

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

**HOUSE BILL 56
RATIFIED BILL**

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER CHANGES TO THE
CURRENT OPERATIONS APPROPRIATIONS ACT OF 2026 AND TO OTHER ACTS.

The General Assembly of North Carolina enacts:

PART I. DISASTER RELIEF

DISASTER RELIEF TECHNICAL CORRECTIONS

SECTION 1.1.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 5A.2(a)(2)a. of that act reads as rewritten:

"a. Eight million dollars (\$8,000,000) previously allocated for capital recovery funds for public school facilities in accordance with ~~Section 2.1(a) of S.L. 2024-53 and the Committee Report described in Section 6.1 of that act.~~ Section 2A.3(a) of S.L. 2025-26."

SECTION 1.1.(b) Notwithstanding Section 5A.2(a)(2) of Senate Bill 257, 2025 Regular Session and the Committee Report referenced in Section 45.2 of that act, if Senate Bill 257, 2025 Regular Session, becomes law, of the programs and funds identified to be transferred to the Helene fund in Section 5A.2(a)(2) of Senate Bill 257, 2025 Regular Session, if a specified budget fund has insufficient funds to satisfy the specified transfer, the Department of Public Instruction shall fully realize the total amount of Helene-related reductions in the Committee Report from other fund balances that remain within Budget Code 23510 from prior Helene-related appropriations.

FUNDING ADJUSTMENT/TOWN OF FAIR BLUFF RIVERWALK PROJECT

SECTION 1.2. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, Section 5A.11(a) of that act reads as rewritten:

"**SECTION 5A.11.(a)** Transfer. – The State Controller shall transfer ~~five million dollars (\$5,000,000)~~ four million five hundred thousand dollars (\$4,500,000) from Budget Code 24558, Budget Fund 206842, to OSBM for the Town of Fair Bluff for the riverwalk project that was destroyed."

PART II. EDUCATION

CLARIFY TERMS FOR ENTITIES IDENTIFIED IN PUBLIC SCHOOL REINVESTMENT FUND PROVISION

SECTION 2.1. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 7.60(a) of that act reads as rewritten:

"**SECTION 7.60.(a)** The General Assembly finds that the State has realized a savings from students formerly enrolled in a ~~nonpublic-public~~ school unit of the State using scholarship grants to enroll in a ~~private-nonpublic~~ school due to the expansion of eligibility for the scholarship grants awarded from the Opportunity Scholarship Grant Reserve Fund pursuant to Part 2A of Article



39 of Chapter 115C of the General Statutes. The Department of Public Instruction has identified a savings of thirty-five million seven hundred fifty-one thousand four hundred nine dollars (\$35,751,409) for the 2024-2025 and 2025-2026 fiscal years based on the difference between the total amount of funds used for an opportunity scholarship grant award that is less than one hundred percent (100%) of the average State per pupil allocation for average daily membership for a student in a public school unit. Consistent with the intent of the General Assembly stated in Section 7.82(c) of S.L. 2023-134, the nonrecurring savings identified by the Department of Public Instruction shall be reinvested to support the following purposes:

- (1) The sum of seventeen million twenty thousand eight hundred eleven dollars (\$17,020,811) for a one-time bonus of one thousand seven hundred fifty dollars (\$1,750) for locally and federally funded school nutrition and custodial personnel.
- (2) The sum of thirteen million eight hundred thousand dollars (\$13,800,000) for middle school literacy professional development.
- (3) The sum of ten million dollars (\$10,000,000) to be used for the North Carolina Collaboratory to acquire mathematics curriculum from another state that has developed its own mathematics curriculum and to conform those materials to align with the North Carolina Standard Course of Study for use in kindergarten through eighth grade mathematics classes in the public schools of the State."

TECHNICAL CORRECTION TO STATE TEXTBOOK FUND SUNSET REDUCTION

SECTION 2.3. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding the Committee Report referenced in Section 45.2 of that act, funds appropriated to the Department of Public Instruction for the 2026-2027 fiscal year shall be modified as follows:

- (1) The reduction in the requirements of the Department of Public Instruction in Budget Code 73510, Budget Fund 700100, for State Textbook Fund Sunset shall be decreased by the sum of eight hundred thirty-six thousand five hundred ninety-four dollars (\$836,594) in recurring funds. The total revised reduction shall be the sum of fifty-nine million four hundred nine thousand eight hundred fifty-nine dollars (\$59,409,859).
- (2) The reduction in receipts by the Department of Public Instruction in Budget Code 73510, Budget Fund 700100, for State Textbook Fund Sunset shall be decreased by the sum of eight hundred thirty-six thousand five hundred ninety-four dollars (\$836,594) in recurring funds. The total revised reduction shall be the sum of fifty-nine million four hundred nine thousand eight hundred fifty-nine dollars (\$59,409,859).

PRINCIPAL SALARY SCHEDULE

SECTION 2.4. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 7A.7 of that act reads as rewritten:

"SECTION 7A.7.(a) The following annual salary schedule for principals shall apply from July 1, 2026, to December 31, 2026:

<u>2026 Principal Annual Salary Schedule</u>			
<u>Avg. Daily Membership</u>	<u>Base</u>	<u>Met Growth</u>	<u>Exceeded Growth</u>
0-200	\$80,126	\$88,137	\$96,151
201-400	\$84,131	\$92,544	\$100,958
401-700	\$88,137	\$96,952	\$105,766
701-1,000	\$92,145	\$101,358	\$110,574
1,001-1,600	\$96,151	\$105,766	\$115,381

701-1,000	\$101,358	\$110,574
1,001-1,600	\$105,766	\$115,381
1,601+	\$110,172	\$120,188

Whether a principal qualifies to receive a salary supplement under the supplemental salary schedule and the amount of the salary supplement shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

- (1) A principal shall receive a salary supplement according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.
- (2) A principal shall receive a salary supplement according to the Met Growth column of the schedule if any of the following apply:
 - a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
 - b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
 - c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.
- (3) A principal shall not receive a salary supplement if any of the following apply:
 - a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three school years.
 - b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

"SECTION 7A.7.(b) For purposes of determining the average daily membership of a principal's school, the allotted average daily membership for the school for the applicable school year shall be used. For purposes of this section, the allotted average daily membership of a principal's school shall include any prekindergarten students in membership at that school.

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

- (1) For ~~payment of the October salary supplement, the 2026 Principal Annual Salary Schedule,~~ the school growth scores from the first, second, and third years.
- (2) For ~~payment of the March salary supplement, payment of the January salary supplement to the 2027 Principal Annual Salary Schedule,~~ the school growth scores from the second, third, and fourth years.
- (3) If a principal does not have a school growth score from any of the school years identified in this subsection, the most recent available growth scores, up to the fourth year, shall be used.

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

"SECTION 7A.7.(e) A principal compensated in accordance with this section for the 2026-2027 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount under this section for the applicable fiscal year.

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

"SECTION 7A.7.(f) For purposes of this section, the following definitions apply:

- (1) First year. – The school year immediately preceding the second year.
- (2) Fourth year. – The school year immediately preceding the applicable school year.
- (3) Second year. – The school year immediately preceding the third year.
- (4) The applicable fiscal year. – The 2026-2027 fiscal year.
- (5) The applicable school year. – The 2026-2027 school year.
- (6) Third year. – The school year immediately preceding the fourth year."

PROVIDE FUNDS FOR MOUNTAIN AREA HEALTH EDUCATION CENTER AND ADJUST FUNDS FOR HEALTHCARE WORKFORCE PROGRAMS EXPANSION

SECTION 2.5. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding the Committee Report referenced in Section 45.2 of that act, funds appropriated to the Board of Governors of The University of North Carolina for the 2026-2027 fiscal year shall be modified as follows:

- (1) Funds in Budget Code 16022 shall be increased by the sum of two million one hundred twenty-three thousand dollars (\$2,123,000) in nonrecurring funds and one million dollars (\$1,000,000) in recurring funds to be allocated to the University of North Carolina at Chapel Hill for the Mountain Area Health Education Center.
- (2) Funds in Budget Code 16011 for Healthcare Workforce Programs Expansion shall be reduced by the sum of one million dollars (\$1,000,000) in recurring funds and five hundred thousand dollars (\$500,000) in nonrecurring funds.

DELAY RESIDENCY DETERMINATION STANDARDIZATION FOR THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

SECTION 2.6. Section 2.1(b) of S.L. 2026-9 reads as rewritten:

"SECTION 2.1.(b) This section is effective when it becomes law and applies beginning with applications for admission to the North Carolina School of Science and Mathematics for the ~~2027-2028-2028-2029~~ school year."

CLARIFY FUNDS FOR THE BRIGHT INSTITUTE AT THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

SECTION 2.7. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding the Committee Report referenced in Section 45.2 of that act, the one million dollars (\$1,000,000) in nonrecurring funds appropriated to the Board of Governors of The University of North Carolina and allocated to the University of North Carolina at Greensboro for the 2026-2027 fiscal year for its "Battery Research, Innovation, and Green Energy Harvesting Technology (BRIGHT) Institute" shall instead be provided for its "Battery Research, Innovation,

and next-Gen energy Harvesting Technologies (BRIGHT) Institute" for the purposes described in that item.

CLARIFY TESTING RECORDS REQUIREMENTS FOR NONPUBLIC SCHOOLS RECEIVING OPPORTUNITY SCHOLARSHIP FUNDS

SECTION 2.8.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 115C-562.5, as amended by Section 8A.12 of that act, reads as rewritten:

"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

- ...
- (4) Administer, at least once in each school year, tests as provided in this subdivision. ~~Test performance data shall be submitted to the Authority by July 15 of each year.~~ Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes. Tests shall be administered to all eligible students enrolled in grades three and higher whose tuition and fees are paid in whole or in part with a scholarship grant as follows:
- a. The nationally standardized test designated by the Authority in grades three and eight.
 - b. The ACT in grade 11.
 - c. A nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school in all other grades four and higher. For grades four through seven, the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. For grades nine, 10, and 12, the nationally standardized test or other equivalent measurement selected must measure either (i) achievement in the areas of English grammar, reading, spelling, and mathematics or (ii) competencies in the verbal and quantitative areas.

...

(b1) A nonpublic school that accepts eligible students receiving scholarship grants shall annually certify compliance with subdivision (4) of subsection (a) of this section and shall retain records of the test administration for a period of four years. Each year the Authority shall select at least four percent (4%) of nonpublic schools to verify testing administration in accordance with subdivision (4) of subsection (a) of this section.

...."

SECTION 2.8.(b) This section applies beginning with the 2026-2027 school year.

PART III. HEALTH AND HUMAN SERVICES

COPAYMENT EXEMPTION FOR DIALYSIS SERVICES

SECTION 3.1.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 9E.19 of Senate Bill 257 is repealed.

SECTION 3.1.(b) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 108A-58.3, as enacted by Section 3C.16 of S.L. 2026-1, reads as rewritten:

"§ 108A-58.3. Cost-sharing.

(a) ~~The~~ Except as otherwise provided in this section, the Department shall annually establish all Medicaid copayments at the maximum allowable under federal law.

(b) Subsection (a) of this section shall not apply to any of the following:

- (1) Dialysis services.
- (2) Innovations waiver services.
- (3) Traumatic Brain Injury waiver services."

SECTION 3.1.(c) Subsection (b) of this section is effective July 1, 2027. The remainder of this section is effective when it becomes law.

ADJUST IMPLEMENTATION DATE FOR CHILD CARE SUBSIDY RATE CHANGES

SECTION 3.2. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 9D.4 of that act reads as rewritten:

"**SECTION 9D.4.(a)** Beginning ~~July 1, 2026~~, October 1, 2026, from federal Child Care and Development Block Grant funds under Section 9M.1 of this act, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the seventy-fifth percentile as recommended by the 2023 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.

"**SECTION 9D.4.(b)** Beginning ~~July 1, 2026~~, October 1, 2026, provisions of payment rates for child care providers in counties that have a county rate below the State rate for center-based and home-based care shall be set at the seventy-fifth percentile statewide market rate as recommended by the 2021 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.

"**SECTION 9D.4.(c)** The Division of Child Development and Early Education shall include in its next market rate study reporting of statewide rates at the fiftieth percentile in addition to reporting at the seventy-fifth percentile."

FINANCIAL PROTECTIONS FOR DISABLED AND OLDER ADULTS/CONTRACTUAL RIGHTS

SECTION 3.3. If Senate Bill 595, 2025 Regular Session, becomes law, G.S. 108A-117.1, as enacted by Section 13.1(d) of that act, is amended by adding a new subsection to read:

"(k) The rights and remedies under this section are in addition to any rights and remedies for which the parties have contracted. Nothing in this section limits any contractual rights or remedies."

ADJUSTMENT TO ELIGIBILITY AND EVALUATION CRITERIA FOR BEST VALUE PROCUREMENT OF OPIOID ANTAGONIST

SECTION 3.4. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 9G.6 of that act reads as rewritten:

"**SECTION 9G.6.(a)** The following definitions apply in this section:

- (1) DMH/DD/SUS. – The Division of Mental Health, Developmental Disabilities, and Substance Use Services within the North Carolina Department of Health and Human Services or its purchasing agent.
- (2) Opioid antagonist. – An opioid antagonist that is approved by the federal Food and Drug Administration for the reversal of a drug overdose.

"**SECTION 9G.6.(b)** Not later than 90 days after the effective date of this section, the DMH/DD/SUS shall issue a request for proposals (RFP) to procure both of the following directly from drug manufacturers:

- (1) Intranasal and intramuscular opioid antagonist for distribution to, or use by, persons or governmental entities engaged in opioid overdose prevention and response efforts within the State of North Carolina.
- (2) Ancillary services related to the distribution and use of intranasal and intramuscular opioid antagonist pursuant to subdivision (1) of this subsection,

which may include engaging in surge capacity efforts, furnishing educational and training materials, and providing data to improve the distribution of overdose reversal drugs.

"SECTION 9G.6.(c) The RFP shall require that proposals include, at a minimum, evidence demonstrating to the satisfaction of the DMH/DD/SUS that, from the date the RFP is made public, the drug manufacturer meets all of the following eligibility criteria:

- (1) Has at least two years of experience in both of the following:
 - a. Manufacturing and assembling within the United States intranasal ~~and~~ or intramuscular opioid antagonist products.
 - b. Direct shipping, distributing, and tracking a high volume of intranasal ~~and-or~~ or intramuscular opioid antagonist to multiple state governments within the United States.
- (2) Has a history of consistently maintaining and making publicly accessible its financial, governance, and operational information, including with independent verification when required by law.

"SECTION 9G.6.(d) Of the drug manufacturers meeting the eligibility criteria described in subsection (c) of this section, the DMH/DD/SUS shall use a competitive, best-value procurement method to identify a pool of drug manufacturers with which the DMH/DD/SUS may enter into a contract. The competitive, best-value procurement method required by this subsection shall prioritize drug manufacturer responses offering the overall best value with respect to quality, full-service customer support, supply flexibility, and overall risk management considerations, by evaluating all of the following factors:

- (1) Availability of ~~both~~ intranasal ~~and-or~~ or intramuscular opioid antagonist products that meet applicable federal and State quality, safety, and regulatory requirements.
- (2) Demonstrated history of reliable supply and product quality for intranasal ~~and~~ or intramuscular opioid antagonist products.
- (3) Availability of distribution data, educational resources, and training materials to support program implementation.
- (4) Ability to efficiently process, fulfill, and document orders in a manner that supports program administration, inventory management, and applicable reporting requirements.

"SECTION 9G.6.(e) Upon completion of the RFP process, the DMH/DD/SUS shall enter into a contract with one or more of the drug manufacturers from the pool developed pursuant to subsection (d) of this section. The DMH/DD/SUS shall not enter into more than one contract for each distinct opioid antagonist product procured pursuant to this section. Each contract shall be for a term of one year and shall include an option to renew annually for up to three additional years.

"SECTION 9G.6.(f) The DMH/DD/SUS shall maintain its existing contracts for the procurement of opioid antagonist until at least one drug manufacturer is selected through the RFP process required by this section.

"SECTION 9G.6.(g) The DMH/DD/SUS shall implement this section from the funds allocated in subdivision (a)(3) of Section 9G.5 of this act.

"SECTION 9G.6.(h) This section applies only to the funds allocated in subdivision (a)(3) of Section 9G.5 of this act and shall not be construed as a limitation on the allowable uses of federal grant funds available to local management entities/managed care organizations for opioid remediation activities."

FUNDS FOR NORTH CAROLINA BOYS AND GIRLS HOME OF LAKE WACCAMAW

SECTION 3.5. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, the following shall occur:

- (1) The State Controller shall transfer five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2026-2027 fiscal year from Budget Code 24558, Budget Fund 206842, to the Office of State Budget and Management for a directed grant to the Boys and Girls Homes of North Carolina, Inc., a nonprofit corporation, for their Lake Waccamaw campus.
- (2) Funds provided as a directed grant to the Boys and Girls Homes of North Carolina, Inc., for Carolyn's Kaleidoscope Child Advocacy Center on page C110, Item 298 of the Committee Report shall be decreased by the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2026-2027 fiscal year and shall instead be retained by the Boys and Girls Homes of North Carolina, Inc., a nonprofit corporation, for their Lake Waccamaw campus.

ADJUST FUNDING/DOLLY PARTON'S IMAGINATION LIBRARY

SECTION 3.6. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, funds provided for Dolly Parton's Imagination Library on page C31, Item 73 of the Committee Report shall be decreased by the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2026-2027 fiscal year.

PART IV. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

TOWN OF WARSAW FUNDS TECHNICAL CORRECTION

SECTION 4.1. Of the funds allocated to the Town of Warsaw by Section 12.9(e)(87) of S.L. 2022-74, as amended by Section 2C.1(c) of S.L. 2024-57, seven hundred fifty thousand dollars (\$750,000) shall, notwithstanding any provision of those acts to the contrary, be transferred to the Office of State Budget and Management for a directed grant to the Town of Warsaw (Town) for land purchases related to the expansion of the Town's wastewater treatment system.

REPEAL BURKE COUNTY WATER INFRASTRUCTURE CHANGE

SECTION 4.2. If Senate Bill 257, 2025 Regular Session, becomes law, Section 12.3(a) of that act is repealed.

DEPARTMENT OF LABOR POSITIONS

SECTION 4.3. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, funds allocated to the Occupational Safety and Health Division of the Department of Labor (Department) as provided on Page D65, Item 167 of the Committee Report described in Section 45.2 of that act may be used by the Commissioner of Labor (Commissioner) for the purpose of supporting additional positions to perform work considered by the Commissioner to be necessary and advisable to carry out the statutory duties conferred on the Department.

JMAC JOB REQUIREMENTS MODIFICATION

SECTION 4.4. If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 143B-437.012(d)(2c)c., as enacted by Section 11.8 of that act, reads as rewritten:

- "c. The business employed at least 2,000 full-time employees or equivalent full-time contract employees in the State at the time the

application is made and the business agrees to (i) maintain at least 2,000 full-time employees or equivalent full-time contract employees in the State for the full term of the grant and (ii) create and maintain at least 500 new full-time jobs in the county in which the project is located for the full term of the grant, over a period of time spanning 24 months prior to entering the agreement through the term of the agreement."

NEW HANOVER COUNTY FUNDS TECHNICAL CORRECTION

SECTION 4.5. Funds allocated to New Hanover County by Section 12.2(e)(127) of S.L. 2023-134 for water and wastewater projects related to Blue Clay Business Park may, notwithstanding that section, be used by the county for any water or wastewater infrastructure project.

TRAIL FUNDING TECHNICAL CORRECTION

SECTION 4.6. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated by that act to the Department of Natural and Cultural Resources:

- (1) The allocation to the Complete the Trails Fund described in Section 14.9 of that act is reduced by the sum of five million five hundred sixteen thousand dollars (\$5,516,000) in nonrecurring funds.
- (2) The allocation to the Great Trails Fund described in Section 14.10 of that act is increased by the sum of five million five hundred sixteen thousand dollars (\$5,516,000) in nonrecurring funds.

OSBM GRANTS/FUNDS REALLOCATION

SECTION 4.7. If Senate Bill 257, 2025 Regular Session, becomes law, then, notwithstanding any provision of that act or the Committee Report described in Section 45.2 of that act to the contrary, of the funds appropriated by that act to the Department of Natural and Cultural Resources for the Great Trails Fund described in Section 14.10 of that act, six hundred fifty thousand dollars (\$650,000) in nonrecurring funds for the 2026-2027 fiscal year shall be transferred to the Office of State Budget and Management for directed grants to the following entities in the following amounts:

- (1) One hundred thousand dollars (\$100,000) to the Town of Hope Mills.
- (2) Fifty thousand dollars (\$50,000) to the Richmond County Sheriff's Department.
- (3) Five hundred thousand dollars (\$500,000) to Baptist Children's Homes of North Carolina, Incorporated.

REPEAL UTILITIES COMMISSION SHRA EXEMPTION

SECTION 4.8.(a) If Senate Bill 257, 2025 Regular Session, becomes law, Section 11.13 of that act is repealed.

SECTION 4.8.(b) Effective October 1, 2026, if Senate Bill 1041, 2025 Regular Session, becomes law, Sections 5.9(f), 5.9(g), and 5.9(h) of that act are repealed.

PART V. JUSTICE AND PUBLIC SAFETY

CONFORMING CHANGE TO LAW GOVERNING SPECIAL SUPERIOR COURT JUDGES

SECTION 5.1.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 7A-45.1, as amended by Sections 16.19 and 16.24 of that act, reads as rewritten:

"§ 7A-45.1. Special judges.

...

(a10) Except for the judgeships abolished pursuant to subsection (a8) of this section, and except as provided in subsections (a12) through ~~(a14)~~ (a15) of this section, upon the retirement, resignation, removal from office, death, or expiration of the term of any special superior court judge on or after September 1, 2014, each judgeship shall be filled for a full eight-year term beginning upon the judge's taking office according to the following procedure prescribed by the General Assembly pursuant to Article IV, Section 9(1) of the North Carolina Constitution. As each judgeship becomes vacant or the term expires, the Governor shall submit the name of a nominee for that judgeship to the General Assembly for confirmation by ratified joint resolution. Upon each such confirmation, the Governor shall appoint the confirmed nominee to that judgeship.

However, upon the failure of the Governor to submit the name of a nominee within 90 days of the occurrence of the vacancy or within 90 days of the expiration of the judge's term, as applicable, the President Pro Tempore of the Senate and the Speaker of the House of Representatives jointly shall submit the name of a nominee to the General Assembly. The appointment shall then be made by enactment of a bill. The bill shall state the name of the person being appointed, the office to which the appointment is being made, and the county of residence of the appointee.

The Governor may withdraw any nomination prior to it failing on any reading, and in case of such withdrawal the Governor shall submit a different nomination within 45 days of withdrawal. If a nomination shall fail any reading, the Governor shall submit a different nomination within 45 days of such failure. In either case of failure to submit a new nomination within 45 days, the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall submit the name of a nominee to the General Assembly under the procedure provided in the preceding paragraph.

No person shall occupy a special superior court judgeship authorized under this subsection in any capacity, or have any right to, claim upon, or powers of those judgeships, unless that person's nomination has been confirmed by the General Assembly by joint resolution or appointed through the enactment of a bill upon the failure of the Governor to submit a nominee. Until confirmed by the General Assembly and appointed by the Governor, or appointed by the General Assembly upon the failure of the Governor to appoint a nominee, and qualified by taking the oath of office, a nominee is neither a de jure nor a de facto officer.

...

(a14) In addition to any other special superior court judges authorized by law, effective July 1, 2026, the Chief Justice of the North Carolina Supreme Court shall appoint three special superior court judges to serve terms expiring at the earlier of (i) eight years from the date that each judge takes office or (ii) the date of the judge's death, retirement, resignation, or removal from office. Special superior court judges appointed pursuant to this subsection shall be designated as special superior court judges to hear and decide complex family financial cases as defined in G.S. 50-110(2) and shall be known as Complex Family Financial Court Judges.

Upon the natural expiration of the term of a special superior court judge appointed pursuant to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation, or removal from office, a successor shall be appointed to a new term in the same manner and for the same length as other judges appointed pursuant to this subsection.

A special superior court judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district and mandatory retirement age.

The mandatory retirement age for a special superior court judge appointed pursuant to this subsection shall be 78 years of age.

~~(a14)~~(a15) Notwithstanding any provision of this section to the contrary, effective January 1, 2025, upon the retirement, resignation, removal from office, death, or expiration of the term of two special superior court judgeships filled by appointment of the Governor, each judgeship shall be filled by the General Assembly through enactment of a bill for terms expiring at the earlier of (i) eight years from the date that each judge takes office or (ii) the date of the judge's death, retirement, resignation, or removal from office. A bill appointing a special superior court judge under this subsection shall state the name of the person being appointed, the office to which the appointment is being made, and the judicial division of residence of the appointee. One of the judges shall be nominated by the Speaker of the House of Representatives and one shall be nominated by the President Pro Tempore of the Senate.

Upon the natural expiration of the term of a special superior court judge appointed pursuant to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation, or removal from office, a successor shall be appointed to a new term in the same manner and for the same length as other judges appointed pursuant to this subsection. The legislative officer who nominated the special superior court judge whose term has ended shall nominate the new special superior court judge.

A special superior court judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district.

(b) A special judge is subject to removal from office for the same causes and in the same manner as a regular judge of the superior court, and a vacancy occurring in the office of special judge, except as provided for in subsections (a12) and ~~(a14)~~ through (a15) of this section, is filled by the Governor by appointment for the unexpired term.

...."

SECTION 5.1.(b) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 16.24(b) of that act reads as rewritten:

"**SECTION 16.24.(b)** In order to implement ~~G.S. 7A-45.1(a14)~~, G.S. 7A-45.1(a15), as enacted by subsection (a) of this section, the special superior court judgeships held by the following State position numbers shall be subject to the process set forth in that subsection:

- (1) 60006166
- (2) 65024100"

REPEAL REDUNDANT VACANT POSITIONS ELIMINATION PROVISION

SECTION 5.2. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 17.12 of that act is repealed.

PART VI. GENERAL GOVERNMENT

CITATION CORRECTION FOR DEPARTMENT OF STATE TREASURER AGENCY ACT AND NORTH CAROLINA HUMAN RESOURCES ACT

SECTION 6.1.(a) If House Bill 1126, 2025 Regular Session, and Senate Bill 1041, 2025 Regular Session, both become law, then G.S. 126A-15(6), as enacted by Senate Bill 1041, 2025 Regular Session, is amended by adding a new sub-subdivision to read:

"c. Designated employees under G.S. 135-6(g1) or G.S. 128-28(h1)."

SECTION 6.1.(b) If House Bill 1126, 2025 Regular Session, and Senate Bill 1041, 2025 Regular Session, both become law, then the Revisor of Statutes shall replace the phrase "G.S. 126-5(c13)" with the phrase "G.S. 126A-15(6)" in G.S. 135-6(g1)(1) and G.S. 128-28(h1)(1), as enacted by House Bill 1126, 2025 Regular Session.

SECTION 6.1.(c) This section becomes effective October 1, 2026.

DIRECTED GRANTS TECHNICAL CORRECTIONS

SECTION 6.2. If Senate Bill 257, 2025 Regular Session, becomes law, then Part XVI of that act is amended by adding a new section to read:

"OSBM DIRECTED GRANT CHANGES

"SECTION 26.10.(a) Notwithstanding any provision of this act or the Committee Report referenced in this act to the contrary, of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations for the 2026-2027 fiscal year, OSBM shall allocate the following directed grants in nonrecurring funds for the 2026-2027 fiscal year to the following entities in the following amounts for the stated purposes:

- (1) One million dollars (\$1,000,000) to Book Harvest, a nonprofit corporation.
- (2) Two million five hundred thousand dollars (\$2,500,000) to Camp Grier, a nonprofit corporation.
- (3) Five hundred thousand dollars (\$500,000) to the Town of Yanceyville for capital projects.
- (4) Two hundred thousand dollars (\$200,000) to the Lenoir County Sheriff's Office for capital improvements or equipment.
- (5) Five hundred thousand (\$500,000) to Charlotte Healthcare Coalition, Inc., a nonprofit corporation.
- (6) Two hundred thousand dollars (\$200,000) to Care Ring, Inc., a nonprofit corporation.
- (7) One hundred thousand dollars (\$100,000) to Southeastern Healthcare of North Carolina, Inc.
- (8) Ten thousand dollars (\$10,000) to Cabarrus County for Odell Volunteer Fire Department #2.

"SECTION 26.10.(b) Notwithstanding any provision of this act or the Committee Report referenced in Section 45.2 of this act to the contrary, the following directed grants allocated by the Office of State Budget and Management – Special Appropriations for the 2026-2027 fiscal year are amended as follows:

- (1) In addition to the five hundred thousand dollars (\$500,000) to the Town of Yanceyville for water and wastewater infrastructure (Page F90, Item 714), five hundred thousand dollars (\$500,000) to the Town of Yanceyville for the same purpose, totaling one million dollars (\$1,000,000).
- (2) The directed grant to the Friends of Craven County Sheriff's Office for capital improvements or equipment in the Craven County Sheriff's Office (Page F54, Item 327) shall instead be provided to Craven County for the sheriff's office in the same amount for the same purpose.
- (3) The directed grant to Craven County for various capital improvements (Page F47, Item 254) shall be reduced by one hundred thousand dollars (\$100,000).
- (4) The directed grant to Craven County for the sheriff's office for vehicles and related equipment (Page F47, Item 255) shall be increased by one hundred thousand dollars (\$100,000) for the same purpose.
- (5) The directed grant to the City of Greensboro for water and wastewater infrastructure (Page F43, Item 212) shall be reduced by one million dollars (\$1,000,000).
- (6) The directed grant to the Greensboro Science Center (Page F56, Item 349) shall be reduced by five hundred thousand dollars (\$500,000).
- (7) The directed grant to the Guilford Technical Community College for the Aviation Center (Page F56, Item 350) shall be reduced by two million one hundred twenty-three thousand dollars (\$2,123,000).

- (8) The directed grant to Lenoir County for the Neuseway Nature Center Campground (Page F61, Item 405) shall be reduced by two hundred thousand dollars (\$200,000).
- (9) The directed grant to the Town of Mayodan for Washington Mills Park (Page F84, Item 653) shall be reduced by two hundred fifty thousand dollars (\$250,000).
- (10) The directed grant to the Town of Pleasant Garden for water and wastewater infrastructure (Page F86, Item 674) shall be reduced by two hundred fifty thousand dollars (\$250,000).
- (11) The directed grant to the Town of Yanceyville for capital improvements at the Yanceyville Municipal Airport (Page F90, Item 715) shall be reduced by one million dollars (\$1,000,000).
- (12) The directed grant to the Ankise Miheret Bata Lemariam Ethiopian Orthodox Tewhedo Church to support their youth school (Page F28, Item 52) shall be reduced by one hundred thousand dollars (\$100,000).
- (13) The directed grant to Healthstar Community Care, a nonprofit corporation (Page F31, Item 76), shall be reduced by two hundred thousand dollars (\$200,000).
- (14) The directed grant to Diaper Bank of North Carolina, a nonprofit corporation (Page F50, Item 282), shall be reduced by five hundred thousand dollars (\$500,000).
- (15) The directed grant to East Carolina University for a merit based scholarship for students attending in the fields of finance and artificial intelligence, with preference given to students from Onslow County (Page F50, Item 291) shall instead be allocated to the East Carolina University Business School in the same amount.
- (16) The directed grant to Rutherford County – Sheriff's Office Capital for the purposes stated for that item (Page F72, Item 524) shall instead be used for the Command Center renovation.
- (17) The directed grant to the North Carolina Sickle Cell Syndrome Program within the Department of Health and Human Services shall instead provide funds as a grant to the same program for the same purpose in the same amount.
- (18) The directed grant to the Sickle Celle Partners of the Carolinas shall be allocated to the Sickle Cell Partners of the Carolinas, a nonprofit corporation.
- (19) The directed grant to Iredell Memorial Hospital, Inc., (Hospital) for mental health beds in the Iredell Health System (System) (Page F31, Item 80), shall instead be used by the Hospital for renovations and repairs to facilities within the System.
- (20) The directed grant to the City of King for parking improvements (Page F44, Item 219) shall instead be allocated as a directed grant to the City.
- (21) The directed grant to Rowan County for various purposes (Page F72, Item 517) shall be reduced by ten thousand dollars (\$10,000) and shall be allocated to all of the listed volunteer fire departments except for Odell Volunteer Fire Department #2.
- (22) The directed grant to Marvin Ridge High School Academic Booster Club (Page F62, Item 417) shall instead be allocated as a directed grant to the Marvin Ridge High School Athletic Booster Club in the same amount for the same purpose.
- (23) The directed grant to Fire 14 Revolution, Inc., (Page F53, Item 314), shall instead be allocated as a directed grant to Five 14 Revolution, Inc., a nonprofit corporation, in the same amount for the same purpose.

- (24) Notwithstanding Section 25.1(a) of this act and any other provision of law to the contrary, the directed grant to Martin County for a rural emergency care center (Page F98, Item 779) shall instead be allocated to the University Health Systems of Eastern Carolina, Inc., a nonprofit corporation doing business as ECU Health in the same amount for the same purpose.
- (25) The directed grant to the Carteret County General Hospital Corporation, a nonprofit corporation for medical facilities in Emerald Isle (Page F29, Item 61) shall instead be allocated to the same entity for medical facilities.
- (26) The directed grant to Blue Ridge Healthcare System, Inc., for capital improvements (Page F37, Item 145) shall instead be titled "UNC Health Blue Ridge" and be allocated to Blue Ridge Healthcare System, Inc., a nonprofit corporation for infrastructure, equipment, and expansion project needs.
- (27) The directed grant to Burke River Trail Association for capital improvements (Page F39, Item 163) may also be used for trail projects and expansion.
- (28) The directed grant to Burke County – Sheriff's Office to purchase or upgrade vehicles and related equipment (Page F38, Item 160) shall instead be allocated to Burke County for the same purpose."

PART VII. INFORMATION TECHNOLOGY [RESERVED]

PART VIII. SALARIES AND BENEFITS

CITATION CORRECTION/STATE EMPLOYEE SALARIES

SECTION 8.1. If Senate Bill 257, 2025 Regular Session, becomes law, then subsection (a) of Section 41.2 of that act is amended by deleting the reference to "7A.6" and substituting "7A.10".

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE CLARIFICATION

SECTION 8.2. If Senate Bill 257, 2025 Regular Session, becomes law, then Section 41.17 of that act is amended by adding a new subsection to read:

"SECTION 41.17.(b1) Sworn law enforcement employees of the State Bureau of Investigation and Alcohol Law Enforcement whose salaries are not set pursuant to subsection (a) of this section on June 30, 2026, shall receive a salary increase in the amount of thirteen percent (13%) in the 2026-2027 fiscal year, effective July 1, 2026."

PROFESSIONAL EXEMPTION AUTHORITY/UNC BOARD OF GOVERNORS

SECTION 8.3.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126-5(c1)(8) reads as rewritten:

- "(8) Employees of The University of North Carolina who are exempt from the minimum wage and overtime compensation provisions of the Fair Labor Standards Act, instructional and research staff, student-oriented professionals, finance professionals, business office professionals, auditor professionals, information technology professionals, legal affairs professionals, health affairs professionals, institutional development professionals, physicians, dentists, pilots, the faculty of the North Carolina School of Science and Mathematics, and all temporary employees. The Board of Governors of The University of North Carolina shall have the authority to establish positions under this subdivision to be exempt from this Chapter without further review or approval by any other State agency."

SECTION 8.3.(b) If Senate Bill 1041, 2025 Regular Session, becomes law, then G.S. 126A-15(8)g., as enacted by Senate Bill 1041, 2025 Regular Session, reads as rewritten:

"g. Employees of The University of North Carolina who are exempt from the minimum wage and overtime compensation provisions of the Fair Labor Standards Act, instructional and research staff, student-oriented professionals, finance professionals, business office professionals, auditor professionals, information technology professionals, legal affairs professionals, health affairs professionals, institutional development professionals, physicians, dentists, pilots, and the faculty of the North Carolina School of Science and Mathematics, and all temporary employees. The Board of Governors of The University of North Carolina shall have the authority to establish positions under this subdivision to be exempt from this Chapter without further review or approval by any other agency."

SECTION 8.3.(c) Subsection (b) of this section becomes effective October 1, 2026.

PART IX. CAPITAL

SCIF CORRECTION

SECTION 9.1.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 42.1(b) of that act reads as rewritten:

"**SECTION 42.1.(b)** This subsection authorizes the following capital projects in the 2025-2027 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each project and do not reflect authorizations from other non-State Capital and Infrastructure Fund sources. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed:

**Capital Improvements–
State Capital and
Infrastructure Fund**

	Previous	New/Updated
...		
DPS23-3	35,000,000	59,385,000 63,785,000
DPS23-7	43,336,785	77,769,321 84,103,000
...."		

SECTION 9.1.(b) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 42.2 of that act reads as rewritten:

"**SECTION 42.2.** It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2026-2027 fiscal year and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32
...						
DPS23-3	20,710.5	25,774.5 30,174.5	8,500	N/A	N/A	N/A
DPS23-4	N/A	N/A	19,000	48,500	77,600	48,900
DPS23-7	19,669.7	42,931.7 49,265.4	8,834.2	N/A	N/A	N/A
...."						

PART X. TRANSPORTATION [RESERVED]

PART XI. FINANCE

CLARIFICATION OF HOSPITAL SALES TAX REFUND MODIFICATION

SECTION 11.2.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 44.3(b) of that act reads as rewritten:

"SECTION 44.3.(b) This section is effective when it becomes law and applies to refunds issued for purchases made on or after that date. For purposes of applying the aggregate annual refund amounts under G.S. 105-164.14 and G.S. 105-467 for the fiscal year beginning July 1, 2026, the amounts shall be pro-rated on a daily basis and applied as follows:

- (1) For refunds issued for purchases made on or after July 1, 2026, and before the date this section becomes law, the portion of the aggregate annual refund amounts attributable to this period shall be administered as the law existed prior to the effective date of this section.
- (2) For refunds issued for purchases made on or after the effective date of this section, the remainder of the aggregate annual refund amounts shall be administered in accordance with G.S. 105-164.14(b)(1), as amended by this section."

SECTION 11.2.(b) This section is effective when it becomes law.

CLARIFICATION OF EFFECTIVE DATE AND DISTRIBUTION OF TAX PROCEEDS ON SALES OF ELECTRICITY TO DATACENTERS

SECTION 11.3.(a) If Section 44.4 of Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 105-251.2 is amended by adding a new subsection to read:

"(c1) A person that purchases electricity for use at a qualifying datacenter or an eligible internet datacenter shall, within 30 days of the end of each quarter, provide to the Secretary the amount of tax paid on the electricity."

SECTION 11.3.(b) If Section 44.4 of Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 105-164.44K reads as rewritten:

"§ 105-164.44K. Distribution of part of tax on electricity to cities.

(a) Distribution. – The Secretary must distribute to cities forty-four percent (44%) of the net proceeds of the tax collected under G.S. 105-164.4 on electricity, less the sum of (i) the amount of net proceeds derived from the tax paid on sales of electricity for use at qualifying datacenters and eligible internet datacenters and (ii) the cost to the Department of administering the distribution. Each city's share of the amount to be distributed is its franchise tax share calculated under subsection (b) of this section plus its ad valorem share calculated under subsection (c) of this section. If the net proceeds of the tax allocated under this section are not sufficient to distribute the franchise tax share of each city under subsection (b) of this section, the proceeds shall be distributed to each city on a pro rata basis. The Secretary must make the distribution within 75 days after the end of each quarter.

...."

SECTION 11.3.(c) If Senate Bill 257, 2025 Regular Session, becomes law, then Section 44.4(b) of that act reads as rewritten:

"SECTION 44.4.(b) This section is effective when it becomes law and applies to ~~electricity billed on or after that date for electricity sold on or after that date.~~ the first billing period that is at least 30 days after enactment and that starts on or after the effective date of this section."

SECTION 11.3.(d) This section is effective when it becomes law.

PART XII. MISCELLANEOUS

ADJUSTMENTS TO APPROPRIATIONS

SECTION 12.1. If Senate Bill 257, 2025 Regular Session, becomes law, then the totals of Part II of that act are adjusted in accordance with the provisions of this act.

EFFECTIVE DATE

SECTION 12.2. Except as otherwise provided, this act is effective July 1, 2026. In the General Assembly read three times and ratified this the 2nd day of July, 2026.

s/ Phil Berger
President Pro Tempore of the Senate

s/ John R. Bell, IV
Presiding Officer of the House of Representatives

Josh Stein
Governor

Approved _____ .m. this _____ day of _____, 2026