 2019, and October 1, 2020, each of the agencies listed in this  
24 section shall submit a report to the Joint Legislative Oversight Committee on General  
25 Government, the House of Representatives Appropriations Subcommittee on General  
26 Government, the Senate Appropriations Committee on General Government and Information  
27 Technology, and the Fiscal Research Division on the actions taken to achieve the budgeted  
28 reduction for vacant position eliminations for the fiscal year. The report shall include a list of  
29 each alternative position eliminated, along with its position number, title, and the amount of  
30 salary and fringe benefits associated with each position.

## 31 32 **PART XX. ADMINISTRATIVE HEARINGS [RESERVED]**

## 33 34 **PART XXI. AUDITOR [RESERVED]**

## 35 36 **PART XXII. BUDGET AND MANAGEMENT**

### 37 38 **FUNDS FOR EASTERN TRIAD WORKFORCE DEVELOPMENT**

39 **SECTION 22.2.** The sum of four million five hundred thousand dollars (\$4,500,000)  
40 in nonrecurring funds appropriated in this act to the Office of State Budget and Management,  
41 Special Appropriations, for each year of the 2019-2021 fiscal biennium for the Triad Workforce  
42 Solutions Collaborative shall be allocated each fiscal year as follows:

- |    |     |                   |             |
|----|-----|-------------------|-------------|
| 43 | (1) | Alamance County   | \$875,000   |
| 44 | (2) | Guilford County   | \$2,250,000 |
| 45 | (3) | Rockingham County | \$625,000   |
| 46 | (4) | Randolph County   | \$750,000.  |

### 47 48 **PLAN FOR RESULTS FIRST BENEFIT-COST ANALYSIS OF DEPARTMENT OF** 49 **HEALTH AND HUMAN SERVICES PROGRAMS**

50 **SECTION 22.3.** By January 15, 2020, the Office of State Budget and Management  
51 (OSBM) shall submit to the Joint Legislative Oversight Committee on General Government, the

1 Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research  
2 Division a plan to conduct, as part of North Carolina's Results First project, a benefit-cost analysis  
3 of all Department of Health and Human Services (Department) programs funded by State  
4 appropriations. OSBM shall include in the plan required by this section (i) an inventory of all  
5 Department programs funded by State appropriations and (ii) an estimate of the cost to conduct  
6 the Results First benefit-cost analysis for each Department program funded by State  
7 appropriations. The Department shall cooperate with the OSBM in OSBM's development of the  
8 plan required by this section.

9  
10 **PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**  
11 **[RESERVED]**

12  
13 **PART XXIV. CONTROLLER**

14  
15 **OVERPAYMENTS AUDIT**

16 **SECTION 24.1.(a)** During the 2019-2021 fiscal biennium, receipts generated by the  
17 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
18 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
19 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as  
20 required by G.S. 147-86.22(c).

21 **SECTION 24.1.(b)** Of the funds appropriated in this act from the Special Reserve  
22 Account 24172, and for each year of the 2019-2021 fiscal biennium, two hundred fifty thousand  
23 dollars (\$250,000) of the funds shall be used by the Office of the State Controller for data  
24 processing, debt collection, or e-commerce costs.

25 **SECTION 24.1.(c)** The State Controller shall report annually to the Joint Legislative  
26 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
27 deposited into Special Reserve Account 24172 and the disbursement of that revenue.

28  
29 **PART XXV. ELECTIONS**

30  
31 **BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS**

32 **SECTION 25.1.** After conducting a post-election audit, the Board of Elections shall  
33 produce a report which summarizes the audit, including the rationale for and the findings of the  
34 audit. The report shall be submitted to the Joint Legislative Elections Oversight Committee and  
35 the Joint Legislative Oversight Committee on General Government within 10 business days of  
36 the date the audit is completed.

37  
38 **PART XXVI. GENERAL ASSEMBLY [RESERVED]**

39  
40 **PART XXVII. GOVERNOR [RESERVED]**

41  
42 **PART XXVIII. HOUSING FINANCE AGENCY [RESERVED]**

43  
44 **PART XXIX. INSURANCE**

45  
46 **INSURANCE REGULATORY FEE**

47 **SECTION 29.1.** The percentage rate to be used in calculating the insurance  
48 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar  
49 year.

50  
51 **PART XXX. INSURANCE – INDUSTRIAL COMMISSION**

**INDUSTRIAL COMMISSION USE ELECTRONIC MAIL TO SEND DECISIONS**

**SECTION 30.1.(a)** G.S. 143-293 reads as rewritten:

**"§ 143-293. Appeals to Court of Appeals.**

Either the claimant or the State may, within 30 days after receipt of the decision and order of the full Commission, to be sent by ~~registered or certified~~ registered, certified, or electronic mail, but not thereafter, appeal from the decision of the Commission to the Court of Appeals. Such appeal shall be for errors of law only under the same terms and conditions as govern appeals in ordinary civil actions, and the findings of fact of the Commission shall be conclusive if there is any competent evidence to support them. The appellant shall cause to be prepared a statement of the case as required by the rules of the Court of Appeals. A copy of this statement shall be served on the respondent within 45 days from the entry of the appeal taken; within 20 days after such service, the respondent shall return the copy with ~~his~~ the respondent's approval or specified amendments endorsed or attached; if the case be approved by the respondent, it shall be filed with the clerk of the Court of Appeals as a part of the record; if not returned with objections within the time prescribed, it shall be deemed approved. The ~~chairman~~ chair of the Industrial Commission shall have the power, in the exercise of ~~his~~ the chair's discretion, to enlarge the time in which to serve statement of case on appeal and exceptions thereto or counterstatement of case.

If the case on appeal is returned by the respondent with objections as prescribed, or if a countercase is served on appellant, the appellant shall immediately request the ~~chairman~~ chair of the Industrial Commission to fix a time and place for settling the ~~case before him~~ case. If the appellant delays longer than 15 days after the respondent serves ~~his~~ the countercase or exceptions to request the ~~chairman~~ chair to settle the case on appeal, and delays for such period to ~~mail~~ mail, as provided in this section, the case and countercase or exceptions to the ~~chairman~~ chair, then the exceptions filed by the respondent shall be allowed; or the countercase served ~~by him~~ shall constitute the case on appeal; but the time may be extended by agreement of counsel.

The ~~chairman~~ chair shall forthwith notify the attorneys of the parties to appear before ~~him~~ the chair for that purpose at a certain time and place, which time shall not be more than 20 days from the receipt of the request. At the time and place stated, the ~~chairman~~ chair of the Industrial Commission or ~~his~~ the chair's designee shall settle and sign the case and deliver a copy to the attorneys of each party. The appellant shall within five days thereafter file it with the clerk of the Court of Appeals, and if ~~he~~ the appellant fails to do so the respondent may file ~~his~~ the respondent's copy.

No appeal bond or supersedeas bond shall be required of State departments or agencies."

**SECTION 30.1.(b)** This section becomes effective July 1, 2019, and applies to decisions and orders sent on or after that date.

**PART XXXI. LIEUTENANT GOVERNOR [RESERVED]****PART XXXII. MILITARY AND VETERANS AFFAIRS****DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM STATUTE REGULATING SCHOLARSHIPS**

**SECTION 32.1.** G.S. 143B-1225 reads as rewritten:

**"§ 143B-1225. Scholarship.**

(a) A scholarship granted pursuant to this Part shall consist of the following benefits in either a State or private educational institution:

...

- (4) No educational assistance shall be afforded a child under this Part after the end of an eight-year period beginning on the date the scholarship is first awarded. ~~Those persons who have been granted a scholarship under this Part~~

1 prior to the effective date of this act shall be entitled to the remainder of their  
 2 period of scholarship eligibility if used prior to August 1, 2010. Whenever a  
 3 child is enrolled in an educational institution and the period of entitlement  
 4 ends while enrolled in a term, quarter or semester, such period shall be  
 5 extended to the end of such term, quarter or semester, but not beyond the  
 6 entitlement limitation of four academic years.

7 ...."

8  
 9 **AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO  
 10 BE BURIED IN STATE VETERANS' CEMETERIES**

11 **SECTION 32.2.(a)** G.S. 65-43 reads as rewritten:

12 **"§ 65-43. Definitions.**

13 For purposes of this Article, the following definitions shall apply, unless the context requires  
 14 otherwise:

15 ...

16 (3) A "qualified veteran" means a veteran who meets the requirements of  
 17 sub-subdivisions a. and b. of this subdivision:

18 a. A veteran who served an honorable military service or who served a  
 19 period of honorable nonregular service and is any of the following:

20 1. A veteran who is entitled to retired pay for nonregular service  
 21 under 10 U.S.C. §§ 12731-12741, as amended.

22 2. A veteran who would have been entitled to retired pay for  
 23 nonregular service under 10 U.S.C. §§ 12731-12741, as  
 24 amended, but for the fact that the person was under 60 years of  
 25 age.

26 3. A veteran who is eligible for interment in a national cemetery  
 27 under 38 U.S.C. § 2402, as amended.

28 b. Who is a legal resident of North Carolina:

29 ~~1. At the time of death, or~~

30 2. For a period of at least 10 ~~years,~~ years immediately prior to  
 31 death, or

32 3. At the time ~~he or she~~ the veteran entered the Armed Forces of  
 33 the United States."

34 **SECTION 32.2.(b)** This section is effective when it becomes law, and applies to  
 35 burials on or after that date.

36  
 37 **VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS**

38 **SECTION 32.4.** G.S. 143B-1220 reads as rewritten:

39 **"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

40 There is hereby created the Veterans' Affairs Commission of the Department of Military and  
 41 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and  
 42 duties, as delegated by the Secretary of Military and Veterans Affairs:

43 ...

44 (3) To promulgate rules and regulations concerning the awarding of scholarships  
 45 for children of North Carolina veterans as provided by this Article. The  
 46 Commission shall make rules and regulations consistent with the provisions  
 47 of this Article. All rules and regulations not inconsistent with the provisions  
 48 of this Chapter heretofore adopted by the State Board of Veterans' Affairs  
 49 shall remain in full force and effect unless and until repealed or superseded by  
 50 action of the Veterans' Affairs Commission. All rules and regulations adopted

1 by the Commission shall be enforced by the Department of Military and  
2 Veterans Affairs; and

3 ~~(4) To promulgate rules concerning the awarding of the North Carolina Services~~  
4 ~~Medal to all veterans who have served in any period of war as defined in 38~~  
5 ~~U.S.C. § 101. The award shall be self-financing; those who wish to be awarded~~  
6 ~~the medal shall pay a fee to cover the expenses of producing the medal and~~  
7 ~~awarding the medal. All rules adopted by the Commission with respect to the~~  
8 ~~North Carolina Services Medal shall be implemented and enforced by the~~  
9 ~~Department of Military and Veterans Affairs; and~~

10 (5) To advise the Secretary on any matter the Secretary may refer to it."  
11

## 12 FUNDS FOR NC VETERANS MEMORIAL PAVILION SHALL NOT REVERT

13 **SECTION 32.5.(a)** Notwithstanding any provision of S.L. 2017-57, or of the  
14 Committee Report described in Section 39.2 of that act to the contrary, the sum of two hundred  
15 fifty thousand dollars (\$250,000) in nonrecurring funds for the 2017-2018 fiscal year  
16 appropriated in that act to the Department of Military and Veterans Affairs for the construction  
17 of public facilities at the North Carolina Veterans Memorial Pavilion in Broadway, North  
18 Carolina shall not revert on June 30, 2019, as required by Section 6.13(c) of that act, but shall  
19 remain available for expenditure until June 30, 2020.

20 **SECTION 32.5.(b)** This section becomes effective June 30, 2019.  
21

## 22 PART XXXIII. REVENUE

### 23 DOR/ELIMINATE VACANT POSITIONS

24 **SECTION 33.1.** The Department of Revenue shall eliminate a sufficient number of  
25 permanent or temporary vacant positions funded through the Collections Assistance Fee to  
26 generate a recurring annual savings of five hundred thousand dollars (\$500,000) for each year of  
27 the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the  
28 Joint Legislative Oversight Committee on General Government by October 1, 2019.  
29  
30

### 31 DOR TAX FRAUD ANALYTICS

32 **SECTION 33.2.(a)** Of the funds appropriated in this act to the Department of  
33 Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in nonrecurring  
34 funds for the 2019-2020 fiscal year shall be used to continue and expand the Department's tax  
35 fraud analysis contract. These funds shall be used as follows:

- 36 (1) Three million three hundred thousand dollars (\$3,300,000) to pay for fraud  
37 detection analytics and information reporting.  
38 (2) One million one hundred thousand dollars (\$1,100,000) for hosting  
39 infrastructure.

40 **SECTION 33.2.(b)** The Department of Revenue shall continue to coordinate with  
41 the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and  
42 technical infrastructure available through existing GDAC public-private partnerships for fraud  
43 detection analytics and infrastructure.  
44

## 45 PART XXXIV. SECRETARY OF STATE [RESERVED]

## 46 PART XXXV. TREASURER

### 47 EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR 48 FIREFIGHTERS' DEATH BENEFITS

49 **SECTION 35.1.(a)** G.S. 143-166.2 reads as rewritten:  
50  
51

1 **"§ 143-166.2. Definitions.**

2 The following definitions apply in this Article:

3 ...

4 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

5 ...

6 e. When the death of a firefighter occurs as a direct and proximate result  
7 of any of the following cancers that are occupationally related to  
8 firefighting, that firefighter is presumed to have been killed in the line  
9 of duty:

- 10 1. Mesothelioma.
- 11 2. Testicular cancer.
- 12 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
- 13 4. Esophageal cancer.
- 14 5. Oral cavity cancer.
- 15 6. Pharynx cancer.

16 ...."

17 **SECTION 35.1.(b)** This section is effective when it becomes law and applies to  
18 deaths occurring on or after that date.

19  
20 **TECHNICAL CHANGES TO THE STATE AND LOCAL RETIREMENT SYSTEMS**

21 **SECTION 35.2.(a)** G.S. 128-21 is amended by adding a new subdivision to read:

22 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
23 verified through an identity authentication service approved by the  
24 Department of State Treasurer."

25 **SECTION 35.2.(b)** G.S. 135-1 is amended by adding a new subdivision to read:

26 "(8a) "Duly acknowledged" means notarized, including electronic notarization, or  
27 verified through an identity authentication service approved by the  
28 Department of State Treasurer."

29  
30 **PART XXXVI. GENERAL GOVERNMENT**

31  
32 **DEPARTMENT OF ADMINISTRATION**

33 **SECTION 36.1.(a)** G.S. 116D-4 reads as rewritten:

34 **"§ 116D-4. Minority and historically underutilized business participation.**

35 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in  
36 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued  
37 under this section. The following State agencies shall monitor compliance with this requirement  
38 and shall report to the ~~General Assembly~~ Joint Legislative Oversight Committee on General  
39 Government by January 1 of each year on the participation by minority businesses in these  
40 projects. The State Construction Office, Department of Administration, shall monitor compliance  
41 with regard to projects funded by the proceeds of university improvement general obligation  
42 bonds and notes and special obligation bonds and notes; the Board of Governors of The  
43 University of North Carolina shall provide the State Construction Office any information  
44 required by the State Construction Office to monitor compliance. The Community Colleges  
45 System Office shall monitor compliance with regard to projects funded by the proceeds of  
46 community college general obligation bonds and notes.

47 ...."

48 **SECTION 36.1.(b)** G.S. 143-48 reads as rewritten:

49 **"§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**  
50 **contractors, physically handicapped contractors, and women contractors;**  
51 **purpose; required annual reports.**

1 ...  
2 (d) The Department of Administration shall collect and compile the data described in this  
3 section and report it annually to the ~~General Assembly~~ Joint Legislative Oversight Committee  
4 on General Government.

5 ...."

6 **SECTION 36.1.(c)** G.S. 143-128.3 reads as rewritten:

7 "**§ 143-128.3. Minority business participation administration.**

8 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of  
9 Administration, Office of Historically Underutilized Business, the following with respect to each  
10 building project:

11 ...

12 The reports shall be in the format and contain the data prescribed by the Secretary of  
13 Administration. The University of North Carolina and the State Board of Community Colleges  
14 shall report quarterly and all other public entities shall report semiannually. The Secretary of the  
15 Department of Administration shall make reports every six months to the Joint Legislative  
16 Committee on Governmental Operations and the Joint Legislative Oversight Committee on  
17 General Government on information reported pursuant to this subsection.

18 ...

19 (c) The Secretary shall study and recommend to the ~~General Assembly~~ Joint Legislative  
20 Oversight Committee on General Government and other State agencies ways to improve the  
21 effectiveness and efficiency of the State capital facilities development, minority business  
22 participation program and good faith efforts in utilizing minority businesses as set forth in  
23 G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased  
24 utilization of minority businesses.

25 (d) The Secretary shall appoint an advisory board to develop recommendations to  
26 improve the recruitment and utilization of minority businesses. The Secretary, with the input of  
27 its advisory board, shall review the State's programs for promoting the recruitment and utilization  
28 of minority businesses involved in State capital projects and shall recommend to the ~~General~~  
29 ~~Assembly~~, Joint Legislative Oversight Committee on General Government, the State  
30 Construction Office, The University of North Carolina, and the community colleges system  
31 changes in the terms and conditions of State laws, rules, and policies that will enhance  
32 opportunities for utilization of minority businesses on these projects. The Secretary shall provide  
33 guidance to these agencies on identifying types of projects likely to attract increased participation  
34 by minority businesses and breaking down or combining elements of work into economically  
35 feasible units to facilitate minority business participation.

36 ...

37 (g) ~~The~~ Annually, on or before September 1, beginning September 1, 2019, the Secretary  
38 shall report findings and ~~recommendations~~ recommendations, as required under this section  
39 section, to the Joint Legislative Committee on Governmental Operations ~~annually on or before~~  
40 June 1, beginning June 1, 2002, and the Joint Legislative Oversight Committee on General  
41 Government and shall post the report findings and recommendations on the Department's Web  
42 site."

43 **SECTION 36.1.(d)** G.S. 143-341 reads as rewritten:

44 "**§ 143-341. Powers and duties of Department.**

45 The Department of Administration has the following powers and duties:

46 ...

47 (8) General Services:

48 ...

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

51 ...

11. To report annually to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

...

(12) Report on Vehicles Managed. – Beginning on September 1, 2019, and semiannually thereafter, the Department of Administration shall provide a report to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of all motor vehicles managed by the Department of Administration for the Department of Public Safety. The report shall include all of the following information:

- a. The number of motor vehicles managed by the Department of Administration for the Department of Public Safety.
- b. The condition of each motor vehicle, including the mileage on each motor vehicle.
- c. The average amount of time taken to repair or replace a motor vehicle.
- d. The number and condition of any backup motor vehicles managed by the Department of Administration and available for use by the Department of Public Safety, including the location and condition of each motor vehicle."

SECTION 36.1.(e) Section 27.6(c) of S.L. 2015-241 is repealed.

SECTION 36.1.(f) G.S. 143-341.2 reads as rewritten:

"§ 143-341.2. **Proactive management of State-owned and State-leased real property portfolio.**

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

...

(7) Reporting. – The Department of Administration shall make the following reports:

- a. No later than December 1, 2018, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental Operations, ~~to the Joint Legislative Oversight Committee on General Government,~~ the Fiscal Research Division of the General Assembly, and ~~to the Program Evaluation Division of the General Assembly:~~
  - 1. The plan developed pursuant to subdivision (1) of this subsection.
  - 2. A summary of the performance measurement procedures developed pursuant to subdivision (2) of this subsection.
- b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental ~~Operations~~ Operations, the Joint Legislative Oversight Committee on General Government, and ~~to the chairs of the Joint Legislative Program Evaluation Oversight Committee~~ within 30 days.
- c. No later than December 1, 2019, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, ~~to the Joint Legislative Oversight Committee on General Government,~~ the Fiscal Research Division of the General Assembly, and ~~to the Program Evaluation Division of the~~

1 General Assembly on the State's portfolio of real property. This report  
2 shall include at least the following information:

3 ...."

4 **SECTION 36.1.(g)** G.S. 143-747 reads as rewritten:

5 **"§ 143-747. Council of Internal Auditing.**

6 ...  
7 (c) The Council shall:

8 ...  
9 (12) ~~Issue an annual report including, but not limited to, No later than November~~  
10 1 of each year, issue a report that shall include, but not be limited to, service  
11 efforts and accomplishments of State agency internal auditors and to propose  
12 proposed legislation for consideration by the Governor and General  
13 Assembly. The annual report shall be prepared by the Office of State Budget  
14 and Management and shall be submitted to the Joint Legislative Oversight  
15 Committee on General Government."

16 **SECTION 36.1.(h)** G.S. 143B-394.16(b) reads as rewritten:

17 "(b) Report. – The Commission shall report its findings and recommendations, including  
18 any legislative or administrative proposals, to the ~~General Assembly~~ Joint Legislative Oversight  
19 Committee on General Government no later than April 1 each year."

20 **SECTION 36.1.(i)** G.S. 143B-394.21 is amended by adding a new subsection to  
21 read:

22 "(c) The North Carolina Council for Women shall report on the quarterly distributions of  
23 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs  
24 of the General Government Appropriations Committee within five business days of distribution.  
25 The report shall include the date, amount, and recipients of the fund disbursements. The report  
26 shall also include any eligible programs which are ineligible to receive funding during the relative  
27 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

28 **SECTION 36.1.(j)** G.S. 143B-409 reads as rewritten:

29 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

30 The Commission shall prepare a written annual report giving an account of its proceedings,  
31 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~  
32 ~~the legislature.~~ Governor and the Joint Legislative Oversight Committee on General Government.  
33 The report will become a matter of public record and will be maintained in the State Historical  
34 Archives. It may also be furnished to such other persons or agencies as the Commission may  
35 deem proper."

36 **SECTION 36.1.(k)** G.S. 143B-410 reads as rewritten:

37 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**  
38 **staff.**

39 Fiscal records shall be kept by the Secretary of Administration. The audit report will become  
40 a part of the annual report and will be submitted in accordance with the regulations governing  
41 preparation and submission of the annual report. The Commission shall submit the annual report  
42 to the Joint Legislative Oversight Committee on General Government."

43 **SECTION 36.1.(l)** G.S. 143B-411.2 reads as rewritten:

44 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**  
45 **purpose or creation; powers and duties.**

46 The purpose of the Council is to study on a continuing basis the relationship between the  
47 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of  
48 concern to the State or the Tribe. It shall be the duty of the Council:

49 (1) Identify existing and potential conflicts between the State of North Carolina  
50 and the Eastern Band of Cherokee ~~Indians;~~ Indians.

- 1 (2) Propose State and federal legislation and agreements between the State of  
 2 North Carolina and the Cherokee Tribe to resolve existing and potential  
 3 ~~conflicts; conflicts.~~  
 4 (3) To study and make recommendations concerning any issue referred to the  
 5 Council by any official of the Eastern Band of the Cherokee, the State of North  
 6 Carolina, or the government of Haywood, Jackson, Swain, Graham, or  
 7 Cherokee Counties.  
 8 (4) Study other issues of mutual concern to the Eastern Band of the  
 9 ~~Cherokee; Cherokee.~~  
 10 ~~(5) Make a report with recommendations as needed, but not less often than~~  
 11 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~  
 12 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~  
 13 ~~Cherokee."~~

14 **SECTION 36.1.(m)** The North Carolina Farmworker Council, enacted as Part 26 of  
 15 Article 9 of Chapter 143B of the General Statutes, is repealed.

16 **SECTION 36.1.(n)** This section becomes effective July 1, 2019, and applies to  
 17 reports submitted on or after that date.

## 19 ETHICS COMMISSION

20 **SECTION 36.2.(a)** G.S. 138A-10 reads as rewritten:

21 "**§ 138A-10. Powers and duties.**

22 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:

23 ...

- 24 (11) Report annually to the ~~General Assembly~~ Joint Legislative Oversight  
 25 Committee on General Government and the Governor on the Commission's  
 26 activities and generally on the subject of public disclosure, ethics, and  
 27 conflicts of interest, including recommendations for administrative and  
 28 legislative action, as the Commission deems appropriate.

29 ...."

30 **SECTION 36.2.(b)** This section becomes effective July 1, 2019, and applies to  
 31 reports submitted on or after that date.

## 33 OFFICE OF STATE HUMAN RESOURCES

34 **SECTION 36.3.(a)** G.S. 143-583 reads as rewritten:

35 "**§ 143-583. Model program; technical assistance; reports.**

36 ...

37 (c) The Office of State Human Resources shall report annually to the Joint Legislative  
 38 Commission on Governmental Operations and the Joint Legislative Oversight Committee on  
 39 General Government on the safety, health, and workers' compensation activities of State  
 40 agencies, compliance with this Article, and the fines levied against State agencies pursuant to  
 41 Article 16 of Chapter 95 of the General Statutes."

42 **SECTION 36.3.(b)** This section becomes effective July 1, 2019, and applies to  
 43 reports submitted on or after that date.

## 45 OFFICE OF STATE AUDITOR

46 **SECTION 36.4.(a)** G.S. 147-64.11 reads as rewritten:

47 "**§ 147-64.11. Review of office.**

48 The Auditor may, on ~~his~~ the Auditor's own initiative and as often as ~~he~~ the Auditor deems  
 49 necessary, or as requested by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight  
 50 Committee on General Government, cause to be made a quality review audit of the operations of  
 51 ~~his~~ the office. Such a "peer review" shall be conducted in accordance with standards prescribed

1 by the accounting profession. Upon the recommendation of the Joint Legislative Commission on  
2 Governmental Operations may contract with an independent public accountant, qualified  
3 management consultant, or other professional person to conduct a financial and compliance,  
4 economy and efficiency, and program result audit of the State Auditor."

5 **SECTION 36.4.(b)** G.S. 147-64.6 reads as rewritten:

6 "**§ 147-64.6. Duties and responsibilities.**

7 ...

8 (b) The duties of the Auditor are independently to examine into and make findings of fact  
9 on whether State agencies:

10 ...

11 (6) Are adhering to statutory requirements that include conditions precedent,  
12 classifications, and similar eligibility or qualifying standards to assure that  
13 statutory intent is carried out while the requirements are in effect.

14 (c) The Auditor ~~shall be~~ is responsible for the following acts and activities:

15 ...

16 (22) Verification audits for compliance with statutory requirements, with or  
17 without advance notice to the organization or State agency being audited,  
18 which may be initiated at the discretion of the Auditor or as requested by the  
19 Governor or General Assembly.

20 ...

21 (e) Access to Records. – The Auditor may examine the accounts and records of any  
22 organization or State agency relating to a verification audit for compliance with a statutory  
23 condition precedent, classification, or other similar eligibility or qualifying standard."

## 24 25 **OFFICE OF STATE BUDGET AND MANAGEMENT**

26 **SECTION 36.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by  
27 adding a new section to read:

28 "**§ 143C-6-13. Results first annual report.**

29 By October 1 of each year, the Office of State Budget and Management shall submit an  
30 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative  
31 Oversight Committee on General Government, and Joint Legislative Program Evaluation  
32 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in  
33 crafting policy and budget decisions. The report may include recommendations for legislation."

34 **SECTION 36.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

35 **SECTION 36.5.(c)** G.S. 143C-6-23 reads as rewritten:

36 "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

37 ...

38 (h) Report on Grant Recipients That Failed to Comply. – ~~Not later than May 1, 2007, and~~  
39 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall ~~report~~  
40 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~  
41 ~~Division on~~ post online at regular intervals a list of all grantees or subgrantees that failed to  
42 comply with this section with respect to grant funds received in the prior fiscal year."

43 **SECTION 36.5.(d)** G.S. 143-194 is repealed.

## 44 45 **OFFICE OF STATE CONTROLLER**

46 **SECTION 36.6.** G.S. 143B-426.39 reads as rewritten:

47 "**§ 143B-426.39. Powers and duties of the State Controller.**

48 The State Controller shall:

49 ...

50 (12a) Prepare and submit to the Joint Legislative Commission on Governmental  
51 Operations, the Joint Legislative Oversight Committee on General

1 Government, and the Fiscal Research Division at the end of each quarter a  
 2 report on the revenue deposited in Special Reserve Account 24172 and the  
 3 disbursement of that revenue.

4 ...."

5  
 6 **STATE BOARD OF ELECTIONS**

7 **SECTION 36.7.(a)** G.S. 66-58 reads as rewritten:

8 "**§ 66-58. Sale of merchandise or services by governmental units.**

9 ...

10 (c) The provisions of subsection (a) shall not prohibit:

11 ...

12 (17) The sale by the ~~Bipartisan~~ State Board of Elections and ~~Ethics Enforcement~~  
 13 to political committees and candidate committees of computer software  
 14 designed by or for the ~~Bipartisan~~ State Board of Elections and ~~Ethics~~  
 15 ~~Enforcement~~ to provide a uniform system of electronic filing of the campaign  
 16 finance reports required by ~~Article 23 of Chapter 163A~~ Article 22A of Chapter  
 17 163 of the General Statutes and to facilitate the State Board's monitoring of  
 18 compliance with that Article. ~~This computer software for electronic filing of~~  
 19 ~~campaign finance reports shall not exceed a cost of one hundred dollars~~  
 20 ~~(\$100.00) to any political committee or candidate committee without the~~  
 21 ~~Bipartisan State Board of Elections and Ethics Enforcement first notifying in~~  
 22 ~~writing the Joint Legislative Commission on Governmental Operations."~~

23 **SECTION 36.7.(b)** G.S. 163-165.9 reads as rewritten:

24 "**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

25 ...

26 (b) After the acquisition of any voting system, the county board of elections shall comply  
 27 with any requirements of the State Board of Elections regarding training and support of the voting  
 28 system by completing all of the following:

29 ...

30 (2) The county board of elections shall annually maintain software license and  
 31 maintenance agreements necessary to maintain the warranty of its voting  
 32 system. A county board of elections may employ qualified personnel to  
 33 maintain a voting system in lieu of entering into maintenance agreements  
 34 necessary to maintain the warranty of its voting system. State Board of  
 35 Elections is not required to provide routine maintenance to any county board  
 36 of elections that does not maintain the warranty of its voting system. If the  
 37 State Board of Elections provides any maintenance to a county that has not  
 38 maintained the warranty of its voting system, the county shall reimburse the  
 39 State for the cost. The State Board of Elections shall ~~annually~~ annually  
 40 by January 15 to the House and Senate Committees on Appropriations, to the  
 41 Fiscal Research Division, to the Joint Legislative Oversight Committee on  
 42 General Government, and to the Joint Legislative Commission on  
 43 Governmental Operations on implementation of this subdivision. If requested  
 44 by the county board of elections, the State Board of Elections may enter into  
 45 contracts on behalf of that county under this subdivision, but such contracts  
 46 must also be approved by the county board of elections. Any contract entered  
 47 into under this subdivision shall be paid from non-State funds. Neither a  
 48 county nor the State Board of Elections shall enter into any contract with any  
 49 vendor for software license and maintenance agreements unless the vendor  
 50 agrees to (i) operate a training program for qualification of county personnel  
 51 under this subsection with training offered within the State of North Carolina

1 and (ii) not dishonor warranties merely because the county is employing  
2 qualified personnel to maintain the voting system as long as the county:  
3 ...."

4 **SECTION 36.7.(c)** Subsection (b) of this section becomes effective July 1, 2019,  
5 and applies to reports submitted on or after that date.  
6

## 7 HOUSING FINANCE AGENCY

8 **SECTION 36.8.(a)** G.S. 122A-5.14 reads as rewritten:

### 9 "§ 122A-5.14. Home Protection Program and Fund.

10 ...

11 (d) ~~Annual Report.—By April 1 of each year, the Agency shall report to the House~~  
12 ~~Appropriations Subcommittee on General Government and Senate Appropriations~~  
13 ~~Subcommittee on General Government and Information Technology on the effectiveness of the~~  
14 ~~Program in accomplishing its purposes and provide any other information the Agency determines~~  
15 ~~is pertinent or that the General Assembly requests."~~

16 **SECTION 36.8.(b)** G.S. 122A-5.15 reads as rewritten:

### 17 "§ 122A-5.15. Workforce Housing Loan Program.

18 ...

19 (d) By February 1 of each year, the Agency shall report to the Joint Legislative  
20 Commission on Governmental ~~Operations—Operations~~, the Joint Legislative Oversight  
21 Committee on General Government, and the Fiscal Research Division on the number of loans  
22 made under this section, the amount of each loan, and whether the low-income housing  
23 development is located in a low-, moderate-, or high-income county, as designated by the  
24 Agency."

25 **SECTION 36.8.(c)** G.S. 122A-16 reads as rewritten:

### 26 "§ 122A-16. Oversight by committees of General Assembly; annual reports.

27 (a) The Finance Committee of the House of Representatives and the Finance Committee  
28 of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency  
29 is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall  
30 be construed as required by the Agency to receive legislative approval for the exercise of any of  
31 the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal  
32 year, submit an annual report of its activities for the preceding year to the Governor, the Office  
33 of State Budget and Management, State Auditor, the aforementioned committees of the General  
34 Assembly and the Local Government Commission. Each such report shall set forth a complete  
35 operating and financial statement of the Agency during such year. The Agency shall cause an  
36 audit of its books and accounts to be made at least once in each year by an independent certified  
37 public accountant and the cost thereof may be paid from any available moneys of the Agency.  
38 The Agency shall ~~on January 1 and July 1 at the end of each fiscal year~~ submit a written report  
39 of its activities to the Joint Legislative Commission on Governmental ~~Operations—Operations~~  
40 and the Joint Legislative Oversight Committee on General Government. The Agency shall also  
41 at the end of each fiscal year submit a written report of its budget expenditures by line item to  
42 the Joint Legislative Commission on Governmental ~~Operations—Operations~~ and the Joint  
43 Legislative Oversight Committee on General Government.

44 (b) The Agency shall report to the Joint Legislative Oversight Committee on General  
45 Government at the end of each fiscal year concerning the status of the HOME Program and shall  
46 include in the report information on priorities met, types of activities funded, and types of  
47 activities not funded.

48 (c) The Agency shall report to the Joint Legislative Oversight Committee on General  
49 Government at the end of each fiscal year describing the operation of the Emergency Program to  
50 Reduce Home Foreclosures established in S.L. 2008-226 until the funds are completely disbursed  
51 from the State Home Foreclosure Prevention Trust Fund. Information in the report shall be

1 presented in aggregate form and may include the number of clients helped, the effectiveness of  
2 the funds in preventing home foreclosures, and recommendations for further efforts needed to  
3 reduce foreclosures. The report shall also provide any other aggregated information the Agency  
4 determines is pertinent or the Joint Legislative Oversight Committee on General Government  
5 requests."

6 **SECTION 36.8.(d)** Section 298(a) of Chapter 321 of the Session Laws of 1993 reads  
7 as rewritten:

8 "(a) Funds appropriated in this act to the Department of Commerce for the federal HOME  
9 Program shall be transferred to the Housing Finance Agency in the Office of the Governor and  
10 shall be used by the Agency to match federal funds appropriated for the HOME Program. In  
11 allocating State funds appropriated to match federal HOME Program funds, the Agency shall  
12 give priority to HOME Program projects, as follows:

- 13 (1) First priority to projects that are located in counties designated as severely  
14 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- 15 (2) Second priority to projects that benefit persons and families whose incomes  
16 are fifty percent (50%) or less of the median family income for the local area,  
17 with adjustments for family size, according to the latest figures available from  
18 the U.S. Department of Housing and Urban Development.

19 ~~The Housing Finance Agency shall report to the General Assembly by April 1 of each year~~  
20 ~~concerning the status of the HOME Program and shall include in the report information on~~  
21 ~~priorities met, types of activities funded, and types of activities not funded."~~

22 **SECTION 36.8.(e)** Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of  
23 S.L. 2012-79, is repealed.

24 **SECTION 36.8.(f)** This section becomes effective July 1, 2019, and applies to  
25 reports submitted on or after that date.

## 26 DEPARTMENT OF INSURANCE

27 **SECTION 36.9.(a)** G.S. 58-2-120 reads as rewritten:

28 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

29 The Commissioner shall, from time to time, report to the Governor and ~~the General Assembly~~  
30 ~~the Joint Legislative Oversight Committee on General Government~~ any change or changes that  
31 in the Commissioner's opinion should be made in the laws relating to insurance and other subjects  
32 pertaining to the Department."  
33

34 **SECTION 36.9.(b)** G.S. 58-42-45 reads as rewritten:

35 **"§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

36 ...

37 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,  
38 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~  
39 ~~and to Committee~~, the Joint Legislative Commission on Governmental ~~Operations~~. ~~Operations~~,  
40 ~~and the Joint Legislative Oversight Committee on General Government~~. The Commissioner shall  
41 provide the ~~Committee~~ ~~Committees~~ and Commission with copies of any plan promulgated by or  
42 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

43 **SECTION 36.9.(c)** G.S. 58-79-20 reads as rewritten:

44 **"§ 58-79-20. Inspection of premises; dangerous material removed.**

45 The Commissioner of Insurance, or the chief of fire department or chief of police where there  
46 is no chief of fire department, or the city or county building inspector, electrical inspector, heating  
47 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of  
48 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of  
49 such officers find in any building or upon any premises overcrowding in violation of occupancy  
50 limits established pursuant to the North Carolina State Building Code, combustible material or  
51 inflammable conditions dangerous to the safety of such building or premises they shall order the

1 same to be removed or remedied, and this order shall be forthwith complied with by the owner  
2 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,  
3 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be  
4 at once investigated by ~~his~~ the Commissioner's direction, and unless by ~~his~~ the Commissioner's  
5 authority the order of the officer above named is revoked it remains in force and must be forthwith  
6 complied with by the owner or occupant. The Commissioner of Insurance, fire chief, or building  
7 inspector, electrical inspector, heating inspector, or fire prevention inspector shall make an  
8 immediate investigation as to the presence of combustible material or the existence of  
9 inflammable conditions in any building or upon any premises under their jurisdiction upon  
10 complaint of any person having an interest in such building or premises or property adjacent  
11 thereto. The Commissioner may, in person or by deputy, visit any municipality or county and  
12 make such inspections alone or in company with the local officer. The Commissioner shall  
13 submit annually, as early as consistent with full and accurate preparation, and not later than the  
14 first day of June, a detailed report of ~~his~~ the Commissioner's official action under this Article,  
15 and it shall be embodied in ~~his~~ the report to the General Assembly. Joint Legislative Oversight  
16 Committee on General Government."

17 **SECTION 36.9.(d)** G.S. 58-87-1 reads as rewritten:

18 **"§ 58-87-1. Volunteer Fire Department Fund.**

19 ...

20 (c) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
21 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
22 have been made. This report must contain the following:

23 ...."

24 **SECTION 36.9.(e)** G.S. 58-87-5 reads as rewritten:

25 **"§ 58-87-5. Volunteer Rescue/EMS Fund.**

26 ...

27 (e) Report. – The Commissioner must submit a written report to the ~~General Assembly~~  
28 Joint Legislative Oversight Committee on General Government within 60 days after the grants  
29 have been made. This report must contain the following:

30 ...."

31 **SECTION 36.9.(f)** G.S. 58-92-15(n) reads as rewritten:

32 "(n) The Commissioner shall review the effectiveness of this section and report every three  
33 years to the ~~General Assembly~~ Joint Legislative Oversight Committee on General Government  
34 the Commissioner's findings, and if appropriate, recommendations for legislation to improve the  
35 effectiveness of this Article. The report and legislative recommendations shall be submitted no  
36 later than June 30 following the conclusion of each three-year period."

37 **SECTION 36.9.(g)** This section becomes effective July 1, 2019, and applies to  
38 reports submitted on or after that date.

## 39 **INDUSTRIAL COMMISSION**

40 **SECTION 36.10.(a)** G.S. 97-78 reads as rewritten:

41 **"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,**  
42 **and other staff assistance; annual report.**

43 ...

44 (e) No later than October 1 of each year, the Commission shall publish annually for free  
45 distribution a report of the administration of this Article, together with such recommendations as  
46 the Commission deems advisable. No later than October 1 of each year, the Commission shall  
47 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~  
48 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~  
49 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~  
50 ~~on Agriculture and Natural and Economic Resources~~. General Government, the Senate  
51

1 Appropriations Committee on General Government and Information Technology, and the House  
2 Appropriations Committee on General Government.

3 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2020, the  
4 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

5 ...

6 (g) The Commission shall demonstrate its success in implementing its strategic plan  
7 under subsection (f) of this section by including all of the following in its annual report under  
8 subsection (e) of this section:

9 (1) The total number of claims made during the preceding ~~calendar~~ fiscal year,  
10 the total number of claims in which compliance was not timely made, and, for  
11 each claim, the date the claim was filed, the date by which compliance was  
12 required, the date of actual compliance, and any sanctions or other remedial  
13 action imposed by the Commission.

14 (2) The total number of requests for, and disputes involving, medical  
15 compensation under G.S. 97-25 in which final disposition was not made  
16 within 75 days of the filing of the motion with the Commission, and, for each  
17 such request or dispute, the date the motion or other initial pleading was filed,  
18 the date on which final disposition was ~~made and, where reasonably~~  
19 ~~ascertainable, the date on which any ordered medical treatment was actually~~  
20 provided made."

21 **SECTION 36.10.(b)** G.S. 143-788(b) reads as rewritten:

22 **"§ 143-788. Section powers and duties.**

23 ...

24 (b) No later than October 1 of each year, the Section shall publish annually to the Office  
25 of the Governor and to the Joint Legislative Commission on Governmental Operations a report  
26 of the administration of this Article, together with any recommendations as the Section deems  
27 advisable. This report shall include, at a minimum, the number of reports of employee  
28 misclassification received, the number of cases referred to each State agency, the number and  
29 amount of back taxes, wages, benefits, penalties, or other monies ~~assessed, assessed and, where~~  
30 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties, or other monies  
31 ~~collected, and the number of cases referred to each State agency collected.~~"

32 **SECTION 36.10.(c)** This section becomes effective July 1, 2019, and applies to  
33 reports submitted on or after that date.

## 34 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

35 **SECTION 36.11.(a)** G.S. 144-9 reads as rewritten:

36 **"§ 144-9. Retirement of a flag of the United States of America or the State of North**  
37 **Carolina.**

38 ...

39 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or  
40 otherwise damaged flag of the United States of America or the State of North Carolina from a  
41 citizen of the State and shall make arrangements for its respectful disposal. The Division shall  
42 establish a flag retirement program to encourage citizens to send in or drop off such flags at the  
43 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and  
44 may establish other locations for flag drop-off as it deems appropriate. The Division shall  
45 advertise the flag retirement program on its Web site and by printed posters placed at all flag  
46 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~  
47 ~~report the number of flags received under the program to the Joint Legislative Committee on~~  
48 ~~Governmental Operations.~~

49 ...."

50 **SECTION 36.11.(b)** G.S. 143B-1300(a) reads as rewritten:

1       "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of  
2 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee  
3 on General Government on the activities of the State Veterans Homes Program. This report shall  
4 contain an accounting of all monies received and expended, statistics on residents in the homes  
5 during the year, recommendations to the Secretary, the Governor, and the General Assembly as  
6 to the program, and such other matters as may be deemed pertinent."

7               **SECTION 36.11.(c)** G.S. 143B-1310 reads as rewritten:

8       "**§ 143B-1310. Commission established; purpose; transaction of business.**

9       ...

10       (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once  
11 during each quarter and shall provide a report on military affairs to the Secretary of Military and  
12 Veterans Affairs ~~and to the General Assembly Affairs~~ and the Joint Legislative Oversight  
13 Committee on General Government at least every six months. Prior to the start of a Regular  
14 Session of the General Assembly, the Commission shall report to the ~~General Assembly Joint~~  
15 Legislative Oversight Committee on General Government with recommendations, if any, for  
16 legislation. Priority actions or issues may be submitted at any time.

17       ...."

18               **SECTION 36.11.(d)** This section becomes effective July 1, 2019, and applies to  
19 reports submitted on or after that date.

## 20 DEPARTMENT OF REVENUE

21               **SECTION 36.12.(a)** G.S. 105-256 reads as rewritten:

22       "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**  
23 **progress.**

24       (a) Publications. – The Secretary shall prepare and publish the following:

25       ...

26       (6) On an annual basis, a report on the quality of services provided to taxpayers  
27 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer  
28 education. The report must be submitted to the Joint Legislative Commission  
29 on Governmental ~~Operations-Operations~~ and the Joint Legislative Oversight  
30 Committee on General Government.

31       ...

32       (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual  
33 report on the Department's activities listed in this subdivision. The report must  
34 be submitted to the Joint Legislative Commission on Governmental  
35 ~~Operations-Operations~~, to the Joint Legislative Oversight Committee on  
36 General Government, and to the Revenue Laws Study Committee.

37       ...."

38               **SECTION 36.12.(b)** This section becomes effective July 1, 2019, and applies to  
39 reports submitted on or after that date.

## 40 SECRETARY OF STATE

41               **SECTION 36.13.(a)** G.S. 64-1.1 is repealed.

42               **SECTION 36.13.(b)** G.S. 147-54.5 reads as rewritten:

43       "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**  
44 **use of the Fund.**

45       ...

46       (f) Beginning January 1, 1997, the Department of the Secretary of State shall report  
47 annually to the ~~General Assembly's Fiscal Research Division and to of the General Assembly,~~  
48 the Joint Legislative Commission on Governmental ~~Operations-Operations~~, and the Joint  
49 Legislative Oversight Committee on General Government on the expenditures from the Investor  
50  
51

1 Protection and Education Trust Fund and on the effectiveness of investor awareness education  
2 efforts of the Department of the Secretary of State."

3 **SECTION 36.13.(c)** This section becomes effective July 1, 2019, and applies to  
4 reports submitted on or after that date.

5  
6 **DEPARTMENT OF STATE TREASURER**

7 **SECTION 36.14.(a)** G.S. 147-68 reads as rewritten:

8 "**§ 147-68. To receive and disburse moneys; to make reports.**

9 ...

10 ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~  
11 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~  
12 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~  
13 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~  
14 ~~Department's investment banking operations system, retirement payroll systems, and other~~  
15 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~  
16 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~  
17 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~  
18 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~  
19 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~

20 ...."

21 **SECTION 36.14.(b)** G.S. 147-69.2A reads as rewritten:

22 "**§ 147-69.2A. Investments; special funds held by the State Treasurer.**

23 ...

24 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer  
25 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any  
26 applicable provisions of the General Statutes protecting confidential information.

27 The State Treasurer and the Governor shall jointly develop and adopt an investment policy  
28 statement for the Fund.

29 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts  
30 of interests such that (i) the designees of the State Treasurer and Governor who selected the  
31 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,  
32 and (iii) the third-party investment management firm's employees selecting or overseeing Fund  
33 investments do not provide services for compensation (as an employee, consultant, or otherwise),  
34 within two years after the end of their service to the Fund, to any entity in which an investment  
35 from the Fund was made.

36 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~  
37 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~  
38 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~  
39 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~  
40 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

41 ...."

42 **SECTION 36.14.(c)** G.S. 147-69.3 reads as rewritten:

43 "**§ 147-69.3. Administration of State Treasurer's investment programs.**

44 ...

45 (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment  
46 Officer to the Joint Legislative Commission on Governmental ~~Operations~~Operations and the  
47 Joint Legislative Oversight Committee on General Government by October 1 of each year.

48 ...."

49 **SECTION 36.14.(d)** G.S. 147-69.12 reads as rewritten:

50 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

1 (a) No later than the tenth day of February, May, August, and November of each year,  
2 the State Treasurer shall report on all investments for which the State Treasurer is in any way  
3 ~~responsible.~~ responsible, including investments made from The Escheat Fund and return on  
4 investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include  
5 each of the following:

6 ...

7 (c) The Treasurer shall report to the Governor annually ~~and to the General Assembly at~~  
8 ~~the beginning of each biennial session~~ the exact balance in the treasury to the credit of the State,  
9 with a summary of the receipts and payments of the treasury during the preceding fiscal year,  
10 and so far as practicable an account of the same down to the termination of the current calendar  
11 year.

12 ...."

13 **SECTION 36.14.(e)** G.S. 147-86.45 is repealed.

14 **SECTION 36.14.(f)** G.S. 147-86.62 is repealed.

15 **SECTION 36.14.(g)** G.S. 147-86.84 is repealed.

16 **SECTION 36.14.(h)** This section becomes effective July 1, 2019, and applies to  
17 reports submitted on or after that date.

## 18 **PART XXXVII. INFORMATION TECHNOLOGY**

### 19 **CJLEADS REPORT CHANGE**

20 **SECTION 37.1.** Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads  
21 as rewritten:

22 "**SECTION 6A.4.(a)** ~~The Office of the State Controller, in cooperation with the State Chief~~  
23 ~~Information Officer, Officer~~ shall:

24 ...

25 "**SECTION 6A.4.(b)** ~~The Office of the State Controller~~ State Chief Information Officer shall  
26 administer CJLEADS with the assistance of a Leadership Council consisting of:

27 ...

28 "**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the ~~Office~~  
29 ~~of the State Controller~~ Department of Information Technology to provide required support for  
30 CJLEADS.

31 ...."

### 32 **CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS**

33 **SECTION 37.2.(a)** G.S. 143B-1350(i) reads as rewritten:

34 "(i) Exceptions. – In addition to permitted waivers of competition, the requirements of  
35 competitive bidding shall not apply to information technology contracts and procurements:

36 (1) In cases of pressing need or emergency arising from a security incident.

37 (2) In the use of master licensing or purchasing agreements governing the  
38 Department's acquisition of proprietary intellectual property.

39 (3) In the procurement of cybersecurity and infrastructure security products,  
40 consistent with Best Value procurement principles as provided in  
41 G.S. 143-135.9."

42 **SECTION 37.2.(b)** This section is effective when it becomes law and applies to  
43 product procurement occurring on or after that date.

### 44 **COMMUNITY COLLEGES SYSTEM TRANSITION**

45 **SECTION 37.3.(a)** G.S. 143B-1325(d) reads as rewritten:

46 "(d) Report on Transition Planning. – ~~The Community College System Office, the~~  
47 ~~Department of Public Instruction, Instruction~~ and the Bipartisan State Board of Elections and  
48

1 Ethics Enforcement shall work with the State CIO to plan their transition to the Department. The  
2 information technology transfer and consolidation from the Department of Revenue to the  
3 Department shall not take place until the Secretary of the Department of Revenue determines that  
4 the system and data security of the Department meets the heightened security standards required  
5 by the federal government for purposes of sharing taxpayer information. By October 1, 2018, the  
6 Department of Public Instruction and the Bipartisan State Board of Elections and Ethics  
7 Enforcement, in conjunction with the State CIO, shall report to the Joint Legislative Oversight  
8 Committee on Information Technology and the Fiscal Research Division on their respective  
9 transition plans. ~~By October 1, 2019, the Community College System Office, in conjunction with~~  
10 ~~the State CIO, shall report to the Joint Legislative Oversight Committee on Information~~  
11 ~~Technology and the Fiscal Research Division on its transition plan."~~

12 **SECTION 37.3.(b)** The Community College System Office shall enter into a  
13 memorandum of understanding with the Department of Information Technology with respect to  
14 coordinating information technology systems and policies. By October 1, 2019, the Community  
15 College System Office, in conjunction with the State CIO, shall report to the Joint Legislative  
16 Oversight Committee on Information Technology and the Fiscal Research Division on the  
17 memorandum of understanding.

## 18 **E-PROCUREMENT SYSTEM FUNDS**

19 **SECTION 37.4.** Notwithstanding any provision of law to the contrary, the State  
20 Chief Information Officer (SCIO) shall provide for the replacement of the State's e-procurement  
21 system for State agencies, departments, and institutions, and the approval of the SCIO is required  
22 for all expenditures from the reserve established in this act for that purpose.  
23  
24

## 25 **PART XXXVIII. SALARIES AND BENEFITS**

### 26 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 27 **INCREASES/EFFECTIVE JULY 1, 2019, AND JULY 1, 2020**

28 **SECTION 38.1.(a)** Effective July 1, 2019, except as provided by subsection (b) of  
29 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
30 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
31 position on June 30, 2019, is awarded:

- 32 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
33 of annual salary in the 2019-2020 fiscal year.
- 34 (2) Any salary adjustment otherwise allowed or provided by law.

35 **SECTION 38.1.(a1)** Effective July 1, 2020, except as provided by subsection (b) of  
36 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
37 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
38 position on June 30, 2020, is awarded:

- 39 (1) A legislative salary increase in the amount of two and one-half percent (2.5%)  
40 of annual salary in the 2020-2021 fiscal year.
- 41 (2) Any salary adjustment otherwise allowed or provided by law.

42 **SECTION 38.1.(b)** For the 2019-2021 fiscal biennium, the following persons are  
43 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
44 section:  
45

- 46 (1) Employees of local boards of education.
- 47 (2) Local community college employees.
- 48 (3) Employees of The University of North Carolina.
- 49 (4) Law enforcement officers paid according to Section 38.17 of this act.
- 50 (5) Clerks of superior court compensated under G.S. 7A-101.

1           **SECTION 38.1.(c)** Part-time employees shall receive the increases authorized by  
2 this section on a prorated and equitable basis.

3           **SECTION 38.1.(d)** No eligible State-funded employee shall be prohibited from  
4 receiving the full salary increases provided in this section solely because the employee's salary  
5 after applying the legislative increase is above the maximum of the salary range prescribed by  
6 the State Human Resources Commission.

7  
8 **GOVERNOR AND COUNCIL OF STATE**

9           **SECTION 38.2.(a)** Effective July 1, 2019, G.S. 147-11(a) reads as rewritten:

10          "(a) The salary of the Governor shall be ~~one hundred forty seven thousand two hundred~~  
11 ~~eighty seven dollars (\$147,287)~~ one hundred fifty thousand nine hundred sixty-nine dollars  
12 (\$150,969) annually, payable monthly."

13           **SECTION 38.2.(a1)** Effective July 1, 2020, G.S. 147-11(a), as amended by  
14 subsection (a) of this section, reads as rewritten:

15          "(a) The salary of the Governor shall be ~~one hundred fifty thousand nine hundred sixty-~~  
16 ~~nine dollars (\$150,969)~~ one hundred fifty-four thousand seven hundred forty-three dollars  
17 (\$154,743) annually, payable monthly."

18           **SECTION 38.2.(b)** Effective July 1, 2019, the annual salaries for members of the  
19 Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$133,365
Attorney General	133,365
Secretary of State	133,365
State Treasurer	133,365
State Auditor	133,365
Superintendent of Public Instruction	133,365
Agriculture Commissioner	133,365
Insurance Commissioner	133,365
Labor Commissioner	133,365

30           **SECTION 38.2.(b1)** Effective July 1, 2020, the annual salaries for members of the  
31 Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$136,699
Attorney General	136,699
Secretary of State	136,699
State Treasurer	136,699
State Auditor	136,699
Superintendent of Public Instruction	136,699
Agriculture Commissioner	136,699
Insurance Commissioner	136,699
Labor Commissioner	136,699

42  
43 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

44           **SECTION 38.3.(a)** Effective July 1, 2019, the annual salaries, payable monthly, for  
45 the following executive branch officials for the 2019-2020 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$119,758
State Controller	166,758
Commissioner of Banks	134,410

1	Chair, Board of Review, Division	
2	of Employment Security	131,842
3	Members, Board of Review,	
4	Division of Employment Security	130,230
5	Chairman, Parole Commission	131,842
6	Full-Time Members of the Parole Commission	121,900
7	Chairman, Utilities Commission	149,451
8	Members of the Utilities Commission	134,410
9	Executive Director, North Carolina	
10	Agricultural Finance Authority	116,625
11	<b>SECTION 38.3.(a1)</b> Effective July 1, 2020, the annual salaries, payable monthly,	
12	for the following executive branch officials for the 2020-2021 fiscal year are as follows:	

	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
14	Chairman, Alcoholic Beverage	
15	Control Commission	\$122,752
16	State Controller	170,927
17	Commissioner of Banks	137,770
18	Chair, Board of Review, Division	
19	of Employment Security	135,138
20	Members, Board of Review,	
21	Division of Employment Security	133,486
22	Chairman, Parole Commission	135,138
23	Full-Time Members of the Parole Commission	124,948
24	Chairman, Utilities Commission	153,187
25	Members of the Utilities Commission	137,770
26	Executive Director, North Carolina	
27	Agricultural Finance Authority	119,541
28		

**JUDICIAL BRANCH**

31 **SECTION 38.4.(a)** Effective July 1, 2019, the annual salaries, payable monthly, for  
32 the following judicial branch officials for the 2019-2020 fiscal year are as follows:

	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
34	Chief Justice, Supreme Court	\$156,915
35	Associate Justice, Supreme Court	152,843
36	Chief Judge, Court of Appeals	150,425
37	Judge, Court of Appeals	146,521
38	Judge, Senior Regular Resident Superior Court	142,568
39	Judge, Superior Court	138,617
40	Chief Judge, District Court	125,973
41	Judge, District Court	122,020
42	Chief Administrative Law Judge	123,066
43	District Attorney	134,048
44	Assistant Administrative Officer of the Courts	129,086
45	Public Defender	134,048
46	Director of Indigent Defense Services	138,158

48 **SECTION 38.4.(a1)** Effective July 1, 2020, the annual salaries, payable monthly,  
49 for the following judicial branch officials for the 2020-2021 fiscal year are as follows:

	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
--	----------------------------------	----------------------

1	Chief Justice, Supreme Court	\$160,838
2	Associate Justice, Supreme Court	156,664
3	Chief Judge, Court of Appeals	154,186
4	Judge, Court of Appeals	150,184
5	Judge, Senior Regular Resident Superior Court	146,132
6	Judge, Superior Court	142,082
7	Chief Judge, District Court	129,122
8	Judge, District Court	125,071
9	Chief Administrative Law Judge	126,143
10	District Attorney	137,399
11	Assistant Administrative Officer of the Courts	132,313
12	Public Defender	137,399
13	Director of Indigent Defense Services	141,612

14           **SECTION 38.4.(b)** The district attorney or public defender of a judicial district, with  
 15 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
 16 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
 17 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 18 or assistant public defenders in that district, for the 2019-2020 fiscal year, do not exceed eighty  
 19 thousand five hundred seventy-nine dollars (\$80,579) and the minimum salary of any assistant  
 20 district attorney or assistant public defender is at least forty-three thousand two hundred  
 21 forty-eight dollars (\$43,248), effective July 1, 2019.

22           **SECTION 38.4.(b1)** The district attorney or public defender of a judicial district,  
 23 with the approval of the Administrative Officer of the Courts or the Commission on Indigent  
 24 Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant  
 25 public defenders, respectively, in that district such that the average salaries of assistant district  
 26 attorneys or assistant public defenders in that district, for the 2020-2021 fiscal year, do not exceed  
 27 eighty-two thousand five hundred ninety-three dollars (\$82,593) and the minimum salary of any  
 28 assistant district attorney or assistant public defender is at least forty-four thousand three hundred  
 29 twenty-nine dollars (\$44,329), effective July 1, 2020.

30  
 31 **CLERKS OF SUPERIOR COURT**

32           **SECTION 38.5.(a)** Effective July 1, 2019, G.S. 7A-101 reads as rewritten:

33 **"§ 7A-101. Compensation.**

34           (a) The clerk of superior court is a full-time employee of the State and shall receive an  
 35 annual salary, payable in equal monthly installments, based on the ~~population of the county as~~  
 36 ~~determined in subsection (a1) of this section, number of State-funded assistant and deputy clerks~~  
 37 of court as determined by the Administrative Office of Court's workload formula, according to  
 38 the following schedule:

39	<u>Assistants and Deputies</u>	<u>Annual Salary</u>
40	<u>0-19</u>	<u>\$95,000</u>
41	<u>20-29</u>	<u>105,000</u>
42	<u>30-49</u>	<u>115,000</u>
43	<u>50-99</u>	<u>125,000</u>
44	<u>100 and above</u>	<u>127,500.</u>
45	<u>Population</u>	<u>Annual Salary</u>
46	<u>Less than 100,000</u>	<u>\$90,972</u>
47	<u>100,000 to 149,999</u>	<u>101,831</u>
48	<u>150,000 to 249,999</u>	<u>112,690</u>
49	<u>250,000 and above</u>	<u>123,554</u>

50           ~~When a county changes from one population group to another, the salary of the clerk shall be~~  
 51 ~~changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate~~

1 for the new population group, except that the salary of an incumbent clerk shall not be decreased  
 2 by any change in population group during his continuance in office.

3 (a1) For purposes of subsection (a) of this section, the population of a county for any fiscal  
 4 year shall be the population for the beginning of that fiscal year as reported by the Office of State  
 5 Budget and Management to the Administrative Office of the Courts prior to the beginning of that  
 6 fiscal year.

7 (b) The clerk shall receive no fees or commission by virtue of his ~~the clerk's~~ office. The  
 8 salary set forth in this section is the clerk's sole official compensation, but if, on June 30, 1975,  
 9 the salary of a particular clerk, by reason of previous but no longer authorized merit increments,  
 10 is higher than that set forth in the table, that higher salary shall not be reduced during his  
 11 continuance in office. compensation.

12 (c) In lieu of merit and other increment raises paid to regular State employees, a clerk of  
 13 superior court shall receive as longevity pay an amount equal to four and eight-tenths percent  
 14 (4.8%) of the clerk's annual salary payable monthly after five years of service, nine and six-tenths  
 15 percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years  
 16 of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four  
 17 percent (24%) after 25 years of service. Service shall mean service in the elective position of  
 18 clerk of superior court, as an assistant clerk of court and as a supervisor of clerks of superior  
 19 court with the Administrative Office of the Courts and shall not include service as a deputy or  
 20 acting clerk. Service shall also mean service as a justice, judge, or magistrate of the General  
 21 Court of Justice or as a district attorney."

22 **SECTION 38.5.(b)** Effective July 1, 2020, G.S. 7A-101(a), as amended by  
 23 subsection (a) of this section, reads as rewritten:

24 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 25 annual salary, payable in equal monthly installments, based on the number of State-funded  
 26 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 27 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	<del>\$95,000</del> <u>\$97,375</u>
20-29	<del>105,000</del> <u>107,625</u>
30-49	<del>115,000</del> <u>117,875</u>
50-99	<del>125,000</del> <u>128,125</u>
100 and above	<del>127,500</del> <u>130,688."</u>

34  
 35 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

36 **SECTION 38.6.(a)** Effective July 1, 2019, G.S. 7A-102(c1) reads as rewritten:

37 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 38 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 39 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	<del>61,162</del> <u>62,691</u>
Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	<del>48,034</del> <u>49,235."</u>

48 **SECTION 38.6.(a1)** Effective July 1, 2020, G.S. 7A-102(c1), as amended by  
 49 subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	<del>62,691</del> 64,258
Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	<del>49,235</del> 50,466."

**MAGISTRATES**

**SECTION 38.7.(a)** Effective July 1, 2019, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date 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	
	Minimum	Maximum
Entry Rate	<del>\$38,620</del>	<del>\$39,586</del>
Step 1	<del>\$40,309</del>	<del>\$42,508</del>
Step 2	<del>\$43,297</del>	<del>\$45,660</del>
Step 3	<del>\$46,459</del>	<del>\$48,997</del>
Step 4	<del>\$50,248</del>	<del>\$52,997</del>
Step 5	<del>\$54,814</del>	<del>\$57,814</del>
Step 6	<del>\$59,929</del>	<del>\$63,212."</del>

**SECTION 38.7.(a1)** Effective July 1, 2020, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date 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
1		
2		
3	Entry Rate	<del>\$39,586</del> \$40,576
4	Step 1	<del>\$42,508</del> \$43,571
5	Step 2	<del>\$45,660</del> \$46,802
6	Step 3	<del>\$48,997</del> \$50,222
7	Step 4	<del>\$52,997</del> \$54,322
8	Step 5	<del>\$57,814</del> \$59,259
9	Step 6	<del>\$63,212</del> \$64,792."

**LEGISLATIVE EMPLOYEES**

**SECTION 38.8.(a)** Effective July 1, 2019, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2019, shall be legislatively increased by two and one-half percent (2.5%).

**SECTION 38.8.(a1)** Effective July 1, 2020, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2020, shall be legislatively increased by two and one-half percent (2.5%).

**SECTION 38.8.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

**SECTION 38.9.(a)** Effective July 1, 2019, 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 eleven one hundred seven dollars (\$111,107)~~, one hundred thirteen thousand eight hundred eighty-five dollars (\$113,885), 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 38.9.(a1)** Effective July 1, 2020, G.S. 120-37(c), as amended by subsection (a) of this section, 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 thirteen thousand eight hundred eighty five dollars (\$113,885)~~, one hundred sixteen thousand seven hundred thirty-two dollars (\$116,732), 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 AND READING CLERKS**

**SECTION 38.10.(a)** Effective July 1, 2019, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred thirty eight dollars (\$438.00)~~ four hundred forty-nine dollars (\$449.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage

1 at the rate provided for members of the General Assembly for one round trip only from their  
 2 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General  
 3 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
 4 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
 5 shall serve during sessions only."

6 **SECTION 38.10.(a1)** Effective July 1, 2020, G.S. 120-37(b), as amended by  
 7 subsection (a) of this section, reads as rewritten:

8 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~  
 9 ~~hundred forty nine dollars (\$449.00)~~ four hundred sixty dollars (\$460.00) per week plus  
 10 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
 11 at the rate provided for members of the General Assembly for one round trip only from their  
 12 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General  
 13 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
 14 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
 15 shall serve during sessions only."  
 16

### 17 **COMMUNITY COLLEGES**

18 **SECTION 38.11.(a)** For the 2019-2021 fiscal biennium, the community college  
 19 boards of trustees may provide personnel a salary increase pursuant to the policies adopted by  
 20 the State Board of Community Colleges. Funds for compensation increases may be used for any  
 21 one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii)  
 22 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant  
 23 to policies adopted by the State Board of Community Colleges. The State Board of Community  
 24 Colleges shall report to the General Assembly and the Fiscal Research Division on the use of  
 25 these funds by no later than March 1, 2020, and March 1, 2021.

26 **SECTION 38.11.(b)** Effective July 1, 2019, the minimum salaries for nine-month,  
 27 full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:  
 28

29 <u>Education Level</u>	30 <u>Minimum Salary</u>
31 Vocational Diploma/Certificate or Less	\$37,581
32 Associate Degree or Equivalent	38,103
33 Bachelor's Degree	40,371
34 Master's Degree or Education Specialist	42,382
35 Doctoral Degree	45,282

36 No full-time faculty member shall earn less than the minimum salary for his or her  
 37 education level.

38 The pro rata hourly rate of the minimum salary for each education level shall be used  
 39 to determine the minimum salary for part-time faculty members.

### 40 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

41 **SECTION 38.12.** For the 2019-2021 fiscal biennium, the Board of Governors of The  
 42 University of North Carolina may provide employees with salary increases pursuant to the  
 43 policies adopted by the Board. Funds for compensation increases may be used for any one or  
 44 more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment  
 45 bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those  
 46 policies. The Board of Governors of The University of North Carolina shall report to the General  
 47 Assembly and the Fiscal Research Division on the compensation increases awarded by no later  
 48 than March 1, 2020, and March 1, 2021.  
 49

### 50 **STATE AGENCY TEACHERS**

1           **SECTION 38.13.** Employees of schools operated by the Department of Health and  
2 Human Services, the Department of Public Safety, and the State Board of Education who are  
3 paid on the Teacher Salary Schedule shall be paid as authorized under this act.  
4

5 **MOST STATE EMPLOYEES**

6           **SECTION 38.14.** Unless otherwise expressly provided by this Part, the annual  
7 salaries in effect for the following persons on June 30, 2019, and June 30, 2020, shall be  
8 legislatively increased as provided by Section 38.1 of this act:

- 9           (1) Permanent, full-time State officials and persons whose salaries are set in  
10 accordance with the State Human Resources Act.
- 11           (2) Permanent, full-time State officials and persons in positions exempt from the  
12 State Human Resources Act.
- 13           (3) Permanent, part-time State employees.
- 14           (4) Temporary and permanent hourly State employees.

15  
16 **ALL STATE-SUPPORTED PERSONNEL**

17           **SECTION 38.15.(a)** The legislative salary increases provided by this act in each  
18 year of the 2019-2021 fiscal biennium do not apply to persons separated from service due to  
19 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to  
20 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For  
21 the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July  
22 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year  
23 shall not be eligible for salary increases provided for in this act.

24           **SECTION 38.15.(b)** This section applies to all employees paid from State funds,  
25 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
26 employees of public schools, community colleges, and The University of North Carolina.  
27

28 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

29           **SECTION 38.16.(a)** The appropriations set forth in Section 2.1 of this act include  
30 appropriations for legislatively mandated salary increases and employee benefits in amounts set  
31 forth in the Committee Report that accompanies this act. The Office of State Budget and  
32 Management shall ensure that those funds are used only for the purposes of legislatively  
33 mandated salary increases and employee benefits.

34           **SECTION 38.16.(b)** If the Director of the Budget determines that funds appropriated  
35 to a State agency for legislatively mandated salary increases and employee benefits exceed the  
36 amount required by that agency for those purposes, the Director may reallocate those funds to  
37 other State agencies that received insufficient funds for legislatively mandated salary increases  
38 and employee benefits.

39           **SECTION 38.16.(c)** Funds appropriated for legislatively mandated salary and  
40 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
41 to provide salary increases in excess of those required by the General Assembly, or to increase  
42 the budgeted salary of filled positions to the minimum of the position's respective salary range.

43           **SECTION 38.16.(d)** Any funds appropriated for legislatively mandated salary and  
44 benefits increases in excess of the amounts required to implement the increases shall be credited  
45 to the Pay Plan Reserve.

46           **SECTION 38.16.(e)** No later than May 1, 2020, for the 2019-2020 fiscal year, and  
47 subsequently May 1, 2021, for the 2020-2021 fiscal year, the Office of State Budget and  
48 Management shall report to the Joint Legislative Commission on Governmental Operations and  
49 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary  
50 increases and employee benefits. This report shall include at least the following information for  
51 each State agency for each year of the biennium:

- 1 (1) The total amount of funds that the agency received for legislatively mandated  
2 salary increases and employee benefits.
- 3 (2) The total amount of funds transferred from the agency to other State agencies  
4 pursuant to subsection (b) of this section. This section of the report shall  
5 identify the amounts transferred to each recipient State agency.
- 6 (3) The total amount of funds used by the agency for legislatively mandated salary  
7 increases and employee benefits.
- 8 (4) The amount of funds credited to the Pay Plan Reserve.

## 10 LAW ENFORCEMENT PAY/STATE HIGHWAY PATROL/STATE BUREAU OF 11 INVESTIGATION/ALCOHOL LAW ENFORCEMENT

12 **SECTION 38.17.(a)** In order to maintain an experience-based pay structure  
13 progression, the entry-level annual salary of members of the State Highway Patrol, agents of the  
14 State Bureau of Investigation, and officers of Alcohol Law Enforcement is set in the amount of  
15 forty-five thousand one hundred dollars (\$45,100) for the 2019-2020 fiscal year and forty-six  
16 thousand two hundred twenty-eight dollars (\$46,228) for the 2020-2021 fiscal year.

17 **SECTION 38.17.(b)** During the 2019-2021 fiscal biennium, the State Bureau of  
18 Investigation may pay salaries in excess of the scheduled amounts for supervisory  
19 responsibilities.

20 **SECTION 38.17.(c)** During the 2019-2021 fiscal biennium, Alcohol Law  
21 Enforcement may pay salaries in excess of the scheduled amounts for supervisory  
22 responsibilities.

## 24 SBI/ALE PAY SCHEDULE

25 **SECTION 38.17A.** Of the funds appropriated to the Department of Public Safety for  
26 the 2019-2020 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated to  
27 establish a pay schedule for law enforcement officers in the State Bureau of Investigation (SBI)  
28 and Alcohol Law Enforcement (ALE) that (i) increases the annual beginning officer salary to  
29 forty-five thousand one hundred dollars (\$45,100) and (ii) sets a stepped progression from  
30 beginning officer pay to sixty-five thousand eight hundred seven dollars (\$65,807) over a period  
31 of six years by providing increases of six and one-half percent (6.5%) per year. These funds shall  
32 not be used to adjust the pay of other SBI or ALE employees. The pay schedule shall be adjusted  
33 to effectuate any future across-the-board legislative or other authorized salary increases. The  
34 State Human Resources Commission shall provide technical assistance to the SBI and ALE upon  
35 request.

## 37 PAY PLAN RESERVE/LAW ENFORCEMENT OFFICERS

38 **SECTION 38.18.** G.S. 143C-4-9(a) reads as rewritten:

39 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General  
40 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other  
41 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to  
42 fund statutory and scheduled pay expenses authorized by:

- 43 (1) G.S. 20-187.3-G.S. 20-187.3, for troopers of the State Highway Patrol  
44 compensated pursuant to an experience-based salary schedule.
- 45 (2) G.S. 7A-102.
- 46 (3) G.S. 7A-171.1.
- 47 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 48 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General  
49 Assembly.
- 50 (6) The Act, for the law enforcement officers of the State Bureau of Investigation  
51 and Alcohol Law Enforcement."

**CONTINUE CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL**

**SECTION 38.19.** Until otherwise provided by the General Assembly, whenever an employee is in a Correctional Officer position assigned to a lower custody level facility and the employee is required to staff a higher custody level facility for any period of time, the employee shall receive a pay differential applied to their base salary for the period of time the employee worked at the higher custody level facility, as follows:

- (1) For employees assigned to minimum custody facilities that are required to staff medium custody facilities, the pay differential is ten percent (10%).
- (2) For employees assigned to medium custody facilities that are required to staff close custody facilities, the pay differential is ten percent (10%).
- (3) For employees assigned to minimum custody facilities that are required to staff close custody facilities, the pay differential is twenty percent (20%).

**CORRECTIONAL FACILITY HIGH-NEED SALARY SUPPLEMENTS**

**SECTION 38.19A.(a)** Employees of the Department of Public Safety (Department) serving in high-need correctional facilities having the highest numbers of vacant positions are eligible to receive flat-dollar salary supplements, payable monthly, for up to a two-year period.

**SECTION 38.19A.(b)** The base supplement rate shall be an amount calculated by the Department based on the requirements of this section. The minimum base supplement rate that shall be provided to employees serving in a high-need correctional facility is two thousand five hundred dollars (\$2,500) annually.

**SECTION 38.19A.(c)** There are three levels of high-need correctional facilities based upon the facility's respective staffing difficulty:

- (1) Level I – If the correctional facility has had a vacancy rate of at least twenty percent (20%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to the base supplement rate.
- (2) Level II – If the correctional facility has had a vacancy rate of at least twenty-five percent (25%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to twice the base supplement rate.
- (3) Level III – If the correctional facility has had a vacancy rate of at least thirty percent (30%) for at least 12 months in the prior biennium, employees assigned to this facility shall receive a salary supplement equal to three times the base supplement rate.

**SECTION 38.19A.(d)** The salary supplement rates assigned to each high-need correctional facility at the beginning of each fiscal biennium by the Department shall remain in effect for the facility throughout the respective fiscal biennium. The Department shall re-designate high-need facilities at the beginning of each subsequent fiscal biennium based on the criteria in subsections (b) and (c) of this section.

**SECTION 38.19A.(e)** The Department may exclude a facility from eligibility to prioritize larger supplements to greater-need facilities or if the vacancy rate does not accurately reflect a facility's actual staffing needs. The Department may assign a lower level to a facility if the assignment would more accurately reflect the facility's needs. The Department shall not provide supplements in facilities that do not meet the minimum criteria specified in subsection (c) of this section.

**SECTION 38.19A.(f)** Funds appropriated for high-need facility salary supplements may only be expended for that purpose. At the end of each fiscal year, any remaining funding appropriated for the supplements shall be distributed proportionally to employees at high-need facilities who were employed at a designated facility for the entire fiscal year.

1           **SECTION 38.19A.(g)** Notwithstanding G.S. 135-1(7a), the supplements awarded  
2 pursuant to this section are not compensation under Article 1 of Chapter 135 of the General  
3 Statutes, the Teachers' and State Employees' Retirement System.

#### 4 5 **COUNCIL OF STATE AND CERTAIN AGENCIES/FLEXIBILITY**

6           **SECTION 38.19B.** G.S. 126-5 is amended by adding a new subsection to read:

7           "(c15) Notwithstanding any provision of this Chapter to the contrary, the Council of State,  
8 the executive branch departments, the Community College System Office, the Office of the State  
9 Controller, and The University of North Carolina are each authorized to do the following:

10           (1)   Classify or reclassify their positions according to the classification system  
11               established by the State Human Resources Commission (SHRC) as long as  
12               the employee meets the minimum requirements of the classification.

13           (2)   Set salaries for their employees within the salary ranges for the respective  
14               position classification established by the SHRC.

15           Any nonlegislatively mandated salary increase, position reclassification, or reallocation  
16 received by an employee that is authorized by an agency head under the authority granted by this  
17 section may be reduced or rescinded, prospectively, by action of a subsequent agency head for  
18 nondisciplinary reasons."

#### 19 20 **REPORT ON USE OF LAPSED SALARY FUNDS**

21           **SECTION 38.21A.** Article 6 of Chapter 143C of the General Statutes is amended by  
22 adding a new section to read:

23           "§ 143C-6-9.5. Report on use of lapsed salary funds.

24           (a)   The Office of State Budget and Management (OSBM) in conjunction with State  
25 agencies, as defined in G.S. 143C-1-1(d)(24), shall report on the use of lapsed salary funds at the  
26 end of each fiscal year. State agencies shall report to the OSBM on the use of lapsed salary,  
27 including all of the following:

28               (1)   The total amount of accrued lapsed salary funds by funding source.

29               (2)   The total number of full-time equivalent positions comprising the lapsed  
30               salary funds.

31               (3)   The total expenditure of lapsed salaries by purpose.

32               (4)   The legal authorization to expend lapsed salary funds.

33           (b)   The OSBM shall report by October 1 of each year on the use of lapsed salary funds  
34 to the Joint Legislative Oversight Committees on Health and Human Services; Education; Justice  
35 and Public Safety; Transportation; Information Technology; General Government; and  
36 Agriculture and Natural and Economic Resources and the Fiscal Research Division."

#### 37 38 **SALARY-RELATED CONTRIBUTIONS**

39           **SECTION 38.22.(a)** Effective for the 2019-2021 fiscal biennium, required employer  
40 salary-related contributions for employees whose salaries are paid from department, office,  
41 institution, or agency receipts shall be paid from the same source as the source of the employee's  
42 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in  
43 part from department, office, institution, or agency receipts, required employer salary-related  
44 contributions may be paid from the General Fund or Highway Fund only to the extent of the  
45 proportionate part paid from the General Fund or Highway Fund in support of the salary of the  
46 employee, and the remainder of the employer's requirements shall be paid from the source that  
47 supplies the remainder of the employee's salary. The requirements of this section as to the source  
48 of payment are also applicable to payments on behalf of the employee for hospital medical  
49 benefits, longevity pay, unemployment compensation, accumulated leave, workers'  
50 compensation, severance pay, separation allowances, and applicable disability income benefits.

1           **SECTION 38.22.(b)** Effective July 1, 2019, the State's employer contribution rates  
 2 budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020  
 3 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 4 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 5 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 6 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
10 Retirement	12.97%	12.97%	6.84%	33.60%	26.46%
11 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
12 Death	0.16%	0.16%	0.00%	0.00%	0.00%
13 Retiree Health	6.52%	6.52%	6.52%	6.52%	6.52%
14 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
16 <b>Total Contribution Rate</b>	19.75%	24.75%	13.46%	40.12%	32.98%

18           The rate for teachers and State employees and State law enforcement officers includes  
 19 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

20           **SECTION 38.22.(c)** Effective July 1, 2020, the State's employer contribution rates  
 21 budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021  
 22 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 23 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 24 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 25 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
29 Retirement	14.36%	14.36%	6.84%	36.00%	29.00%
30 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
31 Death	0.16%	0.16%	0.00%	0.00%	0.00%
32 Retiree Health	6.78%	6.78%	6.78%	6.78%	6.78%
33 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
35 <b>Total Contribution Rate</b>	21.40%	26.40%	13.72%	42.78%	35.78%

37           The rate for teachers and State employees and State law enforcement officers includes  
 38 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

39           **SECTION 38.22.(d)** Effective July 1, 2019, the maximum annual employer  
 40 contributions, payable monthly, by the State for each covered employee or retiree for the  
 41 2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for  
 42 Medicare-eligible employees and retirees, four thousand nine hundred thirty-four dollars  
 43 (\$4,934) and (ii) for non-Medicare-eligible employees and retirees, six thousand three hundred  
 44 forty-nine dollars (\$6,349).

45           **SECTION 38.22.(e)** Effective July 1, 2020, the maximum annual employer  
 46 contributions, payable monthly, by the State for each covered employee or retiree for the  
 47 2020-2021 fiscal year to the State Health Plan for Teachers and State Employees are (i) for  
 48 Medicare-eligible employees and retirees, five thousand one hundred thirty-two dollars (\$5,132)  
 49 and (ii) for non-Medicare-eligible employees and retirees, six thousand six hundred three dollars  
 50 (\$6,603).  
 51

**REHIRE HIGH-NEED TEACHERS**

**SECTION 38.25.(a)** Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

**"§ 115C-302.4. High-need retired teachers.**

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

(1) High-need retired teacher. – A beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who meets both of the following requirements:

a. Retired on or before February 1, 2019, after attaining (i) the age of at least 65 with five years of creditable service, (ii) the age of at least 60 with 25 years of creditable service, or (iii) 30 years of creditable service.

b. Is reemployed by a local board of education to teach at a high-need school.

(2) High-need school. – A school that, at any point on or after July 1, 2017, meets one of the following criteria:

a. Is a Title I school. As used in this sub-subdivision, a Title I school is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.

b. Receives an overall school performance grade of D or F, as calculated by the State Board of Education pursuant to G.S. 115C-83.15(d).

(3) STEM. – Science, technology, engineering, and mathematics.

(b) Salary Level. – A high-need retired teacher shall be compensated as follows:

(1) Except as provided in subdivision (2) of this subsection, a high-need retired teacher shall be paid on the first step of the teacher salary schedule.

(2) If a high-need retired teacher serves as a teacher in any of the following licensure areas, he or she shall be paid on the sixth step of the teacher salary schedule:

a. STEM.

b. Special education.

(c) No State Salary Supplements or Increase in Salary. – A high-need retired teacher shall not receive any State salary supplement or State bonus. A high-need retired teacher shall not move beyond the salary steps prescribed by subsection (b) of this section, regardless of the length of time spent as a high-need retired teacher.

(d) Local Salary Supplement. – A high-need retired teacher shall receive any local salary supplements that are given to employees of the local board of education.

(e) Term of Contract. – A contract between the local board of education and a high-need retired teacher shall be for a term of no more than one school year.

(f) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to each local school administrative unit a list of STEM and special education licensure areas that qualify for reemployment pursuant to subdivision (b)(2) of this section. Local school administrative units shall make the list of STEM and special education licensure areas available to high-need retired teachers."

**SECTION 38.25.(b)** G.S. 135-3(8) is amended by adding a new sub-subdivision to read:

"g. Notwithstanding sub-subdivisions c. and d. of this subdivision, the computation of postretirement earnings of a beneficiary under this subdivision, who retired on or before February 1, 2019, and who has been retired at least six months, shall not include earnings while the beneficiary is employed to teach as a high-need retired teacher, as defined under G.S. 115C-302.4(a)(1). The Department of Public

1 Instruction shall certify to the Retirement System that a beneficiary is  
2 employed to teach by a local board of education as a high-need retired  
3 teacher, as defined under G.S. 115C-302.4(a)(1).

4 Beneficiaries employed under this sub-subdivision are not entitled  
5 to any benefits otherwise provided under this Chapter as a result of this  
6 period of employment."

7 **SECTION 38.25.(c)** G.S. 135-3(8)c1. reads as rewritten:

8 "c1. Within 90 days of the end of each month in which a beneficiary is  
9 reemployed under the provisions of ~~sub-subdivision~~ sub-subdivisions  
10 c. and g. of this subdivision, each employer shall provide a report for  
11 that month on each reemployed beneficiary, including the terms of the  
12 reemployment, the date of the reemployment, and the amount of the  
13 monthly compensation. If such a report is not received within the  
14 required 90 days, the Board may assess the employer with a penalty of  
15 ten percent (10%) of the compensation of the unreported reemployed  
16 beneficiaries during the months for which the employer did not report  
17 the reemployed beneficiaries, with a minimum penalty of twenty-five  
18 dollars (\$25.00). If after being assessed a penalty, an employer  
19 provides clear and convincing evidence that the failure to report  
20 resulted from a lack of oversight or some other event beyond the  
21 employer's control and was not a deliberate attempt to omit the  
22 reporting of reemployed beneficiaries, the Board may reduce the  
23 penalty to not less than two percent (2%) of the compensation of the  
24 unreported reemployed beneficiaries during the months for which the  
25 employer failed to report, with a minimum penalty of twenty-five  
26 dollars (\$25.00). Upon receipt by the employer of notice that a penalty  
27 has been assessed under this sub-subdivision, the employer shall remit  
28 the payment of the penalty to the Retirement System, in one lump sum,  
29 no later than 90 days from the date of the notice."

30 **SECTION 38.25.(d)** G.S. 135-1(10) reads as rewritten:

31 "(10) "Employee" shall mean all full-time employees, agents or officers of the State  
32 of North Carolina or any of its departments, bureaus and institutions other than  
33 educational, whether such employees are elected, appointed or employed:  
34 Provided that the term "employee" shall not include any person who is a  
35 member of the Consolidated Judicial Retirement System, any member of the  
36 ~~General Assembly or Assembly,~~ any part-time or temporary ~~employee-~~  
37 ~~employee, or any high-need retired teacher as defined under~~  
38 G.S. 115C-302.4(a)(1). Notwithstanding any other provision of law,  
39 "employee" shall include all employees of the General Assembly except  
40 participants in the Legislative Intern Program, pages, and beneficiaries in  
41 receipt of a monthly retirement allowance under this Chapter who are  
42 reemployed on a temporary basis. "Employee" also includes any participant  
43 whose employment is interrupted by reason of service in the Uniformed  
44 Services, as that term is defined in section 4303(16) of the Uniformed Services  
45 Employment and Reemployment Rights Act, Public Law 103-353, if that  
46 participant was an employee at the time of the interruption; if the participant  
47 does not return immediately after that service to employment with a covered  
48 employer in this System, then the participant shall be deemed "in service" until  
49 the date on which the participant was first eligible to be separated or released  
50 from his or her involuntary military service. In all cases of doubt, the Board  
51 of Trustees shall determine whether any person is an employee as defined in

1 this Chapter. "Employee" shall also mean every full-time civilian employee  
2 of the North Carolina National Guard who is employed pursuant to section  
3 709 of Title 32 of the United States Code and paid from federal appropriated  
4 funds, but held by the federal authorities not to be a federal employee:  
5 Provided, however, that the authority or agency paying the salaries of such  
6 employees shall deduct or cause to be deducted from each employee's salary  
7 the employee's contribution in accordance with applicable provisions of  
8 G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement  
9 System; coverage of employees described in this sentence shall commence  
10 upon the first day of the calendar year or fiscal year, whichever is earlier, next  
11 following the date of execution of an agreement between the Secretary of  
12 Defense of the United States and the Adjutant General of the State acting for  
13 the Governor in behalf of the State, but no credit shall be allowed pursuant to  
14 this sentence for any service previously rendered in the above-described  
15 capacity as a civilian employee of the North Carolina National Guard:  
16 Provided, further, that the Adjutant General, in the Adjutant General's  
17 discretion, may terminate the Retirement System coverage of the  
18 above-described North Carolina National Guard employees if a federal  
19 retirement system is established for such employees and the Adjutant General  
20 elects to secure coverage of such employees under such federal retirement  
21 system. Any full-time civilian employee of the North Carolina National Guard  
22 described above who is now or hereafter may become a member of the  
23 Retirement System may secure Retirement System credit for such service as  
24 a North Carolina National Guard civilian employee for the period preceding  
25 the time when such employees became eligible for Retirement System  
26 coverage by paying to the Retirement System an amount equal to that which  
27 would have constituted employee contributions if the employee had been a  
28 member during the years of ineligibility, plus interest. Employees of State  
29 agencies, departments, institutions, boards, and commissions who are  
30 employed in permanent job positions on a recurring basis must work at least  
31 30 hours per week for nine or more months per calendar year in order to be  
32 covered by the provisions of this ~~subdivision~~-subdivision, except that no  
33 high-need retired teacher as defined under G.S. 115C-302.4(a)(1) shall be  
34 considered an employee. On and after August 1, 2001, a person who is a  
35 nonimmigrant alien and who otherwise meets the requirements of this  
36 subdivision shall not be excluded from the definition of "employee" solely  
37 because the person holds a temporary or time-limited visa."

38 **SECTION 38.25.(e)** G.S. 135-48.40(b)(1a) reads as rewritten:

39 "(1a) All retirees who (i) are employed by an employing unit that elects to be  
40 covered by this subdivision, (ii) do not qualify for coverage under subdivision  
41 (1) of this subsection, and (iii) are determined to be "full-time" by their  
42 employing unit in accordance with section 4980H of the Internal Revenue  
43 Code and the applicable regulations, as ~~amended~~-amended, or are high-need  
44 retired teachers, as defined under G.S. 115C-302.4(a)(1). The employing unit  
45 shall pay the employer premiums for retirees who enroll under this  
46 subdivision."

47 **SECTION 38.25.(f)** The State Treasurer shall seek a private letter ruling from the  
48 Internal Revenue Service to determine if the provisions of this section relating to the computation  
49 of postretirement earnings of retired teachers jeopardize the status of the Teachers' and State  
50 Employees' Retirement System.

1           **SECTION 38.25.(g)** If the Internal Revenue Service determines that the provisions  
2 of G.S. 135-3(8)g., as enacted by this section, relating to the computation of postretirement  
3 earnings of retired teachers jeopardize the status of the Teachers' and State Employees'  
4 Retirement System of North Carolina under the Internal Revenue Code, then this section is  
5 repealed 30 days from receipt of that determination by the State Treasurer. Upon receipt of that  
6 determination, the State Treasurer shall notify the Revisor of Statutes of the determination and  
7 the date of receipt. Within three business days of receipt of the determination, the State Treasurer  
8 shall notify all local school administrative units of the repeal of this section and shall publicly  
9 notice the receipt of this information on the Department of State Treasurer's Web site. Within  
10 three business days of receipt of the notice from the State Treasurer, a local school administrative  
11 unit shall notify all high-need retired teachers employed by its local board of education of the  
12 repeal of this section.

13           **SECTION 38.25.(h)** Notwithstanding any other provision of law to the contrary, in  
14 order to pay costs associated with the administration of the provisions of this section, the  
15 Retirement Systems Division of the Department of State Treasurer may increase receipts from  
16 the retirement assets of the Teachers' and State Employees' Retirement System or pay costs  
17 associated with the administration directly from the retirement assets. Costs associated with the  
18 administration of the provisions of this section shall not exceed fifty thousand dollars (\$50,000)  
19 to obtain the private letter ruling from the Internal Revenue Service required under subsection (f)  
20 of this section.

21           **SECTION 38.25.(i)** Any beneficiary that is employed to teach by a local board of  
22 education as a high-need retired teacher, as defined in G.S. 115C-302.4(a)(1), shall not be eligible  
23 to elect into a position that would lead him or her to be eligible to accrue any additional benefits  
24 under G.S. 135-3(8). Any failure of a local board of education or a beneficiary to comply with  
25 the foregoing shall be corrected by the Retirement System as it determines may be appropriate  
26 under State and federal law. Any costs of the correction, as determined by the Retirement System,  
27 shall be the sole responsibility of the local board of education and shall be transferred to the  
28 Pension Accumulation Fund under G.S. 135-8, under rules adopted by the Board of Trustees.

29           **SECTION 38.25.(j)** This section expires June 30, 2021.

## 30 31 **AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS**

32           **SECTION 38.26.** G.S. 143-166.60(d)(1) is repealed.

## 33 34 **PART XXXIX. CAPITAL**

### 35 36 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

37           **SECTION 39.1.** The appropriations made by the 2019 General Assembly for capital  
38 improvements are for constructing, repairing, or renovating State buildings, utilities, and other  
39 capital facilities, for acquiring sites for them where necessary, for acquiring buildings and land  
40 for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and shall be  
41 disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any  
42 State department, institution, or agency until an allotment has been approved by the Governor as  
43 Director of the Budget. The allotment shall be approved only after full compliance with the State  
44 Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts  
45 for projects to be financed in whole or in part with self-liquidating appropriations, the Director  
46 of the Budget shall approve the elements of the method of financing of those projects, including  
47 the source of funds, interest rate, and liquidation period. Provided, however, that if the Director  
48 of the Budget approves the method of financing a project, the Director shall report that action to  
49 the Joint Legislative Commission on Governmental Operations at its next meeting.

50           Where direct capital improvement appropriations include the purpose of furnishing  
51 fixed and movable equipment for any project, those funds for equipment shall not be subject to

1 transfer into construction accounts except as authorized by the Director of the Budget. The  
 2 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and  
 3 approved by the Director of the Budget prior to commitment of funds.

4 Capital improvement projects authorized by the 2019 General Assembly shall be  
 5 completed, including fixed and movable equipment and furnishings, within the limits of the  
 6 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided  
 7 in this act. Capital improvement projects authorized by the 2019 General Assembly for the design  
 8 phase only shall be designed within the scope of the project as defined by the approved cost  
 9 estimate filed with the Director of the Budget, including costs associated with site preparation,  
 10 demolition, and movable and fixed equipment. Amounts contracted for projects authorized by  
 11 the General Assembly cannot exceed the total project cost authorization.

12 Disbursement of funds from the State Capital and Infrastructure Fund for projects  
 13 authorized by an act of the General Assembly shall be made only as needed to initiate or advance  
 14 a capital project. Funds authorized for any particular project shall remain in the State Capital and  
 15 Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation  
 16 for that project.

## 18 CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS 19 APPROPRIATIONS

20 **SECTION 39.2.(a)** The following agency capital improvement projects have been  
 21 assigned a project code for reference to allocations in this Part and for intended project support  
 22 by the General Assembly for future fiscal years:

24 Agency Capital Improvement Projects	Project Code
26 Department of Agriculture and Consumer Services	
27 Eaddy Building—Addition & Renovation	DACS19-1
28 Tidewater Research Station—Swine Unit Replacements	DACS19-2
29 Mountain Island State Forest—Improvements	DACS19-3
30 NCFS—County Offices	DACS19-4
32 Department of Environmental Quality	
33 Water Resources Development Projects	DEQ-WRD19
35 Department of Administration	
36 DHHS/Dix Campus Relocation	DOA19-1
37 State Gov't. Complex Chiller Plant	DOA19-2
39 Department of Information Technology	
40 Eastern Data Center Improvements	DIT19-1
41 Western Data Center Improvements	DIT19-2
42 Rural Broadband/GREAT Program	DIT19-3
44 Department of Natural and Cultural Resources	
45 NC Museum of History Renovation/Addition	DNCR19-1
46 Fort Fisher—New Visitor Center	DNCR19-3
47 NC Zoo—Asia Continent Animal Exhibit	DNCR19-4
48 NC Zoo—Australia Continent Exhibit	DNCR19-5
49 NC Zoo—Parking/Trams	DNCR19-6
50 Thomas Day House	DNCR19-9
51 Historical Commission Signage/Monuments	DNCR19-10

1		
2	Department of Public Safety	
3	Perquimans YDC—Raise the Age Renovations	DPS19-1
4	Alcoholism & Chemical Dependency Program—	
5	Black Mountain Modular Classrooms	DPS19-3
6	State Highway Patrol—	
7	Renovate Troop B	DPS19-9
8	Raise the Age—Juvenile Detention Beds	DPS19-10
9	Prison Information Technology Security	DPS19-11
10	National Guard—	
11	Federal Match Funding Pool	NG19-1
12		
13	General Assembly	
14	Committee Renovations/Elevator Repair	NCGA19-1
15		
16	The University of North Carolina	
17	Western Carolina University—	
18	Steam Plant Project	UNC/WCU19-1
19	University of North Carolina at Wilmington—	
20	Dobo Hall Renovation	UNC/WIL19-1
21	North Carolina Central University—	
22	Lee Biology, Phase 2	UNC/NCC19-1
23	North Carolina State University—	
24	S.T.E.M. Building	UNC/NCS19-1
25	Apiculture Facility	UNC/NCS19-2
26	Elizabeth City State University—	
27	Library Replacement	UNC/ECS19-1
28		
29	Repairs and Renovations	R&R19
30	New Facility Operating Costs	OPS19-1
31	Project Reserve	PR19
32	Carolina Museum of the Marine	DG19-1
33		

34           **SECTION 39.2.(b)** Of the funds remaining in the State Capital and Infrastructure  
35 Fund after allocation to the Growing Rural Economies with Access to Technology program, it is  
36 the intent of the General Assembly to allocate funds for capital needs for local school  
37 administrative units, community colleges, State agencies, and The University of North Carolina  
38 through the 2028-2029 fiscal year in accordance with the following intended distribution  
39 percentages each fiscal year:

- 40           (1) Twenty-five percent (25%) to local school administrative units.
- 41           (2) Seven and one-half percent (7.5%) to community colleges.
- 42           (3) Thirty-seven and one-half percent (37.5%) to State agencies.
- 43           (4) Thirty percent (30%) to The University of North Carolina.

44           **SECTION 39.2.(c)** This subsection authorizes the following capital projects and  
45 allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the  
46 authorized projects. The authorizations provided in this subsection represent the maximum  
47 amount of funding from the State Capital and Infrastructure Fund that may be expended on each  
48 project. An additional action by the General Assembly is required to increase the maximum  
49 authorization for any of the projects listed.

1 In each fiscal year, the Office of State Budget and Management may reallocate  
 2 appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow  
 3 requirements for a project, provided that the following criteria are met:

- 4 (1) If the project for which funds have been appropriated in this Part is for one of  
 5 the constituent institutions of The University of North Carolina, then  
 6 unencumbered funds may be allocated from another project for a constituent  
 7 institution of The University of North Carolina for which funds have been  
 8 appropriated.
- 9 (2) If the project for which funds have been appropriated in this Part is for a State  
 10 agency that is not The University of North Carolina, then unencumbered funds  
 11 may be allocated from another project for a State agency for which funds have  
 12 been appropriated.
- 13 (3) The amount disbursed will not exceed amounts appropriated from the State  
 14 Capital and Infrastructure Fund.
- 15 (4) The amount disbursed on any project cannot exceed the amount authorized  
 16 for that project.
- 17 (5) The amount reallocated cannot be used to expand the scope of the project.

18 There is allocated from the State Capital and Infrastructure Fund for the 2019-2021  
 19 fiscal biennium the following amounts for capital improvement project codes, as defined in  
 20 subsection (a) of this section:

21  
 22 **Capital Improvements –**

23 <b>State Capital and</b>	<b>Total</b>		
24 <b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>2019-2020</b>	<b>2020-2021</b>
26 DACS19-1	\$967,000	\$967,000	–
27 DACS19-2	1,429,000	1,429,000	–
28 DACS19-3	1,500,000	1,500,000	–
29 DACS19-4	7,314,000	7,314,000	–
30 DEQ-WRD19	N/A	11,007,000	–
31 DOA19-1	250,000,000	17,000,000	\$60,000,000
32 DOA19-2	12,523,000	12,523,000	–
33 DIT19-1	5,741,000	5,741,000	–
34 DIT19-2	3,150,000	2,127,040	1,022,960
35 DIT19-3	N/A	15,000,000	15,000,000
36 DNCR19-1	60,000,000	30,000,000	30,000,000
37 DNCR19-3	8,000,000	8,000,000	–
38 DNCR19-4	20,014,500	2,001,450	5,003,625
39 DNCR19-5	20,000,000	–	2,000,000
40 DNCR19-6	4,900,000	4,900,000	–
41 DNCR19-9	625,000	625,000	–
42 DNCR19-10	2,500,000	2,500,000	–
43 DPS19-1	1,731,000	1,731,000	–
44 DPS19-3	1,013,000	1,013,000	–
45 DPS19-9	2,152,000	2,152,000	–
46 DPS19-10	2,000,000	2,000,000	–
47 DPS19-11	2,448,102	2,448,102	–
48 NG19-1	N/A	2,000,000	–
49 NCGA19-1	2,097,635	2,097,635	–
50 UNC/WCU19-1	16,500,000	16,500,000	–
51 UNC/WIL19-1	10,000,000	10,000,000	–

1	UNC/NCC19-1	8,100,000	8,100,000	–
2	UNC/NCS19-1	80,000,000	8,000,000	20,000,000
3	UNC/NCS19-2	2,000,000	2,000,000	–
4	UNC/ECS19-1	32,000,000	3,200,000	8,000,000
5	PR19	N/A	8,500,000	–
6	DG19-1	20,000,000	–	20,000,000

**SECTION 39.2.(d)** Of the funds in the State Capital and Infrastructure Fund for the 2019-2021 fiscal biennium, it is the intent of the General Assembly to make the following allocations to the following agencies for repairs and renovations pursuant to G.S. 143C-8-13:

- (1) Any funds remaining from the amount allocated to The University of North Carolina, as reflected in subdivision (b)(4) of this section, from the State Capital and Infrastructure Fund that are not allocated to a project described in this Part shall be allocated for repairs and renovations at the constituent institutions of The University of North Carolina, as determined by the Board of Governors.
- (2) Forty-five percent (45%) of the amount allocated to State agencies, as reflected in subdivision (b)(3) of this section, from the State Capital and Infrastructure Fund shall be allocated for repairs and renovations for State agencies, excluding The University of North Carolina.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

**SECTION 39.2.(e)** Notwithstanding G.S. 143C-4-3.1(e), funds allocated from the State Capital and Infrastructure Fund may be used for the following purposes:

- (1) The Growing Rural Economies with Access to Technology program established in G.S. 143B-1373.
- (2) Supplementary funding for the State Construction Office staff.
- (3) Department of Environmental Quality Imputed Rent Pilot Program.
- (4) Department of Environmental Quality Water Resources Development Projects.
- (5) Directed grants allocated in this Part.

**SECTION 39.2.(f)** Funds allocated under this section that may be expended on projects where the recipient intends or expects to receive insurance proceeds or State or federal aid or assistance shall be used only to the extent that funds received from the settlement of a claim for loss or damage covered under the recipient's applicable insurance policy, or other aid or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

**SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State University shall commit to providing funding of at least eighty million dollars (\$80,000,000) from non-State sources on or before June 30, 2021, as a match for the intended State allocations totaling eighty million dollars (\$80,000,000) for the project.

**SECTION 39.2.(h)** Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the State Capital and Infrastructure Fund the following amounts for capital improvement projects at local school administrative units in this State in the aggregate amount of one billion six hundred seventy million dollars (\$1,670,000,000). Funds allocated pursuant to this section shall be used for the purpose of issuing allotted proceeds to local school administrative units for new construction or rehabilitation of existing facilities and repairs and renovations in accordance with the following:

**Local School Administrative Unit**

**Proceeds Allotment**

1	Alamance-Burlington	\$21,294,622
2	Alexander County	\$13,230,949
3	Alleghany County	\$10,473,788
4	Anson County	\$12,524,766
5	Ashe County	\$11,038,717
6	Asheboro City	\$ 5,149,023
7	Asheville City	\$ 3,106,049
8	Avery County	\$10,685,985
9	Beaufort County	\$12,901,655
10	Bertie County	\$11,653,901
11	Bladen County	\$13,051,347
12	Brunswick County	\$14,442,550
13	Buncombe County	\$16,811,506
14	Burke County	\$17,713,605
15	Cabarrus County	\$20,154,473
16	Caldwell County	\$17,238,897
17	Camden County	\$10,893,280
18	Carteret County	\$12,891,780
19	Caswell County	\$11,785,241
20	Catawba County	\$12,545,084
21	Chapel Hill-Carrboro	\$10,633,195
22	Chatham County	\$13,132,848
23	Cherokee County	\$11,522,961
24	Clay County	\$10,449,438
25	Cleveland County	\$18,851,070
26	Clinton City	\$ 4,930,087
27	Columbus County	\$11,828,696
28	Craven County	\$15,875,889
29	Cumberland County	\$35,308,238
30	Currituck County	\$11,430,758
31	Dare County	\$11,851,323
32	Davidson County	\$17,444,480
33	Davie County	\$12,181,321
34	Duplin County	\$17,367,512
35	Durham County	\$21,507,286
36	Edenton/Chowan	\$10,976,887
37	Edgecombe County	\$14,592,503
38	Elkin City	\$ 1,792,193
39	Forsyth County	\$28,951,539
40	Franklin County	\$15,424,124
41	Gaston County	\$23,958,610
42	Gates County	\$11,224,644
43	Graham County	\$10,451,388
44	Granville County	\$15,551,809
45	Greene County	\$12,680,847
46	Guilford County	\$35,136,184
47	Halifax County	\$ 5,624,181
48	Harnett County	\$25,936,121
49	Haywood County	\$12,531,394
50	Henderson County	\$14,705,534
51	Hertford County	\$12,042,814

1	Hickory City	\$ 3,229,688
2	Hoke County	\$17,800,955
3	Hyde County	\$10,209,761
4	Iredell-Statesville	\$14,838,254
5	Jackson County	\$11,306,223
6	Johnston County	\$33,664,136
7	Jones County	\$10,535,333
8	Kannapolis City	\$ 3,541,397
9	Lee County	\$15,403,201
10	Lenoir County	\$15,456,245
11	Lexington City	\$ 2,818,887
12	Lincoln County	\$14,115,213
13	Macon County	\$11,549,727
14	Madison County	\$10,893,475
15	Martin County	\$12,088,080
16	McDowell County	\$13,771,110
17	Mecklenburg County	\$61,521,541
18	Mitchell County	\$10,732,581
19	Montgomery County	\$11,994,501
20	Moore County	\$14,441,506
21	Mooresville City	\$ 4,359,921
22	Mount Airy City	\$ 2,504,513
23	Nash-Rocky Mount	\$19,304,614
24	New Hanover County	\$19,169,999
25	Newton-Conover	\$ 2,364,510
26	Northampton County	\$11,160,418
27	Onslow County	\$21,202,578
28	Orange County	\$ 6,261,089
29	Pamlico County	\$10,434,828
30	Pasquotank County	\$13,284,407
31	Pender County	\$15,188,856
32	Perquimans County	\$10,633,223
33	Person County	\$11,948,392
34	Pitt County	\$23,208,329
35	Polk County	\$10,732,946
36	Randolph County	\$18,437,712
37	Richmond County	\$15,631,932
38	Roanoke Rapids City	\$ 6,531,967
39	Robeson County	\$31,146,001
40	Rockingham County	\$17,620,351
41	Rowan-Salisbury	\$20,195,269
42	Rutherford County	\$15,413,835
43	Sampson County	\$13,520,561
44	Scotland County	\$14,784,928
45	Stanly County	\$15,000,814
46	Stokes County	\$13,643,606
47	Surry County	\$11,971,234
48	Swain County	\$10,825,184
49	Thomasville City	\$ 2,089,110
50	Transylvania County	\$11,199,777
51	Tyrrell County	\$10,419,921

1	Union County	\$24,407,066
2	Vance County	\$14,843,723
3	Wake County	\$66,568,676
4	Warren County	\$10,895,195
5	Washington County	\$10,942,805
6	Watauga County	\$11,631,474
7	Wayne County	\$22,198,277
8	Weldon City	\$ 2,045,361
9	Whiteville City	\$ 4,797,783
10	Wilkes County	\$15,382,456
11	Wilson County	\$16,540,718
12	Yadkin County	\$13,393,578
13	Yancey County	\$10,767,157

14  
 15           **SECTION 39.2.(i)** There is created within the Department of Public Instruction the  
 16 K-12 Building Fund as a capital project fund. Proceeds disbursed from the Fund shall be used  
 17 for new construction or rehabilitation of existing facilities, repairs and renovations, building of  
 18 technology infrastructure, and the purchase of measures to ensure building security. Projects for  
 19 facilities for centralized administration, trailers, relocatable classrooms, or mobile classrooms are  
 20 not eligible for funding. Any items purchased with such proceeds and installed or replaced as  
 21 part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend  
 22 the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the  
 23 proceeds for projects for new construction, a county that is a development tier three area, as  
 24 defined in G.S. 143B-437.08 shall provide local matching funds from county funds, other  
 25 non-State funds, or a combination of these sources for such proceeds in the amount of one dollar  
 26 (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds. No matching funds  
 27 shall be required for proceeds intended for rehabilitation of existing facilities and repairs and  
 28 renovations.

29           The Department of Public Instruction shall develop a priority list of projects and  
 30 capital needs to administer the proceeds from the K-12 Building Fund and shall prioritize projects  
 31 according to greatest need and the ability for disbursed funds to be expended and projects  
 32 completed expeditiously. Notwithstanding any other provision of law to the contrary, funds  
 33 allocated to a local school administrative unit that is not in compliance with the class size  
 34 requirements in G.S. 115C-301 shall be used solely for capital expenditures needed to obtain  
 35 compliance with the class size requirements. Allocations from the fund shall not be used to retire  
 36 debt existing prior to July 1, 2019. The amount distributed to any single local school  
 37 administrative unit shall not exceed the amount listed in the allocation schedule in subsection (h)  
 38 of this section.

39           **SECTION 39.2.(j)** Notwithstanding G.S. 143C-4-3.1(e), there is allocated from the  
 40 State Capital and Infrastructure Fund the following amounts for capital improvement projects at  
 41 community colleges in this State in the aggregate amount of five hundred million dollars  
 42 (\$500,000,000). Funds allocated pursuant to this section shall be used for the purpose of issuing  
 43 allotted proceeds to community colleges for new construction or rehabilitation of existing  
 44 facilities and repairs and renovations in accordance with the following:

<u>Community College</u>	<u>Proceeds Allotment</u>
46 Alamance CC	\$10,404,137
47 Asheville-Buncombe TCC	\$10,832,609
48 Beaufort County CC	\$ 5,438,050
49 Bladen CC	\$ 4,613,322
50 Blue Ridge CC	\$ 3,807,924

1	Brunswick CC	\$ 2,986,417
2	Caldwell CC and TI	\$ 9,055,900
3	Cape Fear CC	\$13,087,725
4	Carteret CC	\$ 4,424,054
5	Catawba Valley CC	\$11,344,038
6	Central Carolina CC	\$13,146,520
7	Central Piedmont CC	\$20,000,000
8	Cleveland CC	\$ 9,957,947
9	Coastal Carolina CC	\$11,087,921
10	College of the Albemarle	\$ 8,356,814
11	Craven CC	\$ 7,555,443
12	Davidson County CC	\$ 8,852,940
13	Durham TCC	\$ 8,110,363
14	Edgecombe CC	\$ 7,100,393
15	Fayetteville TCC	\$20,000,000
16	Forsyth TCC	\$19,097,609
17	Gaston College	\$11,807,948
18	Guilford TCC	\$20,000,000
19	Halifax CC	\$ 3,927,123
20	Haywood CC	\$ 2,759,295
21	Isothermal CC	\$ 6,562,386
22	James Sprunt CC	\$ 4,120,420
23	Johnston CC	\$ 6,699,305
24	Lenoir CC	\$15,499,088
25	Martin CC	\$ 2,870,440
26	Mayland CC	\$ 5,019,243
27	McDowell TCC	\$ 2,848,694
28	Mitchell CC	\$ 4,452,243
29	Montgomery CC	\$ 2,437,941
30	Nash CC	\$10,160,907
31	Pamlico CC	\$ 1,601,938
32	Piedmont CC	\$ 3,933,566
33	Pitt CC	\$19,049,284
34	Randolph CC	\$ 7,101,198
35	Richmond CC	\$ 9,864,521
36	Roanoke Chowan CC	\$ 2,905,878
37	Robeson CC	\$ 8,591,991
38	Rockingham CC	\$ 5,776,318
39	Rowan-Cabarrus CC	\$16,531,609
40	Sampson CC	\$ 6,820,114
41	Sandhills CC	\$ 6,514,063
42	Southeastern CC	\$ 8,782,065
43	South Piedmont CC	\$ 7,287,246
44	Southwestern CC	\$ 6,579,300
45	Stanly CC	\$ 7,352,482
46	Surry CC	\$10,338,095
47	Tri-County CC	\$ 2,694,058
48	Vance-Granville CC	\$ 9,690,554
49	Wake TCC	\$20,000,000
50	Wayne CC	\$11,990,772
51	Western Piedmont CC	\$ 5,173,074

1	Wilkes CC	\$ 7,226,840
2	Wilson CC	\$ 5,769,875

3  
4       **SECTION 39.2.(k)** There is created within the Community Colleges System Office  
5 the Community Colleges Building Fund as a capital project fund. Proceeds disbursed from the  
6 Fund shall be used for new construction or rehabilitation of existing facilities, repairs and  
7 renovations, building of technology infrastructure, and the purchase of measures to ensure  
8 building security. Projects for facilities for centralized administration, trailers, relocatable  
9 classrooms, or mobile classrooms are not eligible for funding. Any items purchased with such  
10 proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life  
11 of at least 10 years or must extend the life of the facility by at least 10 years once renovated or  
12 rehabilitated. The Community Colleges System Office shall develop a priority list of projects and  
13 capital needs to administer the proceeds from the Community Colleges Building Fund and shall  
14 prioritize projects according to greatest need and the ability for disbursed funds to be expended  
15 and projects completed expeditiously. Allocations from the fund shall not be used to retire debt  
16 existing prior to July 1, 2019. The amount distributed to any single community college shall not  
17 exceed the amount listed in the allocation schedule in subsection (j) of this section. No matching  
18 funds shall be required for allocations to community colleges under this section.

19       **SECTION 39.2.(l)** The Department of Administration shall select land located in  
20 Granville County suitable for the relocation of the Department of Health and Human Services  
21 facilities at the Dix Campus in Raleigh.  
22

23 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

24       **SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement  
25 projects on a cash flow basis and to plan for future project funding based upon projected  
26 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed  
27 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for  
28 the projects listed in future years. The following schedule lists capital improvement projects that  
29 will begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated  
30 amounts (in thousands) needed for completion of those projects:  
31

32	<b>Project Code</b>	<b>FY19-20</b>	<b>FY20-21</b>	<b>FY21-22</b>	<b>FY22-23</b>	<b>FY23-24</b>	<b>FY24-25</b>
34	DOA19-1	17,000	60,000	54,500	66,000	52,500	–
35	DNCR19-4	2,001.45	5,003.625	8,005.8	5,003.625	–	–
36	DNCR19-5	–	2,000	5,000	8,000	5,000	–
37	UNC/ECS19-1	3,200	8,000	12,800	8,000	–	–
38	UNC/NCS19-1	8,000	20,000	32,000	20,000	–	–
39	OPS19-1	–	–	1,500	1,500	1,500	1,500

40  
41 **WATER RESOURCES DEVELOPMENT PROJECTS**

42       **SECTION 39.4.(a)** The Department of Environmental Quality shall allocate funds  
43 for water resources development projects in accordance with the schedule that follows. The  
44 amounts set forth in the schedule include funds appropriated in this act for water resources  
45 development projects and funds carried forward from previous fiscal years in accordance with  
46 subsection (b) of this section. These funds will provide a State match for an estimated thirty-two  
47 million three hundred fifty-five thousand dollars (\$32,355,000) in federal funds.  
48

49	<b>Name of Project</b>	<b>2019-2020</b>
50		
51	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000

1	(2)	Carolina Beach CSRM	–
2	(3)	Kure Beach CSRM	14,000
3	(4)	Wrightsville Beach CSRM	–
4	(5)	Ocean Isle CSRM	–
5	(6)	Planning Assistance to Communities	38,000
6	(7)	Wilmington Harbor DA Maintenance	6,550,000
7	(8)	Morehead City Maintenance	1,500,000
8	(9)	Surf City/North Topsail CSRM (Pre-Constr./Design)	148,000
9	(10)	West Onslow CSRM (Pre-Constr./Design)	148,000
10	(11)	NRCS EQIP/Stream Restoration	1,500,000
11	(12)	State-Local Projects (WRD Grant Pgm.)	2,320,000
12	(13)	Bogue Banks CSRM	–
13	(14)	Neuse River-Goldsboro Sec. 1135, CAP, Project Mods. (50/50)	333,000
14	(15)	Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)	619,000
15			
16	(16)	Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	73,000
17	(17)	Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
18	(18)	B. Everette Jordan Reservoir Water Supply	119,000
19	(19)	Swannanoa Flood Mitigation Project	637,000
20	(20)	North Topsail Beach Shoreline Protection – Phase 2	500,000
21		<b>TOTALS</b>	<b>\$16,024,000</b>

**SECTION 39.4.(b)** It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the eleven million seven thousand dollars (\$11,007,000) allocated for water resources development projects in this section. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

	<b>Name of Project</b>	<b>Amount Carried Forward</b>
29		
30		
31	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
32	(2) Morehead City Maintenance	1,500,000
33	(3) Kure Beach CSRM	315,000
34	(4) Wrightsville Beach CSRM	2,206,000
35	(5) Carolina Beach CSRM	686,000
36	(6) Ocean Isle CSRM	1,040,000
37	(7) Planning Assistance to Communities	38,000
38	(8) Surf City/North Topsail CSRM (Pre-Constr./Design)	255,000
39	(9) West Onslow CSRM (Pre-Constr./Design)	220,000
40	(10) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods. (50/50)	333,000
41	(11) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)	1,023,000
42		
43	(12) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	2,219,000
44	(13) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
45	(14) B. Everette Jordan Reservoir Water Supply	119,000
46	(15) North Topsail Beach Shoreline Protection – Phase 2	1,500,000
47	<b>TOTALS</b>	<b>\$12,979,000</b>

**SECTION 39.4.(c)** Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted

1 State funds cannot be used during the 2019-2020 fiscal year or if the projects funded under  
 2 subsection (a) of this section are accomplished at a lower cost, the Department may use the  
 3 resulting fund availability to fund any of the following:

- 4 (1) U.S. Army Corps of Engineers project feasibility studies.
- 5 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
 6 require State matching funds in the 2019-2020 fiscal year.
- 7 (3) State-local water resources development projects.

8 Funds subject to this subsection that are not expended or encumbered for the purposes  
 9 set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and  
 10 Infrastructure Fund at the end of the 2019-2020 fiscal year.

11 **SECTION 39.4.(d)** The Department shall submit semiannual reports on the use of  
 12 these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and  
 13 Economic Resources, the Fiscal Research Division, and the Office of State Budget and  
 14 Management on or before March 1 and September 1. Each report shall include all of the  
 15 following:

- 16 (1) All projects listed in this section.
- 17 (2) The estimated cost of each project.
- 18 (3) The date that work on each project began or is expected to begin.
- 19 (4) The date that work on each project was completed or is expected to be  
 20 completed.
- 21 (5) The actual cost of the project.

22 The semiannual reports also shall show those projects advanced in schedule, those  
 23 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the  
 24 State Capital and Infrastructure Fund.

25 **SECTION 39.4.(e)** Notwithstanding any provision of law to the contrary, funds  
 26 appropriated for a water resources development project shall be used to provide no more than  
 27 fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to  
 28 funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium  
 29 that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds  
 30 for water resources development projects. The limitation on fund usage contained in this  
 31 subsection applies only to projects in which a local government or local governments participate.

32 **SECTION 39.4.(f)** Notwithstanding subsection (e) of this section, of the funds  
 33 allocated for State-Local Projects in this section, the Department shall allocate the following  
 34 sums for the following projects, for which no local match is required:

- 35 (1) One hundred thousand dollars (\$100,000) for the French Broad Paddle Trail.
- 36 (2) One hundred thousand dollars (\$100,000) for the Watauga Paddle Trail.
- 37 (3) One hundred fifty thousand dollars (\$150,000) for Green River access.
- 38 (4) One hundred thousand dollars (\$100,000) for removal of Wards Mill Dam in  
 39 Watauga County.
- 40 (5) One hundred thousand dollars (\$100,000) for Scotland County Soil and Water  
 41 District for repairs to Fair Lake Dam.

42  
 43 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

44 **SECTION 39.5.(a)** The General Assembly authorizes the following capital projects  
 45 to be funded with receipts or from other non-General Fund and non-State Capital and  
 46 Infrastructure Fund sources available to the appropriate department:

47	<b>Amount of Non-General Fund</b>	
48 <b>Name of Project</b>	<b>Funding Authorized</b>	
49	<b>FY 2019-2020</b>	<b>FY 2020-2021</b>
50		
51 Department of Natural and Cultural Resources		

1	NC Zoo–Gift Shop Material Warehouse	\$300,000	–
2	Department of Agriculture and Consumer Services		
3	State Farmers Market Restaurant	1,250,000	–
4	Piedmont Triad Farmers Market Restaurant	200,000	–
5	State Fairgrounds Improvements	1,000,000	–
6	State Research Stations–Irrigation Improvements	200,000	–
7	State Research Stations–Pesticide Storage & Mixing	200,000	–
8	State Research Stations–Poultry Facilities Improvements	1,500,000	–
9	State Research Stations–Animal Feed & Grain Storage	250,000	–
10	Department of Military and Veteran Affairs		
11	Fayetteville Veterans Home Sprinklers	3,553,000	–
12	Wake County Veterans Home	5,208,500	–
13	Forsyth County Veterans Home	5,208,500	–
14	Department of Public Safety		
15	Stonewall Jackson YDC Classroom & Kennel	677,000	–
16	Correction Enterprises–		
17	Lanesboro Sewing Plant	388,877	–
18	Scotland Food Packaging Plant	248,451	–
19	Wildlife Resources Commission		
20	Land Acquisition	8,000,000	8,000,000
21	McKinney Lake Residence	275,000	–
22	McCoy Road	325,000	–
23	New Bern Depot Boat Storage	250,000	–
24	Sandhills Depot Pole Shed	175,000	–
25	District 7 Storage Building–Wilkesboro	125,000	–
26	Sykes Depot Greenhouse	–	150,000
27	New Shooting Ranges	–	1,000,000
28	Marion Aquaculture Building	330,000	–
29	McKinney Hatchery Building	–	650,000
30	Caswell Depot Storage Building	–	400,000
31	Rhems Depot Storage Building	–	200,000
32	Troy Depot Replacement	–	750,000
33	Boating Access Repair & Renovation	900,000	900,000
34			
35	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
36	<b>FUND CAPITAL PROJECTS</b>		
37	<b>AUTHORIZED</b>	<b>\$42,280,359</b>	<b>\$24,014,960</b>
38			

**SECTION 39.5.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2019-2020 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2020-2021 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**NATIONAL GUARD PROJECTS**

**SECTION 39.6.(a)** The Office of State Budget and Management may allocate from the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to

1 provide a State match for federal funds for projects included in the latest Armory and Facilities  
2 Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities  
3 damaged during Hurricane Florence, and designated by the Adjutant General of the North  
4 Carolina National Guard in an amount not exceeding two million dollars (\$2,000,000) during the  
5 2019-2020 fiscal year.

6 **SECTION 39.6.(b)** No later than June 1, 2021, and every two years thereafter, the  
7 Department shall report on the use of these funds to the Joint Legislative Commission on  
8 Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office  
9 of State Budget and Management. Each report shall include all of the following:

- 10 (1) The status of all projects undertaken pursuant to this section.
- 11 (2) The estimated total cost of each project.
- 12 (3) The date that work on each project began or is expected to begin.
- 13 (4) The date that work on each project was completed or is expected to be  
14 completed.
- 15 (5) The actual cost of each project, including federal matching funds.
- 16 (6) Facilities planned for closure or reversion.
- 17 (7) A list of projects advanced in schedule, those projects delayed in schedule,  
18 and an estimate of the amount of funds expected to revert to the General Fund.  
19

## 20 **REPORTING ON CAPITAL PROJECTS**

21 **SECTION 39.7.(a)** Article 8 of Chapter 143C of the General Statutes is amended by  
22 adding the following new section to read:

### 23 **"§ 143C-8-14. Capital project reporting.**

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

- 25 (1) Capital project. – Any capital improvement, as that term is defined in  
26 G.S. 143C-1-1, that is not complete by July 1, 2019, and that is funded in  
27 whole or in part with State funds, including receipts, non-General Fund  
28 sources, or statutorily or constitutionally authorized indebtedness of any kind.
- 29 (2) Construction phase. – The status of a particular capital project as described  
30 using the terms customarily employed in the design and construction  
31 industries.
- 32 (3) New capital project. – A capital project that has been authorized by an act of  
33 the General Assembly in the most recent Current Operations Appropriations  
34 Act.

35 (b) Reporting. – The following reports are required:

- 36 (1) By October 1 and April 1 of each year, the following reports shall be submitted  
37 to the Joint Legislative Oversight Committee on Capital Improvements and  
38 the Fiscal Research Division:
  - 39 a. The Office of State Budget and Management shall report on the status  
40 of agency capital projects funded from the State Capital and  
41 Infrastructure Fund or other State funds.
  - 42 b. Each State agency shall report on the status of agency capital projects  
43 funded from non-State funds.
- 44 (2) Beginning January 1, and quarterly thereafter, each State agency shall report  
45 on the status of agency capital projects to the Office of State Budget and  
46 Management.

47 (c) Report Contents. – The reports required by subsection (b) of this section shall include  
48 at least the following information about every agency capital project:

- 49 (1) The current construction phase of the project.
- 50 (2) The anticipated time line from the current construction phase to project  
51 completion.

- 1           (3)    Information about expenditures that have been made in connection with the  
2                    project, regardless of source of the funds expended.
- 3           (4)    Information about the adequacy of funding to complete the project, including  
4                    estimates of how final expenditures will relate to initial estimates of  
5                    expenditures, and whether or not scope reductions will be necessary in order  
6                    to complete the project within its budget.
- 7           (5)    For new capital projects only, an estimate of the operating costs for the project  
8                    for the first five fiscal years of its operation.

9           (d)    Additional Requirements. – In addition to the other reports required by this section,  
10           the State Construction Office shall submit a report on April 1 of each year to the Joint Legislative  
11           Oversight Committee on Capital Improvements and the Fiscal Research Division that contains  
12           the following:

- 13           (1)    The status of the Facilities Condition Assessment Program (FCAP), including  
14                    (i) summary information about the average length of time that passes between  
15                    FCAP assessments for an average State building, (ii) detailed information  
16                    about when the last FCAP assessment was for each State building complex,  
17                    and (iii) detailed information about the condition and repairs and renovations  
18                    needs of each State building complex.
- 19           (2)    The status of plan review, approval, and permitting for each State capital  
20                    improvement project and community college capital improvement project  
21                    over which the Office exercises plan review, approval, and permitting  
22                    authority, including (i) summary information about the workload of the Office  
23                    during the previous quarter, including information about the average length of  
24                    time spent by the State Construction Office on each major function it performs  
25                    that is related to capital project approval, and (ii) detailed information about  
26                    the amount of time spent engaged in those functions for each project that the  
27                    State Construction Office worked on during the previous quarter."

## 29 STATUTORY CHANGES–CAPITAL

30           **SECTION 39.8.(a)** G.S. 143C-8-13 is amended by adding the following new  
31 subsection to read:

32           "(d) In making campus allocations of funds allocated to the Board of Governors of The  
33           University of North Carolina for the purposes described in subsection (a) of this section, the  
34           Board of Governors shall negatively weight the availability of non-State resources and  
35           carryforward funds available for repair and renovations and shall include information about the  
36           manner in which this subsection was complied with in any report submitted pursuant to this  
37           section."

38           **SECTION 39.8.(b)** G.S. 143C-8-12(a) reads as rewritten:

39           (a)    University Projects. – Notwithstanding any other provision of this Chapter, the Board  
40 of Governors of The University of North Carolina may approve any of the following:

- 41           (1)    Expenditures to plan a capital improvement project of The University of North  
42                    Carolina, the planning for which is to be funded entirely with non-General  
43                    Fund money.
- 44           (2)    Expenditures for a capital improvement project of The University of North  
45                    Carolina that is to be funded and operated entirely with non-General Fund  
46                    money.
- 47           (3)    A change in the scope of any previously approved capital improvement project  
48                    of The University of North Carolina provided that both the project and change  
49                    in scope are funded entirely with non-General Fund money.

1 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
2 project that has been authorized by an act of the General Assembly and funded with an allocation  
3 from the State Capital and Infrastructure Fund."

4 **SECTION 39.8.(c)** G.S. 143C-3-3(b) reads as rewritten:

5 "(b) University of North Carolina System Request. – Notwithstanding the requirement in  
6 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent  
7 institutions of The University of North Carolina, budget requests of the University shall be  
8 subject to all of the following:

9 (1) Repairs and renovations requests, capital fund requests, and information  
10 technology requests shall comply with subsections (c), (d), and (e) of this  
11 section.

12 (2) The University of North Carolina shall not make a capital funds request  
13 proposing to construct a new facility, expand the building area (square feet)  
14 of an existing facility, or rehabilitate an existing facility to accommodate new  
15 or expanded uses unless the University has completed advanced planning  
16 through schematic design of the project with funds other than General Fund  
17 appropriations. For purposes of this subdivision, "funds other than General  
18 Fund appropriations" includes funds carried forward from one fiscal year to  
19 another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

20 Nothing in this subsection shall be construed to prohibit expenditures for planning for a  
21 project that has been authorized by an act of the General Assembly and funded with an allocation  
22 from the State Capital and Infrastructure Fund."

23 **SECTION 39.8.(d)** G.S. 143C-4-3.1 reads as rewritten:

24 **"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

25 ...

26 (b) Creation and Source of Funds. – There is established in the General Fund the State  
27 Capital and Infrastructure Fund, hereinafter referred to as the "Fund." The Fund shall be  
28 maintained as a special fund and administered by the Office of State Budget and Management to  
29 carry out the provisions of this section. With the exception of debt service obligations,  
30 appropriations from the Fund may be administered by other State agencies as deemed necessary  
31 by the Office of State Budget and Management. Interest accruing from the monies in the Fund  
32 shall be credited to the Fund. The Fund shall consist of the following sources of funding:

33 (1) One-fourth of any unreserved fund balance, as determined on a cash basis,  
34 remaining in the General Fund at the end of each fiscal year.

35 (2) Four percent (4%) of the net State tax revenues that are deposited in the  
36 General Fund during the fiscal year.

37 (3) All monies appropriated by the General Assembly for the purposes of General  
38 Fund capital improvements, as defined in G.S. 143C-1-1(d).

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

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

41 ...

42 (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service  
43 obligations ~~of the State, supported by the General Fund.~~ In addition to meeting the ~~State's~~ debt  
44 service obligations, ~~obligations supported by the General Fund,~~ monies in the Fund may be used  
45 for the following purposes:

46 ...

47 (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be  
48 available for expenditure only upon an act of appropriation by the General Assembly.

49 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and  
50 unencumbered upon completion of the project shall revert to the Fund."

1           **SECTION 39.8.(e)** The recurring appropriation to the Growing Rural Economies  
2 with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on  
3 June 30, 2029.

4           **SECTION 39.8.(f)** G.S. 143-341(3)b1. reads as rewritten:

5           "b1. To certify that a statement of needs pursuant to G.S. 143C-3-3, other  
6 than for a project of The University of North Carolina for which  
7 advance planning has not been completed, is feasible. For purposes of  
8 this sub-subdivision, "feasible" means that the proposed project is  
9 sufficiently defined in overall scope; building program; site  
10 development; detailed design, construction, and equipment budgets;  
11 and comprehensive project scheduling so as to reasonably ensure that  
12 it may be completed with the amount of funds requested. At the  
13 discretion of the General Assembly, advanced planning funds may be  
14 appropriated in support of this certification. This sub-subdivision shall  
15 not apply to requests for appropriations ~~of less than one hundred~~  
16 ~~thousand dollars (\$100,000)~~ below the formal project limit, as set by  
17 the State Building Commission."  
18

#### 19 **DHHS PRIVATE DEVELOPMENT CHANGES**

20           **SECTION 39.12.(a)** The Department of Administration may issue a request for  
21 proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the  
22 new Department of Health and Human Services Administrative Complex while undertaking  
23 planning associated with funds appropriated in this act. For the purposes of this complex only,  
24 the Department may accept submissions for review that include less than fifty percent (50%)  
25 financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

26           **SECTION 39.12.(b)** G.S. 111-42(c) of the General Statutes reads as rewritten:

27           "(c) "State property or State building" means building and land owned, leased, or  
28 otherwise controlled by the State, exclusive of schools, colleges and universities, the North  
29 Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,  
30 ~~and the State Legislative Building~~ Building, and the new Health and Human Services  
31 Administrative Complex."

32           **SECTION 39.12.(c)** Article 3 of Chapter 111 of the General Statutes is amended by  
33 adding a new section to read:

34 "§ 111-47.5. Food service within the Capitol Complex.

35 Notwithstanding any other provision of this Article, the Department of Health and Human  
36 Services may operate or contract for the operation of food or vending services at State property  
37 or State facilities allocated to the Department of Administration. The net proceeds of revenue  
38 generated by food and vending services at the State property or State facilities by the agency or  
39 a vendor with whom the agency has contracted shall be credited to the Division of Services for  
40 the Blind of the Department and Health and Human Services for the purposes specified in  
41 G.S. 111-43. Nothing in this section shall be construed to remove an exemption granted under  
42 State law for State property or State buildings, as defined in G.S. 111-42(c)."

43           **SECTION 39.12.(d)** G.S. 66-58(c)(4) reads as rewritten:

44           "(4) The operation of ~~lunch counters by the Department of Health and Human~~  
45 ~~Services as blind enterprises of the type operated on January 1, 1951, in State~~  
46 ~~buildings in the City of Raleigh~~ food and vending services pursuant to Article  
47 3 of Chapter 111 of the General Statutes."

48           **SECTION 39.12.(e)** G.S. 146-29.1 is amended by adding a new subsection to read:

49           "(i) This section shall not apply to leases entered into by the Department of Health and  
50 Human Services for food and vending services pursuant to Article 3 of Chapter 111 of the  
51 General Statutes."

**PART XL. TRANSPORTATION**

**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 40.1.(a)** Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are repealed.

**SECTION 40.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2021-2022	\$ 2,436 million
For Fiscal Year 2022-2023	\$ 2,473 million
For Fiscal Year 2023-2024	\$ 2,506 million
For Fiscal Year 2024-2025	\$ 2,605 million

**SECTION 40.1.(c)** The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2021-2022	\$ 1,689 million
For Fiscal Year 2022-2023	\$ 1,727 million
For Fiscal Year 2023-2024	\$ 1,760 million
For Fiscal Year 2024-2025	\$ 1,811 million

**SECTION 40.1.(d)** The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year revenue forecast developed under this subsection shall be used (i) to develop the four-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

**CONTINGENCY FUNDS**

**SECTION 40.2.** The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2019-2021 fiscal biennium shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this section require prior approval by the Secretary of Transportation. Funds allocated under this section shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this section is not restricted to the fiscal year in which the funds were allocated.

**CAPITAL, REPAIRS, AND RENOVATIONS**

**SECTION 40.3.** The funds appropriated in this act from the Highway Fund to the Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and renovations are allocated as follows:

<b>Capital – Highway Fund</b>	<b>2019-2020</b>	<b>2020-2021</b>
Polk Maintenance Shop Replacement	\$1,738,882	\$0
Ocracoke Ferry Quarters	\$833,000	\$0
Currituck Maintenance & Storage	\$1,044,340	\$0
Northampton Equipment Shop	\$0	\$3,000,000
<b>Repairs and Renovations – Highway Fund</b>		
Statewide Roof Repairs/Replacement	\$1,050,000	\$1,050,000
Statewide Demolition of Obsolete Buildings	\$350,000	\$350,000
Statewide Water and Sewer	\$525,000	\$525,000
Statewide Asbestos Abatement	\$350,000	\$350,000

1	Statewide ADA Compliance	\$525,000	\$525,000
2	Statewide Small Office Repair and Renovation	\$1,225,000	\$1,452,500
3	Statewide Security Upfits	\$280,000	\$350,000
4	Replace 20 Rooftop HVAC Units at Century Center	\$105,000	\$105,000
5	Art Museum Basement Concrete Repair	\$175,000	\$0

## TRANSPORTATION EMERGENCY RESERVE

SECTION 40.3A.(a) Article 2A of Chapter 136 of the General Statutes is amended by adding a new section to read:

### "§ 136-44.2E. Transportation Emergency Reserve.

(a) Creation. – The Transportation Emergency Reserve (Emergency Reserve) is established as a special fund in the Department of Transportation.

(b) Use of Funds. – In each fiscal year, funds credited to the Emergency Reserve shall be available for expenditure for providing relief and assistance from the effects of an emergency only upon appropriation by the General Assembly.

(c) Transfer of Funds to Emergency Reserve. – Notwithstanding G.S. 136-44.2, and subject to the limitations set forth in subsection (d) of this section, each fiscal year the Department of Transportation shall transfer to the Emergency Reserve fifty percent (50%) of the year-end credit balance in the Highway Fund. The Office of State Budget and Management shall verify that the transfer required by this subsection has occurred.

(d) Limitations. – Except as otherwise provided in this subsection, the amount required under subsection (c) of this section shall not exceed the sum of twenty-five million dollars (\$25,000,000). The total amount of funds in the Emergency Reserve at any time shall not exceed the sum of one hundred million dollars (\$100,000,000). If the amount required under subsection (c) of this section would cause the Emergency Reserve to exceed the one hundred million dollar (\$100,000,000) limitation set forth in this subsection, the amount required under subsection (c) of this section shall be reduced accordingly.

(e) Evaluation of Emergency Reserve. – The Office of State Budget and Management and the Department of Transportation shall jointly conduct a biennial study and develop a methodology to determine the minimum necessary amount for the Emergency Reserve and shall report this amount to the House of Representatives Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division no later than February 1 of the first year of the applicable biennium.

(f) Reimbursements from Federal Government. – The Department of Transportation shall deposit into the Emergency Reserve any funds the Department receives from the federal government that are reimbursements for expenditures from the Emergency Reserve related to providing relief and assistance from the effects of an emergency. Funds deposited under this subsection shall be used in accordance with the requirements of this section.

(g) Definition. – For purposes of this section, the term "emergency" is as defined in G.S. 166A-19.3."

SECTION 40.3A.(b) This section becomes effective July 1, 2019. The initial transfer from the year-end credit balance in the Highway Fund to the Transportation Emergency Reserve shall occur on July 1, 2020.

## END NORTH CAROLINA RAILROAD DIVIDEND

SECTION 40.3B.(a) G.S. 124-5.1 reads as rewritten:

### "§ 124-5.1. ~~North Carolina Railroad Company dividends deposited to Highway Fund.~~ The Freight Rail & Rail Crossing Safety Improvement Fund.

~~Any dividends of the North Carolina Railroad Company received by the State shall be deposited into the~~ The Freight Rail & Rail Crossing Safety Improvement Fund is a fund within the Highway Fund and administered by the Rail Division of the Department of Transportation.

1 The Fund shall be used for the enhancement of freight rail service, short-line railroad assistance,  
2 and railroad-roadway crossing safety, which may include the following project types:

- 3 (1) Track and associated infrastructure improvements for freight service.
- 4 (2) Grade crossing protection, elimination, and hazard removal.
- 5 (3) Signalization improvements.
- 6 (4) Assistance for projects to improve rail access to industrial, port, and military  
7 facilities and for freight intermodal facility improvements, provided that  
8 funding assistance under this subdivision shall be subject to the same limits as  
9 that for short-line railroads under G.S. 136-44.39.
- 10 (5) Corridor protection and reactivation.
- 11 (6) Subject to federal or other state law, improvements to rail lines and corridors  
12 in this State and through portions of a bordering state for the purpose of  
13 connecting with the national railroad system.
- 14 (7) Other short-line railroad projects.

15 The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway  
16 crossing safety projects approved as part of the Transportation Improvement Program."

17 **SECTION 40.3B.(b)** G.S. 124-18 is repealed.

#### 19 **LIMITATION ON POWELL BILL FUNDING**

20 **SECTION 40.4.(a)** G.S. 136-41.1(a) reads as rewritten:

21 "(a) Upon appropriation of funds by the General Assembly to the Department of  
22 Transportation for State aid to municipalities, one-half of the amount appropriated shall be  
23 allocated in cash on or before October 1 of each year to the cities and towns of the State in  
24 accordance with this section. The second one-half of the amount appropriated shall be allocated  
25 in cash on or before January 1 of each year to the cities and towns of the State in accordance with  
26 this section. For each fiscal year, no city or town may receive an allocation that exceeds seven  
27 million five hundred thousand dollars (\$7,500,000).

28 Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed  
29 among the several eligible municipalities of the State in the percentage proportion that the  
30 population of each eligible municipality bears to the total population of all eligible municipalities  
31 according to the most recent annual estimates of population as certified to the Secretary of  
32 Revenue by the State Budget Officer. This annual estimation of population shall include increases  
33 in the population within the municipalities caused by annexations accomplished through July 1  
34 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund  
35 shall be distributed among the several eligible municipalities of the State in the percentage  
36 proportion that the mileage of public streets in each eligible municipality which does not form a  
37 part of the State highway system bears to the total mileage of the public streets in all eligible  
38 municipalities which do not constitute a part of the State highway system.

39 It shall be the duty of the mayor of each municipality to report to the Department of  
40 Transportation such information as it may request for its guidance in determining the eligibility  
41 of each municipality to receive funds under this section and in determining the amount of  
42 allocation to which each is entitled. Upon failure of any municipality to make such report within  
43 the time prescribed by the Department of Transportation, the Department of Transportation may  
44 disregard such defaulting unit in making said allotment.

45 The funds to be allocated under this section shall be paid in cash to the various eligible  
46 municipalities on or before October 1 and January 1 of each year as provided in this section.  
47 Provided that eligible municipalities are authorized within the discretion of their governing  
48 bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction,  
49 widening, or improving streets of such municipalities at any time after January 1 of any calendar  
50 year in total amounts not to exceed ninety percent (90%) of the amount received by such

1 municipality during the preceding fiscal year, in anticipation of the receipt of funds under this  
 2 section during the next fiscal year, to be paid for out of such funds when received.

3 The Department of Transportation may withhold each year an amount not to exceed one  
 4 percent (1%) of the total amount appropriated for distribution under this section for the purpose  
 5 of correcting errors in allocations: Provided, that the amount so withheld and not used for  
 6 correcting errors will be carried over and added to the amount to be allocated for the following  
 7 year.

8 The word "street" as used in this section is hereby defined as any public road maintained by  
 9 a municipality and open to use by the general public, and having an average width of not less  
 10 than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated,  
 11 the Department of Transportation may require that each municipality eligible to receive funds  
 12 under this section submit to it a statement, certified by a registered engineer or surveyor of the  
 13 total number of miles of streets in such municipality. The Department of Transportation may in  
 14 its discretion require the certification of mileage on a biennial basis."

15 **SECTION 40.4.(b)** This section becomes effective July 1, 2019, and applies to  
 16 allocations made on or after that date.

17  
 18 **REPORT ON MPO AND RPO VOTING POWER DISTRIBUTION**

19 **SECTION 40.4A.** By March 15, 2020, the Department of Transportation shall  
 20 submit a report containing the following information to the Joint Legislative Transportation  
 21 Oversight Committee and the Fiscal Research Division:

- 22 (1) The process used and guidelines followed by Metropolitan Planning  
 23 Organizations and Rural Transportation Planning Organizations in  
 24 determining how to distribute voting power among their voting members.
- 25 (2) Other state laws to determine if and how other states regulate the distribution  
 26 of voting power among the voting members of Metropolitan Planning  
 27 Organizations and Rural Transportation Planning Organizations.
- 28 (3) Methods to ensure regional governance under a weighted voting structure.
- 29 (4) Quorum determination by members present instead of by weighted vote.
- 30 (5) Methods to accomplish redesignation in which each municipality has equal  
 31 voting power.
- 32 (6) Any other topic or issue the Department determines to be relevant to the  
 33 report.

34  
 35 **AIRPORT FUNDING**

36 **SECTION 40.5.(a)** Commercial Airport Allocations. – Of the funds appropriated in  
 37 this act to the Department of Transportation for Commercial Airports, the following sums in  
 38 nonrecurring funds shall be allocated as follows:

39 <b>Commercial Airport</b>	<b>2019-2020</b>	<b>2020-2021</b>
40 Raleigh-Durham International Airport	\$1,139,670	\$1,139,670
41 Albert J. Ellis Airport	\$5,368,314	\$5,368,314
42 Asheville Regional Airport	\$7,368,314	\$7,368,314
43 Coastal Carolina Regional Airport	\$4,368,314	\$4,368,314
44 Concord Regional Airport	\$3,368,314	\$3,368,314
45 Piedmont Triad International Airport	\$11,368,315	\$11,368,315
46 Pitt-Greenville Airport	\$3,368,314	\$3,368,314
47 Wilmington International Airport	\$7,368,314	\$7,368,314

48 **SECTION 40.5.(b)** General Airport Allocations. – Of the funds appropriated in this  
 49 act to the Department of Transportation for General Airport Improvements, the following sums  
 50 in nonrecurring funds shall be allocated as follows:

51 <b>General Airport</b>	<b>2019-2020</b>	<b>2020-2021</b>
---------------------------	------------------	------------------

1	Johnston Regional Airport	\$2,650,000	\$2,500,000
2	Lee County Executive Airport	\$1,500,000	\$0
3	Laurinburg-Maxton Airport	\$4,000,000	\$4,000,000
4	Statesville Regional Airport	\$250,000	\$0
5	Cape Fear Regional Jetport	\$350,000	\$150,000
6	Gastonia Municipal Airport	\$250,000	\$250,000
7	Rockingham County NC Shiloh Airport	\$500,000	\$0

8           **SECTION 40.5.(c)** Permissible Uses, Reporting, and Return of Funds. – Each airport  
9 receiving funds under this section may use the funds allocated to it under this section to (i) fund  
10 improvements to the airport and (ii) pay debt service or related financing costs and expenses on  
11 revenue bonds or notes issued by the airport. The Department of Transportation shall not allocate  
12 funds to an airport under this section until that airport has provided a report outlining how the  
13 airport will use the funds in conformance with the purposes of the program. No later than 45 days  
14 from the date the Department receives the report required under this subsection, the Department  
15 shall make a determination whether the intended use of the funds matches the purposes of the  
16 program and, if so, allocate funds under this section to the compliant airport. An airport that  
17 receives funds under this section shall return the funds to the Department if the funds are in the  
18 possession or control of the airport and not expended or encumbered by August 31 of the year  
19 following the fiscal year in which the Department makes the allocation. All funds returned to the  
20 Department under this section, or retained by the Department for failure of an airport to submit  
21 a report under this subsection, shall be credited to the fund from which they were appropriated  
22 and shall remain unexpended and unencumbered until appropriated by the General Assembly.

23           **SECTION 40.5.(d)** Limitation. – Notwithstanding any provision of law to the  
24 contrary, the allocation of funds under this section, the enactment of this section, and the issuance  
25 of bonds or notes by the airports in reliance thereon shall not in any manner constitute a pledge  
26 of the full faith and credit and taxing power of the State. A security interest shall not be granted  
27 in funds allocated under this section.

28           **SECTION 40.5.(e)** Report. – The Department of Transportation shall provide a  
29 report on the use or uses by each airport of funds allocated to the airport under this section. The  
30 Department shall submit the report required under this subsection each year of the 2019-2021  
31 fiscal biennium by March 15 to the Joint Legislative Transportation Oversight Committee and  
32 the Fiscal Research Division.

### 33 34 **BUDGETING DOT LEGISLATIVE SALARY INCREASES**

35           **SECTION 40.7.(a)** The amount of funds appropriated for legislative salary increases  
36 for employees of the Department of Transportation (Department) shall be budgeted on a recurring  
37 basis in the correct Fund Code that corresponds to the positions in which it supports. Any transfer  
38 and use of the funds for any other purpose shall be done on a nonrecurring basis, except for the  
39 purpose of retirement and health benefits.

40           **SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight  
41 Committee on Transportation the amount allocated to each division or unit no more than 30 days  
42 after an allocation has occurred.

### 43 44 **TRANSFER CERTAIN PUBLIC CONTRACTING AUTHORITY TO DOT**

45           **SECTION 40.7A.(a)** Article 2 of Chapter 136 of the General Statutes is amended by  
46 adding a new section to read:

47 **"§ 136-28.1A. Department of Transportation public contracts.**

48           Contracts for construction or repair of buildings, the purchase of apparatus, supplies,  
49 materials, or equipment, or maintenance services, without regard to the expenditure amount, shall  
50 not be subject to the jurisdiction of the Department of Administration, but shall be advertised and  
51 let by the Department of Transportation in the manner required by Articles 3 and 8 of Chapter

1 143 of the General Statutes. Upon request, the Department of Administration shall provide  
2 assistance to the Department of Transportation in advertising and letting contracts under this  
3 section."

4 **SECTION 40.7A.(b)** G.S. 143-134(a) reads as rewritten:

5 "(a) This Article applies to the ~~Department of Transportation and the Department of Public~~  
6 ~~Safety except in the construction of roads, bridges and their approaches; Safety;~~ provided  
7 however, that whenever the Director of the Budget determines that the repair or construction of  
8 a building ~~by the Department of Transportation or by the Department of Public Safety~~ can be  
9 done more economically through use of ~~employees of the Department of Transportation and/or~~  
10 ~~prison inmates~~ than by letting the repair or building construction to contract, the provisions of  
11 this Article shall not apply to the repair or construction. This Article applies to the Department  
12 of Transportation only as provided in G.S. 136-28.1A."

#### 13 14 **PURCHASE AND MAINTENANCE OF ELLERBE REST AREA**

15 **SECTION 40.7B.(a)** Notwithstanding Article 6 of Chapter 146 of the General  
16 Statutes and any other provision of law to the contrary, of the funds appropriated in this act to  
17 the Department of Transportation (Department), the Department shall purchase the real property  
18 and buildings located in Richmond County at 2509 U.S. Highway 220 North, also known as the  
19 Ellerbe Rest Area, for a commercially reasonable price from the Town of Ellerbe.

20 **SECTION 40.7B.(b)** Upon the purchase of the Ellerbe Rest Area, the Department  
21 shall maintain the Ellerbe Rest Area, erect signage to notify the traveling public of its location,  
22 and update applicable Department publications and its Web site.

#### 23 24 **BRIDGE NAMING**

25 **SECTION 40.8.** Notwithstanding any provision of law to the contrary, the  
26 Department of Transportation shall designate the bridges described in the subdivisions below as  
27 follows:

- 28 (1) The bridge over Stanley Creek on Black Snake Road between Millman Road  
29 and Chestnut Street Extension located in the Town of Stanley in Gaston  
30 County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."  
31 (2) The bridge over Deep River on S. Carbondon Road between Harrington Road  
32 and Alston House Road located in Moore County as the "Corporal J. Ralph  
33 Holder Bridge."  
34

#### 35 **CODIFY MOBILITY/MODERNIZATION FUND**

36 **SECTION 40.9.(a)** Chapter 136 of the General Statutes is amended by adding a new  
37 Article to read:

38 "Article 14C.

39 "Mobility/Modernization Fund.

#### 40 **§ 136-189.20. Spot Mobility Program.**

41 (a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
42 forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed  
43 by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot  
44 Mobility Program is to provide funding for small projects that will reduce traffic congestion and  
45 vehicular delay times. The Department shall develop a quantitative, evidence-based formula to  
46 use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the  
47 Department shall consider all of the following in developing the formula required by this section:

- 48 (1) The travel-time savings resulting from the proposed project.  
49 (2) Reductions to motor vehicle queues resulting from the proposed project.  
50 (3) The service life of the proposed project.  
51 (4) The benefit-cost ratio of the proposed project.

1        (b) In selecting projects to receive funding from the Spot Mobility Program, the  
2 Department shall give preference to projects that will improve access from the State highway  
3 system to a school. For purposes of this section, the term "school" means any facility engaged in  
4 the educational instruction of children in any grade or combination of grades from kindergarten  
5 through the twelfth grade at which attendance satisfies the compulsory attendance law and  
6 includes charter schools as authorized under G.S. 115C-218.5.

7 **"§ 136-189.21. Economic development; small construction; industrial access.**

8        Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve  
9 percent (12%) of the funds shall be used for the following purposes:

10        (1) For prioritized transportation improvements and infrastructure that expedite  
11 commercial growth as well as either job creation or job retention.

12        (2) For small construction projects recommended by the Chief Engineer in  
13 consultation with the Chief Operating Officer and approved by the Secretary  
14 of Transportation. Funds used in accordance with this subdivision shall be  
15 allocated equally among the 14 Highway Divisions for small construction  
16 projects.

17        (3) To use for the development and expansion of access roads to industrial  
18 facilities.

19 **"§ 136-189.22. High-impact and low-cost construction projects.**

20        Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,  
21 forty-eight percent (48%) of the funds shall be used for construction projects that are high impact  
22 and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects  
23 funded under this section include intersection improvement projects, minor widening projects,  
24 and operational improvement projects. The Department shall develop a quantitative,  
25 evidence-based formula to use in selecting projects to receive funding under this section. At a  
26 minimum, the Department shall consider all of the following in developing the formula required  
27 by this section:

28        (1) The average daily traffic volume of a roadway and whether the proposed  
29 project will generate additional traffic.

30        (2) Any restrictions on a roadway.

31        (3) Any safety issues with a roadway.

32        (4) The condition of the lanes, shoulders, and pavement on a roadway.

33        (5) The site distance and radius of any intersection on a roadway.

34 **"§ 136-189.23. Annual report.**

35        The Department shall submit to the Joint Legislative Transportation Oversight Committee  
36 and to the Fiscal Research Division an annual report beginning March 1, 2020, detailing (i) the  
37 types of projects funded under this Article and (ii) the total amount of funding allocated to each  
38 project funded under this Article."

39        **SECTION 40.9.(b)** Conforming Repeal. – Subsections (a) through (d) of Section  
40 34.7 of S.L. 2017-57 are repealed.

41  
42 **DMV/HEARINGS UNIT ALIGNMENT**

43        **SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and  
44 Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's  
45 certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts  
46 to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section  
47 29.30A of S.L. 2015-241, Section 34.32 of S.L. 2017-57, and Section 34.23 of S.L. 2018-5, that  
48 all functions, activities, and personnel associated with administering and conducting the hearings  
49 be fully receipt-supported from the fee proceeds collected by the Hearings Unit. This adjustment  
50 shall be completed by October 1, 2019.

1           **SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report  
2 on any organizational changes occurring October 1, 2018, through October 1, 2019, to the Joint  
3 Legislative Transportation Oversight Committee, the House of Representatives Appropriations  
4 Committee on Transportation, the Senate Appropriations Committee on the Department of  
5 Transportation, and the Fiscal Research Division. This report shall be submitted by November 1,  
6 2019, and shall include the following:

- 7           (1) The role and responsibilities of each full-time equivalent (FTE) moved in or  
8 out of Fund Code 1304.
- 9           (2) The budgeted salary and benefits of each FTE moved in or out of Fund Code  
10 1304.
- 11           (3) Justification of movement in or out of Fund Code 1304.
- 12           (4) Funding source before and after move, including Fund Code.
- 13           (5) The certified budget for the 2019-2020 fiscal year with total requirements,  
14 receipts, and FTEs.

15  
16 **DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV**  
17 **REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES**

18           **SECTION 40.13.(a)** Expand Performance Dashboard. – The Department of  
19 Transportation shall expand its performance dashboard available on the Department's home page  
20 of the Department's Web site to track the following information about the Division of Motor  
21 Vehicles:

- 22           (1) The number of conventional hybrid vehicle new registrations issued per  
23 month and year-to-date.
- 24           (2) The number of conventional hybrid vehicle registrations renewed per month  
25 and year-to-date.
- 26           (3) The total number of conventional hybrid vehicles currently registered.
- 27           (4) The number of plug-in hybrid vehicle new registrations issued per month and  
28 year-to-date.
- 29           (5) The number of plug-in hybrid vehicle registrations renewed per month and  
30 year-to-date.
- 31           (6) The total number of plug-in hybrid vehicles currently registered.
- 32           (7) The number of plug-in electric vehicle new registrations issued per month and  
33 year-to-date.
- 34           (8) The number of plug-in electric vehicle registrations renewed per month and  
35 year-to-date.
- 36           (9) The total number of plug-in electric vehicles currently registered.

37           **SECTION 40.13.(b)** Definitions. – For purposes of this section: (i) a "conventional  
38 hybrid vehicle" means a vehicle that uses both a motor fuel engine and an electric motor that  
39 cannot be plugged in and recharged, (ii) a "plug-in hybrid vehicle" means a vehicle that uses both  
40 a motor fuel engine and an electric motor with a battery that may be recharged by plugging into  
41 an outlet or charging station, and (iii) a "plug-in electric vehicle" means a vehicle that exclusively  
42 uses an on-board battery that may be recharged by plugging into an outlet or charging station.

43           **SECTION 40.13.(c)** Implementation Date. – The expansion of the Department's  
44 performance dashboard required under subsection (a) of this section shall be completed by  
45 October 1, 2019.

46  
47 **DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN**  
48 **ANTIQUA REGISTRATION PLATE**

49           **SECTION 40.14.(a)** G.S. 20-79.4(b)(94) reads as rewritten:

- 50           "(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least ~~35 years~~  
51 ~~old~~ 30 years old measured from the date of manufacture. The plate for an

1 historic vehicle shall bear the word "Antique" unless the vehicle is a model  
2 year 1943 or older. The plate for a vehicle that is a model year 1943 or older  
3 shall bear the word "Antique" or the words "Horseless Carriage", at the option  
4 of the vehicle owner."

5 **SECTION 40.14.(b)** This section becomes effective July 1, 2019, and applies to  
6 applications for Historic Vehicle Owner registration plates made on or after that date.

7  
8 **DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH STATE LICENSE PLATE**  
9 **AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE**  
10 **BUILDING**

11 **SECTION 40.17.(a)** The Department of Administration (Department) is directed to  
12 review the inventory of State-owned office space in the City of Raleigh for purposes of relocating  
13 the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by  
14 November 1, 2019, the Department is unable to locate suitable office space, the Department shall  
15 issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase  
16 for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

17 **SECTION 40.17.(b)** By March 15, 2020, the Department, in consultation with the  
18 Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative  
19 Transportation Oversight Committee, the House of Representatives Appropriations Committee  
20 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
21 and the Fiscal Research Division containing the following information: (i) results of the review  
22 of State-owned office space in the City of Raleigh suitable for the State License Plate Agency,  
23 (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to  
24 relocate the State License Plate Agency.

25 **SECTION 40.17.(c)** At least 30 days prior to approval by the Council of State of the  
26 lease or purchase of new office space for the State License Plate Agency, the Department of  
27 Administration shall submit a report detailing the agreement to the Joint Legislative  
28 Transportation Oversight Committee, the House of Representatives Appropriations Committee  
29 on Transportation, the Senate Appropriations Committee on the Department of Transportation,  
30 and the Fiscal Research Division.

31 **SECTION 40.17.(d)** By January 15, 2021, the Division shall submit a report to the  
32 Joint Legislative Transportation Oversight Committee, the House of Representatives  
33 Appropriations Committee on Transportation, the Senate Appropriations Committee on the  
34 Department of Transportation, and the Fiscal Research Division containing the following  
35 information: (i) an itemized list of expenses associated with the Division Headquarters relocation,  
36 (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii)  
37 lease rates and agreements for both locations.

38  
39 **DMV/TOWN OF MARSHALL**

40 **SECTION 40.18.** The Division of Motor Vehicles shall reopen a Division office in  
41 the Town of Marshall, with the same hours of operation and services the office had provided  
42 before it closed, by September 1, 2019.

43  
44 **ELECTRIC/PLUG-IN HYBRID VEHICLE REGISTRATION FEES**

45 **SECTION 40.18A.(a)** G.S. 20-87(13) reads as rewritten:

46 "(13) Additional fee for certain electric vehicles. – At the time of an initial  
47 registration or registration renewal, the owner of a plug-in electric vehicle that  
48 is not a low-speed vehicle and that does not rely on a nonelectric source of  
49 power shall pay a fee in the amount of ~~one hundred thirty dollars (\$130.00)~~  
50 two hundred thirty dollars (\$230.00) in addition to any other required  
51 registration fees."

1           **SECTION 40.18A.(b)** G.S. 20-87 is amended by adding a new subdivision to read:  
2           "(14) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
3           registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
4           pay a fee in the amount of one hundred fifteen dollars (\$115.00) in addition to  
5           any other required registration fees. For purposes of this subdivision, a plug-in  
6           hybrid vehicle is one that is capable of being propelled solely by electricity  
7           drawn from a battery that can be recharged from an external source of  
8           electricity but is also capable of using motor fuel to propel the vehicle."

9           **SECTION 40.18A.(c)** G.S. 20-4.02 reads as rewritten:

10       "**§ 20-4.02. ~~Quadrennial adjustment~~ Adjustment of certain fees and rates.**"

11       (a)    Quadrennial Adjustment for Inflation. – Beginning July 1, 2020, and every four years  
12       thereafter, the Division shall adjust the fees and rates imposed pursuant to the statutes listed in  
13       this subsection for inflation in accordance with the Consumer Price Index computed by the  
14       Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this  
15       subsection shall be rounded to the nearest cent and all other adjustments under this subsection  
16       shall be rounded to the nearest twenty-five cents (25¢):

17       ...

18       (11)    G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private  
19       motorcycles, G.S. 20-87(13) for electric vehicles, and  
20       G.S. 20-87(14) for plug-in hybrid vehicles.

21       ...

22       (b1)    Annual Adjustment of Registration Fees for Electric and Hybrid Vehicles. –  
23       Beginning January 1, 2021, and every year thereafter, the Division shall adjust the registration  
24       fee imposed by G.S. 20-87(13) and G.S. 20-87(14) pursuant to the following formula. The  
25       registration fee shall be the amount for the preceding calendar year, multiplied by a percentage.  
26       The percentage is one hundred percent (100%) plus or minus the sum of the following:

27       (1)    The percentage change in population for the applicable calendar year, as  
28       estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

29       (2)    The annual percentage change in the Consumer Price Index for All Urban  
30       Consumers, multiplied by twenty-five percent (25%). For purposes of this  
31       subdivision, "Consumer Price Index for All Urban Consumers" means the  
32       United States city average for energy index contained in the detailed report  
33       released in the October prior to the applicable calendar year by the Bureau of  
34       Labor Statistics of the United States Department of Labor, or data determined  
35       by the Secretary to be equivalent.

36       ...

37       (d)    Consultation and Publication. – At least 90 days prior to making an adjustment  
38       pursuant to subsection (a) and subsection (b1) of this section, and notwithstanding any provision  
39       of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative  
40       Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate  
41       Appropriations Committee on Department of Transportation and the House of Representatives  
42       Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in  
43       effect in the offices of the Division and on the Division's Web site.

44       ...."

45       **SECTION 40.18A.(d)** Section 4 of S.L. 2016-120 reads as rewritten:

46       "**SECTION 4.** Section 1 of this act becomes effective July 1, 2020. Sections 2 and 3 of this  
47       act become effective October 1, 2016. The remainder of this act is effective when it becomes  
48       law."

49       **SECTION 40.18A.(e)** Section 9 of S.L. 2018-42 reads as rewritten:

50       "**SECTION 9.** Sections 6 and 7 of this act are effective when they become law and apply to  
51       any tax or tax increase with an effective date on or after that date. Section 8 of this act becomes

1 effective July 1, 2020. Except as otherwise provided, the remainder of this act is effective when  
2 it becomes law."

3 **SECTION 40.18A.(f)** Subsections (a) and (b) of this section become effective  
4 January 1, 2020, and apply to the registration of vehicles purchased, sold, transferred, leased, or  
5 due for renewal on or after that date. The remainder of this section becomes effective July 1,  
6 2020.

#### 7 **DMV/ADJUSTMENT OF LPA COMPENSATION**

8 **SECTION 40.18B.(a)** G.S. 20.63(h) reads as rewritten:

9 "(h) Commission Contracts for Issuance of Plates and Certificates. – All registration  
10 plates, registration certificates, and certificates of title issued by the Division, outside of those  
11 issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties  
12 and those issued and handled through the United States mail, shall be issued insofar as practicable  
13 and possible through commission contracts entered into by the Division for the issuance of the  
14 plates and certificates in localities throughout North Carolina, including military installations  
15 within this State, with persons, firms, corporations or governmental subdivisions of the State of  
16 North Carolina. The Division shall make a reasonable effort in every locality, except as noted  
17 above, to enter into a commission contract for the issuance of the plates and certificates and a  
18 record of these efforts shall be maintained in the Division. In the event the Division is  
19 unsuccessful in making commission contracts, it shall issue the plates and certificates through  
20 the regular employees of the Division. Whenever registration plates, registration certificates, and  
21 certificates of title are issued by the Division through commission contract arrangements, the  
22 Division shall provide proper supervision of the distribution. Nothing contained in this subsection  
23 allows or permits the operation of fewer outlets in any county in this State than are now being  
24 operated.

25 The terms of a commission contract entered under this subsection shall specify the duration  
26 of the contract and either include or incorporate by reference standards by which the Division  
27 may supervise and evaluate the performance of the commission contractor. The duration of an  
28 initial commission contract may not exceed eight years and the duration of a renewal commission  
29 contract may not exceed two years. The Division may award monetary performance bonuses, not  
30 to exceed an aggregate total of ninety thousand dollars (\$90,000) annually, to commission  
31 contractors based on their performance.

32 The amount of compensation payable to a commission contractor is determined on a per  
33 transaction basis. The collection of the highway use tax and the removal of an inspection stop are  
34 each considered a separate transaction for which ~~one dollar and thirty cents (\$1.30)~~ one dollar  
35 and forty-three cents (\$1.43) compensation shall be paid. The issuance of a limited registration  
36 "T" sticker and the collection of property tax are each considered a separate transaction for which  
37 compensation at the rate of one dollar and thirty cents (\$1.30) and one dollar and eight cents  
38 (\$1.08) respectively, shall be paid by counties and municipalities as a cost of the combined motor  
39 vehicle registration renewal and property tax collection system. The performance at the same  
40 time of one or more of the transactions below is considered a single transaction for which ~~one~~  
41 ~~dollar and forty-six cents (\$1.46)~~ one dollar and sixty-one cents (\$1.61) compensation shall be  
42 paid:

- 43 (1) Issuance of a registration plate, a registration card, a registration sticker, or a  
44 certificate of title.

45 ...."

46 **SECTION 40.18B.(b)** This section becomes effective July 1, 2019, and applies to  
47 transactions on or after that date.

#### 48 **FERRY/PASSENGER FERRY FUNDS**

1           **SECTION 40.19.** The Department of Transportation, Ferry Division, may enter into  
2 a contract to lease a passenger ferry vessel for operation between Hatteras and Ocracoke from  
3 May 20, 2019, to September 5, 2019, without complying with the provisions of Article 8 of  
4 Chapter 143 of the General Statutes, G.S. 136-28.1, or any other provision of law to the contrary.  
5 Of the funds appropriated in this act to the Department, any lease entered into pursuant to this  
6 section shall not exceed one million dollars (\$1,000,000).

#### 7 8 **FERRY TOLL STUDY**

9           **SECTION 40.19A.(a)** The Department of Transportation shall study the feasibility  
10 of raising ferry tolls for nonresidents. The study shall consider the following:

- 11           (1) The permissibility under the United States Constitution and any other  
12 applicable law of charging higher ferry tolls to nonresidents than to residents.  
13 If permissible, a summary of the legal justification the Department may need  
14 to provide and any legal restrictions that may apply.
- 15           (2) An analysis of the current number, and future projection, of nonresidents that  
16 use North Carolina ferries by ferry route and feasibility of creating a  
17 differential of tolls for resident and nonresident users.
- 18           (3) An analysis of the cost of toll collection for each route versus revenues  
19 collected.
- 20           (4) Exploration of different toll collection methods and streamlining current toll  
21 collection processes.
- 22           (5) Any other topic or issue the Department determines to be relevant to the study.

23           **SECTION 40.19A.(b)** By March 15, 2020, the Department shall report its findings  
24 from the study, including any legislative recommendations, to the chairs of the Joint Legislative  
25 Transportation Oversight Committee and the Fiscal Research Division.

#### 26 27 **REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE**

28           **SECTION 40.21.(a)** On or before March 1, 2020, the Department of Transportation  
29 shall submit an itemized report detailing the use of the funds appropriated in this act for the  
30 Piedmont locomotives and cars to the Joint Legislative Transportation Oversight Committee, the  
31 House of Representatives Appropriations Committee on Transportation, the Senate  
32 Appropriations Committee on the Department of Transportation, and the Fiscal Research  
33 Division. The report shall include the overhaul policy for locomotives, a locomotives overhaul  
34 schedule with budget requirements, and amount of funds expended and committed for overhaul  
35 activities.

36           **SECTION 40.21.(b)** On or before March 1, 2020, the Department of Transportation  
37 shall submit an itemized report detailing the use of the funds appropriated in this act for the train  
38 station maintenance needs to the Joint Legislative Transportation Oversight Committee, the  
39 House of Representatives Appropriations Committee on Transportation, the Senate  
40 Appropriations Committee on the Department of Transportation, and the Fiscal Research  
41 Division. The report shall include the eligibility requirements of stations, methodology in  
42 allocating funds to stations, allowed uses of funds, and amount of funds expended and committed  
43 for projects.

#### 44 45 **FUNDS FOR SELMA UNION STATION DEPOT**

46           **SECTION 40.22.** Of the funds appropriated in this act to the Department of  
47 Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five  
48 hundred dollars (\$257,500) in nonrecurring funds shall be allocated to the Selma Union Station  
49 Depot for train station maintenance.

#### 50 51 **PART XLI. FINANCE**

**INCREASE STANDARD DEDUCTION**

**SECTION 41.1.(a)** 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:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly/surviving spouse	<del>\$20,000</del> <u>\$21,000</u>
Head of Household	<del>15,000</del> <u>15,750</u>
Single	<del>10,000</del> <u>10,500</u>
Married, filing separately	<del>10,000</del> <u>10,500.</u> "

**SECTION 41.1.(b)** This section is effective for taxable years beginning on or after January 1, 2021.

**INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS AGE 70 1/2 OR OLDER**

**SECTION 41.2.(a)** G.S. 105-153.5(a)(2)a. reads as rewritten:

"a. Charitable Contribution. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year. For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion."

**SECTION 41.2.(b)** G.S. 105-153.5(c2)(3) reads as rewritten:

"(3) For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ the taxpayer must add the amount excluded from the taxpayer's gross income for a qualified charitable distribution from an individual retirement plan by a person who has attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law."

**SECTION 41.2.(c)** This section is effective when it becomes law.

**FRANCHISE TAX CHANGES**

**SECTION 41.3.(a)** G.S. 105-120.2(b) and (c) read as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

- (1) A franchise or privilege tax at the rate of ~~one dollar and fifty cents (\$1.50)~~ set in G.S. 105-122(d2) per one thousand dollars (\$1,000) of the amount determined under subsection (a) of this ~~section, but in section.~~ In no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).
- (2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate of ~~one dollar and fifty cents (\$1.50)~~ set in G.S. 105-122(d2) per one thousand dollars (\$1,000) ~~on the greater of the following: the total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).~~

- 1 a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~  
 2 ~~valorem taxation of all the real and tangible personal property in this~~  
 3 ~~State of each such corporation plus the total appraised value of~~  
 4 ~~intangible property returned for taxation of intangible personal~~  
 5 ~~property as computed under G.S. 105-122(d).~~  
 6 b. ~~The total actual investment in tangible property in this State of such~~  
 7 ~~corporation as computed under G.S. 105-122(d).~~
- 8 (c) For purposes of this section, a "holding company" is a corporation that satisfies at  
 9 least one of the following conditions:
- 10 (1) It has no assets other than ownership interests in corporations in which it  
 11 owns, directly or indirectly, more than fifty percent (50%) of the outstanding  
 12 voting stock or voting capital interests.
- 13 (2) It receives during its taxable year more than eighty percent (80%) of its gross  
 14 income from corporations in which it owns directly or indirectly more than  
 15 fifty percent (50%) of the outstanding voting stock, voting capital interests, or  
 16 ownership interests.
- 17 (3) It owns copyrights, patents, or trademarks that represent more than eighty  
 18 percent (80%) of its total assets, or receives royalties and license fees that  
 19 represent more than eighty percent (80%) of its gross income, and it is one  
 20 hundred percent (100%) directly owned by a corporation that meets all of the  
 21 following conditions:
- 22 a. Is a manufacturer, as defined by NAICS codes 31 through 33.  
 23 b. Generates revenues in excess of five billion dollars (\$5,000,000,000)  
 24 for income tax purposes from goods that it manufactures.  
 25 c. Includes in its net worth, as determined under G.S. 105-122(b), an  
 26 investment in a subsidiary that owns copyrights, patents, or  
 27 trademarks."

28 **SECTION 41.3.(b)** G.S. 105-122(d)(2) is repealed.

29 **SECTION 41.3.(c)** G.S. 105-122(d2) reads as rewritten:

30 "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
 31 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
 32 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
 33 subsection, the term "electric power company" has the same meaning as defined in  
 34 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
 35 members that is an electric power company.

36 ~~For a C Corporation, For all other C Corporations, as defined in G.S. 105-130.2, [the] the tax~~  
 37 ~~rate is one dollar and fifty cents (\$1.50) one dollar and twenty-nine cents (\$1.29) per one thousand~~  
 38 ~~dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.~~  
 39 For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00)  
 40 for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under  
 41 subsection (d) of this section and ~~one dollar and fifty cents (\$1.50) one dollar and twenty-nine~~  
 42 ~~cents (\$1.29) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars~~  
 43 ~~(\$1,000,000).~~

44 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

45 **SECTION 41.3.(d)** G.S. 105-122(d2), as amended by subsection (c) of this section,  
 46 reads as rewritten:

47 "(d2) Tax Rate. – For an electric power company or a company that is a member of a  
 48 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)  
 49 of the company's tax base as determined under subsection (d) of this section. For purposes of this  
 50 subsection, the term "electric power company" has the same meaning as defined in

1 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more  
2 members that is an electric power company.

3 For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and~~  
4 ~~twenty nine cents (\$1.29)~~ ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of the  
5 corporation's tax base as determined under subsection (d) of this section. For an S Corporation,  
6 as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million  
7 dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this  
8 section and ~~one dollar and twenty nine cents (\$1.29)~~ ninety-six cents (\$0.96) per one thousand  
9 dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000).

10 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

11 **SECTION 41.3.(e)** G.S. 105-122(d2), as amended by subsections (c) and (d) of this  
12 section, reads as rewritten:

13 "(d2) Tax Rate. – ~~For an electric power company or a company that is a member of a~~  
14 ~~qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)~~  
15 ~~of the company's tax base as determined under subsection (d) of this section. For purposes of this~~  
16 ~~subsection, the term "electric power company" has the same meaning as defined in G.S. 105-~~  
17 ~~130.4(s3) and the term "qualified group" means an affiliated group that has one or more members~~  
18 ~~that is an electric power company.~~

19 ~~For all other C Corporations,~~ For a C Corporation, as defined in G.S. 105-130.2, the tax rate  
20 is ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of the corporation's tax base as  
21 determined under subsection (d) of this section. For an S Corporation, as defined in  
22 G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars  
23 (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and  
24 ninety-six cents (\$0.96) per one thousand dollars (\$1,000) of its tax base that exceeds one million  
25 dollars (\$1,000,000).

26 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

27 **SECTION 41.3.(f)** Subsections (a) through (c) of this section are effective for taxable  
28 years beginning on or after January 1, 2020, and applicable to the calculation of franchise tax  
29 reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is  
30 effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation  
31 of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of  
32 this section is effective for taxable years beginning on or after January 1, 2027, and applicable to  
33 the calculation of franchise tax reported on the 2026 and later corporate income tax returns.  
34 Except as otherwise provided, this section is effective when it becomes law.

## 35 36 **USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX** 37 **APPORTIONMENT**

38 **SECTION 41.4.(a)** G.S. 105-130.4 reads as rewritten:

39 "**§ 105-130.4. Allocation and apportionment of income for corporations.**

40 ...

41 (l) ~~(4)~~Sales Factor. – The sales factor is a fraction, the numerator of which is the total  
42 sales of the corporation in this State during the income year, and the denominator of which is the  
43 total sales of the corporation everywhere during the income year. Notwithstanding any other  
44 provision under this Part, the receipts from any casual sale of property shall be excluded from  
45 both the numerator and the denominator of the sales factor. Where a corporation is not taxable in  
46 another state on its apportionable income but is taxable in another state only because of  
47 nonapportionable income, all sales shall be treated as having been made in this State.

48 Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market  
49 for a receipt cannot be determined, the state or states of assignment shall be reasonably  
50 approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts  
51 of a sale are to be assigned through the use of a method of reasonable approximation, the receipts

1 must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided  
2 by this section, a taxpayer's market for receipts is in this State as provided below:

- 3       (1) In the case of sale, rental, lease, or license of real property, if and to the extent  
4 the property is located in this State.
- 5       (2) In the case of rental, lease, or license of tangible personal property, if and to  
6 the extent the property is located in this State.~~Sales of tangible personal~~  
7 ~~property are in this State if the property is received in this State by the~~  
8 ~~purchaser. In the case of delivery of goods by common carrier or by other~~  
9 ~~means of transportation, including transportation by the purchaser, the place~~  
10 ~~at which the goods are ultimately received after all transportation has been~~  
11 ~~completed shall be considered as the place at which the goods are received by~~  
12 ~~the purchaser. Direct delivery into this State by the taxpayer to a person or~~  
13 ~~firm designated by a purchaser from within or without the State shall~~  
14 ~~constitute delivery to the purchaser in this State.~~
- 15       (3) In the case of sale of tangible personal property, if and to the extent the  
16 property is received in this State by the purchaser. In the case of delivery of  
17 goods by common carrier or by other means of transportation, including  
18 transportation by the purchaser, the place at which the goods are ultimately  
19 received after all transportation has been completed is considered the place at  
20 which the goods are received by the purchaser. Direct delivery into this State  
21 by the taxpayer to a person or firm designated by a purchaser from within or  
22 without the State constitutes delivery to the purchaser in this State. ~~Other sales~~  
23 ~~are in this State if any of the following occur:~~
- 24       a. ~~The receipts are from real or tangible personal property located in this~~  
25 ~~State, and includes receipts from incidental services sold as part of, or~~  
26 ~~in connection with, the sale of tangible personal property in this State.~~
- 27       b. ~~The receipts are from intangible property and are received from~~  
28 ~~sources within this State.~~
- 29       e. ~~The receipts are from services and the income producing activities are~~  
30 ~~in this State. For the purposes of this subdivision, an~~  
31 ~~"income producing activity" means an activity directly performed by~~  
32 ~~the taxpayer or its agents for the ultimate purpose of generating the~~  
33 ~~sale of the service. Receipts from income producing activities~~  
34 ~~performed within and without this State are attributed to this State in~~  
35 ~~proportion to the income producing activities performed in this State~~  
36 ~~to total income producing activities performed everywhere that~~  
37 ~~generate the sale of service.~~
- 38       (4) In the case of sale of a service, if and to the extent the service is delivered to  
39 a location in this State.
- 40       (5) In the case of intangible property that is rented, leased, or licensed, if and to  
41 the extent the property is used in this State. Intangible property utilized in  
42 marketing a good or service to a consumer is "used in this State" if that good  
43 or service is purchased by a consumer who is in this State.
- 44       (6) In the case of intangible property that is sold, if and to the extent the property  
45 is used in this State. A contract right, government license, or similar intangible  
46 property that authorized the holder to conduct a business activity in a specific  
47 geographic area is "used in this State" if the geographic area includes all or  
48 part of this State. Receipts from a sale of intangible property that is contingent  
49 on the productivity, use, or disposition of the intangible property shall be  
50 treated as receipts from the rental, lease, or licensing of the intangible property  
51 as provided under subdivision (5) of this subsection. All other receipts from a

1 sale of intangible property shall be excluded from the numerator and  
2 denominator of the sales factor.

3 (1) Broadcasters. – A broadcaster's market for receipts is in this State as provided in  
4 G.S. 105-130.4A. For purposes of this section, the term "broadcaster" has the same meaning as  
5 defined in G.S. 105-130.4A.

6 (2) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B.  
7 For purposes of this section, the term "bank" has the same meaning as defined in  
8 G.S. 105-130.4B.

9 ....

10 (s2) Pipeline Company. – Receipts from the transportation or transmission of a  
11 petroleum-based liquids pipeline or natural gas by a company subject to rate regulation by the  
12 Federal Energy Regulatory Commission shall be apportioned by multiplying the income by a  
13 fraction, the numerator of which is the number of barrel miles traffic units in this State during  
14 the tax year and the denominator of which is the total number of barrel miles traffic units  
15 everywhere during the tax year. For purposes of this section, the term "barrel mile" means one  
16 barrel of liquid property transported one mile. "traffic unit" means one or more of the following:

17 (1) Barrel mile. – One barrel of liquid property transported one mile.

18 (2) Cubic foot mile. – One cubic foot of gaseous property transported one mile.

19 (s3) Electric Power Company. – All apportionable income of an electric power company  
20 shall be apportioned by a fraction, the numerator of which is the average value of the real and  
21 tangible personal property owned or rented and used in this State by the electric power company  
22 during the income year and the denominator of which is the average value of all the real and  
23 tangible personal property owned or rented and used by the electric power company during the  
24 income year. For purposes of this subsection, the term "electric power company" is a company,  
25 including any of its wholly owned noncorporate limited liability companies, primarily engaged  
26 in the business of supplying electricity for light, heat, current, or power to persons in this State  
27 and that is subject to control of one or more of the following entities: the North Carolina Utilities  
28 Commission or the Federal Energy Regulatory Commission.

29 For purposes of this subsection, the average value of real and tangible personal property  
30 owned or rented by an electric power company is determined as follows:

31 (1) The average value of property shall be determined by averaging the values at  
32 the beginning and end of the income year, but in all cases the Secretary may  
33 require the averaging of monthly or other periodic values during the income  
34 year if reasonably required to reflect properly the average value of the  
35 corporation's property.

36 (2) An electric power company that ceases its operations in this State before the  
37 end of its income year because of its intention to dissolve or to relinquish its  
38 certificate of authority, or because of a merger, conversion, or consolidation,  
39 or for any other reason whatsoever shall use the real estate and tangible  
40 personal property values as of the first day of the income year and the last day  
41 of its operations in this State in determining the average value of property, but  
42 the Secretary may require averaging of monthly or other periodic values  
43 during the income year if reasonably required to reflect properly the average  
44 value of the electric power company's property.

45 (3) Property owned by an electric power company is valued at its original cost.

46 (4) Property rented by an electric power company is valued at eight times the net  
47 annual rental rate.

48 (5) Net annual rental rate is the annual rental rate paid by an electric power  
49 company less any annual rental rate received by the electric power company  
50 from sub-rentals except that sub-rentals shall not be deducted when they  
51 constitute apportionable income.

1           (6)    Any property under construction and any property the income from which  
2                   constitutes nonapportionable income shall be excluded from the computation  
3                   of the average value of an electric power company's real and tangible personal  
4                   property.

5           ....

6           (t3)    State Net Loss Apportionment Election. – Notwithstanding subsection (l)(4) of this  
7                   section, a taxpayer with a State net loss balance as of the end of its 2019 taxable year may elect  
8                   to apportion receipts from services based on the percentage of its income-producing activities  
9                   performed in this State. The election must be made on the 2020 tax year return and must be in  
10                  the form prescribed by the Secretary and contain any supporting documentation the Secretary  
11                  may require. The election is binding and irrevocable until the earlier of the tax year in which (i)  
12                  the existing State net loss balance is fully utilized or (ii) all of the existing State net loss balance  
13                  has expired, as determined by applying the limitations set forth in G.S. 105-130.8A(b). A  
14                  taxpayer must apportion receipts from services in accordance with subsection (l)(4) of this  
15                  section for tax years beginning on and after the tax year that the existing State net loss is fully  
16                  utilized.

17           For purposes of this subsection, a taxpayer's State net loss balance is the total amount of State  
18           net losses computed under G.S. 105-130.8A for taxable years beginning before January 1, 2020,  
19           and available to carry forward to taxable years beginning on or after January 1, 2020. A State net  
20           loss balance does not include a State net loss created in a taxable year beginning on or after  
21           January 1, 2020. A State net loss created in a taxable year beginning on or after January 1, 2020,  
22           must be determined using the apportionment rules in G.S. 105-130.4(l)."

23           **SECTION 41.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
24           amended by adding a new section to read:

25           "**§ 105-130.4A. Market-based sourcing for broadcasters.**

26           (a)    Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply  
27                   to this section:

28           (1)    Audience factor. – The factor determined by the ratio provided in this  
29                   subdivision. The ratio is as follows:

30           a.     Television station. – The ratio that the viewing audience located in this  
31                   State for a television station bears to the total viewing audience for a  
32                   television station.

33           b.     Radio station. – The ratio that the listening audience in this State for a  
34                   radio station bears to the total listening audience for a radio station.

35           c.     Cable or satellite program and channel broadcasts. – The ratio that the  
36                   subscribers for a cable or satellite system located in this State bears to  
37                   the total subscribers of a cable or satellite system. If the number of  
38                   subscribers cannot be accurately determined from the books and  
39                   records maintained by the taxpayer, the ratio shall be determined on  
40                   the basis of the applicable year's subscription statistics located in  
41                   published surveys, provided the source selected is consistently used  
42                   from year to year for this purpose.

43           (2)    Broadcast. – The transmission of audio or video programming, directly or  
44                   indirectly, to viewers and listeners by any other method of communication or  
45                   combination of methods.

46           (3)    Broadcaster. – A person that provides audio or video programming to  
47                   customers in this State by digital or analog means in exchange for one or more  
48                   of the following: advertising receipts, subscriber fees, license, rent, or similar  
49                   fees. The term includes a television or radio station licensed by the Federal  
50                   Communications Commission, including network-owned or affiliated  
51                   stations, a television or radio broadcast network, a cable program network, a

1 distributor of audio or video programming, a cable system operator, and  
2 satellite system operator.

3 (4) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.

4 (5) Release or in release. – The placing of film or radio programming into service.  
5 A film or radio program is placed into service when it is first broadcast to the  
6 primary audience for entertainment, educational, commercial, artistic, or other  
7 purposes. Each episode of a television or radio series is placed in service when  
8 it is first broadcast. A program is not placed in service merely because it is  
9 completed and therefore in a condition or state of readiness and availability  
10 for broadcast or merely because it is previewed to prospective sponsors or  
11 purchasers.

12 (6) Rent. – License fees or other payments or consideration provided in exchange  
13 for the broadcast or other use of television or radio programming.

14 (7) Subscriber. – The individual residence or other outlet that is the ultimate  
15 recipient of the transmission of the audio or video programming.

16 (b) Reasonable Approximation. – If the audience factor for a receipt cannot be  
17 determined, the state or states of assignment shall be reasonably approximated. If a taxpayer is  
18 delivering advertising or licensed content directly or indirectly to a known list of subscribers, the  
19 taxpayer shall reasonably approximate the receipts attributable to this State's market using a  
20 percentage that reflects the ratio of North Carolina subscribers to the total number of subscribers.  
21 If the taxpayer is delivering advertising or licensed content through an intermediary and does not  
22 have access to the list of subscribers, the taxpayer shall reasonably approximate the receipts  
23 attributable to this State's market using a percentage that reflects the ratio of the North Carolina  
24 population to the total population in the specific geographic area where the advertisement or  
25 licensed content is materially used. Unless the taxpayer provides substantial evidence to the  
26 contrary, the area where the advertisement or licensed content is materially used does not include  
27 areas outside the United States. If the taxpayer is able to show with substantial evidence that the  
28 advertisement or licensed content is materially used in a city within a foreign country, then the  
29 population of that city may be included in the population ratio calculation. If the taxpayer is able  
30 to show with substantial evidence that the advertisement or license content is materially used  
31 throughout a foreign county, then the population of that foreign country may be included in the  
32 population ratio calculation. In a case where the specified rules of reasonable approximation fail  
33 to reasonably approximate the percentage of receipts attributable to this State's market, the  
34 Department may authorize an alternate approach that reflects an attempt to obtain the most  
35 accurate assignment of receipts.

36 (c) Market for Receipts. – The receipts factor of a broadcaster is a fraction, the numerator  
37 of which is the sum of the broadcaster's gross receipts from sources within the State and the  
38 denominator of which is the sum of the broadcaster's gross receipts from transactions and activity  
39 in the regular course of its trade or business everywhere. Advertising gross receipts and license  
40 fees for audio or video programming in release are attributable to this State in accordance with  
41 the audience factor in this State. Gross receipts from subscriber fees, rents, sales, or similar  
42 charges from audio or video programming in release are attributable to this State based on the  
43 amount of subscriber or other fees paid by customers in this State. A sale of audio or video  
44 programming on tangible media is sourced to this State as sales of tangible personal property."

45 **SECTION 41.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is  
46 amended by adding a new section to read:

47 "**§ 105-130.4B. Market-based sourcing for banks.**

48 (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the  
49 following definitions apply to this section:

50 (1) Bank. – Defined in G.S. 105-130.7B.

- 1           (2)    Billing address. – The location indicated in the books and records of the  
2           taxpayer on the first day of the taxable year, or on the date in the taxable year  
3           when the customer relationship began, as the address where any notice,  
4           statement, or billing relating to the customer's account is mailed.
- 5           (3)    Borrower, cardholder, or payor located in this State. – A borrower, credit  
6           cardholder, or payor whose billing address is in this State.
- 7           (4)    Card issuer's reimbursement fee. – The fee a taxpayer receives from a  
8           merchant's bank because one of the persons to whom the taxpayer has issued  
9           a credit, debit, or similar type of card has charged merchandise or services to  
10           the card.
- 11           (5)    Credit card. – A card, or other means of providing information, that entitles  
12           the holder to charge the cost of purchases, or a cash advance against a line of  
13           credit.
- 14           (6)    Debit card. – A card, or other means of providing information, that enables  
15           the holder to charge the cost of purchases, or a cash withdrawal, against the  
16           holder's bank account or a remaining balance on the card.
- 17           (7)    Loan. – Any extension of credit resulting from direct negotiations between the  
18           taxpayer and its customer, and/or the purchase, in whole or in part, of such an  
19           extension of credit from another. The term includes participations,  
20           syndications, and leases treated as loans for federal income tax purposes.
- 21           (8)    Loan secured by real property. – A loan or other obligation of which fifty  
22           percent (50%) or more of the aggregate value of the collateral used to secure  
23           the loan or other obligation, when valued at fair market value as of the time  
24           the original loan or obligation was incurred, was real property.
- 25           (9)    Merchant discount. – The fee, or negotiated discount, charged to a merchant  
26           by the taxpayer for the privilege of participating in a program whereby a  
27           credit, debit, or similar type of card is accepted in payment for merchandise  
28           or services sold to the cardholder, net of any cardholder chargeback and  
29           unreduced by any interchange transaction or issuer reimbursement fee paid to  
30           another for charges or purchased made by its cardholder.
- 31           (10)   Participation. – An extension of credit in which an undivided ownership  
32           interest is held on a prorate basis in a single loan or pool of loans and related  
33           collateral. In a loan participation, the credit originator initially makes the loan  
34           and then subsequently resells all or a portion of it to other lenders. The  
35           participation may or may not be known to the borrower.
- 36           (11)   Payor. – The person who is legally responsible for making payment to the  
37           taxpayer.
- 38           (12)   Real property owned. – Real property (i) on which the taxpayer may claim  
39           depreciation for federal income tax purposes, or (ii) to which the taxpayer  
40           holds legal title and on which no other person may claim depreciation for  
41           federal income tax purposes or could claim depreciation if subject to federal  
42           income tax. Real property does not include coin, currency, or property  
43           acquired in lieu of or pursuant to a foreclosure.
- 44           (13)   Syndication. – An extension of credit in which two or more persons fund and  
45           each person is at risk only up to a specified percentage of the total extension  
46           of credit or up to a specified dollar amount.
- 47           (14)   Tangible personal property owned. – Tangible personal property (i) on which  
48           the taxpayer may claim depreciation for federal income tax purposes or (ii) to  
49           which the taxpayer holds legal title and on which no other person may claim  
50           depreciation for federal income tax purposes could claim depreciation if

1 subject to federal income tax. Tangible personal property does not include  
2 coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

3 (15) Transportation property. – Vehicles and vessels capable of moving under their  
4 own power as well as any equipment or containers attached to such property.  
5 Examples of transportation property include aircraft, trains, water vessels,  
6 motor vehicles, rolling stock, barges, and trailers.

7 (b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is  
8 the total receipts of the taxpayer in this State during the income year, and the denominator of  
9 which is the total receipts of the taxpayer everywhere during the income year. The method of  
10 calculating receipts for purposes of the denominator is the same as the method used in  
11 determining receipts for purposes of the numerator. The receipts factor includes only those  
12 receipts described herein that are apportionable income for the taxable year. Notwithstanding any  
13 other provision under this Part, the receipts from the following are excluded from both the  
14 numerator and the denominator of the receipts factor:

15 (1) Receipts from a casual sale of property.

16 (2) Receipts exempt from taxation.

17 (3) The portion of receipts realized from the sale or maturity of securities or other  
18 obligations that represents a return of principal.

19 (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a)  
20 and (3b) and dividends excluded for federal tax purposes.

21 (5) The portion of receipts from financial swaps and other similar financial  
22 derivatives that represent the notional principal amount that generates the cash  
23 flow traded in the swap agreement.

24 (c) Receipts from the Sale, Lease, or Rental of Real Property. – The numerator of the  
25 receipts factor includes receipts from the sale, lease, or rental of real property owned by the  
26 taxpayer if the property is located within this State or receipts from the sublease of real property  
27 if the property is located within this State.

28 (d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property. – The method  
29 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

30 (1) Tangible personal property. – Except as provided in subdivision (2) of this  
31 subsection, the numerator of the receipts factor includes receipts from the sale,  
32 lease, or rental of tangible personal property owned by the taxpayer if the  
33 property is located within this State when it is first placed in service by the  
34 lessee.

35 (2) Transportation property. – Receipts from the lease or rental of transportation  
36 property owned by the taxpayer are included in the numerator of the receipts  
37 factor to the extent that the property is used in this State. The extent an aircraft  
38 will be deemed to be used in this State and the amount of receipts that is to be  
39 included in the numerator of this State's receipts factor is determined by  
40 multiplying all the receipts from the lease or rental of the aircraft by a fraction,  
41 the numerator of which is the number of landings of the aircraft in this State  
42 and the denominator of which is the total number of landings of the aircraft.  
43 If the extent of the use of any transportation property within this State cannot  
44 be determined, then the property will be deemed to be used wholly in the state  
45 in which the property has its principal base of operations. A motor vehicle will  
46 be deemed to be used wholly in the state in which it is registered.

47 (e) Interest, Fees, and Penalties from Loans Secured by Real Property. – The numerator  
48 of the receipts factor includes interest, fees, and penalties from loans secured by real property if  
49 the property is located within this State. If the property is located both within this State and one  
50 or more other states, the receipts described in this subsection are included in the numerator of the  
51 receipts factor if more than fifty percent (50%) of the fair market value of the real property is

1 located within this State. If more than fifty percent (50%) of the fair market value of the real  
2 property is not located within any one state, then the receipts described in this subsection are  
3 included in the numerator of the receipts factor if the borrower is located in this State. The  
4 determination of whether the real property securing a loan is located within this State is made as  
5 of the time the original agreement was made and any and all subsequent substitutions of collateral  
6 are disregarded.

7 (f) Interest, Fees, and Penalties from Loans Not Secured by Real Property. – The  
8 numerator of the receipts factor includes interest, fees, and penalties from loans not secured by  
9 real property if the borrower is located in this State.

10 (g) Net Gains from the Sale of Loans. – The numerator of the receipts factor includes net  
11 gains from the sale of loans. Net gains from the sale of loans include income recorded under the  
12 coupon stripping rules of section 1286 of the Code. The amount of net gains from the sale of  
13 loans that is included in the numerator is determined as follows:

14 (1) Secured by real property. – The amount of net gains, but not less than zero,  
15 from the sale of loans secured by real property is determined by multiplying  
16 the net gains by a fraction, the numerator of which is the amount included in  
17 the numerator of the receipts factor pursuant to subsection (e) of this section,  
18 and the denominator of which is the total amount of interest, fees, and  
19 penalties from loans secured by real property.

20 (2) Not secured by real property. – The amount of net gains, but not less than zero,  
21 from the sale of loans not secured by real property is determined by  
22 multiplying the net gains by a fraction, the numerator of which is the amount  
23 included in the numerator of the receipts factor pursuant to subsection (f) of  
24 this section, and the denominator of which is the total amount of interest, fees,  
25 and penalties from loans not secured by real property.

26 (h) Receipts from Interest, Fees, and Penalties from Cardholders. – The numerator of the  
27 receipts factor includes interest, fees, and penalties charged to credit, debit, or similar  
28 cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

29 (i) Receipts from ATM Fees. – The numerator of the receipts factor includes receipts  
30 from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this  
31 State. The receipts factor includes all ATM fees that are not forwarded directly to another bank.  
32 Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to  
33 subsection (l) of this section.

34 (j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts  
35 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied  
36 by a fraction, the numerator of which is the amount included in the numerator of the receipts  
37 factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's  
38 total amount of interest, fees, and penalties charged to cardholders.

39 (k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the  
40 following:

41 (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement  
42 fees if the payor is located in this State.

43 (2) Receipts from merchant's discount. – Receipts from a merchant discount if the  
44 payor is located in this State.

45 (3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located  
46 in this State.

47 (4) Receipts from services. – Receipts from services not otherwise apportioned  
48 under this section if the payor is located in this State.

49 (5) Receipts from investment assets and activity and trading assets and activity. –  
50 Receipts from one or more of the following:

- a. Interest and dividends from investment assets and activities and trading assets and activities if the payor is located in this State.
- b. Net gains and other income, but not less than zero, from investment assets and activities and trading assets and activities multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to sub-subdivision a. of this subdivision, and the denominator of which is the taxpayer's total amount of interest and dividends from investment assets and activities and trading assets and activities.

(L) All Other Receipts. – All other receipts not specifically enumerated in this section are included in the numerator of the receipts factor if the payor is located in this State."

**SECTION 41.4.(d)** G.S. 105-122(c1) reads as rewritten:

"(c1) Apportionment. – A corporation that is doing business in this State and in one or more other states must apportion its net worth to this State. A corporation must use the apportionment method set out in subdivision (1) of this subsection unless the Department has authorized it to use a different method under subdivision (2) of this subsection. A taxpayer that has made an election under G.S. 105-130.4(t3) must use the apportionment method set out in subdivision (1) of this subsection as if the election had not been made, unless the Department has authorized a different method under subdivision (2) of this subsection. The portion of a corporation's net worth determined by applying the appropriate apportionment method is considered the amount of net worth the corporation uses in its business in this State:

...."

**SECTION 41.4.(e)** The Utilities Commission shall adjust the rates for public utilities, excluding water public utilities with less than two hundred thousand dollars (\$200,000) in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility shall calculate the cumulative net effect of the tax changes and file the calculations with proposed rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected in the utility's books and records required by the tax changes shall be deferred and reflected in customer rates in either the utility's next rate case or earlier if deemed appropriate by the Commission.

**SECTION 41.4.(f)** Under Section 38.4 of S.L. 2016-94, the Department of Revenue adopted and submitted to the Rules Review Commission rules regarding the implementation and administration of market-based sourcing principles based on legislation proposed in that section. The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules Review Commission on January 18, 2017. The Rules Review Commission approved the rules and delivered to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of S.L. 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The Codifier of Rules is hereby directed by the General Assembly to enter the rules into the Administrative Code on the effective date of this act, and the rules apply to taxable years beginning on or after January 1, 2020.

**SECTION 41.4.(g)** Subsections (a) through (d) of this section are effective for taxable years beginning on or after January 1, 2020. The remainder of this section is effective when it becomes law.

**MARKETPLACE FACILITATORS TO COLLECT SALES TAX**

**SECTION 41.5.(a)** G.S. 105-164.3 reads as rewritten:

**"§ 105-164.3. Definitions.**

The following definitions apply in this Article:

...

- 1           (20a) Marketplace. – A physical or electronic place, forum, platform, application,
- 2           or other method by which a marketplace seller sells or offers to sell items, the
- 3           delivery of or first use of which is sourced to this State.
- 4           (20b) Marketplace-facilitated sale. – The sale of an item by a marketplace facilitator
- 5           on behalf of a marketplace seller that occurs through a marketplace.
- 6           (20c) Marketplace facilitator. – A person that, directly or indirectly and whether
- 7           through one or more affiliates, does both of the following:
- 8           a.       Lists or otherwise makes available for sale a marketplace seller's items
- 9           through a marketplace owned or operated by the marketplace
- 10          facilitator.
- 11          b.       Does one or more of the following:
- 12              1.       Collects the sales price or purchase price of a marketplace
- 13              seller's items or otherwise processes payment.
- 14              2.       Makes payment processing services available to purchasers for
- 15              the sale of a marketplace seller's items.
- 16          (20d) Marketplace seller. – A person that sells or offers to sell items through a
- 17          marketplace regardless of any of the following:
- 18              a.       Whether the person has a physical presence in this State.
- 19              b.       Whether the person is registered as a retailer in this State.
- 20              c.       Whether the person would have been required to collect and remit
- 21              sales and use tax had the sales not been made through a marketplace.
- 22              d.       Whether the person would not have been required to collect and remit
- 23              sales and use tax had the sales not been made through a marketplace.

24           ...."

25           **SECTION 41.5.(b)** G.S. 105-164.8(b), as amended by S.L. 2019-6, reads as

26 rewritten:

27           "(b) Remote Sales. – A retailer who makes a remote sale is engaged in business in this

28 State and is subject to the tax levied under this Article if at least one of the following conditions

29 is met:

30           ...

31           (3) The retailer solicits or transacts business in this State by employees,

32 independent contractors, agents, or other representatives, whether the remote

33 sales ~~thus~~ subject to taxation by this State result from or are related in any

34 other way to the solicitation or transaction of business. A retailer is presumed

35 to be soliciting or transacting business by an independent contractor, agent, or

36 other representative if the retailer enters into an agreement with a resident of

37 this State under which the ~~resident, person,~~ for a commission or other

38 consideration, directly or indirectly refers potential customers, whether by a

39 link on an Internet Web site or otherwise, to the retailer. This presumption

40 applies only if the cumulative gross receipts from sales by the retailer to

41 purchasers in this State who are referred to the retailer by all ~~residents~~ persons

42 with this type of agreement with the retailer is in excess of ten thousand dollars

43 (\$10,000) during the preceding four quarterly periods. This presumption may

44 be rebutted by proof that the ~~resident person~~ with whom the retailer has an

45 agreement did not engage in any solicitation in the State on behalf of the seller

46 that would satisfy the nexus requirement of the United States Constitution

47 during the four quarterly periods in question.

48           ...

49           (9) The retailer, with respect to retailer makes remote sales into North Carolina

50 sourced to this State, including sales as a marketplace seller, for the previous

1 or the current calendar year, had one or more year that meet either of the  
2 following:

3 a. Gross sales in excess of one hundred thousand dollars (\$100,000).

4 b. Two hundred or more separate transactions.

5 (10) The retailer is a marketplace facilitator that makes sales, including all  
6 marketplace-facilitated sales for all marketplace sellers, sourced to this State  
7 for the previous or the current calendar year that meet either of the following:

8 a. Gross sales in excess of one hundred thousand dollars (\$100,000).

9 b. Two hundred or more separate transactions."

10 **SECTION 41.5.(c)** Part 2 of Article 5 of Chapter 105 of the General Statutes is  
11 amended by adding a new section to read:

12 **"§ 105-164.4J. Marketplace-facilitated sales.**

13 (a) Scope. – This section applies to a marketplace facilitator that makes sales, including  
14 all marketplace-facilitated sales for all marketplace sellers, sourced to this State for the previous  
15 or the current calendar year that meet either of the following:

16 (1) Gross sales in excess of one hundred thousand dollars (\$100,000).

17 (2) Two hundred or more separate transactions.

18 (b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a)  
19 of this section is considered the retailer of each marketplace-facilitated sale it makes and is liable  
20 for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is  
21 required to comply with the same requirements and procedures as all other retailers registered or  
22 who are required to be registered to collect and remit sales and use tax in this State. A marketplace  
23 facilitator is required to collect and remit sales tax as required by this section regardless of  
24 whether a marketplace seller for whom it makes a marketplace-facilitated sale meets any of the  
25 following conditions:

26 (1) Has a physical presence in this State.

27 (2) Is required to be registered to collect and remit sales and use tax in this State.

28 (3) Would have been required to collect and remit sales and use tax in this State  
29 had the sale not been made through a marketplace.

30 (4) Would not have been required to collect and remit sales and use tax in this  
31 State had the sale not been made through a marketplace.

32 (c) Report. – A marketplace facilitator must provide or make available to each  
33 marketplace seller the information listed in this subsection with respect to marketplace-facilitated  
34 sales that are made on behalf of the marketplace seller and that are sourced to this State. The  
35 information may be provided in any format and shall be provided or made available no later than  
36 10 days after the end of each calendar month. The required information to be provided or made  
37 available to each marketplace seller is as follows:

38 (1) Gross sales.

39 (2) The number of separate transactions.

40 (d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price  
41 from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions  
42 of G.S. 105-164.11A(a) apply.

43 (e) Class Actions. – No class action may be brought against a marketplace facilitator in  
44 any court of this State on behalf of customers arising from or in any way related to an  
45 overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator,  
46 regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection  
47 affects a customer's right to seek a refund as provided under G.S. 105-164.11.

48 (f) Agreements. – Nothing in this section shall be construed to interfere with the ability  
49 of a marketplace facilitator and a marketplace seller to enter into an agreement with each other  
50 regarding the fulfillment of the requirements of this Article, except that an agreement may not  
51 require a marketplace seller to collect and remit sales and use tax on marketplace-facilitated sales.

1        (g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser  
 2 to remit use tax for any taxable transaction for which a marketplace facilitator does not collect  
 3 and remit sales or use tax.

4        (h) Limitation. – This section does not apply to an accommodation facilitator, an  
 5 admission facilitator, or a service contract facilitator whose collection and remittance  
 6 requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

7        **SECTION 41.5.(d)** G.S. 105-164.3 reads as rewritten:

8        "**§ 105-164.3. Definitions.**

9        The following definitions apply in this Article:

10        (1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a  
 11 similar lodging facility for occupancy by an individual.

12        (1a) Accommodation facilitator. – A person that contracts, either directly or  
 13 indirectly, with a provider of an accommodation to perform, either directly or  
 14 indirectly, one or more of the activities listed in this subdivision. The term  
 15 includes a real estate broker as defined in G.S. 93A-2. The activities are:

16        a. Market the accommodation and accept payment or collect credit card  
 17 or other payment information for the rental of the accommodation.

18        b. List the accommodation for rental on a forum, platform, or other  
 19 application for a fee or other consideration.

20        ...."

21        **SECTION 41.5.(e)** G.S. 105-164.4F reads as rewritten:

22        "**§ 105-164.4F. Accommodation rentals.**

23        (a) ~~Definition.—The following definitions apply in this section:~~

24        (1) ~~Accommodation.—A hotel room, a motel room, a residence, a cottage, or a~~  
 25 ~~similar lodging facility for occupancy by an individual.~~

26        (2) ~~Facilitator.—A person who is not a rental agent and who contracts with a~~  
 27 ~~provider of an accommodation to market the accommodation and to accept~~  
 28 ~~payment from the consumer for the accommodation.~~

29        (3) ~~Rental agent.—The term includes a real estate broker, as defined in G.S.~~  
 30 ~~93A-2.~~

31        (b) Tax. – The gross receipts derived from the rental of an accommodation are taxed at  
 32 the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an  
 33 accommodation include the sales price of the rental of the accommodation. The sales price of the  
 34 rental of an accommodation is determined as if the rental were a rental of tangible personal  
 35 property. The sales price of the rental of an accommodation ~~marketed—made~~ by a ~~an~~  
 36 accommodation facilitator includes any charges designated as facilitation fees and any other  
 37 charges or fees, by whatever name called, charged by the accommodation facilitator to the  
 38 purchaser of the accommodation that are necessary to complete the rental. The tax is due and  
 39 payable by the retailer in accordance with G.S. 105-164.16.

40        (b1) Retailer. – Except as otherwise provided in subsection (c) of this section, the retailer  
 41 of the rental of an accommodation is one or more of the persons listed below that collects the  
 42 payment, or a portion of the payment, for the rental of the accommodation. The retailer is liable  
 43 for reporting and remitting the tax due on the portion of the gross receipts derived from the rental  
 44 of the accommodation that the retailer collects. The retailer may be one or more of the following:

45        (1) The provider of the accommodation.

46        (2) An accommodation facilitator.

47        (c) Certain Accommodation Facilitator Transactions. – A facilitator ~~must report to the~~  
 48 retailer with whom it has a contract the sales price a consumer pays to the facilitator for an  
 49 accommodation rental marketed by the facilitator. A retailer must notify a facilitator when an  
 50 accommodation rental marketed by the facilitator is completed, and the ~~This subsection applies~~  
 51 only to an accommodation facilitator that is operated by or on behalf of a hotel or a hotel

1 corporation, that facilitates the rental of hotel accommodations solely for the hotel or the hotel  
2 corporation's owned or managed hotels and franchisees, and that collects payment, or a portion  
3 of the payment, for the rental of an accommodation. An accommodation facilitator subject to this  
4 subsection is not considered the retailer of the rental of the accommodation. The accommodation  
5 facilitator must send the retailer the portion of the sales price the facilitator owes the retailer and  
6 the tax due on the sales price-price, or the portion of the sales price, the accommodation facilitator  
7 collected no later than 10 days after the end of each calendar month. A-An accommodation  
8 facilitator that does not send the retailer the tax due on the sales price-price, or the portion of the  
9 sales price the accommodation facilitator collected, is liable for the amount of tax the  
10 accommodation facilitator fails to send. A-An accommodation facilitator is not liable for tax sent  
11 to a retailer but not remitted by the retailer to the Secretary. Tax payments received by a retailer  
12 from a-an accommodation facilitator are held in trust by the retailer for remittance to the  
13 Secretary. A retailer that receives a tax payment from a-an accommodation facilitator must remit  
14 the amount received to the Secretary. A retailer is not liable for tax due but not received from a  
15 an accommodation facilitator. The requirements imposed by this section on a retailer and a  
16 facilitator are considered terms of the contract between the retailer and the facilitator.

17 (c1) Accommodation Facilitator Report. – An accommodation facilitator must file with  
18 the Secretary an annual report by March 31 of each year for the prior calendar year for  
19 accommodation rentals it makes. The annual report must be provided in electronic format and  
20 include the property owner's name, the property owner's mailing address, the physical location  
21 of the accommodation, and gross receipts information for the rentals.

22 (d) Rental Agent. – A person who, by written contract, agrees to be the rental agent for  
23 the provider of an accommodation is considered a retailer under this Article and is liable for the  
24 tax imposed by this section. The liability of a rental agent for the tax imposed by this section  
25 relieves the provider of the accommodation from liability.

26 (e) Exemptions. – The tax imposed by this section does not apply to the following:

- 27 (1) A private residence, cottage, or similar accommodation that is rented for fewer  
28 than 15 days in a calendar year ~~other than a private residence, cottage, or~~  
29 ~~similar accommodation listed with a real estate broker or agent unless the~~  
30 rental of the accommodation is made by an accommodation facilitator.
- 31 (2) An accommodation supplied to the same person for a period of 90 or more  
32 continuous days.
- 33 (3) An accommodation arranged or provided to a person by a school, camp, or  
34 similar entity where a tuition or fee is charged to the person for enrollment in  
35 the school, camp, or similar entity."

36 **SECTION 41.5.(f)** G.S. 160A-215(c) reads as rewritten:

37 "(c) Collection. – A retailer who is required to remit to the Department of Revenue the  
38 State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room  
39 occupancy tax to the taxing city on and after the effective date of the levy of the room occupancy  
40 tax. The room occupancy tax applies to the same gross receipts as the State sales tax on  
41 accommodations and is calculated in the same manner as that tax. ~~A rental agent or a facilitator,~~  
42 ~~as defined in G.S. 105-164.4F, An accommodation facilitator, as defined in G.S. 105-164.3, has~~  
43 ~~the same responsibility and liability under the room occupancy tax as the rental agent or~~  
44 accommodation facilitator has under the State sales tax on accommodations.

45 If a taxable accommodation is furnished as part of a package, the bundled transaction  
46 provisions in G.S. 105-164.4D apply in determining the sales price of the taxable  
47 accommodation. If those provisions do not address the type of package offered, the person  
48 offering the package may determine an allocated price for each item in the package based on a  
49 reasonable allocation of revenue that is supported by the person's business records kept in the  
50 ordinary course of business and calculate tax on the allocated price of the taxable  
51 accommodation.

1 A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a  
2 retailer are held in trust for and on account of the taxing city.

3 The taxing city shall design and furnish to all appropriate businesses and persons in the city  
4 the necessary forms for filing returns and instructions to ensure the full collection of the tax. An  
5 operator of a business who collects a room occupancy tax may deduct from the amount remitted  
6 to the taxing city a discount equal to the discount the State allows the retailer for State sales and  
7 use tax."

8 **SECTION 41.5.(g)** G.S. 153A-155(c) reads as rewritten:

9 "(c) Collection. – A retailer who is required to remit to the Department of Revenue the  
10 State sales tax imposed by G.S. 105-164.4(a)(3) on accommodations is required to remit a room  
11 occupancy tax to the taxing county on and after the effective date of the levy of the room  
12 occupancy tax. The room occupancy tax applies to the same gross receipts as the State sales tax  
13 on accommodations and is calculated in the same manner as that tax. ~~A rental agent or a~~  
14 ~~facilitator, as defined in G.S. 105-164.4F,~~ An accommodation facilitator, as defined in  
15 G.S. 105-164.3, has the same responsibility and liability under the room occupancy tax as the  
16 ~~rental agent or accommodation~~ facilitator has under the State sales tax on accommodations.

17 If a taxable accommodation is furnished as part of a package, the bundled transaction  
18 provisions in G.S. 105-164.4D apply in determining the sales price of the taxable  
19 accommodation. If those provisions do not address the type of package offered, the person  
20 offering the package may determine an allocated price for each item in the package based on a  
21 reasonable allocation of revenue that is supported by the person's business records kept in the  
22 ordinary course of business and calculate tax on the allocated price of the taxable  
23 accommodation.

24 A retailer must separately state the room occupancy tax. Room occupancy taxes paid to a  
25 retailer are held in trust for and on account of the taxing county.

26 The taxing county shall design and furnish to all appropriate businesses and persons in the  
27 county the necessary forms for filing returns and instructions to ensure the full collection of the  
28 tax. A retailer who collects a room occupancy tax may deduct from the amount remitted to the  
29 taxing county a discount equal to the discount the State allows the retailer for State sales and use  
30 tax."

31 **SECTION 41.5.(h)** G.S. 105-164.3 reads as rewritten:

32 **"§ 105-164.3. Definitions.**

33 The following definitions apply in this Article:

34 ...

35 (1b) Admission charge. – Gross receipts derived for the right to attend an  
36 entertainment activity. The term includes a charge for a single ticket, a  
37 multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee  
38 that provides for admission; a cover charge; a surcharge; a convenience fee, a  
39 processing fee, a facility charge, a facilitation fee, or similar charge; or any  
40 other charges included in gross receipts derived from admission.

41 (1c) Admission facilitator. – A person who accepts payment of an admission  
42 charge to an entertainment activity and who is not the operator of the venue  
43 where the entertainment activity occurs.

44 ...

45 (1f) Amenity. – A feature that increases the value or attractiveness of an  
46 entertainment activity that allows a person access to items that are not subject  
47 to tax under this Article and that are not available with the purchase of  
48 admission to the same event without the feature. The term includes parking  
49 privileges, special entrances, access to areas other than general admission,  
50 mascot visits, and merchandise discounts. The term does not include any

charge for food, prepared food, and alcoholic beverages subject to tax under this Article.

...

(9a) Entertainment activity. – An activity listed in this subdivision:

- a. A live performance or other live event of any kind, the purpose of which is for entertainment.
- b. A movie, motion picture, or film.
- c. A museum, a cultural site, a garden, an exhibit, a show, or a similar attraction.
- d. A guided tour at any of the activities listed in sub-subdivision c. of this subdivision.

...."

**SECTION 41.5.(i)** G.S. 105-164.4G reads as rewritten:

**"§ 105-164.4G. Entertainment activity.**

(a) **Definition.**—The following definitions apply in this section:

- (1) ~~Admission charge.~~—~~Gross receipts derived for the right to attend an entertainment activity. The term includes a charge for a single ticket, a multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee that provides for admission; a cover charge; a surcharge; a convenience fee, a processing fee, a facility charge, a facilitation fee, or similar charge; or any other charges included in gross receipts derived from admission.~~
- (2) ~~Amenity.~~—~~A feature that increases the value or attractiveness of an entertainment activity that allows a person access to items that are not subject to tax under this Article and that are not available with the purchase of admission to the same event without the feature. The term includes parking privileges, special entrances, access to areas other than general admission, mascot visits, and merchandise discounts. The term does not include any charge for food, prepared food, and alcoholic beverages subject to tax under this Article.~~
- (3) ~~Entertainment activity.~~—~~An activity listed in this subdivision:~~
  - a. ~~A live performance or other live event of any kind, the purpose of which is for entertainment.~~
  - b. ~~A movie, motion picture, or film.~~
  - c. ~~A museum, a cultural site, a garden, an exhibit, a show, or a similar attraction.~~
  - d. ~~A guided tour at any of the activities listed in sub-subdivision c. of this subdivision.~~
- (4) ~~Facilitator.~~—~~A person who accepts payment of an admission charge to an entertainment activity and who is not the operator of the venue where the entertainment activity occurs.~~

(b) **Tax.** – The gross receipts derived from an admission charge to an entertainment activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the retailer is the applicable person listed below:

- (1) The operator of the venue where the entertainment activity occurs, unless the retailer and the admission facilitator have a contract between them allowing for dual remittance, as provided in subsection (d) of this section.
- (2) The person that provides the entertainment and that receives admission charges directly from a purchaser.
- (3) A person other than a person listed in subdivision (1) or (2) of this subsection that receives gross receipts derived from an admission charge sold at retail.

1 (c) Admission Facilitator. – ~~A~~An admission facilitator must report to the retailer with  
2 whom it has a contract the admission charge a consumer pays to the admission facilitator for an  
3 entertainment activity. The admission facilitator must send the retailer the portion of the gross  
4 receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived  
5 from an admission charge no later than 10 days after the end of each calendar month. ~~A~~An  
6 admission facilitator that does not send the retailer the tax due on the gross receipts derived from  
7 an admission charge is liable for the amount of tax the admission facilitator fails to send to the  
8 retailer. ~~A~~An admission facilitator is not liable for tax sent to a retailer but not remitted by the  
9 retailer to the Secretary. Tax payments received by a retailer from ~~a~~an admission facilitator are  
10 held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment  
11 from ~~a~~an admission facilitator must remit the amount received to the Secretary. A retailer is not  
12 liable for tax due but not received from ~~a~~an admission facilitator. The requirements imposed by  
13 this subsection on a retailer and ~~a~~an admission facilitator are considered terms of the contract  
14 between the retailer and the admission facilitator.

15 (d) Dual Remittance. – The tax due on the gross receipts derived from an admission  
16 charge may be partially reported and remitted to the operator of the venue for remittance to the  
17 Department and partially reported and remitted by the admission facilitator directly to the  
18 Department. The portion of the tax not reported and remitted to the operator of the venue must  
19 be reported and remitted directly by the admission facilitator to the Department. ~~A~~An admission  
20 facilitator that elects to remit tax under the dual remittance option is required to obtain a  
21 certificate of registration in accordance with G.S. 105-164.29. ~~A~~An admission facilitator is  
22 subject to the provisions of Article 9 of this Chapter.

23 ...."

24 **SECTION 41.5.(j)** G.S. 105-164.3 reads as rewritten:

25 **"§ 105-164.3. Definitions.**

26 The following definitions apply in this Article:

27 ...

28 (38c) Service contract facilitator. – A person who contracts with the obligor of a  
29 service contract to market the service contract and accepts payment from the  
30 purchaser for the service contract.

31 ...."

32 **SECTION 41.5.(k)** G.S. 105-164.4I reads as rewritten:

33 **"§ 105-164.4I. Service contracts.**

34 (a) Tax. – The sales price of or the gross receipts derived from a service contract or the  
35 renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4  
36 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a  
37 service contract is required to collect the tax due at the time of the retail sale of the contract and  
38 is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

39 The retailer of a service contract is the applicable person listed below:

- 40 (1) When a service contract is sold at retail to a purchaser by the obligor under  
41 the contract, the obligor is the retailer.
- 42 (2) When a service contract is sold at retail to a purchaser by a service contract  
43 facilitator on behalf of the obligor under the contract, the service contract  
44 facilitator is the retailer unless the provisions of subdivision (3) of this  
45 subsection apply.
- 46 (3) When a service contract is sold at retail to a purchaser by a service contract  
47 facilitator on behalf of the obligor under the contract and there is an agreement  
48 between the service contract facilitator and the obligor that states the obligor  
49 will be liable for the payment of the tax, the obligor is the retailer. The service  
50 contract facilitator must send the retailer the tax due on the sales price of or  
51 gross receipts derived from the service contract no later than 10 days after the

1 end of each calendar month. A service contract facilitator that does not send  
 2 the retailer the tax due on the sales price or gross receipts is liable for the  
 3 amount of tax the service contract facilitator fails to send. A service contract  
 4 facilitator is not liable for tax sent to a retailer but not remitted by the retailer  
 5 to the Secretary. Tax payments received by a retailer from a service contract  
 6 facilitator are held in trust by the retailer for remittance to the Secretary. A  
 7 retailer that receives a tax payment from a service contract facilitator must  
 8 remit the amount received to the Secretary. A retailer is not liable for tax due  
 9 but not received from a service contract facilitator. The requirements imposed  
 10 by this subdivision on a retailer and a service contract facilitator are  
 11 considered terms of the agreement between the retailer and the service  
 12 contract facilitator.

13 ...

14 (e) ~~Definition.—For purposes of this section, the term "facilitator" means a person who~~  
 15 ~~contracts with the obligor of the service contract to market the service contract and accepts~~  
 16 ~~payment from the purchaser for the service contract."~~

17 **SECTION 41.5.(l)** G.S. 105-164.22 reads as rewritten:

18 "**§ 105-164.22. ~~Record-keeping~~ Recordkeeping requirements, inspection authority, and**  
 19 **effect of failure to keep records.**

20 (a) Recordkeeping Generally. – Retailers, wholesale merchants, facilitators, real property  
 21 contractors, and consumers must keep records that establish their tax liability under this Article.  
 22 The Secretary or a person designated by the Secretary may inspect these records at any reasonable  
 23 time during the day.

24 (b) Retailers. – A retailer's records must include records of the retailer's gross income,  
 25 gross sales, net taxable sales, ~~and all items purchased for resale.~~ resale, and any reports or records  
 26 related to transactions with a facilitator with whom it has a contract as provided in this Article.  
 27 Failure of a retailer to keep records that establish ~~that~~ a sale is exempt under this Article subjects  
 28 the retailer to liability for tax on the sale.

29 (c) Wholesale Merchants. – A wholesale merchant's records must include a bill of sale  
 30 for each customer that contains the name and address of the purchaser, the date of the purchase,  
 31 the item purchased, and the sales price at which the wholesale merchant sold of the item. A  
 32 wholesale merchant must also keep records that establish a sale is exempt from tax and any  
 33 reports or records related to transactions with a facilitator with whom it has a contract as provided  
 34 in this Article. Failure of a wholesale merchant to keep ~~these records for the sale of an item that~~  
 35 establish a sale is exempt from tax under this Article subjects the wholesale merchant to liability  
 36 for tax at the rate that applies to the retail sale of the item.

37 (d) Facilitators. – A facilitator's records must include records of the facilitator's gross  
 38 income, gross sales, net taxable sales, all items purchased for resale, any reports or records related  
 39 to transactions with a retailer with whom it has a contract as provided in this Article, and any  
 40 other records that establish its tax liability. Failure of a facilitator to keep records that establish a  
 41 sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

42 (e) Real Property Contractors. – A real property contractor's records must include  
 43 substantiation that a transaction is a real property contract or a mixed transaction contract  
 44 pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that  
 45 establish a real property contract under this Article subjects the real property contractor to  
 46 liability for tax on the sale.

47 (f) Consumers. – A consumer's records must include an invoice or other statement of the  
 48 purchase price of an item the consumer purchased from inside or outside the ~~State.~~ State and any  
 49 sales and use tax paid thereon. Failure of the consumer to keep these records subjects the  
 50 consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

1           **SECTION 41.5.(m)** G.S. 105-164.3, as amended by subsection (a) of this section,  
2 reads as rewritten:

3       **"§ 105-164.3. Definitions.**

4       The following definitions apply in this Article:

5       ...

6       ~~(1)~~(1d) Advertising and promotional direct mail. – Printed material that meets the  
7       definition of "direct mail" and the primary purpose of which is to attract public  
8       attention to ~~a product, an item,~~ person, business, or organization, or to attempt  
9       to sell, popularize, or secure financial support for ~~a product, an item,~~ person,  
10      business, or organization. ~~As used in this subdivision, "product" means~~  
11      ~~tangible personal property, digital property, or a service.~~

12      ~~(1e)~~ (1e) Affiliate. – Defined in G.S. 105-130.2.

13      ...

14      ~~(1a)~~(1g) Analytical services. – Testing laboratories that are included in national  
15      industry 541380 of NAICS or medical laboratories that are included in  
16      national industry 621511 of NAICS.

17      ~~(1b)~~(1h) Ancillary service. – A service associated with or incidental to the  
18      provision of a telecommunications service. The term includes detailed  
19      communications billing, directory assistance, vertical service, and voice mail  
20      service. A vertical service is a service, such as call forwarding, caller ID,  
21      three-way calling, and conference bridging, that allows a customer to identify  
22      a caller or manage multiple calls and call connections.

23      ~~(1f)~~(1i) Audio work. – A series of musical, spoken, or other sounds, including a  
24      ringtone.

25      ~~(1g)~~(1j) Audiovisual work. – A series of related images and any sounds  
26      accompanying the images that impart an impression of motion when shown  
27      in succession.

28      ~~(1h)~~(1k) Aviation gasoline. – Defined in G.S. 105-449.60.

29      ~~(1i)~~(1l) Bundled transaction. – A retail sale of two or more distinct and identifiable  
30      ~~products, items,~~ at least one of which is taxable and one of which is ~~exempt,~~  
31      nontaxable, for one nonitemized price. The term does not apply to real  
32      property ~~and or~~ services to real property. ~~Products-Items~~ are not sold for one  
33      nonitemized price if an invoice or another sales document made available to  
34      the purchaser separately identifies the price of each ~~product, item.~~ A bundled  
35      transaction does not include the retail sale of any of the following:

- 36      a.     ~~A product An item~~ and any packaging ~~item~~ that accompanies the  
37      ~~product item~~ and is exempt under G.S. 105-164.13(23).
- 38      b.     A sale of two or more ~~products-items~~ whose combined price varies, or  
39      is negotiable, depending on the ~~products-items~~ the purchaser selects.
- 40      c.     A sale of ~~a product an item~~ accompanied by a transfer of another  
41      ~~product item~~ with no additional consideration.
- 42      d.     ~~A product An item~~ and the delivery or installation of the ~~product item.~~
- 43      e.     ~~A product An item~~ and any service necessary to complete the sale.

44      ~~(1k)~~(1m) Business. – An activity a person engages in or causes another to engage in  
45      with the object of gain, profit, benefit, or advantage, either direct or indirect.  
46      The term does not include an occasional and isolated sale or transaction by a  
47      person who does not claim to be engaged in business.

48      ~~(1m)~~(1n) Cable service. – The one-way transmission to subscribers of video  
49      programming or other programming service and any subscriber interaction  
50      required to select or use the service.

51      ...

- 1           (2c) Capital improvement. – One or more of the following:
- 2           ...
- 3           k. An addition or alteration to real property that is permanently affixed
- 4           or installed to real property and is not an activity listed in subdivision
- 5           ~~(33l)~~(33m) of this section as repair, maintenance, and installation
- 6           services.
- 7           ...
- 8           (9) Engaged in business. – Any of the following:
- 9           a. Maintaining, occupying, or using permanently or temporarily, directly
- 10           or indirectly, or through a subsidiary or agent, by whatever name
- 11           called, any office, place of distribution, sales or sample room,
- 12           warehouse or storage place, or other place of business ~~for selling or~~
- 13           ~~delivering tangible personal property, digital property, or a service for~~
- 14           ~~storage, use, or consumption~~ in this State, or permanently or
- 15           temporarily, directly or through a subsidiary, having any
- 16           representative, agent, sales representative, marketplace facilitator
- 17           subject to the requirements of G.S. 105-164.4J, or solicitor operating
- 18           or transacting business by mobile phone application or other
- 19           applications in this State in the selling or delivering State. The fact
- 20           that any corporate retailer, agent, or subsidiary engaged in business in
- 21           this State may not be legally domesticated or qualified to do business
- 22           in this State is immaterial.
- 23           ...
- 24           e. Making marketplace-facilitated sales subject to the requirements of
- 25           G.S. 105-164.4J.
- 26           ...
- 27           (9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a
- 28           service contract facilitator.
- 29           ...
- 30           ~~(20b)~~(20e) Mixed transaction contract. – A contract that includes both a real property
- 31           contract for a capital improvement and repair, maintenance, and installation
- 32           services for real property that are not related to the capital improvement.
- 33           ...
- 34           (33j) Remote sale. – A sale of ~~tangible personal property or digital property~~ an item
- 35           ordered by mail, by telephone, via the Internet, mobile phone application, or
- 36           ~~by another similar method, to a purchaser who is in this State at the time the~~
- 37           ~~order is remitted, from method by a retailer who receives the order in another~~
- 38           state and delivers the property item or makes it accessible to a person in this
- 39           State or causes ~~it the item~~ to be delivered or made accessible to a person in
- 40           this State. ~~State or performs a service sourced to this State.~~ It is presumed that
- 41           a resident of this State who ~~remits~~ makes an order was in this State at the time
- 42           the order was ~~remitted~~ made.
- 43           ...
- 44           ~~(33l)~~(33m) Repair, maintenance, and installation services. – The term includes the
- 45           activities listed in this subdivision and applies to tangible personal property,
- 46           motor ~~vehicle, vehicles,~~ certain digital property, and real property. The term
- 47           does not include ~~services~~ a service used to fulfill a real property contract taxed
- 48           in accordance with ~~G.S. 105-164.4H~~ G.S. 105-164.4H. The included
- 49           activities are:
- 50           ...
- 51           (35) Retailer. – Any of the following persons:

- 1 a. A person engaged in business of making sales at retail, offering to
- 2 make sales at retail, or soliciting sales at retail of ~~tangible personal~~
- 3 ~~property, digital property for storage, use, or consumption in this State,~~
- 4 ~~or services items~~ sourced to this State. When the Secretary finds it
- 5 necessary for the efficient administration of this Article to regard any
- 6 sales representatives, solicitors, representatives, consignees, peddlers,
- 7 or truckers as agents of the dealers, distributors, consignors,
- 8 supervisors, employers, or persons under whom they operate or from
- 9 whom they obtain the items sold by them regardless of whether they
- 10 are making sales on their own behalf or on behalf of these dealers,
- 11 distributors, consignors, supervisors, employers, or persons, the
- 12 Secretary may so regard them and may regard the dealers, distributors,
- 13 consignors, supervisors, employers, or persons as "retailers" for the
- 14 purpose of this Article.
- 15 b. A person, other than a real property contractor, engaged in business of
- 16 delivering, erecting, installing, or applying tangible personal property
- 17 or digital property for use in this State.
- 18 c. A person engaged in business of making a remote sale, if one of the
- 19 conditions listed in G.S. 105-164.8(b) is met.
- 20 d. ~~A person, other than a facilitator, person~~ required to collect the State
- 21 tax levied under this Article or the local taxes levied under Subchapter
- 22 VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.
- 23 e. A marketplace facilitator that is subject to the requirements of
- 24 G.S. 105-164.4J or a facilitator that is required to collect and remit the
- 25 tax under this Article.

26 ...."

27 **SECTION 41.5.(n)** There is no obligation to collect the sales and use tax required  
 28 by this section retroactively.

29 **SECTION 41.5.(o)** If any provision of this section, or the application of any  
 30 provision to a person or circumstance, is held to be unconstitutional, then the remainder of this  
 31 section, and the application of the provisions to any person or circumstance, shall not be affected  
 32 thereby.

33 **SECTION 41.5.(p)** The Revisor of Statutes is authorized to renumber the  
 34 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and  
 35 in a manner that reduces the current use of alphanumeric designations, to make conforming  
 36 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

37 **SECTION 41.5.(q)** This section becomes effective September 1, 2019, and applies  
 38 to sales occurring on or after that date.

39  
 40 **DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES**

41 **SECTION 41.6.(a)** G.S. 105-130.5(b) reads as rewritten:

42 "(b) The following deductions from federal taxable income shall be made in determining  
 43 State net income:

44 ...

45 (31) To the extent included in federal taxable income, the amount received by a  
 46 taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G  
 47 or Part 2H of Article 10 of Chapter 143B of the General Statutes."

48 **SECTION 41.6.(b)** G.S. 105-153.5(b) reads as rewritten:

49 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
 50 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
 51 the taxpayer's adjusted gross income:

1 ...  
2 (14) The amount received by a taxpayer as an economic incentive pursuant to  
3 G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of  
4 the General Statutes."

5 **SECTION 41.6.(c)** This section is effective for taxable years beginning on or after  
6 January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive  
7 agreement entered into on or after that date.

#### 8 9 **EXTEND HISTORIC REHABILITATION TAX CREDIT**

10 **SECTION 41.7.(a)** G.S. 105-129.110 reads as rewritten:  
11 "**§ 105-129.110. Sunset.**

12 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses  
13 incurred on or after ~~January 1, 2020.~~ January 1, 2024. For qualified rehabilitation expenditures  
14 and rehabilitation expenses incurred prior to ~~January 1, 2020,~~ January 1, 2024, this Article expires  
15 for property not placed in service by ~~January 1, 2028.~~ January 1, 2032."

16 **SECTION 41.7.(b)** This section is effective when it becomes law.

#### 17 18 **EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES**

19 **SECTION 41.8.(a)** G.S. 105-164.13(11b) reads as rewritten:

20 "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a  
21 commercial aircraft. For purposes of this subdivision, the term "commercial  
22 aircraft" has the same meaning as defined in subdivision (45a) of this section.  
23 This exemption also applies to aviation gasoline and jet fuel purchased for use  
24 in a commercial aircraft in interstate or foreign commerce by a person whose  
25 primary business is scheduled passenger air transportation. This subdivision  
26 expires ~~January 1, 2020.~~ January 1, 2024."

27 **SECTION 41.8.(b)** This section is effective when it becomes law.

#### 28 29 **EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS** 30 **TEAMS**

31 **SECTION 41.9.(a)** G.S. 105-164.13(65) and (65a) read as rewritten:

32 "(65) This subdivision expires ~~January 1, 2020.~~ January 1, 2024. Sales of the  
33 following to a professional motorsports racing team or a related member of a  
34 team for use in competition in a sanctioned race series:

- 35 a. The sale, lease, or rental of an engine.  
36 b. The sales price of or gross receipts derived from a service contract on,  
37 or repair, maintenance, and installation services for, a transmission, an  
38 engine, rear-end gears, and any other item that is purchased, leased, or  
39 rented and that is exempt from tax under this subdivision or that is  
40 allowed a sales tax refund under G.S. 105-164.14A(a)(5).  
41 c. The gross receipts derived from an agreement to provide an engine to  
42 a professional motorsports racing team or related member of a team  
43 for use in competition in a sanctioned race series, where such  
44 agreement does not meet the definition of a "service contract" as  
45 defined in G.S. 105-164.3 but may meet the definition of the term  
46 "lease or rental" as defined in G.S. 105-164.3.

47 (65a) An engine or a part to build or rebuild an engine for the purpose of providing  
48 an engine under an agreement to a professional motorsports racing team or a  
49 related member of a team for use in competition in a sanctioned race series.  
50 This subdivision expires ~~January 1, 2020.~~ January 1, 2024."

51 **SECTION 41.9.(b)** G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:

- 1           "(4)   Motorsports team or sanctioning body. – A professional motorsports racing  
2           team, a motorsports sanctioning body, or a related member of such a team or  
3           body is allowed a refund of the sales and use tax paid by it in this State on  
4           aviation gasoline or jet fuel that is used to travel to or from a motorsports event  
5           in this State, to travel to a motorsports event in another state from a location  
6           in this State, or to travel to this State from a motorsports event in another state.  
7           For purposes of this subdivision, a "motorsports event" includes a motorsports  
8           race, a motorsports sponsor event, and motorsports testing. This subdivision  
9           is repealed for purchases made on or after ~~January 1, 2020~~. January 1, 2024.  
10          (5)   Professional motorsports team. – A professional motorsports racing team or a  
11          related member of a team is allowed a refund of fifty percent (50%) of the  
12          sales and use tax paid by it in this State on tangible personal property, other  
13          than tires or accessories, that comprises any part of a professional motorsports  
14          vehicle. For purposes of this subdivision, "motorsports accessories" includes  
15          instrumentation, telemetry, consumables, and paint. This subdivision is  
16          repealed for purchases made on or after ~~January 1, 2020~~. January 1, 2024."

17           **SECTION 41.9.(c)** This section is effective when it becomes law.

## 18 19 **FACILITATE RESPONSE TO DISASTERS**

20           **SECTION 41.10.(a)** Part 8 of Article 1A of Chapter 166A of the General Statutes is  
21           amended by adding a new section to read:

### 22 **"§ 166A-19.70A. Facilitate critical infrastructure disaster relief.**

23           (a) Purpose. – The State finds that it is appropriate to exclude nonresident businesses and  
24           nonresident employees who temporarily come to this State at the request of a critical  
25           infrastructure company solely to perform disaster-related work during a disaster response period  
26           from the following tax and regulatory requirements:

- 27           (1)   Corporate and individual income tax, as provided under G.S. 105-130.1 and  
28           G.S. 105-153.2.  
29           (2)   Franchise tax, as provided under G.S. 105-114.  
30           (3)   Unemployment tax, as provided under G.S. 96-1(b)(12).  
31           (4)   Certificate of Authority from the Secretary of State to transact business in  
32           this State, as provided under G.S. 55-15-01(d) and G.S. 57D-1-24(d).

33           (b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following  
34           definitions apply in this section:

- 35           (1)   Corporation. – Defined in G.S. 105-130.2.  
36           (2)   Critical infrastructure. – Property and equipment owned or used by a critical  
37           infrastructure company for utility or communications transmission services  
38           provided to the public in the State. Examples of critical infrastructure include  
39           communications networks, electric generation, transmission and distribution  
40           systems, natural gas transmission and distribution systems, water pipelines,  
41           and related support facilities. Related support facilities may include buildings,  
42           offices, lines, poles, pipes, structures, and equipment.  
43           (3)   Critical infrastructure company. – One of the following:  
44           a.    A registered public communications provider.  
45           b.    A registered public utility.  
46           (4)   Disaster-related work. – Repairing, renovating, installing, building, or  
47           performing services on critical infrastructure that has been damaged,  
48           impaired, or destroyed as a result of a disaster or emergency in an area covered  
49           by the disaster declaration.  
50           (5)   Disaster response period. – A period that begins 10 days prior to the first day  
51           of a disaster declaration and expires on the earlier of the following:

- 1           a.     Sixty days following the expiration of the disaster declaration, as  
2                 provided under G.S. 166A-19.21(c).
- 3           b.     One hundred eighty days following the issuance of the disaster  
4                 declaration.
- 5         (6)    Employee. – Defined in G.S. 105-163.1.
- 6         (7)    Nonresident business. – An entity that has not been required to file an income  
7                 or franchise tax return with the State for three years prior to the disaster  
8                 response period, other than those arising from the performance of  
9                 disaster-related work during a tax year prior to the enactment of this section,  
10                and that meets one or more of the following conditions:
- 11            a.     Is a nonresident entity.
- 12            b.     Is a nonresident individual who owns an unincorporated business as a  
13                 sole proprietor.
- 14         (8)    Nonresident employee. – A nonresident individual who is one of the  
15                 following:
- 16            a.     An employee of a nonresident business.
- 17            b.     An employee of a critical infrastructure company who is temporarily  
18                 in this State to perform disaster-related work during a disaster response  
19                 period.
- 20         (9)    Nonresident entity. – Defined in G.S. 105-163.1.
- 21         (10)   Nonresident individual. – Defined in G.S. 105-153.3.
- 22         (11)   Registered public communications provider. – A corporation doing business  
23                 in this State prior to the disaster declaration that provides the transmission to  
24                 the public of one or more of the following:
- 25            a.     Broadband.
- 26            b.     Mobile telecommunications.
- 27            c.     Telecommunications.
- 28            d.     Wireless Internet access.
- 29         (12)   Registered public utility. – A corporation doing business in this State prior to  
30                 the disaster declaration that is subject to the control of one or more of the  
31                 following entities:
- 32            a.     North Carolina Utilities Commission.
- 33            b.     North Carolina Rural Electrification Authority.
- 34            c.     Federal Communications Commission.
- 35            d.     Federal Energy Regulatory Commission.
- 36         (c)    Critical Infrastructure Company Notification. – A critical infrastructure company  
37                 must provide notification to the Department of Revenue within 90 days of the expiration of the  
38                 disaster response period. The notification must be in the form and manner required by the  
39                 Department. The notification must include the following:
- 40            (1)    A list of all nonresident businesses who performed disaster-related work in  
41                 this State during a disaster response period at the request of the critical  
42                 infrastructure company.
- 43            (2)    A list of nonresident employees who performed disaster-related work in this  
44                 State for the critical infrastructure company during a disaster response period.  
45                 The notification must include the amount of compensation paid to the  
46                 nonresident employee performing disaster-related work in this State.
- 47         (d)    Nonresident Business Notification. – A nonresident business must provide  
48                 notification to the Department of Revenue within 90 days of the date the nonresident business  
49                 concludes its disaster-related work in the State. The notification must be in the form and manner  
50                 required by the Department. The notification must include a list of nonresident employees who  
51                 performed disaster-related work in this State during a disaster response period, along with the

1 amount of compensation paid to the nonresident employee performing disaster-related work in  
2 this State. Failure to submit a timely notification forfeits the relief provided by this section for  
3 the nonresident business.

4 (e) Limitation. – The intent of this section is to provide relief to nonresident businesses  
5 and nonresident employees who would not otherwise be subject to this State's tax and regulatory  
6 requirements if they had not performed disaster-related work during the disaster response period.  
7 The relief provided under this section does not apply to any tax year that is part of the disaster  
8 response period if the nonresident business or nonresident employee continues to perform  
9 disaster-related work following the end of the disaster response period. The relief provided under  
10 this section does not apply to a tax year that is part of the disaster response period if the  
11 nonresident business or nonresident employee is required to file an income tax return for that tax  
12 year with the Department of Revenue for reasons other than the performance of disaster-related  
13 work."

14 **SECTION 41.10.(b)** G.S. 55-15-01 is amended by adding a new subsection to read:

15 "(e) The following foreign corporations are not required to obtain a certificate of authority  
16 from the Secretary of State:

17 (1) A nonresident business solely performing disaster-related work in this State  
18 during a disaster response period at the request of a critical infrastructure  
19 company. The definitions and provisions of G.S. 166A-19.70A apply to this  
20 subdivision.

21 (2) A person issued a temporary license by the Department of Revenue under  
22 G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this  
23 State in response to a disaster declaration."

24 **SECTION 41.10.(c)** G.S. 57D-1-24 reads as rewritten:

25 **"§ 57D-1-24. Certificate of existence; certificate of authorization.**

26 ...

27 (d) A nonresident business solely performing disaster-related work in this State during a  
28 disaster response period at the request of a critical infrastructure company is not required to  
29 obtain a certificate of authority from the Secretary of State. The definitions and provisions of  
30 G.S. 166A-19.70A apply to this subsection."

31 **SECTION 41.10.(d)** G.S. 96-1(b)(12) reads as rewritten:

32 **"(b) Definitions. – The following definitions apply in this Chapter:**

33 ...

34 **(12) Employment. – Defined in section 3306 of the Code, with the following**  
35 **additions and exclusions:**

36 ...

37 **b. Exclusions. – The term excludes all of the following:**

38 ...

39 **5. Service performed by a nonresident employee for a**  
40 **nonresident business performing disaster-related work in this**  
41 **State during a disaster response period at the request of a**  
42 **critical infrastructure company. The definitions and provisions**  
43 **of G.S. 166A-19.70A apply to this exclusion."**

44 **SECTION 41.10.(e)** G.S. 105-114 is amended by adding a new subsection to read:

45 **"(d) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs**  
46 **disaster-related work in this State during a disaster response period at the request of a critical**  
47 **infrastructure company is not considered to be doing business in this State for purposes of this**  
48 **Article. The definitions and provisions in G.S. 166A-19.70A apply in this subsection."**

49 **SECTION 41.10.(f)** G.S. 105-130.1 reads as rewritten:

50 **"§ 105-130.1. Purpose.**

1 (a) Purpose. – The general purpose of this Part is to impose a tax for the use of the State  
2 government upon the net income of every domestic corporation and of every foreign corporation  
3 doing business in this State.

4 The tax imposed upon the net income of corporations in this Part is in addition to all other  
5 taxes imposed under this Subchapter.

6 (b) Critical Infrastructure Disaster Relief. – A nonresident business that solely performs  
7 disaster-related work in this State during a disaster response period at the request of a critical  
8 infrastructure company is not considered to be doing business in this State for purposes of this  
9 Part. The definitions and provisions in G.S. 166A-19.70A apply in this subsection."

10 **SECTION 41.10.(g)** G.S. 105-130.5(a) reads as rewritten:

11 "(a) The following additions to federal taxable income shall be made in determining State  
12 net income:

13 ...

14 (30) Payments made to an affiliate or subsidiary that is not subject to tax under this  
15 Article pursuant to the exceptions for critical infrastructure disaster relief  
16 provided under G.S. 166A-19.70A, to the extent the payments are deducted in  
17 determining federal taxable income. The definitions and provisions of  
18 G.S. 166A-19.70A apply to this subdivision."

19 **SECTION 41.10.(h)** G.S. 105-131.7 reads as rewritten:

20 "**§ 105-131.7. Returns; shareholder agreements; mandatory withholding.**

21 ...

22 (f) Critical Infrastructure Disaster Relief. – An S Corporation that is not doing business  
23 in this State because it is a nonresident business performing disaster-related work during a  
24 disaster response period at the request of a critical infrastructure company is not required to file  
25 a return with the Department. However, the corporation must furnish to each shareholder who  
26 would be entitled to share in the corporation income any information necessary for that person  
27 to properly file a State income tax return. The definitions and provisions in G.S. 166A-19.70A  
28 concerning disaster-related work apply to this subsection."

29 **SECTION 41.10.(i)** G.S. 105-154(c) reads as rewritten:

30 "**§ 105-154. Information at the source returns.**

31 ...

32 (c) Information Returns of Partnerships. – A partnership doing business in this State and  
33 required to file a return under the Code shall file an information return with the Secretary. A  
34 partnership that the Secretary believes to be doing business in this State and to be required to file  
35 a return under the Code shall file an information return when requested to do so by the Secretary.  
36 The information return shall contain all information required by the Secretary. It shall state  
37 specifically the items of the partnership's gross income, the deductions allowed under the Code,  
38 each partner's distributive share of the partnership's income, and the adjustments required by this  
39 Part. A partner's distributive share of partnership net income includes any guaranteed payments  
40 made to the partner. The information return shall also include the name and address of each  
41 person who would be entitled to share in the partnership's net income, if distributable, and the  
42 amount each person's distributive share would be. The information return shall be signed by one  
43 of the partners under affirmation in the form required by the Secretary.

44 A partnership that files an information return under this subsection shall furnish to each  
45 person who would be entitled to share in the partnership's net income, if distributable, any  
46 information necessary for that person to properly file a State income tax return. The information  
47 shall be in the form prescribed by the Secretary and must be furnished on or before the due date  
48 of the information return.

49 A partnership that is not doing business in this State because it is a nonresident business  
50 performing disaster-related work during a disaster response period at the request of a critical  
51 infrastructure company is not required to file an information return with the Secretary. However,

1 the partnership must furnish to each person who would be entitled to share in the partnership's  
2 net income, if distributable, any information necessary for that person to properly file a State  
3 income tax return. The definitions and provisions in G.S. 166A-19.70A apply to this paragraph."

4 **SECTION 41.10.(j)** G.S. 105-153.2 reads as rewritten:

5 **"§ 105-153.2. Purpose.**

6 The general purpose of this Part is to impose a tax for the use of the State government upon  
7 the taxable income collectible annually:

8 (1) Of every resident of this State.

9 (2) Of every nonresident individual deriving income from North Carolina sources  
10 attributable to the ownership of any interest in real or tangible personal  
11 property in this State, deriving income from a business, trade, profession, or  
12 occupation carried on in this State, or deriving income from gambling  
13 activities in this State. This subdivision does not apply to a nonresident  
14 business or a nonresident employee who solely derives income from North  
15 Carolina sources attributable to a business, trade, profession, or occupation  
16 carried on in this State to perform disaster-related work during a disaster  
17 response period at the request of a critical infrastructure company; the  
18 definitions and provisions in G.S. 166A-19.70A apply to this subdivision."

19 **SECTION 41.10.(k)** G.S. 105-153.8(a) reads as rewritten:

20 "(a) Who Must File. – The following individuals must file with the Secretary an income  
21 tax return under affirmation:

22 (1) Every resident who for the taxable year has gross income under the Code that  
23 exceeds the standard deduction amount provided in G.S. 105-153.5(a)(1).

24 (2) Every nonresident individual who meets all of the following requirements:

25 a. Receives during the taxable year gross income that is derived from  
26 North Carolina sources and is attributable to the ownership of any  
27 interest in real or tangible personal property in this State, is derived  
28 from a business, trade, profession, or occupation carried on in this  
29 State, or is derived from gambling activities in this State. This  
30 sub-subdivision does not apply to a nonresident business or a  
31 nonresident employee who solely derives income from North Carolina  
32 sources attributable to a business, trade, profession, or occupation  
33 carried on in this State to perform disaster-related work during a  
34 disaster response period at the request of a critical infrastructure  
35 company; the definitions and provisions in G.S. 166A-19.70A apply  
36 to this sub-subdivision.

37 b. Has gross income under the Code that exceeds the applicable standard  
38 deduction amount provided in G.S. 105-153.5(a)(1).

39 (3) Any individual whom the Secretary believes to be liable for a tax under this  
40 Part, when so notified by the Secretary and requested to file a return."

41 **SECTION 41.10.(l)** G.S. 105-163.1(13) reads as rewritten:

42 **"§ 105-163.1. Definitions.**

43 The following definitions apply in this Article:

44 ...

45 (13) Wages. – The term has the same meaning as in section 3401 of the ~~Code~~ Code,  
46 except the term does not include amounts paid to a nonresident employee for  
47 a business, trade, profession, or occupation carried on in this State to perform  
48 disaster-related work during a disaster response period at the request of a  
49 critical infrastructure company. The definitions and provisions of  
50 G.S. 166A-19.70A apply to this subdivision.

51 ...."

1           **SECTION 41.10.(m)** G.S. 105-163.3(b) reads as rewritten:

2           "(b) Exemptions. – The withholding requirement does not apply to the following:

3           ...

4           (5) Compensation paid by a nonresident business or a critical infrastructure  
5           company to an ITIN contractor who is a nonresident individual for a business,  
6           trade, profession, or occupation carried on in this State to perform  
7           disaster-related work during a disaster response period at the request of a  
8           critical infrastructure company. The definitions and provisions of  
9           G.S. 166A-19.70A apply to this subdivision."

10           **SECTION 41.10.(n)** G.S. 105-163.7(b) reads as rewritten:

11           "(b) Informational Return to Secretary. – Every employer shall annually file an  
12 informational return with the Secretary that contains the information given on each of the  
13 employer's written statements to an employee. The Secretary may require additional information  
14 to be included on the informational return, provided the Secretary has given a minimum of 90  
15 days' notice of the additional information required. The informational return is due on or before  
16 January 31 of the succeeding year and must be filed in an electronic format as prescribed by the  
17 Secretary. If the employer terminates its business or permanently ceases paying wages during the  
18 calendar year, the informational return must be filed within 30 days of the last payment of  
19 remuneration. The informational return required by this subsection is in lieu of the report required  
20 by G.S. 105-154.

21           An employer that is not doing business in this State because it is a nonresident business  
22 performing disaster-related work during a disaster response period at the request of a critical  
23 infrastructure company is not required to file an information return with the Secretary. However,  
24 the employer must furnish to an employee, upon request, any information necessary for that  
25 person to properly file a State income tax return. The definitions and provisions in  
26 G.S. 166A-19.70A apply to this paragraph."

27           **SECTION 41.10.(o)** Part 2 of Article 36C of Chapter 105 of the General Statutes is  
28 amended by adding a new section to read:

29           "**§ 105-449.69A. Temporary license during disaster response period.**

30           (a) Temporary License. – The Secretary may grant a temporary license to an applicant to  
31 import, export, distribute, or transport motor fuel in this State in response to a disaster declaration.  
32 The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The  
33 temporary license expires upon the expiration of the disaster declaration. A temporary license  
34 issued under this section may not be renewed or a new temporary license granted if the licensee  
35 failed to file the required returns or make payments of the required taxes.

36           (b) Requirements. – To obtain a temporary license, a person must file an application with  
37 the Secretary on a form prescribed by the Secretary within seven calendar days from the date of  
38 the disaster declaration. An application must include all of the following information:

39           (1) The legal name of the business and the trade name, if applicable, under which  
40 the person will transact business within the State.

41           (2) The federal identification number of the business or, if such number is  
42 unavailable, the Social Security number of the owner.

43           (3) The location, with a street number address, of the principal office or place of  
44 business and the location where records will be made available for inspection.

45           (4) Any other information required by the Secretary.

46           (c) Exceptions. – The Secretary may issue a temporary license under this section as an  
47 importer, exporter, distributor, or transporter without requiring the applicant to file with the  
48 Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and  
49 without requiring the applicant to be authorized to transact business in this State with the  
50 Secretary of State."

1           **SECTION 41.10.(p)** This section is effective when it becomes law and applies to  
2 disaster declarations on or after that date.

3  
4 **PART XLII. MISCELLANEOUS**

5  
6 **STATE BUDGET ACT APPLIES**

7           **SECTION 42.1.** The provisions of the State Budget Act, Chapter 143C of the  
8 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
9 this act by reference.

10  
11 **COMMITTEE REPORT**

12           **SECTION 42.2.(a)** The North Carolina Senate Appropriations/Base Budget  
13 Committee Report on the Current Operations Appropriations Act for House Bill 966, Proposed  
14 Senate Committee Substitute As Amended, dated May 29, 2019, which was distributed in the  
15 Senate and used to explain this act, shall indicate action by the General Assembly on this act and  
16 shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C  
17 of the General Statutes, as appropriate, and for these purposes shall be considered a part of this  
18 act and, as such, shall be printed as a part of the Session Laws.

19           **SECTION 42.2.(b)** The budget enacted by the General Assembly is for the  
20 maintenance of the various departments, institutions, and other spending agencies of the State  
21 for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
22 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

23           The Director of the Budget submitted a recommended base budget to the General  
24 Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated  
25 March 2019, and in the Budget Support Document for the various departments, institutions, and  
26 other spending agencies of the State. The adjustments to the recommended base budget made by  
27 the General Assembly are set out in the Committee Report.

28           **SECTION 42.2.(c)** The budget enacted by the General Assembly shall also be  
29 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
30 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
31 by the Director of the Budget and the budget enacted by the General Assembly, the budget  
32 enacted by the General Assembly shall prevail.

33           **SECTION 42.2.(d)** Notwithstanding subsection (a) of this section, the following  
34 portions of the Committee Report are for reference, and do not expand, limit, or define the text  
35 of the Committee Report:

- 36           (1) Summary pages setting forth the enacted budget, the legislative changes, the  
37 revised budget, and the related FTE information for a particular budget code  
38 and containing no other substantive information.
- 39           (2) Summary pages setting forth the enacted budget, the legislative changes, the  
40 revised budget, and the related FTE information for multiple fund codes  
41 within a single budget code and containing no other substantive information.

42  
43 **REPORT BY FISCAL RESEARCH DIVISION**

44           **SECTION 42.3.** The Fiscal Research Division shall issue a report on budget actions  
45 taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a  
46 revision of the Committee Report described in Section 42.2 of this act pursuant to G.S. 143C-5-5.  
47 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
48 this section to the Director of the Budget. The report shall be published on the General  
49 Assembly's Internet Web site for public access.

50  
51 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

1           **SECTION 42.4.** Except where expressly repealed or amended by this act, the  
2 provisions of S.L. 2019-9, S.L. 2019-15, and any other enactments affecting the State budget  
3 during the 2019 Regular Session of the General Assembly, shall remain in effect.  
4

5 **MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM**

6           **SECTION 42.5.** Except for statutory changes or other provisions that clearly indicate  
7 an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this  
8 act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal  
9 biennium.  
10

11 **EFFECT OF HEADINGS**

12           **SECTION 42.6.** 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 42.7.** 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 42.8.** Except as otherwise provided, this act becomes effective July 1,  
23 2019.