

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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D

SENATE BILL 257  
PROPOSED COMMITTEE SUBSTITUTE S257-PCS45377-LUxfap-2

Short Title: 2025 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 11, 2025

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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 2025."

**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 2025-2027 fiscal biennium, according to the following schedule:

<b>Current Operations - General Fund</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
<b>EDUCATION</b>		
North Carolina Community College System		
Requirements	2,181,902,384	2,131,628,971
Less: Receipts	400,787,849	398,313,878
<b>Net Appropriation</b>	<b>1,781,114,535</b>	<b>1,733,315,093</b>
Department of Public Instruction		
Requirements	15,043,864,593	15,140,028,934



1	Less: Receipts	2,979,142,635	2,773,998,833
2	<b>Net Appropriation</b>	<b>12,064,721,958</b>	<b>12,366,030,101</b>
3			
4	<b>THE UNIVERSITY OF NORTH CAROLINA</b>		
5	East Carolina Univ. - Academic Affairs		
6	Requirements	449,746,645	450,746,645
7	Less: Receipts	175,618,884	176,618,884
8	<b>Net Appropriation</b>	<b>274,127,761</b>	<b>274,127,761</b>
9			
10	East Carolina Univ. - Health Affairs		
11	Requirements	121,853,241	121,853,241
12	Less: Receipts	14,708,326	14,708,326
13	<b>Net Appropriation</b>	<b>107,144,915</b>	<b>107,144,915</b>
14			
15	Appalachian State University		
16	Requirements	361,221,568	362,221,568
17	Less: Receipts	151,358,973	152,358,973
18	<b>Net Appropriation</b>	<b>209,862,595</b>	<b>209,862,595</b>
19			
20	Elizabeth City State University		
21	Requirements	57,575,597	58,575,597
22	Less: Receipts	9,062,050	10,062,050
23	<b>Net Appropriation</b>	<b>48,513,547</b>	<b>48,513,547</b>
24			
25	Fayetteville State University		
26	Requirements	108,137,643	109,137,643
27	Less: Receipts	20,550,653	21,550,653
28	<b>Net Appropriation</b>	<b>87,586,990</b>	<b>87,586,990</b>
29			
30	NC A&T University		
31	Requirements	265,794,998	277,409,534
32	Less: Receipts	103,066,524	104,066,524
33	<b>Net Appropriation</b>	<b>162,728,474</b>	<b>173,343,010</b>
34			
35	NC School of Science and Mathematics		
36	Requirements	49,107,483	49,107,483
37	Less: Receipts	3,866,717	3,866,717
38	<b>Net Appropriation</b>	<b>45,240,766</b>	<b>45,240,766</b>
39			
40	NC State University - Academic Affairs		
41	Requirements	1,069,920,970	1,077,384,903
42	Less: Receipts	500,608,834	507,708,834
43	<b>Net Appropriation</b>	<b>569,312,136</b>	<b>569,676,069</b>
44			
45	NC State University - Ag. Research		
46	Requirements	83,589,800	83,589,800
47	Less: Receipts	20,124,784	20,124,784
48	<b>Net Appropriation</b>	<b>63,465,016</b>	<b>63,465,016</b>
49			
50	NC State University - Coop. Extension		
51	Requirements	65,417,787	65,417,787

1	Less: Receipts	18,874,550	18,874,550
2	<b>Net Appropriation</b>	<b>46,543,237</b>	<b>46,543,237</b>
3			
4	North Carolina Central University		
5	Requirements	155,704,790	156,704,790
6	Less: Receipts	57,132,154	58,132,154
7	<b>Net Appropriation</b>	<b>98,572,636</b>	<b>98,572,636</b>
8			
9	UNC at Asheville		
10	Requirements	75,136,418	76,136,418
11	Less: Receipts	24,035,324	25,035,324
12	<b>Net Appropriation</b>	<b>51,101,094</b>	<b>51,101,094</b>
13			
14	UNC at Chapel Hill - Academic Affairs		
15	Requirements	826,242,482	830,892,482
16	Less: Receipts	428,694,558	434,794,558
17	<b>Net Appropriation</b>	<b>397,547,924</b>	<b>396,097,924</b>
18			
19	UNC at Chapel Hill - Area Health Ed.		
20	Requirements	56,855,450	56,855,450
21	Less: Receipts	0	0
22	<b>Net Appropriation</b>	<b>56,855,450</b>	<b>56,855,450</b>
23			
24	UNC at Chapel Hill - Health Affairs		
25	Requirements	392,135,573	392,135,573
26	Less: Receipts	142,736,020	142,736,020
27	<b>Net Appropriation</b>	<b>249,399,553</b>	<b>249,399,553</b>
28			
29	UNC at Charlotte		
30	Requirements	528,539,845	529,539,845
31	Less: Receipts	194,855,102	195,855,102
32	<b>Net Appropriation</b>	<b>333,684,743</b>	<b>333,684,743</b>
33			
34	UNC at Greensboro		
35	Requirements	309,910,059	310,910,059
36	Less: Receipts	104,922,976	105,922,976
37	<b>Net Appropriation</b>	<b>204,987,083</b>	<b>204,987,083</b>
38			
39	UNC at Pembroke		
40	Requirements	116,988,721	117,988,721
41	Less: Receipts	21,514,868	22,514,868
42	<b>Net Appropriation</b>	<b>95,473,853</b>	<b>95,473,853</b>
43			
44	UNC at Wilmington		
45	Requirements	352,177,159	353,177,159
46	Less: Receipts	134,937,430	135,937,430
47	<b>Net Appropriation</b>	<b>217,239,729</b>	<b>217,239,729</b>
48			
49	UNC BOG - Aid to Private Institutions		
50	Requirements	3,209,300	3,209,300
51	Less: Receipts	0	0

1	<b>Net Appropriation</b>	<b>3,209,300</b>	<b>3,209,300</b>
2			
3	UNC BOG - Institutional Programs		
4	Requirements	1,041,871,791	302,391,251
5	Less: Receipts	751,500,000	46,300,000
6	<b>Net Appropriation</b>	<b>290,371,791</b>	<b>256,091,251</b>
7			
8	UNC BOG - Related Ed. Programs		
9	Requirements	1,050,059,078	1,106,414,078
10	Less: Receipts	188,962,939	188,962,939
11	<b>Net Appropriation</b>	<b>861,096,139</b>	<b>917,451,139</b>
12			
13	UNC School of the Arts		
14	Requirements	58,876,330	58,876,330
15	Less: Receipts	16,904,167	16,904,167
16	<b>Net Appropriation</b>	<b>41,972,163</b>	<b>41,972,163</b>
17			
18	UNC System Office		
19	Requirements	45,207,311	45,207,311
20	Less: Receipts	4,009,217	4,009,217
21	<b>Net Appropriation</b>	<b>41,198,094</b>	<b>41,198,094</b>
22			
23	Western Carolina University		
24	Requirements	202,007,511	202,241,223
25	Less: Receipts	36,651,773	37,651,773
26	<b>Net Appropriation</b>	<b>165,355,738</b>	<b>164,589,450</b>
27			
28	Winston-Salem State University		
29	Requirements	95,443,876	96,443,876
30	Less: Receipts	26,700,103	27,700,103
31	<b>Net Appropriation</b>	<b>68,743,773</b>	<b>68,743,773</b>
32			
33	<b>HEALTH AND HUMAN SERVICES</b>		
34	Aging		
35	Requirements	162,915,759	162,947,825
36	Less: Receipts	110,495,226	110,495,226
37	<b>Net Appropriation</b>	<b>52,420,533</b>	<b>52,452,599</b>
38			
39	Central Management and Support		
40	Requirements	412,128,436	422,383,440
41	Less: Receipts	172,006,912	172,356,352
42	<b>Net Appropriation</b>	<b>240,121,524</b>	<b>250,027,088</b>
43			
44	Child and Family Well-Being		
45	Requirements	587,633,116	587,926,022
46	Less: Receipts	529,771,915	529,771,915
47	<b>Net Appropriation</b>	<b>57,861,201</b>	<b>58,154,107</b>
48			
49	Child Development and Early Education		
50	Requirements	990,933,974	981,756,397
51	Less: Receipts	663,936,608	654,236,609

1	<b>Net Appropriation</b>	<b>326,997,366</b>	<b>327,519,788</b>
2			
3	Emp. & Indep. For People with Disabilities		
4	Requirements	192,301,284	191,621,377
5	Less: Receipts	148,446,353	147,558,152
6	<b>Net Appropriation</b>	<b>43,854,931</b>	<b>44,063,225</b>
7			
8	Health Benefits		
9	Requirements	32,538,608,621	33,500,012,200
10	Less: Receipts	26,083,787,689	26,693,039,769
11	<b>Net Appropriation</b>	<b>6,454,820,932</b>	<b>6,806,972,431</b>
12			
13	Health Service Regulation		
14	Requirements	81,712,464	80,480,845
15	Less: Receipts	57,846,866	57,854,112
16	<b>Net Appropriation</b>	<b>23,865,598</b>	<b>22,626,733</b>
17			
18	Mental Hlth/Dev. Disabl./Subs. Use Serv.		
19	Requirements	1,763,591,519	1,770,189,290
20	Less: Receipts	1,004,406,871	1,020,145,036
21	<b>Net Appropriation</b>	<b>759,184,648</b>	<b>750,044,254</b>
22			
23	Public Health		
24	Requirements	508,520,689	508,811,732
25	Less: Receipts	375,415,934	375,388,628
26	<b>Net Appropriation</b>	<b>133,104,755</b>	<b>133,423,104</b>
27			
28	Services for the Blind/Deaf/Hard of Hearing		
29	Requirements	47,580,652	47,633,300
30	Less: Receipts	38,277,639	38,286,064
31	<b>Net Appropriation</b>	<b>9,303,013</b>	<b>9,347,236</b>
32			
33	Social Services		
34	Requirements	2,234,496,236	2,247,290,611
35	Less: Receipts	2,012,293,694	2,016,966,010
36	<b>Net Appropriation</b>	<b>222,202,542</b>	<b>230,324,601</b>
37			
38	<b>AGRIC., NATURAL, AND ECON. RES.</b>		
39	Agriculture and Consumer Services		
40	Requirements	525,545,847	296,580,098
41	Less: Receipts	343,305,058	93,169,654
42	<b>Net Appropriation</b>	<b>182,240,789</b>	<b>203,410,444</b>
43			
44	Commerce		
45	Requirements	289,341,642	284,250,285
46	Less: Receipts	82,602,791	77,352,791
47	<b>Net Appropriation</b>	<b>206,738,851</b>	<b>206,897,494</b>
48			
49	Environmental Quality		
50	Requirements	243,160,102	273,198,525
51	Less: Receipts	138,827,684	138,830,789

1	<b>Net Appropriation</b>	<b>104,332,418</b>	<b>134,367,736</b>
2			
3	Labor		
4	Requirements	45,703,742	45,920,338
5	Less: Receipts	19,106,870	19,106,870
6	<b>Net Appropriation</b>	<b>26,596,872</b>	<b>26,813,468</b>
7			
8	Natural and Cultural Resources		
9	Requirements	359,359,497	359,371,744
10	Less: Receipts	50,443,601	50,443,601
11	<b>Net Appropriation</b>	<b>308,915,896</b>	<b>308,928,143</b>
12			
13	Wildlife Resources Commission		
14	Requirements	110,965,764	111,103,998
15	Less: Receipts	86,200,340	86,200,340
16	<b>Net Appropriation</b>	<b>24,765,424</b>	<b>24,903,658</b>
17			
18	<b>JUSTICE AND PUBLIC SAFETY</b>		
19	Administrative Office of the Courts		
20	Requirements	840,035,759	844,119,300
21	Less: Receipts	7,209,807	1,209,807
22	<b>Net Appropriation</b>	<b>832,825,952</b>	<b>842,909,493</b>
23			
24	Indigent Defense Services		
25	Requirements	194,782,744	190,741,412
26	Less: Receipts	13,994,851	13,994,851
27	<b>Net Appropriation</b>	<b>180,787,893</b>	<b>176,746,561</b>
28			
29	Adult Correction		
30	Requirements	2,150,041,042	2,165,757,470
31	Less: Receipts	21,455,170	21,455,170
32	<b>Net Appropriation</b>	<b>2,128,585,872</b>	<b>2,144,302,300</b>
33			
34	Justice		
35	Requirements	118,187,493	118,723,609
36	Less: Receipts	50,114,998	50,114,998
37	<b>Net Appropriation</b>	<b>68,072,495</b>	<b>68,608,611</b>
38			
39	Public Safety		
40	Requirements	897,114,592	887,268,176
41	Less: Receipts	205,113,467	199,369,487
42	<b>Net Appropriation</b>	<b>692,001,125</b>	<b>687,898,689</b>
43			
44	State Bureau of Investigation		
45	Requirements	190,854,950	188,623,418
46	Less: Receipts	61,047,030	58,596,352
47	<b>Net Appropriation</b>	<b>129,807,920</b>	<b>130,027,066</b>
48			
49	<b>GENERAL GOVERNMENT</b>		
50	Administration		
51	Requirements	88,167,193	87,838,417

1	Less: Receipts	15,562,661	15,446,340
2	<b>Net Appropriation</b>	<b>72,604,532</b>	<b>72,392,077</b>
3			
4	Administrative Hearings		
5	Requirements	11,173,220	10,336,590
6	Less: Receipts	4,021,520	1,521,520
7	<b>Net Appropriation</b>	<b>7,151,700</b>	<b>8,815,070</b>
8			
9	Auditor		
10	Requirements	52,895,549	58,027,963
11	Less: Receipts	12,365,869	12,365,869
12	<b>Net Appropriation</b>	<b>40,529,680</b>	<b>45,662,094</b>
13			
14	Budget and Management		
15	Requirements	12,820,660	12,897,248
16	Less: Receipts	1,001,597	1,001,597
17	<b>Net Appropriation</b>	<b>11,819,063</b>	<b>11,895,651</b>
18			
19	Budget and Management - Special Approp.		
20	Requirements	19,300,000	16,850,000
21	Less: Receipts	1,500,000	1,500,000
22	<b>Net Appropriation</b>	<b>17,800,000</b>	<b>15,350,000</b>
23			
24	Controller		
25	Requirements	38,051,149	38,256,937
26	Less: Receipts	1,723,209	1,723,209
27	<b>Net Appropriation</b>	<b>36,327,940</b>	<b>36,533,728</b>
28			
29	Elections		
30	Requirements	22,552,422	9,616,261
31	Less: Receipts	13,102,000	102,000
32	<b>Net Appropriation</b>	<b>9,450,422</b>	<b>9,514,261</b>
33			
34	General Assembly		
35	Requirements	103,524,571	104,137,558
36	Less: Receipts	767,526	561,000
37	<b>Net Appropriation</b>	<b>102,757,045</b>	<b>103,576,558</b>
38			
39	Governor		
40	Requirements	13,011,177	13,058,659
41	Less: Receipts	6,140,294	6,140,294
42	<b>Net Appropriation</b>	<b>6,870,883</b>	<b>6,918,365</b>
43			
44	Housing Finance Agency		
45	Requirements	10,660,327	10,660,327
46	Less: Receipts	0	0
47	<b>Net Appropriation</b>	<b>10,660,327</b>	<b>10,660,327</b>
48			
49	Human Resources		
50	Requirements	13,188,953	14,798,429
51	Less: Receipts	1,273,415	798,888

1	<b>Net Appropriation</b>	<b>11,915,538</b>	<b>13,999,541</b>
2			
3	Industrial Commission		
4	Requirements	20,132,947	19,029,196
5	Less: Receipts	9,989,699	8,789,699
6	<b>Net Appropriation</b>	<b>10,143,248</b>	<b>10,239,497</b>
7			
8	Insurance		
9	Requirements	52,604,785	53,043,086
10	Less: Receipts	9,252,247	9,358,231
11	<b>Net Appropriation</b>	<b>43,352,538</b>	<b>43,684,855</b>
12			
13	Insurance - Fire Marshal		
14	Requirements	52,019,251	46,000,277
15	Less: Receipts	12,118,899	14,023,004
16	<b>Net Appropriation</b>	<b>39,900,352</b>	<b>31,977,273</b>
17			
18	Lieutenant Governor		
19	Requirements	1,477,791	1,393,177
20	Less: Receipts	0	0
21	<b>Net Appropriation</b>	<b>1,477,791</b>	<b>1,393,177</b>
22			
23	Military and Veterans Affairs		
24	Requirements	9,226,613	9,363,639
25	Less: Receipts	0	0
26	<b>Net Appropriation</b>	<b>9,226,613</b>	<b>9,363,639</b>
27			
28	Revenue		
29	Requirements	210,260,575	210,049,000
30	Less: Receipts	78,596,148	75,777,870
31	<b>Net Appropriation</b>	<b>131,664,427</b>	<b>134,271,130</b>
32			
33	Secretary of State		
34	Requirements	20,510,492	22,626,170
35	Less: Receipts	862,750	2,563,750
36	<b>Net Appropriation</b>	<b>19,647,742</b>	<b>20,062,420</b>
37			
38	Treasurer		
39	Requirements	133,169,485	124,912,660
40	Less: Receipts	107,960,411	96,853,586
41	<b>Net Appropriation</b>	<b>25,209,074</b>	<b>28,059,074</b>
42			
43	Treasurer - Other Retirement Plans/Benefits		
44	Requirements	25,655,407	26,005,407
45	Less: Receipts	0	0
46	<b>Net Appropriation</b>	<b>25,655,407</b>	<b>26,005,407</b>
47			
48	<b>INFORMATION TECHNOLOGY</b>		
49	Department of Information Technology		
50	Requirements	91,107,354	91,281,100
51	Less: Receipts	957,692	957,692



1	<b>Net Appropriation</b>	<b>90,149,662</b>	<b>90,323,408</b>
2			
3	<b>RESERVES AND LOTTERY</b>		
4	General Fund Reserve		
5	Requirements	16,915,374	27,979,289
6	Less: Receipts	0	0
7	<b>Net Appropriation</b>	<b>16,915,374</b>	<b>27,979,289</b>
8			
9	<b>Total Requirements</b>	<b>71,672,439,622</b>	<b>71,794,798,774</b>
10	<b>Less: Total Receipts</b>	<b>39,084,630,721</b>	<b>38,473,836,769</b>
11	<b>Total Net Appropriation</b>	<b>32,587,808,901</b>	<b>33,320,962,005</b>

12  
13 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in  
14 Section 45.2 of this act, the requirements set forth in this section represent the total amount of  
15 funds, including agency receipts, appropriated to an agency, department, or institution.  
16

17 **GENERAL FUND AVAILABILITY**

18 **SECTION 2.2.(a)** General Fund Availability. – The General Fund availability  
19 derived from State tax revenue, nontax revenue, and other adjustments used in developing the  
20 budget for each year of the 2025-2027 fiscal biennium is as follows:  
21

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>	
22			
23	<b>Unappropriated Balance Remaining FY 2024-25</b>	<b>48,073,341</b>	<b>988,429,749</b>
24	Anticipated Reversions	500,000,000	500,000,000
25	Anticipated FY 2024-25 Overcollections	543,900,000	-
26	<b>Total, Prior Year-End Fund Balance</b>	<b>1,091,973,341</b>	<b>1,488,429,749</b>
27			
28	<b>Consensus Revenue Forecast</b>		
29	Tax Revenue	33,388,800,000	32,657,100,000
30	Non-Tax Revenue	1,500,900,000	1,410,000,000
31	<b>Total, Tax &amp; Non-Tax Revenue</b>	<b>34,889,700,000</b>	<b>34,067,100,000</b>
32			
33	<b>Revenue Changes</b>		
34	Adjustments to Tax Revenue	(119,235,000)	(99,493,000)
35	Adjustments to Non-Tax Revenue	14,825,376	28,648,801
36	<b>Total, Revenue Changes</b>	<b>(104,409,624)</b>	<b>(70,844,199)</b>
37			
38	<b>Statutorily Required Reservations of Revenue</b>		
39	Savings Reserve	(44,799,750)	-
40	State Capital and Infrastructure Fund (SCIF)	(1,120,000,000)	(1,159,200,000)
41	<b>Total, Statutorily Required Reservations of Rev.</b>	<b>(1,164,799,750)</b>	<b>(1,159,200,000)</b>
42			
43	<b>Discretionary Reservations of Revenue</b>		
44	Additional Transfer to Savings Reserve	(1,095,349,136)	-
45	Economic Development Reserve	(40,876,181)	(4,523,545)
46	<b>Total, Discretionary Reservations of Rev.</b>	<b>(1,136,225,317)</b>	<b>(4,523,545)</b>
47			
48	<b>Revised Total General Fund Availability</b>	<b>33,576,238,650</b>	<b>34,320,962,005</b>
49			
50	<b>Total, Net General Fund Appropriations</b>	<b>32,587,808,901</b>	<b>33,320,962,005</b>
51			

1 **Unappropriated Balance** **988,429,749** **1,000,000,000**

2  
3 **SECTION 2.2.(b)** Savings Reserve. – Notwithstanding G.S. 143C-4-2, the State  
4 Controller shall transfer to the Savings Reserve the sum of one billion one hundred forty million  
5 one hundred forty-eight thousand eight hundred eighty-six dollars (\$1,140,148,886) in  
6 nonrecurring funds in the 2025-2026 fiscal year.

7 **SECTION 2.2.(c)** IT Reserve. – The State Controller shall reserve to the Information  
8 Technology Reserve established in Section 2.2(h) of S.L. 2021-180 from the Stabilization and  
9 Inflation Reserve established in Section 2.2(q) of S.L. 2022-74 the sum of one million dollars  
10 (\$1,000,000) in nonrecurring funds for the 2025-2026 fiscal year. The State Controller shall  
11 transfer funds available in the Information Technology Reserve to State agencies and  
12 departments for information technology projects in accordance with the following schedule:

13	14	15	16	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		
	(1)	Department of Environmental Quality (Budget Code: 24317)																																			
	(2)	Department of Public Instruction (Budget Code: 23515)																																			
	(3)	Department of Administration (Budget Code: 74100)																																			
	(4)	Department of Revenue (Budget Code: 13410)																																			
	(5)	Department of State Treasurer (Budget Code: 14700)																																			
	(6)	Office of Administrative Hearings (Budget Code: 18210)																																			
	(7)	Office of State Human Resources (Budget Code: 14111)																																			
	(8)	State Board of Elections (Budget Code: 18025)																																			
	(9)	Office of State Budget and Management (Budget Code: 23017)																																			
	(10)	Office of State Auditor (Budget Code: 13300)																																			
	(11)	Division of Central Management and Support (Budget Code: 14410)																																			
	(12)	Division of Health Benefits (Budget Code: 14445)																																			
	(13)	Department of Public Safety (Budget Code: 14550)																																			
	(14)	State Bureau of Investigation (Budget Code: 15020)																																			
	(15)	Department of Information Technology (Budget Code: 14460)																																			
	(16)	Administrative Office of the Courts (Budget Code 12000)																																			

49 **SECTION 2.2.(d)** Federal Infrastructure Match Reserve. –The State Controller shall  
50 transfer funds available in the Federal Infrastructure Match Reserve established in Section 2.2(m)  
51 of S.L. 2022-74 to State agencies and departments in accordance with the following schedule:

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State Agency or Department	2025-2026	2026-2027
(1) Department of Environmental Quality (Budget Code: 64311)	\$8,892,000	\$8,892,000
(2) Department of Environmental Quality (Budget Code: 64320)	13,722,200	0
(3) Department of Environmental Quality (Budget Code: 24300)	1,388,921	0
(4) Department of Environmental Quality Budget Code: 14300)	850,000	850,000
(5) Department of Commerce (Budget Code: 14600)	250,000	0

**SECTION 2.2.(e)** Stabilization and Inflation Reserve. – The State Controller shall transfer funds available in the Stabilization and Inflation Reserve established in Section 2.2(q) of S.L. 2022-74 to State agencies and departments in accordance with the following schedule:

State Agency or Department	2025-2026	2026-2027
(1) State Bureau of Investigation (Budget Code: 15020)	\$35,000,000	\$35,000,000
(2) Department of Agriculture (Budget Code: 13700)	250,000,000	0
(3) Department of Environmental Quality (Budget Code: 24327)	55,000,000	55,000,000
(4) UNC at Chapel Hill – Academic Affairs Budget Code: 16020)	3,000,000	3,000,000
(5) Department of Public Instruction (Budget Code: 13510)	152,303,525	152,303,525

**SECTION 2.2.(f)** Economic Development Project Reserve. – The State Controller shall reserve from funds available in the General Fund to the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 the sum of forty million eight hundred seventy-six thousand one hundred eighty-one dollars (\$40,876,181) for the 2025-2026 fiscal year and the sum of four million five hundred twenty-three thousand five hundred forty-five dollars (\$4,523,545) for the 2026-2027 fiscal year. Additionally, the Controller shall reserve the sum of two hundred fifty-eight million three hundred ninety-two thousand nine hundred fifty dollars (\$258,392,950) in the 2025-2026 fiscal year from the Stabilization and Inflation Reserve established in Section 2.2.(q) S.L. 2022-74 and the sum of fifteen million three hundred sixty-one thousand twenty-one dollars (\$15,361,021) in the 2025-2026 fiscal year from the Information Technology Reserve established in Section 2.2(h) of S.L. 2021-180.

**SECTION 2.2.(g)** Helene Reserve. – The State Controller shall reserve to the Hurricane Helene Disaster Recovery Fund (Helene Fund) established in Section 4.1 in S.L. 2024-51 funds transferred from the following for the 2025-2026 fiscal year:

Source	2025-2026
(1) State Emergency Response and Disaster Relief Fund	\$116,716,887

1	(2)	Federal Infrastructure Match Reserve	45,469,983
2			
3	(3)	Medicaid Contingency Reserve	476,512,736
4			
5	(4)	Information Technology Reserve	61,300,394
6			

The State Controller shall transfer funds available in the Helene Fund to State agencies and departments in accordance with the following schedule:

10		<b>State Agency or Department</b>	<b>2025-2026</b>	<b>2026-2027</b>
11				
12	(1)	NC Community College System		
13		(Budget Code: 16800)	\$2,473,971	\$0
14	(2)	Department of Commerce		
15		(Budget Code: 14600)	5,000,000	0
16	(3)	Office of the Governor		
17		(Budget Code: 13000)	5,000,000	5,000,000
18	(4)	University of North Carolina – Board of Governors		
19		Institutional Programs		
20		(Budget Code: 16011)	8,000,000	0
21				

**SECTION 2.2.(h)** Reservations Not Appropriation. – Funds reserved pursuant to this section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

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

**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 each year of the 2025-2027 fiscal biennium, according to the following schedule:

33		<b>Highway Fund</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>
34		Administration	\$125,175,472	\$125,175,472
35		Division of Highways		
36		Administration	55,675,557	55,675,557
37		Construction	89,643,078	82,643,078
38		Maintenance	2,405,175,949	2,319,193,319
39		Governor's Highway Safety Program	351,695	351,695
40		OSHA	358,030	358,030
41		Aid to Municipalities		
42		Powell Bill	135,875,000	135,875,000
43		Intermodal Divisions		
44		Ferry	78,841,173	87,957,728
45		Public Transportation	69,570,554	71,570,554
46		Aviation	192,320,982	173,146,238
47		Rail	24,367,607	24,367,607
48		Division of Motor Vehicles	159,082,029	159,120,209
49		Other State Agencies, Reserves, Transfers	51,226,553	60,772,240
50		Capital Improvements	10,797,739	47,793,273
51		<b>Highway Fund Total</b>	<b>\$3,398,461,418</b>	<b>\$3,344,000,000</b>

**HIGHWAY FUND AVAILABILITY**

**SECTION 3.2.** The Highway Fund availability used in developing the budget for each year of the 2025-2027 fiscal biennium is as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
<b>Beginning Balance</b>	<b>\$0</b>	<b>\$0</b>
<b>Consensus Revenue Forecast</b>		
Motor Fuels Tax	1,866,100,000	1,891,500,000
Licenses and Fees	1,097,500,000	1,116,000,000
Sales Tax Transfer	171,500,000	176,900,000
Short-Term Lease	113,100,000	114,900,000
Investment Income	50,200,000	37,600,000
Transportation Commerce Tax	7,000,000	7,300,000
<b>Adjustments to Availability</b>		
DMV IT Modernization Carry Forward Cash Balance	65,000,000	0
Remaining Dorian Appropriation	28,161,418	0
Sales Tax Net of Trade	(100,000)	(200,000)
<b>Total Highway Fund Availability</b>	<b>\$3,398,461,418</b>	<b>\$3,344,000,000</b>

**HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 3.3.** Appropriations from the State Highway Trust Fund for construction, for operations of the Department of Transportation, and for other purposes as enumerated are made for each year of the 2025-2027 fiscal biennium according to the following schedule:

	<b>FY 2025-26</b>	<b>FY 2026-27</b>
<b>Highway Trust Fund</b>		
Program Administration	\$66,117,311	\$45,117,311
Bond	121,440,275	121,436,275
Turnpike Authority	49,000,000	49,000,000
State Ports Authority	45,000,000	45,000,000
FHWA State Match	6,048,440	6,048,440
Strategic Prioritization Funding		
Plan for Transportation Investments	2,200,053,974	2,279,257,974
Transfer to Visitor Center	640,000	640,000
<b>Highway Trust Fund Total</b>	<b>\$2,488,300,000</b>	<b>\$2,546,500,000</b>

**HIGHWAY TRUST FUND AVAILABILITY**

**SECTION 3.4.** The Highway Trust Fund availability used in developing the budget for each year of the 2025-2027 fiscal biennial budget is as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
<b>Beginning Balance</b>	<b>\$0</b>	<b>\$0</b>
<b>Consensus Revenue Forecast</b>		
Highway Use Tax	1,150,500,000	1,179,800,000
Motor Fuels Tax	619,500,000	627,900,000
Sales Tax Transfer	514,400,000	530,600,000
Fees	172,100,000	172,500,000

1	Investment Income	33,000,000	37,200,000
2			
3	<b>Adjustments to Availability</b>		
4	Duplicate Registration Fees	(900,000)	(900,000)
5	Sales Tax Net of Trade	(300,000)	(600,000)
6			
7	<b>Total Highway Trust Fund Availability</b>	<b>\$2,488,300,000</b>	<b>\$2,546,500,000</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 2025-2027 fiscal biennium, as follows:

- (1) All budget codes listed in the Governor's Recommended Base Budget for the 2025-2027 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 45.2 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 2025-2027 fiscal biennium.

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

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

**OTHER RECEIPTS FROM PENDING AWARD GRANTS**

**SECTION 4.2.(a)** Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded after the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000). State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds.

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

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

**SECTION 4.2.(b)** The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such

1 grants are hereby appropriated up to the applicable amount set forth in subsection (a) of this  
 2 section and shall be incorporated into the authorized budget of the recipient State agency.

3 **SECTION 4.2.(c)** Notwithstanding the provisions of this section, no State agency  
 4 may accept a grant not anticipated in this act if (i) acceptance of the grant would obligate the  
 5 State to make future expenditures relating to the program receiving the grant or would otherwise  
 6 result in a financial obligation as a consequence of accepting the grant funds or (ii) the grant  
 7 funds will be used for a capital project.

8  
 9 **EDUCATION LOTTERY FUNDS**

10 **SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the  
 11 2025-2027 fiscal biennium are as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
12 Noninstructional Support Personnel	\$385,914,455	\$385,914,455
13 Prekindergarten Program	78,252,110	78,252,110
14 Public School Building Capital Fund	100,000,000	100,000,000
15 Needs-Based Public School Capital Fund	280,120,000	282,680,000
16 Public School Repair & Renovation	70,000,000	70,000,000
17 Scholarship Reserve Fund for Public Colleges 18 and Universities	28,819,733	28,819,733
19 School Transportation	182,193,702	186,033,702
20 <b>TOTAL ALLOCATION</b>	<b>\$1,125,300,000</b>	<b>\$1,131,700,000</b>

22  
 23 **SECTION 4.3.(b)** Notwithstanding G.S. 18C-164(b3), the sum of one hundred one  
 24 million forty thousand dollars (\$101,040,000) in net revenues from the 2024-2025 fiscal year,  
 25 after appropriation pursuant to G.S. 18C-164(b1) and transfer pursuant to G.S. 18C-164(b2),  
 26 shall be allocated to and remain available for school transportation for the 2025-2026 fiscal year.  
 27 Funds remaining after the allocation described in this subsection shall be appropriated to the  
 28 Needs-Based Public School Capital Fund.

29 **SECTION 4.3.(c)** Subsection (b) of this section becomes effective June 30, 2025.  
 30 The remainder of this section becomes effective July 1, 2025.

31  
 32 **INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATIONS**

33 **SECTION 4.4.** The allocations made from the Indian Gaming Education Revenue  
 34 Fund for the 2025-2027 fiscal biennium are as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
35 Instructional Materials Allotment	\$10,000,000	\$10,000,000
36 Classroom Materials Allotment	25,500,000	3,500,000
37 <b>Total Appropriation</b>	<b>\$35,500,000</b>	<b>\$13,500,000</b>

38  
 39  
 40 **CIVIL PENALTY AND FORFEITURE FUND**

41 **SECTION 4.5.** The allocations made from the Civil Penalty and Forfeiture Fund for  
 42 the 2025-2027 fiscal biennium are as follows:

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
43 School Technology Fund	\$18,000,000	\$18,000,000
44 Drivers Education	31,493,768	31,493,768
45 State Public School Fund	186,041,640	166,041,640
46 <b>Total Appropriation</b>	<b>\$235,535,408</b>	<b>\$215,535,408</b>

47  
 48  
 49 **ARPA TEMPORARY SAVINGS FUND**

50 **SECTION 4.6.(a)** General. – Funds appropriated in this act from the ARPA  
 51 Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, to State agencies and

1 departments shall be used for the purposes described in this act, or in the Committee Report  
2 described in Section 45.2 of this act, for the fiscal year in which they are appropriated. Funds  
3 appropriated in this act from the ARPA Temporary Savings Fund shall not revert.

4 **SECTION 4.6.(b)** Availability of Funds and Timing of Disbursements. – The funds  
5 appropriated in this act from the ARPA Temporary Savings Fund shall become available during  
6 the course of the 2025-2026 fiscal year as the funds are deposited into that Fund. The Department  
7 of Health and Human Services (DHHS) shall not disburse allocations of the funds appropriated  
8 in this act from the ARPA Temporary Savings Fund until the funds are available within that  
9 Fund. DHHS shall disburse funds on at least a quarterly basis, or more frequently, provided funds  
10 are available within the Fund. Funds allocated as described in this act, or in the Committee Report  
11 described in Section 45.2 of this act, shall be disbursed as directed under subsection (c) of this  
12 section.

13 **SECTION 4.6.(c)** Priority of Disbursement of Funds in the 2025-2026 Fiscal Year.  
14 – For the 2025-2026 fiscal year, funds appropriated in this act from the ARPA Temporary  
15 Savings Fund and allocated as described in this act, or in the Committee Report described in  
16 Section 45.2 of this act, shall be disbursed based upon the amount of funds being allocated, least  
17 to most.

## 18 **PART V. GENERAL PROVISIONS**

### 19 **ESTABLISHING OR INCREASING FEES**

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

23 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
24 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
25 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
26 150B of the General Statutes.  
27  
28  
29

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

31 **SECTION 5.2.(a)** Definitions. – For purposes of this act and the Committee Report  
32 described in Section 45.2 of this act, the following definitions apply:

- 33 (1) Directed grant. – Nonrecurring funds, specifically identified as "directed  
34 grants", that are allocated by a State agency to a non-State entity as directed  
35 by an act of the General Assembly.
- 36 (2) Non-State entity. – As defined in G.S. 143C-1-1.

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

- 39 (1) Directed grants are subject to the provisions of subsections (b) through (k) of  
40 G.S. 143C-6-23, with the exception that the deadline for expending,  
41 encumbering, or disbursing grant funds established by G.S. 143C-6-23(f1)(1)  
42 shall not apply unless the terms of the applicable appropriation specifically  
43 state otherwise.
- 44 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
45 made in a single annual payment in the discretion of the Director of the  
46 Budget. Directed grants of more than one hundred thousand dollars  
47 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
48 of the Director of the Budget. A State agency administering a directed grant  
49 shall begin disbursement of funds to a non-State entity that meets all  
50 applicable requirements as soon as practicable, but no later than 100 days after  
51 the date this act becomes law. Full disbursement of funds to a non-State entity



1 that meets all applicable requirements shall be completed no later than nine  
 2 months after the date this act becomes law.

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

12 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
 13 nonrecurring funds appropriated in this act for the 2025-2026 fiscal year as  
 14 directed grants shall not revert until two years after this act becomes law, and  
 15 nonrecurring funds appropriated in this act for the 2026-2027 fiscal year as  
 16 directed grants shall not revert until June 30, 2028.

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

19 **SECTION 5.2.(c)** This section expires on June 30, 2028.

20  
 21 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

22 **SECTION 5.3.** No more than one hundred forty thousand dollars (\$140,000) in State  
 23 funds, including any interest earnings accruing from those funds, may be used for the annual  
 24 salary of any individual employee of a nonprofit organization.

25  
 26 **VACANT POSITION FLEXIBILITY**

27 **SECTION 5.4.** By October 1 of each year of the 2025-2027 fiscal biennium, State  
 28 agencies with vacant position reductions identified in the Committee Report described in Section  
 29 45.2 of this act that are not identified by position number shall eliminate vacant positions to  
 30 achieve the budgeted reduction in each of those years. Each State agency with vacant position  
 31 reductions shall report to the Fiscal Research Division by December 1 of each year of the  
 32 2025-2027 fiscal biennium on the actions taken to achieve the budgeted reduction for vacant  
 33 position eliminations for that fiscal year. The report shall include a list of each position  
 34 eliminated, identified by position number, title, and the amount of salary and fringe benefits  
 35 associated with the position.

36  
 37 **CHILDREN'S HOSPITAL ANTITRUST/STATE ACTION IMMUNITY**

38 **SECTION 5.5.(a)** G.S. 116-350 is amended by adding a new subdivision to read:

39 "(3a) North Carolina Children's Health or NCC. – A pediatric health facility and  
 40 associated sites that (i) receive State funding and (ii) are developed by the  
 41 System in partnership with Duke University Health System, Inc."

42 **SECTION 5.5.(b)** Part 1 of Article 37A of Chapter 116 of the General Statutes is  
 43 amended by adding a new section to read:

44 "**§ 116-350.70. State action.**

45 Subject to the provisions and limitations of this Part and Part 2 of this Article, the Board may  
 46 enter into cooperative agreements with Duke University Health System, Inc., Duke University,  
 47 any component of The University of North Carolina, NCC, or any combination thereof for the  
 48 provision of pediatric research, health care, and discovery, including the development and joint  
 49 operation of NCC, without regard to the effect on market competition. In partnering with Duke  
 50 University Health System, Inc., Duke University, The University of North Carolina, NCC, or any  
 51 combination thereof for these purposes, the System is acting according to State policy by

1 ensuring (i) pediatric health care is made available to all parts of North Carolina and (ii) North  
2 Carolina is at the forefront of pediatric research, health care delivery, and innovation. The  
3 activities by the System pursuant to this section constitute "State action" for purposes of antitrust  
4 law. The General Assembly intends that these agreements are immune from the application of  
5 federal and State antitrust law."

6  
7 **NO CERTIFICATE OF NEED REQUIRED FOR ACTIVITIES PERTAINING TO**  
8 **NORTH CAROLINA CHILDREN'S HEALTH, INC.**

9 **SECTION 5.6.(a)** G.S. 131E-176 is amended by adding a new subdivision to read:

10 "(16a) North Carolina Children's Health, Inc., or NCC. – A pediatric-focused health  
11 system that includes a new children's hospital and associated sites developed  
12 and constructed on behalf of the State of North Carolina, established in whole  
13 or in part by State funds appropriated to the UNC Board of Governors and  
14 allocated to UNC Health System pursuant to the Committee Report described  
15 in Section 43.2 of S.L. 2023-134."

16 **SECTION 5.6.(b)** Article 9 of Chapter 131E of the General Statutes is amended by  
17 adding a new section to read:

18 **§ 131E-178.1. No certificate of need required for activities pertaining to North Carolina**  
19 **Children's Health, Inc.**

20 (a) Notwithstanding G.S. 131E-178(a) or any other provision of this Article, a certificate  
21 of need is not required for any of the following activities pertaining to NCC:

- 22 (1) The construction, development, or other establishment of NCC.
- 23 (2) Any capital expenditure by or on behalf of NCC that exceeds the monetary  
24 threshold set forth in G.S. 131E-176(16)b.
- 25 (3) The development or offering of clinical patient services at NCC, including any  
26 health services specified in G.S. 131E-176(16)f.
- 27 (4) The acquisition, improvement, expansion, replacement, or relocation of any  
28 equipment, including diagnostic equipment, major medical equipment,  
29 replacement equipment, and any equipment specified in  
30 G.S. 131E-176(16)f1., for use at NCC regardless of cost.
- 31 (5) Any change in bed capacity, as defined in G.S. 131E-176(5), at NCC.
- 32 (6) The construction, development, establishment, increase in the number, or  
33 relocation of an operating room or gastrointestinal endoscopy room at NCC.

34 (b) Nothing in this section shall be construed to affect the ability or obligation of NCC to  
35 comply with existing licensure laws and requirements that are applicable to any facilities or  
36 clinical patient services developed or offered at NCC."

37 **SECTION 5.6.(c)** This section is effective when it becomes law.  
38

39 **NCINNOVATION**

40 **SECTION 5.7.(a)** Transfer of Funds. – NCInnovation shall transfer back to the State,  
41 after consultation with, and in conformity with direction received from, the State Controller, the  
42 sum of one hundred million dollars (\$100,000,000). NCInnovation shall, after consultation with,  
43 and in conformity with direction received from, the State Controller, transfer to the Board of  
44 Governors of The University of North Carolina the sum of four hundred million dollars  
45 (\$400,000,000) to be used for North Carolina Children's Health, Inc., as defined in  
46 G.S. 131E-176, as amended by this act.

47 **SECTION 5.7.(b)** NCInnovation Reserve. – The State Controller shall facilitate the  
48 transfers required by subsection (a) of this section. The State Controller shall deposit the funds  
49 returned to the State into the NCInnovation Reserve established in Section 2.2(k) of S.L.  
50 2023-134. The transfer and deposit of funds into the reserve pursuant to this section does not  
51 constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of

1 the North Carolina Constitution, and such funds shall remain unappropriated unless the General  
2 Assembly appropriates the funds in this, or a subsequent, act. In accordance with  
3 G.S. 147-69.1(d), funds in the Reserve shall be invested by the Department of the State Treasurer,  
4 with earnings and interest therefrom being transferred to and deposited in the General Fund.

5 **SECTION 5.7.(c) Repeal.** – Upon the transfers of funds pursuant to subsection (a)  
6 of this section, Article 76A of Chapter 143 of the General Statutes is repealed. The State  
7 Controller shall notify the Revisor of Statutes when the transfers have been completed.

8 **SECTION 5.7.(d) Appropriation.** – There is appropriated from the NCInnovation  
9 Reserve to the Department of State Treasurer (i) the sum of twenty-five million dollars  
10 (\$25,000,000) in nonrecurring funds for the 2025-2026 fiscal year, (ii) the sum of twenty-five  
11 million dollars (\$25,000,000) in nonrecurring funds for the 2026-2027 fiscal year, (iii) the sum  
12 of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the 2027-2028 fiscal year,  
13 and (iv) the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the  
14 2028-2029 fiscal year. The State Treasurer shall allocate the funds appropriated in this subsection  
15 in the designated fiscal year to NCInnovation, Inc. (NCInnovation), a North Carolina nonprofit  
16 corporation under section 501(c)(3) of the Internal Revenue Code, to be used for purposes  
17 consistent with this section.

18 **SECTION 5.7.(e) Findings.** – The General Assembly of North Carolina finds North  
19 Carolina is competing with other states for the ability to commercialize innovations sourced from  
20 the State's world-class university and community college systems. By fully optimizing the  
21 commercialization of those innovations, the State has opportunities for creating new jobs and  
22 new companies and achieving greater economic prosperity, particularly in rural areas. Other  
23 states have successfully harnessed innovation efforts from research universities to create jobs, to  
24 accelerate commercial opportunities, and to support the commercial growth and scale of  
25 emerging technologies. North Carolina will benefit from similar efforts to accelerate  
26 commercialization of theoretical and applied science and inventions stemming from the efforts  
27 and activities of its higher education research institutions.

28 **SECTION 5.7.(f) Purpose; Use.** – The purpose of the appropriations made in this  
29 section is to promote the economic welfare and growth of the State by facilitating NCInnovation  
30 in establishing a network of regional innovation hubs, leveraging the high technology research  
31 and development capabilities of the State's higher education research institutions, bridging the  
32 gap between such research and development capabilities and the application and  
33 commercialization of the same, and supporting such commercialization, application, and  
34 resulting emerging technologies. NCInnovation shall use funds appropriated to it for the  
35 following purposes:

- 36 (1) To establish and support a regional network of at least four university research  
37 hubs, each located in areas of the State where regional collaboration between  
38 academic, industrial, and capital formation networks are at or below average  
39 in comparison to the rest of the State. NCInnovation shall provide full-time,  
40 collocated educational liaisons, business consultants, and technology transfer  
41 consultants in each hub to improve relationships and engagement between  
42 senior educational and regional industry leaders and among regional networks  
43 and to analyze higher education research activities, capacities, and capabilities  
44 in light of commercial innovation needs in the hub to align strengths, to fill  
45 gaps, to identify gap-filling patent and research and to create a strategic plan  
46 to guide future investments and identify resources or infrastructure required  
47 to implement and apply patents and research into commercialized innovation.
- 48 (2) To award grants, funds, and other resources, including solicited funds, (i) to  
49 higher education research institutions under programs designed to advance  
50 research and development to proof of commercial viability and (ii) to  
51 otherwise undertake actions designed to accelerate the commercialization of

1 applied research projects to and beyond the point of proof of concept. In  
2 distributing awards made pursuant to this subdivision, NCInnovation may use  
3 the North Carolina Collaboratory, established under G.S. 116-255.

4 **SECTION 5.7.(g) Duties; Limitations.** – In receiving and using State funds pursuant  
5 to this section, NCInnovation shall adhere to all of the following:

- 6 (1) NCInnovation shall protect the use of State funds by requiring, as a condition  
7 of awarding funds or providing support, that the recipient, for a minimum of  
8 five years, (i) has its headquarters and principal place of business in the State  
9 and (ii) be organized under the laws of this State for any commercialization  
10 resulting from or furthered by, in whole or part, such funds or support. State  
11 funds may not be used to award dilutive grants contingent upon future revenue  
12 or equity or ownership interests of any kind.
- 13 (2) To the extent NCInnovation uses State funds for annual salaries and  
14 severance, NCInnovation shall limit the use only for personnel located at a  
15 regional hub established by NCInnovation. The annual salary for such  
16 personnel shall not exceed the amount most recently set by the General  
17 Assembly in a Current Operations Appropriations Act.
- 18 (3) NCInnovation shall maintain its status as a North Carolina nonprofit  
19 corporation and shall adopt, publish, and maintain policies for conflicts of  
20 interest and gifts. In addition, NCInnovation shall report to the Department of  
21 the State Treasurer and the Office of the State Auditor on each incidence  
22 where a person, including a related member of a person, has made a reported  
23 contribution and has received funds or support from NCInnovation.
- 24 (4) NCInnovation shall report on its programs and activities to the Joint  
25 Legislative Economic Development and Global Engagement Oversight  
26 Committee and the Fiscal Research Division on or before September 15 of  
27 each fiscal year and more frequently as requested by any of these entities. The  
28 report shall include all of the following:
  - 29 a. Expenditures for establishing and supporting a network of regional  
30 innovation hubs, including salaries, and awards of grants, funds, or  
31 other support by NCInnovation in the prior fiscal year. This  
32 information shall include, at a minimum, the recipient, amount, term,  
33 and purpose of the award and shall be itemized by program and county.
  - 34 b. Outcome data collected by NCInnovation, including the number of  
35 jobs created.
  - 36 c. Developed performance metrics for recipients of funding and support  
37 by NCInnovation.
- 38 (5) NCInnovation shall be subject to oversight from the Office of the State  
39 Auditor, which shall include a performance audit of NCInnovation programs  
40 not less than every three years. NCInnovation shall submit to the Office of the  
41 State Auditor a copy of its audited financial statements within 30 days of  
42 receipt of the audit, and the State Auditor may elect to rely upon the submitted  
43 audit or conduct its own inquiry or audit of NCInnovation.
- 44 (6) NCInnovation shall maintain separate accounting records for and separate  
45 accounts for State funds and shall not commingle State funds with other  
46 amounts. NCInnovation shall maintain records and accounts according to  
47 generally accepted accounting principles.
- 48 (7) NCInnovation shall not use State funds (i) to hire a lobbyist, (ii) in excess of  
49 one and one-half percent (1.5%) of the annual amount of State funds received  
50 for overhead and administrative costs, (iii) for costs for alcohol, first-class  
51 airfare, charter flights, or holiday parties or similar social gatherings, or (iv)

1 for any formal or informal meeting or gathering located outside of the State  
 2 unless directly related to NCInnovation's programs or advancing State  
 3 interests in innovation commercialization.

4 **SECTION 5.7.(h)** This section is effective when it becomes law.  
 5

6 **STATE BUDGET ACT TECHNICAL CHANGES**

7 **SECTION 5.8.(a)** G.S. 143C-1-1 reads as rewritten:

8 "**§ 143C-1-1. Purpose and definitions.**

9 ...

10 (d) Definitions. – The following definitions apply in this Chapter:

11 ...

12 (20) Object or line item. – An expenditure or receipt in a recommended or enacted  
 13 budget that is designated in the Budget Code Structure of the North Carolina  
 14 ~~Accounting-Financial~~ System Uniform Chart of Accounts prescribed by the  
 15 Office of the State Controller.

16 ...

17 (23) Purpose or program. – A group of objects or line items for support of a specific  
 18 activity for a State agency outlined in a recommended or enacted budget that  
 19 is designated by a ~~nine-digit six-digit~~ fund code in accordance with the Budget  
 20 Code Structure of the North Carolina ~~Accounting-Financial~~ System Uniform  
 21 Chart of Accounts prescribed by the Office of the State Controller.

22 ...."

23 **SECTION 5.8.(b)** G.S. 143C-3-5 reads as rewritten:

24 "**§ 143C-3-5. Budget recommendations and budget message.**

25 ...

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

28 ...

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

32 a. The Recommended Base Budget shall employ the North Carolina  
 33 ~~Accounting-Financial~~ System Uniform Chart of Accounts adopted by  
 34 the State Controller to show both uses and sources of funds and shall  
 35 display in separate parallel columns all of the following: (i) actual  
 36 expenditures and receipts for the most recent fiscal year for which  
 37 actual information is available, (ii) the certified budget for the  
 38 preceding fiscal year, (iii) the currently authorized budget for the  
 39 preceding fiscal year, (iv) program base budget requirements for each  
 40 fiscal year of the biennium, (v) proposed expenditures and receipts for  
 41 each fiscal year of the biennium, and (vi) proposed increases and  
 42 decreases.

43 ...

44 (7) The Governor's Recommended State Budget shall include a transfer to the  
 45 State Capital and Infrastructure Fund ~~of four percent (4%) of the estimated net~~  
 46 ~~State tax revenues that are deposited in the General Fund for each fiscal year~~  
 47 ~~of the upcoming biennium.~~ in accordance with G.S. 143C-4-3.1(b)(1).

48 ...."

49 **SECTION 5.8.(c)** G.S. 143C-6-11 reads as rewritten:

50 "Part 2. Highway Appropriations.

51 "**§ 143C-6-11. Highway appropriation.**

1 ...  
 2 (l) It is the intent of the General Assembly to (i) prevent the inclusion of duplicative fund  
 3 codes in the Highway Fund certified budget and (ii) correctly align authorized positions and  
 4 associated operating costs with the appropriate purposes and definitions as defined in  
 5 G.S. 143C-1-1. To that end, the Office of State Budget and Management, in consultation with  
 6 the Department of Transportation, the Office of the State Controller, and the Fiscal Research  
 7 Division of the General Assembly, shall include, as an appendix to the Highway Fund certified  
 8 budget, object detail using the North Carolina ~~Accounting~~-Financial System Uniform Chart of  
 9 Accounts prescribed by the Office of the State Controller to provide a more detailed accounting  
 10 of the proposed budgets and receipts and actual expenditures and revenue collections. This  
 11 requirement includes applying object detail at the four-digit level for all accounts to full-time and  
 12 part-time positions, to operating expenditures and receipts, and to intrafund transfers.  
 13 Additionally, work order positions shall be budgeted within existing fund codes.

14 ...."

15 **SECTION 5.8.(d)** G.S. 143C-6-13 is repealed.

## 16 **LAND USE CLARIFICATIONS AND CHANGES**

### 17 **SCHOOLS PERMITTED USE IN COMMERCIAL ZONES**

18 **SECTION 5.9.** Part 1 of Article 9 of Chapter 160D of the General Statutes is  
 19 amended by adding a new section to read:

20 **"§ 160D-917. Public school sites in commercial zones.**

21 In areas zoned for commercial use, zoning regulations shall permit, by right or by special use,  
 22 the siting of a school building that is primarily used for the instruction of students and is under  
 23 the control of a public school unit as defined in G.S. 115C-5."  
 24

### 25 **CLARIFY EXISTING USE RIGHTS ON PROPERTY**

26 **SECTION 5.10.(a)** G.S. 160D-108 reads as rewritten:

27 **"§ 160D-108. Permit choice and vested rights.**

28 ...  
 29 (c) Vested Rights. – Amendments in land development regulations are not applicable or  
 30 enforceable without the written consent of the owner with regard to any of the following:  
 31 (1) Buildings or uses of buildings or land for which a development permit  
 32 application has been submitted and subsequently issued in accordance with  
 33 G.S. 143-755.  
 34 (2) Subdivisions of land for which a development permit application authorizing  
 35 the subdivision has been submitted and subsequently issued in accordance  
 36 with G.S. 143-755.  
 37 (3) A site-specific vesting plan pursuant to G.S. 160D-108.1.  
 38 (4) A multi-phased development pursuant to subsection (f) of this section.  
 39 (5) A vested right established by the terms of a development agreement  
 40 authorized by Article 10 of this Chapter.  
 41

42 The establishment of a vested right under any subdivision of this subsection does not preclude  
 43 vesting under one or more other subdivisions of this subsection or vesting by application of  
 44 common law principles. A vested right, once established as provided for in this section or by  
 45 common law, precludes any action by a local government that would change, alter, impair,  
 46 prevent, diminish, or otherwise delay the development or use of the property allowed by the  
 47 applicable land development regulation or regulations, except where a change in State or federal  
 48 law mandating local government enforcement occurs after the development application is  
 49 submitted that has a fundamental and retroactive effect on the development or use. A vested right  
 50

1 obtained by permit or other local government approval shall not preclude the use or extinguish  
2 the existence of any other vested right or use by right attached to the property.

3 ...."

4 **SECTION 5.10.(b)** G.S. 160D-705 reads as rewritten:

5 **"§ 160D-705. Quasi-judicial zoning decisions.**

6 ...

7 (c) Special Use Permits. – The regulations may provide that the board of adjustment,  
8 planning board, or governing board hear and decide special use permits in accordance with  
9 principles, conditions, safeguards, and procedures specified in the regulations. Reasonable and  
10 appropriate conditions and safeguards may be imposed upon these permits. Where appropriate,  
11 such conditions may include requirements that street and utility rights-of-way be dedicated to the  
12 public and that provision be made for recreational space and facilities. Conditions and safeguards  
13 imposed under this subsection shall not include requirements for which the local government  
14 does not have authority under statute to regulate nor requirements for which the courts have held  
15 to be unenforceable if imposed directly by the local government, including, without limitation,  
16 taxes, impact fees, building design elements within the scope of G.S. 160D-702(b),  
17 driveway-related improvements in excess of those allowed in G.S. 136-18(29) and  
18 G.S. 160A-307, or other unauthorized limitations on the development or use of land.

19 The regulations may provide that defined minor modifications to special use permits that do  
20 not involve a change in uses permitted or the density of overall development permitted may be  
21 reviewed and approved administratively. Any other modification or revocation of a special use  
22 permit shall follow the same process for approval as is applicable to the approval of a special use  
23 permit. If multiple parcels of land are subject to a special use permit, the owners of individual  
24 parcels may apply for permit modification so long as the modification would not result in other  
25 properties failing to meet the terms of the special use permit or regulations. Any modifications  
26 approved apply only to those properties whose owners apply for the modification. The regulation  
27 may require that special use permits be recorded with the register of deeds. If a special use permit  
28 expires and does not vest, the current zoning classification or regulation for the property applies.

29 ...."

30 **SECTION 5.10.(c)** G.S. 160D-203 reads as rewritten:

31 **"§ 160D-203. Split jurisdiction.**

32 (a) If a parcel of land lies within the planning and development regulation jurisdiction of  
33 more than one local government, for the purposes of this Chapter, the local governments may,  
34 by mutual agreement pursuant to Article 20 of Chapter 160A of the General Statutes and with  
35 the written consent of the landowner, assign exclusive planning and development regulation  
36 jurisdiction under this Chapter for the ~~entire parcel land, including all development phases on the~~  
37 land, to any one of those local governments.

38 (b) In the event no mutual agreement or written consent under subsection (a) of this  
39 section exists, the landowner of land lying within the planning and development regulation  
40 jurisdiction of more than one local government may elect the planning and development  
41 regulations of the local government where the majority of the total acreage of the parcel of land  
42 is situated.

43 ~~Such a mutual agreement~~ This section shall only be applicable to planning and  
44 development regulations and shall not affect taxation or other nonregulatory matters. The mutual  
45 agreement under subsection (a) of this section shall be evidenced by a resolution formally  
46 adopted by each governing board and recorded with the register of deeds in the every county  
47 where the property land is located within 14 days of the adoption of the last required resolution.

48 (d) For the purposes of this section, "landowner" means all titleholders of record owning  
49 an interest in the land."

50 **SECTION 5.10.(d)** This section is effective when it becomes law.

**REMOVE EXTRATERRITORIAL JURISDICTION AUTHORITY**

**SECTION 5.11.(a)** G.S. 160D-201 reads as rewritten:

**"§ 160D-201. Planning and development regulation jurisdiction.**

(a) Cities. – All of the powers granted by this Chapter may be exercised by any city within its corporate limits ~~and within any extraterritorial area established pursuant to G.S. 160D-202.limits.~~

...."

**SECTION 5.11.(b)** G.S. 160D-202 reads as rewritten:

**"§ 160D-202. Municipal extraterritorial Transfer or relinquishment of jurisdiction.**

(a) Geographic Scope. ~~Any city may exercise the powers granted to cities under this Chapter within a defined area extending not more than one mile beyond its contiguous corporate limits. In addition, a city of 10,000 or more population but less than 25,000 may exercise these powers over an area extending not more than two miles beyond its limits and a city of 25,000 or more population may exercise these powers over an area extending not more than three miles beyond its limits. In determining the population of a city for the purposes of this Chapter, the city council and the board of county commissioners may use the most recent annual estimate of population as certified by the Secretary of the North Carolina Department of Administration. Pursuant to G.S. 160A-58.4, extraterritorial municipal planning and development regulation may be extended only from the primary corporate boundary of a city and not from the boundary of satellite areas of the city.~~

(b) Authority in the Extraterritorial Area. ~~A city may not exercise any power conferred by this Chapter in its extraterritorial jurisdiction that it is not exercising within its corporate limits. A city may exercise in its extraterritorial area all powers conferred by this Chapter that it is exercising within its corporate limits. If a city fails to extend a particular type of development regulation to the extraterritorial area, the county may elect to exercise that particular type of regulation in the extraterritorial area.~~

(c) County Approval of City Jurisdiction. ~~Notwithstanding subsection (a) of this section, no city may extend its extraterritorial powers into any area for which the county has adopted and is enforcing county zoning and subdivision regulations. However, the city may do so where the county is not exercising both of these powers, or when the city and the county have agreed upon the area within which each will exercise the powers conferred by this Chapter. No city may extend its extraterritorial powers beyond one mile from its corporate limits without the approval of the board or boards of county commissioners with jurisdiction over the area.~~

(d) Notice of Proposed Jurisdiction Change. ~~Any municipality proposing to exercise extraterritorial jurisdiction under this Chapter shall notify the owners of all parcels of land proposed for addition to the area of extraterritorial jurisdiction, as shown on the county tax records. The notice shall be sent by first class mail to the last addresses listed for affected property owners in the county tax records. The notice shall inform the landowner of the effect of the extension of extraterritorial jurisdiction, of the landowner's right to participate in a legislative hearing prior to adoption of any ordinance extending the area of extraterritorial jurisdiction, as provided in G.S. 160D-601, and of the right of all residents of the area to apply to the board of county commissioners to serve as a representative on the planning board and the board of adjustment, as provided in G.S. 160D-303. The notice shall be mailed at least 30 days prior to the date of the hearing. The person or persons mailing the notices shall certify to the city council that the notices were sent by first class mail, and the certificate shall be deemed conclusive in the absence of fraud.~~

(e) Boundaries. ~~Any council exercising extraterritorial jurisdiction under this Chapter shall adopt an ordinance specifying the areas to be included based upon existing or projected urban development and areas of critical concern to the city, as evidenced by officially adopted plans for its development. A single jurisdictional boundary shall be applicable for all powers conferred in this Chapter. Boundaries shall be defined, to the extent feasible, in terms of~~



1 geographical features identifiable on the ground. Boundaries may follow parcel ownership  
2 boundaries. A council may, in its discretion, exclude from its extraterritorial jurisdiction areas  
3 lying in another county, areas separated from the city by barriers to urban growth, or areas whose  
4 projected development will have minimal impact on the city. The boundaries specified in the  
5 ordinance shall at all times be drawn on a map, set forth in a written description, or shown by a  
6 combination of these techniques. This delineation shall be maintained in the manner provided in  
7 G.S. 160A-22 for the delineation of the corporate limits and shall be recorded in the office of the  
8 register of deeds of each county in which any portion of the area lies.

9 ~~Where the extraterritorial jurisdiction of two or more cities overlaps, the jurisdictional~~  
10 ~~boundary between them shall be a line connecting the midway points of the overlapping area~~  
11 ~~unless the city councils agree to another boundary line within the overlapping area based upon~~  
12 ~~existing or projected patterns of development.~~

13 (f) County Authority Within City Jurisdiction. – The county may, on request of the city  
14 council, exercise any or all of ~~these~~ the powers granted in this Chapter in any or all areas lying  
15 within the city's corporate limits ~~or within the city's specified area of extraterritorial~~  
16 ~~jurisdiction limits.~~

17 (g) Transfer of Jurisdiction. – When a city ~~annexes,~~ annexes or a new city is incorporated  
18 ~~in, or a city extends its jurisdiction to include, in~~ an area that is currently being regulated by the  
19 county, the county development regulations and powers of enforcement shall remain in effect  
20 until (i) the city has adopted such development regulations or (ii) a period of 60 days has elapsed  
21 following the ~~annexation, extension,~~ annexation or incorporation, whichever is sooner. Prior to  
22 the transfer of jurisdiction, the city may hold hearings and take any other measures consistent  
23 with G.S. 160D-204 that may be required in order to adopt and apply its development regulations  
24 for the area at the same time it assumes jurisdiction.

25 (h) Relinquishment of Jurisdiction. – When a city relinquishes jurisdiction over an area  
26 that it is regulating under this Chapter to a county, the city development regulations and powers  
27 of enforcement shall remain in effect until (i) the county has adopted such development  
28 regulation or (ii) a period of 60 days has elapsed following the action by which the city  
29 relinquished jurisdiction, whichever is sooner. Prior to the transfer of jurisdiction, the county  
30 may hold hearings and take other measures consistent with G.S. 160D-204 that may be required  
31 in order to adopt and apply its development regulations for the area at the same time it assumes  
32 jurisdiction.

33 (i) Process for Local Government Approval. – When a local government is granted  
34 powers by this section subject to the request, approval, or agreement of another local government,  
35 the request, approval, or agreement shall be evidenced by a formally adopted resolution of the  
36 governing board of the local government. Any such request, approval, or agreement can be  
37 rescinded upon two years' written notice to the other governing boards concerned by repealing  
38 the resolution. The resolution may be modified at any time by mutual agreement of the governing  
39 boards concerned.

40 (j) ~~Local Acts. – Nothing in this section shall repeal, modify, or amend any local act that~~  
41 ~~defines the boundaries of a city's extraterritorial jurisdiction by metes and bounds or courses and~~  
42 ~~distances.~~

43 (k) Effect on Vested Rights. – Whenever a city or county, pursuant to this section,  
44 acquires jurisdiction over a territory that theretofore has been subject to the jurisdiction of another  
45 local government, any person who has acquired vested rights in the surrendering jurisdiction may  
46 exercise those rights as if no change of jurisdiction had occurred. The city or county acquiring  
47 jurisdiction may take any action regarding such a development approval, certificate, or other  
48 evidence of compliance that could have been taken by the local government surrendering  
49 jurisdiction pursuant to its development regulations. Except as provided in this subsection, any  
50 building, structure, or other land use in a territory over which a city or county has acquired  
51 jurisdiction is subject to the development regulations of the city or county."

1           **SECTION 5.11.(c)** G.S. 160D-307 is repealed.

2           **SECTION 5.11.(d)** G.S. 160D-602 reads as rewritten:

3   "**§ 160D-602. Notice of hearing on proposed zoning map amendments.**

4       (a) Mailed Notice. – Subject to the limitations of this Chapter, an ordinance shall provide  
5 for the manner in which zoning regulations and the boundaries of zoning districts are to be  
6 determined, established, and enforced, and from time to time amended, supplemented, or  
7 changed, in accordance with the provisions of this Chapter. The owners of affected parcels of  
8 land and the owners of all parcels of land abutting that parcel of land shall be mailed a notice of  
9 the hearing on a proposed zoning map amendment by first-class mail at the last addresses listed  
10 for such owners on the county tax abstracts. For the purpose of this section, properties are  
11 "abutting" even if separated by a street, railroad, or other transportation corridor. This notice must  
12 be deposited in the mail at least 10 but not more than 25 days prior to the date of the hearing. ~~If~~  
13 ~~the zoning map amendment is being proposed in conjunction with an expansion of municipal~~  
14 ~~extraterritorial planning and development regulation jurisdiction under G.S. 160D-202, a single~~  
15 ~~hearing on the zoning map amendment and the boundary amendment may be held. In this~~  
16 ~~instance, the initial notice of the zoning map amendment hearing may be combined with the~~  
17 ~~boundary hearing notice and the combined hearing notice mailed at least 30 days prior to the~~  
18 ~~hearing.~~

19       ...."

20           **SECTION 5.11.(e)** G.S. 160D-903(c) is repealed.

21           **SECTION 5.11.(f)** G.S. 160D-912 reads as rewritten:

22   "**§ 160D-912. Outdoor advertising.**

23       ...

24       (m) This section does not apply to any ordinance in effect on July 1, 2004. A local  
25 government may amend an ordinance in effect on July 1, 2004, to extend application of the  
26 ordinance to off-premises outdoor advertising located in territory acquired by ~~annexation or~~  
27 ~~located in the extraterritorial jurisdiction of the city.~~ annexation. A local government may repeal  
28 or amend an ordinance in effect on July 1, 2004, so long as the amendment to the existing  
29 ordinance does not reduce the period of amortization in effect on June 19, 2020.

30       ...."

31           **SECTION 5.11.(g)** G.S. 160D-925(e) is repealed.

32           **SECTION 5.11.(h)** G.S. 160D-1102(a) reads as rewritten:

33       "(a) A local government may create an inspection department and may appoint inspectors  
34 who may be given appropriate titles, such as building inspector, electrical inspector, plumbing  
35 inspector, housing inspector, zoning inspector, heating and air-conditioning inspector, fire  
36 prevention inspector, or deputy or assistant inspector, or another title generally descriptive of the  
37 duties assigned. Every local government shall perform the duties and responsibilities set forth in  
38 G.S. 160D-1104 either by (i) creating its own inspection department, (ii) creating a joint  
39 inspection department in cooperation with one or more other units of local government, pursuant  
40 to Part 1 of Article 20 of Chapter 160A of the General Statutes, (iii) contracting with another unit  
41 of local government for the provision of inspection services pursuant to Part 1 of Article 20 of  
42 Chapter 160A of the General Statutes, or (iv) arranging for the county in which a city is located  
43 to perform inspection services within the city's jurisdiction as authorized by ~~G.S. 160D-1104 and~~  
44 ~~G.S. 160D-202.~~ G.S. 160D-1104. Every local government shall designate a person responsible  
45 for the daily oversight of the local government's duties and responsibilities under  
46 G.S. 160D-1104."

47           **SECTION 5.11.(i)** G.S. 160D-1125(c) reads as rewritten:

48       "(c) Additional Lien. – The amounts incurred by a local government in connection with  
49 the removal or demolition are also a lien against any other real property owned by the owner of  
50 the building or structure and located within the local government's planning and development  
51 regulation ~~jurisdiction, and for cities without extraterritorial planning and development~~

1 jurisdiction, ~~within one mile of the city limits,~~ jurisdiction, except for the owner's primary  
2 residence. The provisions of subsection (b) of this section apply to this additional lien, except  
3 that this additional lien is inferior to all prior liens and shall be collected as a money judgment."

4 **SECTION 5.11.(j)** G.S. 113A-208(d) reads as rewritten:

5 "(d) An ordinance adopted under the authority of this section applies to all protected  
6 mountain ridges as defined in G.S. 113A-206. A county or city may apply the ordinance to other  
7 mountain ridges within its jurisdiction if it finds that this application is reasonably necessary to  
8 protect against some or all of the hazards or problems set forth in G.S. 113A-207. ~~Additionally,~~  
9 ~~a city with a population of 50,000 or more may apply the ordinance to other mountain ridges~~  
10 ~~within its extraterritorial planning jurisdiction if it finds that this application is reasonably~~  
11 ~~necessary to protect against some or all of the hazards or problems set forth in G.S. 113A-207."~~

12 **SECTION 5.11.(k)** G.S. 130A-317(d) reads as rewritten:

13 "(d) Municipalities, counties, local boards or commissions, water and sewer authorities,  
14 or groups of municipalities and counties may establish and administer within their utility service  
15 areas their own approval program in lieu of State approval of water system plans required in  
16 subsection (c) of this section for construction or alteration of the distribution system of a proposed  
17 or existing public water system, subject to the prior certification of the Department. For purposes  
18 of this subsection, the service area of a municipality shall include only that area within the  
19 corporate limits of the municipality and that area outside a municipality in its extraterritorial  
20 jurisdiction where water service is already being provided to the permit applicant by the  
21 municipality or connection to the municipal water system is immediately available to the  
22 applicant; the service areas of counties and the other entities or groups shall include only those  
23 areas where water service is already being provided to the applicant by the permitting authority  
24 or connection to the permitting authority's system is immediately available. For purposes of this  
25 subsection, the term "extraterritorial jurisdiction" means the boundaries of the area over which a  
26 municipality was exercising extraterritorial planning jurisdiction under Article 19 of Chapter  
27 160A of the General Statutes, or its successor Chapter 160D of the General Statutes, prior to the  
28 municipality's relinquishment of extraterritorial planning jurisdiction over the area in accordance  
29 with the law. No later than the 180th day after the receipt of an approval program and statement  
30 submitted by any local government, commission, authority, or board, the Department shall certify  
31 any local program that meets all of the following conditions:

32 ...."

33 **SECTION 5.11.(l)** G.S. 136-55.1(b) reads as rewritten:

34 "(b) ~~In keeping with its overall zoning scheme and long-range plans regarding the~~  
35 ~~extraterritorial jurisdiction area, a~~ A municipality may keep open and assume responsibility for  
36 maintenance of a road within one mile of its corporate limits once it is abandoned from the State  
37 highway system."

38 **SECTION 5.11.(m)** G.S. 136-63(b) reads as rewritten:

39 "(b) ~~In keeping with its overall zoning scheme and long-range plans regarding the~~  
40 ~~extraterritorial jurisdiction area, a~~ A municipality may keep open and assume responsibility for  
41 maintenance of a road within one mile of its corporate limits once it is abandoned from the State  
42 highway system."

43 **SECTION 5.11.(n)** G.S. 136-66.3(a) reads as rewritten:

44 "(a) Municipal Participation Authorized. – A municipality may, but is not required to,  
45 participate in the right-of-way and construction cost of a State transportation improvement  
46 approved by the Board of Transportation under G.S. 143B-350(f)(4) that is located in the  
47 ~~municipality or its extraterritorial jurisdiction.~~ municipality."

48 **SECTION 5.11.(o)** G.S. 143-138(e) reads as rewritten:

49 "(e) Effect upon Local Codes. – Except as otherwise provided in this section, the North  
50 Carolina State Building Code shall apply throughout the State, from the time of its adoption.  
51 Approved rules shall become effective in accordance with G.S. 150B-21.3. However, any

1 political subdivision of the State may adopt a fire prevention code and floodplain management  
2 regulations within its jurisdiction. Provided a political subdivision shall not adopt local fire  
3 prevention code provisions which apply to dwellings subject to the North Carolina Residential  
4 Code which are not prescriptively required by the North Carolina Residential Code. The  
5 territorial jurisdiction of any municipality or county for this purpose, unless otherwise specified  
6 by the General Assembly, shall be as follows: ~~Municipal jurisdiction shall include all areas within~~  
7 ~~the corporate limits of the municipality and extraterritorial jurisdiction areas established as~~  
8 ~~provided in G.S. 160D-202 or a local act; municipality; county jurisdiction shall include all other~~  
9 areas of the county. No such code or regulations, other than floodplain management regulations  
10 and those permitted by G.S. 160D-1128, shall be effective until they have been officially  
11 approved by the responsible Code Council as providing adequate minimum standards to preserve  
12 and protect health and safety, in accordance with the provisions of subsection (c) above. Local  
13 floodplain regulations may regulate all types and uses of buildings or structures located in flood  
14 hazard areas identified by local, State, and federal agencies, and include provisions governing  
15 substantial improvements, substantial damage, cumulative substantial improvements, lowest  
16 floor elevation, protection of mechanical and electrical systems, foundation construction,  
17 anchorage, acceptable flood resistant materials, and other measures the political subdivision  
18 deems necessary considering the characteristics of its flood hazards and vulnerability. In the  
19 absence of approval by the Building Code Council or Residential Code Council, or in the event  
20 that approval is withdrawn, local fire prevention codes and regulations shall have no force and  
21 effect. Provided any local regulations approved by the local governing body which are found by  
22 the Council to be more stringent than the adopted statewide fire prevention code and which are  
23 found to regulate only activities and conditions in buildings, structures, and premises that pose  
24 dangers of fire, explosion or related hazards, and are not matters in conflict with the Code, may  
25 be approved. Local governments may enforce the fire prevention code of the Code using civil  
26 remedies authorized under G.S. 143-139, 153A-123, and 160A-175. If the State Fire Marshal or  
27 other State official with responsibility for enforcement of the Code institutes a civil action  
28 pursuant to G.S. 143-139, a local government may not institute a civil action under G.S. 143-139,  
29 153A-123, or 160A-175 based upon the same violation. Appeals from the assessment or  
30 imposition of such civil remedies shall be as provided in G.S. 160D-1127.

31 A local government may not adopt any ordinance In conflict with the exemption provided by  
32 subsection (c1) of this section. No local ordinance or regulation shall be construed to limit the  
33 exemption provided by subsection (c1) of this section."

34 **SECTION 5.11.(p)** G.S. 143-215.1(f) reads as rewritten:

35 "(f) Local Permit Programs for Sewer Extension and Reclaimed Water Utilization. –  
36 Municipalities, counties, local boards or commissions, water and sewer authorities, or groups of  
37 municipalities and counties may establish and administer within their utility service areas their  
38 own general permit programs in lieu of State permit required in G.S. 143-215.1(a)(2), (3), and  
39 (8) above, for construction, operation, alteration, extension, change of proposed or existing sewer  
40 system, subject to the prior certification of the Commission. For purposes of this subsection, the  
41 service area of a municipality shall include only that area within the corporate limits of the  
42 municipality and that area outside a municipality in its extraterritorial jurisdiction where sewer  
43 service or a reclaimed water utilization system is already being provided by the municipality to  
44 the permit applicant or connection to the municipal sewer system or a reclaimed water utilization  
45 system is immediately available to the applicant; the service areas of counties and the other  
46 entities or groups shall include only those areas where sewer service or a reclaimed water  
47 utilization system is already being provided to the applicant by the permitting authority or  
48 connection to the permitting authority's system is immediately available. For purposes of this  
49 subsection, the term "extraterritorial jurisdiction" means the boundaries of the area over which a  
50 municipality was exercising extraterritorial planning jurisdiction under Article 19 of Chapter  
51 160A of the General Statutes, or its successor Chapter 160D of the General Statutes, prior to the

1 municipality's relinquishment of extraterritorial planning jurisdiction over the area in accordance  
2 with the law. No later than the 180th day after the receipt of a program and statement submitted  
3 by any local government, commission, authority, or board the Commission shall certify any local  
4 program that does all of the following:

5 ...."

6 **SECTION 5.11.(q)** G.S. 153A-317.14(a)(6) is repealed.

7 **SECTION 5.11.(r)** G.S. 160A-58.4 reads as rewritten:

8 "**§ 160A-58.4. Extraterritorial powers.**

9 Satellite corporate limits shall not be considered a part of the city's corporate limits for the  
10 purposes of ~~extraterritorial land use regulation pursuant to G.S. 160D-202~~ or abatement of public  
11 health nuisances pursuant to G.S. 160A-193. However, a city's power to regulate land use  
12 pursuant to Chapter 160D of the General Statutes or to abate public health nuisances pursuant to  
13 G.S. 160A-193, shall be the same within satellite corporate limits as within its primary corporate  
14 limits."

15 **SECTION 5.11.(s)** G.S. 160A-176.1(a) reads as rewritten:

16 "(a) A city may adopt ordinances to regulate and control swimming, surfing and littering  
17 in the Atlantic Ocean adjacent to that portion of the city within its ~~boundaries or within its~~  
18 ~~extraterritorial jurisdiction; boundaries;~~ provided, however, nothing contained herein shall be  
19 construed to permit any city to prohibit altogether swimming and surfing or to make these  
20 activities unlawful."

21 **SECTION 5.11.(t)** G.S. 160A-176.2(a) reads as rewritten:

22 "(a) A city may adopt ordinances to regulate and control swimming, personal watercraft  
23 operation, surfing and littering in the Atlantic Ocean and other waterways adjacent to that portion  
24 of the city within its ~~boundaries or within its extraterritorial jurisdiction; boundaries;~~ provided,  
25 however, nothing contained herein shall be construed to permit any city to prohibit altogether  
26 swimming or surfing or to make these activities unlawful."

27 **SECTION 5.11.(u)** G.S. 160A-296(a1) is repealed.

28 **SECTION 5.11.(v)** G.S. 160A-299(d) reads as rewritten:

29 "(d) This section shall apply to any street or public alley within a city ~~or its extraterritorial~~  
30 ~~jurisdiction~~ that has been irrevocably dedicated to the public, without regard to whether it has  
31 actually been opened. This section also applies to unopened streets or public alleys that are shown  
32 on plats but that have not been accepted or maintained by the city, provided that this section shall  
33 not abrogate the rights of a dedicator, or those claiming under a dedicator, pursuant to  
34 G.S. 136-96."

35 **SECTION 5.11.(w)** Any provision in a local act that grants a city the power to  
36 exercise extraterritorial planning jurisdiction under Article 19 of Chapter 160A of the General  
37 Statutes, or its successor Chapter 160D of the General Statutes, is hereby repealed.

38 **SECTION 5.11.(x)** Subsections (a) through (x) of this section apply only to  
39 extraterritorial jurisdiction territory of a city located within the following counties and effective  
40 as stated:

- 41 (1) For counties with a population of 25,000 or less according to the last federal  
42 decennial census, October 1, 2026.
- 43 (2) For counties with a population between 25,001 and 75,000 according to the  
44 last federal decennial census, October 1, 2027.

45 **SECTION 5.11.(y)** No city may expand its extraterritorial jurisdiction beyond the  
46 territory that the city was exercising extraterritorial jurisdiction authority upon as of June 1, 2025.

47 **SECTION 5.11.(z)** Cities continuing to exercise extraterritorial jurisdiction  
48 authority shall continue to appoint representation on boards in accordance with G.S. 160D-307.

49 **SECTION 5.11.(aa)** The relinquishment of jurisdiction over an area that a city is  
50 regulating under the authority of extraterritorial planning jurisdiction under Article 19 of Chapter  
51 160A of the General Statutes, or its successor Chapter 160D of the General Statutes, shall be

1 determined by the county in which the area lies, not the city which has been exercising  
2 extraterritorial jurisdiction over the area, and becomes effective as follows:

3 (1) For counties with a population of 25,000 or less according to the last federal  
4 decennial census, October 1, 2026.

5 (2) For counties with a population between 25,001 and 75,000 according to the  
6 last federal decennial census, October 1, 2027.

7 **SECTION 5.11.(bb)** Nothing in this section shall be construed as prohibiting a city  
8 from relinquishing jurisdiction over an area prior to the effective date set forth in subsection (aa)  
9 of this section so long as the city complies with the provisions of Article 19 of Chapter 160A of  
10 the General Statutes, or its successor Chapter 160D of the General Statutes.

11 **SECTION 5.11.(cc)** Upon relinquishment of jurisdiction over an area that a city is  
12 regulating under the authority of extraterritorial planning jurisdiction under Article 19 of Chapter  
13 160A of the General Statutes, or its successor Chapter 160D of the General Statutes:

14 (1) The city regulations and powers of enforcement shall remain in effect until  
15 the earlier of the effective date of the land use regulations adopted by the  
16 county with jurisdiction over the area or 60 days after the effective date set  
17 forth in subsection (aa) of this section for that county. If the sixtieth day falls  
18 on a holiday or weekend, the next business day shall be treated as the sixtieth  
19 day. The county may hold hearings and take other measures that may be  
20 required in order to adopt county regulations for the area prior to the effective  
21 date set forth in subsection (aa) of this section for that county.

22 (2) Any person who has acquired vested rights under a permit, certificate, or other  
23 evidence of compliance issued by the city may exercise those rights as if no  
24 change of jurisdiction had occurred. The county acquiring jurisdiction may  
25 take any action regarding the permit, certificate, or other evidence of  
26 compliance that could have been taken by the city surrendering jurisdiction  
27 pursuant to the city ordinances and regulations. Except as provided in this  
28 section, any building, structure, or other land use in a territory over which a  
29 county has acquired jurisdiction is subject to the ordinances and regulations  
30 of the county. At least 180 days prior to the effective date set forth in  
31 subsection (aa) of this section for the county in which any portion of a city  
32 lies, the city shall notify the county of the following:

- 33 a. The boundaries of the city's extraterritorial jurisdiction in that county.  
34 b. The existing land use regulations applying to that extraterritorial  
35 jurisdiction in that county, including zoning and overlay maps.  
36 c. Any pending requests for amendments or other changes to the existing  
37 land use regulations applying to that extraterritorial jurisdiction in that  
38 county.  
39 d. Any vested rights with respect to properties in the extraterritorial  
40 jurisdiction in that county.

41 **SECTION 5.11.(dd)** Sections 5.10 and 5.11 of this act shall have no effect on the  
42 extraterritorial jurisdiction of law enforcement officers as authorized in any of the following:

- 43 (1) Chapter 77 of the General Statutes.  
44 (2) G.S. 15A-402.  
45 (3) G.S. 20-38.2.  
46 (4) G.S. 160A-286.  
47 (5) Any local act or provision of general law.

48 **SECTION 5.11.(ee)** Except as otherwise provided, Sections 5.9 through 5.11 of this  
49 act are effective when they become law.  
50

51 **PART V-A. HELENE RELATED FUNDING AND FLEXIBILITY**

**HELENE RELATED FUNDING: COMPETITIVE GRANT PRIORITIZATION**

**SECTION 5A.1.(a)** Notwithstanding any other provision of law, for the 2025-2027 fiscal biennium, the following programs and funds, which collectively represent over seven hundred fifty million dollars (\$750,000,000) in the base budget from competitive grant programs over the biennium, shall prioritize applicants from counties that (i) were designated, in whole or in part, by the United States Department of Housing and Urban Development as the most impacted and distressed counties from Hurricane Helene and (ii) have a population of 300,000 or fewer based upon the 2023 Certified County Population Estimates from the State Demographer:

- (1) Needs-Based Public School Capital Fund, established in Article 38B of Chapter 115C of the General Statutes. The matching requirement under G.S. 115C-546.11 is waived for applicants qualifying under this subsection for prioritization.
- (2) Community Health Grant Program administered by the Department of Health and Human Services, Division of Central Management, Office of Rural Health (Rural Health).
- (3) State-Designated Rural Health Centers Support Grant Program and Rural Health Capital Grants Program administered by Rural Health.
- (4) Agricultural Water Resources Assistance Program, established under Article 5 of Chapter 139 of the General Statutes.
- (5) Utility Account, established under G.S. 143B-437.01.
- (6) Rural Engagement & Investment Program under the Department of Commerce, Rural Economic Development Division.
- (7) Parks and Recreation Trust Fund, established under G.S. 143B-135.56.
- (8) North Carolina Land and Water Fund, established under G.S. 143B-135.234.
- (9) Grants administered by the North Carolina Arts Council, established under Part 14 of Article 2 of Chapter 143B of the General Statutes.
- (10) Grants awarded by the State Water Infrastructure Authority from the State Drinking Water and Wastewater Reserves.

**SECTION 5A.1.(b)** Each agency overseeing the administration of funds from the programs and funds listed in subsection (a) of this section shall require applicants seeking prioritization to attest that (i) the application for funds is for repair, replacement, or construction of equipment, buildings, or natural features due to damage or effects from Hurricane Helene, including capacity-building, and (ii) the amount of funds requested is the amount of unmet need above the amount paid by insurance and available federal aid.

**HELENE RELATED FUNDING: STATE AGENCIES OPERATIONS**

**SECTION 5A.2.** In order to augment State funds that are available for operational needs of various State agencies resulting from recovery and relief efforts related to damage and suffering caused by Hurricane Helene, the General Assembly has identified and transferred to the Helene Fund funds from other reserves, in the amount of seven hundred million dollars (\$700,000,000), that are currently unutilized or underutilized and has used a portion of those funds for multiple agencies, as provided elsewhere in this act, including the North Carolina Community College System, the Department of Commerce, the Office of the Governor, and The University of North Carolina.

**HELENE RELATED FUNDING: SEWER/WATER**

**SECTION 5A.3.** The General Assembly finds that the supplemental appropriations provided by Congress in the American Relief Act of 2025 (P.L. 118-158) and allocated by the U.S. Environmental Protection Agency to the Clean Water State Revolving Fund and the

1 Drinking Water State Revolving Fund for wastewater treatment works, drinking water facilities,  
2 and decentralized wastewater treatment systems in the State impacted by Hurricane Helene  
3 should be expeditiously used for repair and replacement of drinking water and wastewater  
4 infrastructure damaged by Hurricane Helene.

5 Accordingly, the General Assembly has appropriated in this act for the 2025-2026  
6 fiscal year the sum of six hundred eighty-five million six hundred thirteen thousand dollars  
7 (\$685,613,000) in federal disaster funding in this act, which is allocated in and for the following  
8 amounts and uses:

- 9 (1) Two hundred fifty-three million six hundred eighty-one thousand dollars  
10 (\$253,681,000) to the Clean Water State Revolving Fund established in  
11 G.S. 159G-22(b) (CWSRF) and four hundred nine million four hundred  
12 twenty-two thousand dollars (\$409,422,000) to the Drinking Water State  
13 Revolving Fund established in G.S. 159G-22(c) (DWSRF) for funding of  
14 projects consistent with applicable federal law and guidance to CWSRF and  
15 DWSRF eligible entities that were damaged, can demonstrate impact, or  
16 experienced a loss or disruption of a mission-essential function caused by  
17 Hurricane Helene.
- 18 (2) Twenty-two million five hundred ten thousand dollars (\$22,510,000) to the  
19 CWSRF to improve the resilience of decentralized wastewater treatment  
20 systems to flooding, to assess the potential to connect homes served by  
21 decentralized wastewater treatment systems to centralized wastewater  
22 systems, and to fund such connections.

#### 23 24 **HELENE RELATED FUNDING: TRANSPORTATION**

25 **SECTION 5A.4.** In order to augment State funds that are available for needs  
26 resulting from recovery and relief efforts related to damage and suffering caused by Hurricane  
27 Helene, the General Assembly is identifying and reallocating transportation funds that are  
28 unutilized or underutilized to meet the cash flow and federal matching requirements for  
29 transportation infrastructure recovery in Helene impacted counties. To this end, as otherwise  
30 provided in this act, the General Assembly has identified six hundred thirty-three million six  
31 hundred thirty-nine thousand six hundred thirty dollars (\$633,639,630) in Part XLIII of this act  
32 for reallocation for uses consistent with the Highway Fund and this act.

#### 33 34 **HELENE RELATED FUNDING: PUBLIC SCHOOL CAPITAL**

35 **SECTION 5A.5.** The State Controller shall transfer interest earned as of June 30,  
36 2025, from the Needs-Based Public School Capital Fund established in Article 38B of Chapter  
37 115C of the General Statutes, estimated at thirty-nine million six hundred thousand dollars  
38 (\$39,600,000), to the Department of Public Instruction for Capital Recovery Funds for the Public  
39 School Facilities Program, established in S.L. 2024-53, Committee Report, page F2, Item 7.

#### 40 41 **EMERGENCY FLEXIBILITY OF FUNDS**

42 **SECTION 5A.6.** G.S. 166A-19.40 reads as rewritten:

#### 43 **"§ 166A-19.40. Use of contingency and emergency funds.**

44 (a) Use of Contingency and Emergency Funds. – The Governor may use contingency and  
45 emergency funds:

- 46 (1) As necessary and appropriate to provide relief and assistance from the effects  
47 of an emergency.
- 48 (2) As necessary and appropriate for National Guard training in preparation for  
49 emergencies with the concurrence of the Council of State.

50 (b) Repealed by Session Laws 2015-241, s. 6.19(a), effective July 1, 2015.



1 (c) Use of Other Funds. – The Governor may reallocate on a nonrecurring basis such  
2 other funds as may reasonably be available within the appropriations of the various departments  
3 when all of the following conditions are satisfied:

- 4 (1) The severity and magnitude of the emergency so requires.
- 5 (2) Contingency and emergency funds are insufficient or inappropriate.
- 6 (3) A state of emergency has been declared pursuant to G.S. 166A-19.20(a).
- 7 (4) Funds in the State Emergency Response and Disaster Relief Fund are  
8 insufficient."

## 10 PART VI. COMMUNITY COLLEGE SYSTEM

### 12 INSTITUTIONAL SUPPORT CONSOLIDATION

13 **SECTION 6.1.(a)** The State Board of Community Colleges shall consolidate  
14 administrative functions held across the community colleges system into a new administrative  
15 structure. The President of the Community Colleges System, a consultant hired by the State  
16 Board, or individual community colleges may submit recommendations to the State Board, but  
17 all decision-making power on the development of the new structure resides with the State Board.  
18 The new structure developed pursuant to this section shall go into effect beginning with the  
19 2026-2027 academic year. The State Board may use up to two million dollars (\$2,000,000) in  
20 nonrecurring funds appropriated in this act for the 2025-2026 fiscal year for the following:

- 21 (1) To contract with a third-party consultant to assist with development of the new  
22 administrative structure.
- 23 (2) To conduct studies related to developing the new administrative structure.
- 24 (3) Other purposes the State Board deems relevant to developing the new  
25 administrative structure.

26 **SECTION 6.1.(b)** The State Board shall submit a report to the Joint Legislative  
27 Education Oversight Committee on the administrative structure developed pursuant to this  
28 section no later than April 15, 2026. The report shall include at least the following:

- 29 (1) An overview of the new structure compared to the prior structure.
- 30 (2) A summary of efficiencies achieved by the new structure.

### 32 REPEAL MINORITY MALE SUCCESS INITIATIVE REPORT

33 **SECTION 6.2.** G.S. 115D-58.17(a) reads as rewritten:

34 "(a) No later than February 15, 2024, and annually thereafter, the State Board of  
35 Community Colleges shall report to the Joint Legislative Education Oversight Committee on  
36 outcomes related to ~~the following recurring programs:~~

- 37 ~~(1) Minority male mentoring programs, including the Minority Male Success  
38 Initiative.~~

39 ~~(2) The the Rowan-Cabarrus Community College Biotechnology Training Center and  
40 Greenhouse at the North Carolina Research Campus in Kannapolis."~~

### 42 PROPEL NC

43 **SECTION 6.3.(a)** The following session laws are repealed:

- 44 (1) Subsection (b) of Section 8.3 of S.L. 2011-145.
- 45 (2) Subsection (a) of Section 10.4 of S.L. 2013-360.

46 **SECTION 6.3.(b)** The State Board of Community Colleges shall revise its funding  
47 formula for community colleges and allocate funds under that revised formula, beginning with  
48 the 2025-2026 fiscal year, according to the following minimum criteria:

- 49 (1) Each community college shall continue to receive a base allocation of funds.
- 50 (2) In addition to the base allocation of funds, funds shall be provided to  
51 community colleges based on the number of full-time equivalent (FTE)

1 students enrolled in curriculum, workforce continuing education, and Basic  
2 Skills courses.

- 3 (3) Funds allocated pursuant to subdivision (2) of this subsection shall be  
4 weighted based on the workforce sector of each course, as determined by the  
5 State Board. In making its determinations, the State Board shall consider  
6 salary data and labor market demand for the applicable workforce sector.

7 **SECTION 6.3.(c)** Part 3 of Article 1 of Chapter 115D of the General Statutes, as  
8 enacted by this act, is further amended by adding a new section to read:

9 **"§ 115D-10.55. Course review.**

10 The State Board of Community Colleges shall review and revise, as necessary, its workforce  
11 sector designations for curriculum, workforce continuing education, and Basic Skills courses at  
12 community colleges by July 15, 2028, and every three years thereafter."

13 **SECTION 6.3.(d)** Of the funds appropriated for the purposes of this section, the  
14 State Board of Community Colleges shall increase funding for pathways related to healthcare,  
15 engineering and advanced manufacturing, trades and transportation, and information technology.

16 **SECTION 6.3.(e)** No later than April 1, 2027, the Community Colleges System  
17 Office shall report to the Joint Legislative Education Oversight Committee on the revisions to its  
18 funding formula for community colleges pursuant to subsection (b) of this section, including the  
19 structure of the revised formula, the process for implementing the revised formula, and any  
20 recommended changes to the revised formula.

21  
22 **NCCCS IDD WORKFORCE TRAINING EXPANSION**

23 **SECTION 6.4.(a)** G.S. 115D-10.21(a), as enacted by this act, reads as rewritten:

24 "(a) The State Board of Community Colleges shall establish a community college training  
25 program for up to ~~15~~25 community colleges. The program shall provide opportunities for  
26 micro-credentials or other credentials that lead to increased employment outcomes for  
27 individuals with intellectual and developmental disabilities (IDD). To the extent funds are  
28 appropriated for this purpose, the program shall improve the ability of participating community  
29 colleges to offer training and educational components that include improving employability skills  
30 and providing on-the-job training and apprenticeships with business and industry for individuals  
31 with IDD. The goal of the program shall be to inform community colleges and address  
32 cross-departmental supports within the individual community colleges on programs for  
33 individuals with IDD related to at least the following:

- 34 (1) Establishing best practices for providing vocational training for individuals  
35 with IDD.  
36 (2) Providing financial and benefits counseling.  
37 (3) Developing strategies on integrating assistive technology.  
38 (4) Maximizing access, with supports, to credential and degree programs,  
39 including micro-credentials that are established by the State Board.  
40 (5) Identifying methods to increase orientation and integration of individuals with  
41 IDD into the college community to the greatest extent possible.  
42 (6) Determining a needs assessment, marketing, and evaluation to serve a broad  
43 array of individuals with developmental and other similar disabilities or  
44 learning challenges to assure adequate demand for new or existing programs."

45 **SECTION 6.4.(b)** Of the funds appropriated for North Carolina Community  
46 Colleges System IDD Workforce Training Expansion in this act, the Community Colleges  
47 System Office shall use the funds as follows:

- 48 (1) The sum of six hundred forty thousand dollars (\$640,000) in recurring funds  
49 shall be used to create two positions to facilitate the creation of work-based  
50 learning opportunities and be dedicated to engagement with business and  
51 industry partners statewide. These funds shall also be used for the expansion

1 of Career and College Promise high school pathways and pre-apprenticeships  
 2 and work-based learning for individuals with intellectual and developmental  
 3 disabilities.

4 (2) The sum of eight hundred ten thousand dollars (\$810,000) may be used for  
 5 marketing evaluation, online resources, professional development, and  
 6 infrastructure support.

7 (3) The remaining funds shall be used to expand the program developed pursuant  
 8 to G.S. 115D-10.21, as amended by this section.

9 **SECTION 6.4.(c)** The Community Colleges System Office shall continue to provide  
 10 funds to community colleges participating in the program developed pursuant to  
 11 G.S. 115D-10.21, as amended by this section, at the rate of one hundred ninety-four thousand  
 12 dollars (\$194,000) per participating community college.

## 13 CHAPTER 115D REORGANIZATION

14 **SECTION 6.5.(a)** Article 1 of Chapter 115D of the General Statutes reads as  
 15 rewritten:

16 "Article 1.

17 "General Provisions for State Administration.

18 "Part 1. Establishment and Administration of the North Carolina Community Colleges System.

19 "**§ 115D-1. Statement of purpose.**

20 The purposes of this Chapter are to provide for the establishment, organization, and  
 21 administration of a system of educational institutions throughout the State offering courses of  
 22 instruction in one or more of the general areas of two-year college parallel, technical, vocational,  
 23 and adult education programs, to serve as a legislative charter for such institutions, and to  
 24 authorize the levying of local taxes and the issuing of local bonds for the support thereof. The  
 25 major purpose of each and every institution operating under the provisions of this Chapter shall  
 26 be and shall continue to be the offering of vocational and technical education and training, and  
 27 of basic, high school level, academic education needed in order to profit from vocational and  
 28 technical education, for students who are high school graduates or who are beyond the  
 29 compulsory age limit of the public school system and who have left the public schools, provided,  
 30 juveniles of any age committed to the Division of Juvenile Justice of the Department of Public  
 31 Safety by a court of competent jurisdiction may, if approved by the director of the youth  
 32 development center to which they are assigned, take courses offered by institutions of the system  
 33 if they are otherwise qualified for admission.

34 The Community Colleges System Office is designated as the primary lead agency for  
 35 delivering workforce development training, adult literacy training, and adult education programs  
 36 in the State.

37 ...

38 ~~"§ 115D-1.3. Accreditation of secondary school located in North Carolina shall not be a  
 39 factor in admissions, loans, scholarships, or other educational policies.~~

40 (a) For purposes of this section, the term "accreditation" shall include certification or any  
 41 other similar approval process.

42 (b) ~~The State Board of Community Colleges shall adopt a policy that prohibits any  
 43 community college from soliciting or using information regarding the accreditation of a  
 44 secondary school located in North Carolina that a person attended as a factor affecting  
 45 admissions, loans, scholarships, or other educational activity at the community college, unless  
 46 the accreditation was conducted by a State agency.~~

47 ...

48 ~~"§ 115D-4.1. College transfer program approval; standards for programs; annual  
 49 reporting requirements.~~

50 (a) ~~Repealed by Session Laws 1995, c. 288, s. 1, effective September 1, 1995.~~

1 (b) The State Board of Community Colleges may approve the addition of the college  
2 transfer program to a community college. If addition of the college transfer program to an  
3 institution would require a substantial increase in funds, State Board approval shall be subject to  
4 appropriation of funds by the General Assembly for this purpose.

5 (c) Addition of the college transfer program shall not decrease an institution's ability to  
6 provide programs within its basic mission of vocational and technical training and basic academic  
7 education.

8 (d) The State Board of Community Colleges shall develop appropriate criteria and  
9 standards to regulate the addition of the college transfer program to institutions.

10 (e) The State Board of Community Colleges shall develop appropriate criteria and  
11 standards to regulate the operation of college transfer programs.

12 (f) The Board of Governors of The University of North Carolina shall report to each  
13 community college and to the State Board of Community Colleges in accordance with  
14 G.S. 116-11(10b) on the academic performance of that community college's transfer students. If  
15 the State Board of Community Colleges finds that college transfer students from a community  
16 college are not consistently performing adequately at a four-year college, the Board shall review  
17 the community college's program and determine what steps are necessary to remedy the problem.  
18 The Board shall report annually to the General Assembly on the reports it receives and on what  
19 steps it is taking to remedy problems that it finds.

20 (g) The Community Colleges System Office shall report by April 15, 2011, and annually  
21 thereafter, to the Joint Legislative Education Oversight Committee, the State Board of Education,  
22 the Office of State Budget and Management, and the Fiscal Research Division of the General  
23 Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report  
24 shall include:

- 25 (1) The courses and programs within the 2+2 E-Learning Initiative;
- 26 (2) The total number of prospective teachers that have taken or are taking part in  
27 this initiative to date broken down by the current academic period and each of  
28 the previous academic periods since the program's inception;
- 29 (3) The total number of teachers currently in the State's classrooms, by local  
30 school administrative unit, who have taken part in this initiative;
- 31 (4) The change in the number of teachers available to schools since the program's  
32 inception;
- 33 (5) The qualitative data from students, teachers, local school administrative unit  
34 personnel, university personnel, and community college personnel as to the  
35 impact of this initiative on our State's teaching pool; and
- 36 (6) An explanation of the expenditures and collaborative programs between the  
37 North Carolina Community College System and The University of North  
38 Carolina, including recommendations for improvement.

39 ~~"§ 115D-5. Administration of institutions by State Board of Community Colleges;  
40 personnel exempt from North Carolina Human Resources Act; extension  
41 courses; tuition waiver; in-plant training; contracting, etc., for establishment  
42 and operation of extension units of the community college system; use of existing  
43 public school facilities.~~

44 (a) The State Board of Community Colleges may adopt and execute such policies,  
45 regulations and standards concerning the establishment, administration, and operation of  
46 institutions as the State Board may deem necessary to insure the quality of educational programs,  
47 to promote the systematic meeting of educational needs of the State, and to provide for the  
48 equitable distribution of State and federal funds to the several institutions.

49 The State Board of Community Colleges shall establish standards and scales for salaries and  
50 allotments paid from funds administered by the State Board, and all employees of the institutions  
51 shall be exempt from the provisions of the North Carolina Human Resources Act. Any and all

1 salary caps set by the State Board for community college presidents shall apply only to the  
2 State-paid portion of the salary. Except as otherwise provided by law, the employer contribution  
3 rate on the local-paid portion of the salary, to be paid from local funds, shall be set by the State  
4 Treasurer based on actuarial recommendations. The State Board shall have authority with respect  
5 to individual institutions: to approve sites, capital improvement projects, budgets; to approve the  
6 selection of the chief administrative officer; to establish and administer standards for professional  
7 personnel, curricula, admissions, and graduation; to regulate the awarding of degrees, diplomas,  
8 and certificates; to establish and regulate student tuition and fees within policies for tuition and  
9 fees established by the General Assembly; and to establish and regulate financial accounting  
10 procedures.

11 The State Board of Community Colleges shall require each community college to meet the  
12 faculty credential requirements of its accrediting agency for all community college programs.

13 (a1) Notwithstanding G.S. 66-58(e)(3) or any other provisions of law, the State Board of  
14 Community Colleges may adopt rules governing the expenditure of funds derived from bookstore  
15 sales by community colleges. These expenditures shall be consistent with the mission and  
16 purpose of the Community College System. Profits may be used in the support and enhancement  
17 of the bookstores, for student aid or scholarships, for expenditures of direct benefit to students,  
18 and for other similar expenditures authorized by the board of trustees, subject to rules adopted  
19 by the State Board. These funds shall not be used to supplement salaries of any personnel.

20 (a2) The State Board of Community Colleges shall comply with the provisions of  
21 G.S. 116-11(10a) to plan and implement an exchange of information between the public schools  
22 and the institutions of higher education in the State.

23 (a3) The State Board of Community Colleges shall adopt the following rules to assist  
24 community colleges in their administration of procedures necessary to implement G.S. 20-11 and  
25 G.S. 20-13.2:

- 26 (1) To establish the procedures a person who is or was enrolled in a community  
27 college must follow and the requirements that person must meet to obtain a  
28 driving eligibility certificate.
- 29 (2) To require the person who is required under G.S. 20-11(n) to sign the driving  
30 eligibility certificate to provide the certificate if he or she determines that one  
31 of the following requirements is met:
  - 32 a. The person seeking the certificate is eligible for the certificate under  
33 G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).
  - 34 b. The person seeking the certificate is eligible for the certificate under  
35 G.S. 20-11(n)(1) and G.S. 20-11(n1).
- 36 (3) To provide for an appeal through the grievance procedures established by the  
37 board of trustees of each community college by a person who is denied a  
38 driving eligibility certificate.
- 39 (4) To define exemplary student behavior and to define what constitutes the  
40 successful completion of a drug or alcohol treatment counseling program.

41 The State Board also shall develop policies as to when it is appropriate to  
42 notify the Division of Motor Vehicles that a person who is or was enrolled in  
43 a community college no longer meets the requirements for a driving eligibility  
44 certificate. The State Board also shall adopt guidelines to assist the presidents  
45 of community colleges in their designation of representatives to sign driving  
46 eligibility certificates.

47 The State Board shall develop a form for the appropriate individuals to  
48 provide their written, irrevocable consent for a community college to disclose  
49 to the Division of Motor Vehicles that the student no longer meets the  
50 conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or  
51 G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to

1 comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which  
2 statutory subsection the student is no longer eligible, no other details or  
3 information concerning the student's school record shall be released pursuant  
4 to this consent.

5 (b) In order to make instruction as accessible as possible to all citizens, the teaching of  
6 curricular courses and of noncurricular extension courses at convenient locations away from  
7 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
8 portion of the established regular tuition rate charged a full-time student shall be charged a  
9 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of  
10 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
11 registration fees, to be charged students enrolling in extension courses for which instruction is  
12 financed primarily from State funds. The State Board of Community Colleges may provide by  
13 general and uniform regulations for waiver of tuition and registration fees for the following:

- 14 (1) Persons not enrolled in elementary or secondary schools taking courses  
15 leading to a high school diploma or equivalent certificate.
- 16 (2) Courses requested by the following entities that support the organizations'  
17 training needs and are on a specialized course list approved by the State Board  
18 of Community Colleges:
  - 19 a. ~~Volunteer fire departments.~~
  - 20 b. ~~Municipal, county, or State fire departments.~~
  - 21 c. ~~Volunteer EMS or rescue and lifesaving departments.~~
  - 22 d. ~~Municipal, county, or State EMS or rescue and lifesaving departments.~~
  - 23 d1. ~~Law enforcement, fire, EMS or rescue and lifesaving entities serving~~  
24 ~~a lake authority that was created by a county board of commissioners~~  
25 ~~prior to July 1, 2012.~~
  - 26 e. ~~Radio Emergency Associated Communications Teams (REACT)~~  
27 ~~under contract to a county as an emergency response agency.~~
  - 28 f. ~~Municipal, county, or State law enforcement agencies.~~
  - 29 f1. ~~Campus police agencies of private institutions of higher education~~  
30 ~~certified by the Attorney General pursuant to Chapter 74G of the~~  
31 ~~General Statutes.~~
  - 32 g. ~~The Division of Prisons of the Department of Adult Correction and the~~  
33 ~~Division of Juvenile Justice of the Department of Public Safety for the~~  
34 ~~training of full-time custodial employees and employees of the~~  
35 ~~Divisions required to be certified under Article 1 of Chapter 17C of~~  
36 ~~the General Statutes and the rules of the Criminal Justice and Training~~  
37 ~~Standards Commission.~~
  - 38 h. ~~Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December~~  
39 ~~1, 2017.~~
  - 40 i. ~~The Eastern Band of Cherokee Indians law enforcement, fire, EMS or~~  
41 ~~rescue and lifesaving tribal government departments or programs.~~
  - 42 j. ~~The Criminal Justice Standards Division of the Department of Justice~~  
43 ~~for the training of criminal justice professionals, as defined in~~  
44 ~~G.S. 17C-20(6), who are required to be certified under (i) Article 1 of~~  
45 ~~Chapter 17C of the General Statutes and the rules of the North~~  
46 ~~Carolina Criminal Justice Education and Training Standards~~  
47 ~~Commission or (ii) Chapter 17E of the General Statutes and the rules~~  
48 ~~of the North Carolina Sheriffs' Education and Training Standards~~  
49 ~~Commission. The waivers provided for in this sub-subdivision apply~~  
50 ~~to participants and recent graduates of the North Carolina Criminal~~

- 1 Justice Fellows Program to obtain certifications for eligible criminal  
2 justice professions as defined in G.S. 17C 20(6).  
3 (2a) ~~Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty  
4 station is located on a military installation within North Carolina for courses  
5 that support their organizations' training needs and are approved for this  
6 purpose by the State Board of Community Colleges.~~  
7 (3) ~~Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.~~  
8 (4) ~~Trainees enrolled in courses conducted under the Customized Training  
9 Program.~~  
10 (5) ~~through (9) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1,  
11 2011.~~  
12 (10) ~~Elementary and secondary school employees enrolled in courses in first aid or  
13 cardiopulmonary resuscitation (CPR).~~  
14 (11) ~~Repealed by Session Laws 2013-360, s. 10.6, effective July 1, 2013.~~  
15 (12) ~~All courses taken by high school students at community colleges, in  
16 accordance with G.S. 115D-20(4) and this section.~~  
17 (13) ~~Human resources development courses for any individual who (i) is  
18 unemployed; (ii) has received notification of a pending layoff; (iii) is working  
19 and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is  
20 working and earning wages at or below two hundred percent (200%) of the  
21 federal poverty guidelines.~~  
22 (14) ~~Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.~~  
23 (15) ~~Courses providing employability skills, job-specific occupational or technical  
24 skills, or developmental education instruction to certain students who are  
25 concurrently enrolled in an eligible community college literacy course, in  
26 accordance with rules adopted by the State Board of Community Colleges.~~  
27 (16) ~~Courses provided to students who are participating in a pre-apprenticeship or  
28 apprenticeship program that meets all of the following criteria:~~  
29 a. ~~Meets one of the following:~~  
30 1. ~~Is a registered apprenticeship program recognized by the  
31 United States Department of Labor.~~  
32 2. ~~Is a pre-apprenticeship program recognized and approved by  
33 the State agency administering the statewide apprenticeship  
34 program.~~  
35 b. ~~Has a documented plan of study with courses relating to a job-specific  
36 occupational or technical skill.~~  
37 e. ~~Requires the participants in the program to be North Carolina high  
38 school students when entering the program.~~  
39 The State Board of Community Colleges shall not waive tuition and registration fees for other  
40 individuals.  
41 (b1) ~~The State Board of Community Colleges shall not waive tuition and registration fees  
42 for community college faculty or staff members. Community colleges may, however, use State  
43 or local funds to pay tuition and registration fees for one course per semester for full-time  
44 community college faculty or staff members employed for a nine-, ten-, eleven-, or twelve-month  
45 term. Community colleges may also use State and local funds to pay tuition and registration fees  
46 for professional development courses and for other courses consistent with the academic  
47 assistance program authorized by the State Human Resources Commission.~~  
48 (b2) ~~Beginning February 1, 2018, and annually thereafter, the Community Colleges  
49 System Office shall report to the Joint Legislative Education Oversight Committee on the number  
50 and type of waivers granted pursuant to subsection (b) of this section.~~

1       ~~(c) No course of instruction shall be offered by any community college at State expense~~  
2 ~~or partial State expense to any captive or co-opted group of students, as defined by the State~~  
3 ~~Board of Community Colleges, without prior approval of the State Board of Community~~  
4 ~~Colleges. All course offerings approved for State prison inmates or prisoners in local jails must~~  
5 ~~be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of~~  
6 ~~Community Colleges shall be presumed to constitute approval of both the course and the group~~  
7 ~~served by that institution. The State Board of Community Colleges may delegate to the President~~  
8 ~~the power to make an initial approval, with final approval to be made by the State Board of~~  
9 ~~Community Colleges. A course taught without such approval will not yield any full-time~~  
10 ~~equivalent students, as defined by the State Board of Community Colleges.~~

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

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

18       ~~(c2) Courses in federal prisons shall not earn regular budget full-time equivalents, but may~~  
19 ~~be offered on a self-supporting basis.~~

20       ~~(c3) Funds appropriated for community college courses for prison inmates shall be used~~  
21 ~~only for inmates in State prisons. The first priority for the use of these funds shall be to restore~~  
22 ~~the FTE for basic skills courses to the FY 2008-2009 level. Funds not needed for this purpose~~  
23 ~~may be used for continuing education and curriculum courses related to job skills training.~~

24       ~~(d) Recodified as G.S. 115D-5.1(a) by Session Laws 2005-276, s. 8.4(a), effective July~~  
25 ~~1, 2005.~~

26       ~~(e) Repealed by Session Laws 1999-84, s. 3, effective May 21, 1999.~~

27       ~~(f) A community college may not offer a new program without the approval of the State~~  
28 ~~Board of Community Colleges except that approval shall not be required if the tuition for the~~  
29 ~~program will fully cover the cost of the program. If at any time tuition fails to fully cover the cost~~  
30 ~~of a program that falls under the exception, the program shall be discontinued unless approved~~  
31 ~~by the State Board of Community Colleges. If a proposed new program would serve more than~~  
32 ~~one community college, the State Board of Community Colleges shall perform a feasibility study~~  
33 ~~prior to acting on the proposal. The State Board of Community Colleges shall consider whether~~  
34 ~~a regional approach can be used when developing new programs and, to the extent possible, shall~~  
35 ~~initiate new programs on a regional basis.~~

36       ~~The State Board of Community Colleges shall collect data on an annual basis on all new~~  
37 ~~programs and program terminations it approved and any regionalization of programs during the~~  
38 ~~year, including the specific reasons for which each program was terminated or approved.~~

39       ~~(f1) The State Board shall adopt a policy requiring community colleges to be accredited~~  
40 ~~in accordance with G.S. 115D-6.2.~~

41       ~~(g) Funds appropriated to the Community Colleges System Office as operating expenses~~  
42 ~~for allocation to the institutions comprising the North Carolina Community College System shall~~  
43 ~~not be used to support recreation extension courses. The financing of these courses by any~~  
44 ~~institution shall be on a self-supporting basis, and membership hours produced from these~~  
45 ~~activities shall not be counted when computing full-time equivalent students (FTE) for use in~~  
46 ~~budget funding formulas at the State level.~~

47       ~~(h) Whenever a community college offers real estate continuing education courses~~  
48 ~~pursuant to G.S. 93A-4.1, the courses shall be offered on a self-supporting basis.~~

49       ~~(i) Recodified as G.S. 115D-5.1(e) by Session Laws 2005-276, s. 8.4(a), effective July~~  
50 ~~1, 2005.~~



1       (j)    ~~The State Board of Community Colleges shall use its Board Reserve Fund for~~  
2 ~~feasibility studies, pilot projects, start-up of new programs, and innovative ideas.~~

3       (k)    ~~Recodified as G.S. 115D-5.1(b) by Session Laws 2005-276, s. 8.4(a), effective July~~  
4 ~~1, 2005.~~

5       (l)    ~~The State Board shall review and approve lease purchase and installment purchase~~  
6 ~~contracts as provided under G.S. 115D-58.15(b). The State Board shall adopt policies and~~  
7 ~~procedures governing the review and approval process.~~

8       (m)    ~~The State Board of Community Colleges shall maintain an accountability function~~  
9 ~~that conducts periodic reviews of each community college operating under the provisions of this~~  
10 ~~Chapter. The purpose of the compliance review shall be to ensure that (i) data used to allocate~~  
11 ~~State funds among community colleges is reported accurately to the System Office and (ii)~~  
12 ~~community colleges are charging and waiving tuition and registration fees consistent with law.~~  
13 ~~The State Board of Community Colleges shall require the use of a statistically valid sample size~~  
14 ~~in performing compliance reviews of community colleges. All compliance review findings that~~  
15 ~~are determined to be material shall be forwarded to the college president, local college board of~~  
16 ~~trustees, the State Board of Community Colleges, and the State Auditor. The State Board of~~  
17 ~~Community Colleges shall adopt rules governing the frequency, scope, and standard of~~  
18 ~~materiality for compliance reviews.~~

19       (n)    ~~The North Carolina Community Colleges System Office shall provide the Department~~  
20 ~~of Revenue with a list of all community colleges, including name, address, and other identifying~~  
21 ~~information requested by the Department of Revenue. The North Carolina Community Colleges~~  
22 ~~System Office shall update this list whenever there is a change.~~

23       (o)    ~~All multicampus centers approved by the State Board of Community Colleges shall~~  
24 ~~receive funding under the same formula. The State Board of Community Colleges shall not~~  
25 ~~approve any additional multicampus centers without identified recurring sources of funding. A~~  
26 ~~community college facility shall be considered a multicampus center if it meets all of the~~  
27 ~~following criteria:~~

28           (1)    ~~Is at least 4 miles away from the main campus of the community college and~~  
29 ~~other multicampus center locations.~~

30           (2)    ~~Any other criteria established by the State Board.~~

31       (p)    ~~The North Carolina Community College System may offer courses, in accordance~~  
32 ~~with Article 17D of Subchapter V of Chapter 115C of the General Statutes, to individuals who~~  
33 ~~choose to enter the teaching profession through residency licensure.~~

34       (q)    ~~Repealed by Session Laws 2009-451, s. 8.9, effective July 1, 2009.~~

35       (r)    ~~The State Board of Community Colleges shall develop curriculum and continuing~~  
36 ~~education standards for courses of instruction in American Sign Language and shall encourage~~  
37 ~~community colleges to offer courses in American Sign Language as a modern foreign language.~~

38       (s)    ~~The State Board of Community Colleges may establish, retain and budget fees~~  
39 ~~charged to students taking an adult high school equivalency diploma test, including fees for~~  
40 ~~retesting. Fees collected for this purpose shall be used only to (i) offset the costs of the test,~~  
41 ~~including the cost of scoring the test, (ii) offset the costs of printing adult high school equivalency~~  
42 ~~diplomas, and (iii) meet federal and State reporting requirements related to the test.~~

43       (t)    ~~The purpose of the first semester of the Gateway to College Program is to address~~  
44 ~~additional support to successfully complete the program. Students may need to take~~  
45 ~~developmental courses necessary for the transition to more challenging courses; therefore, the~~  
46 ~~State Board of Community Colleges shall (i) permit high school students who are enrolled in~~  
47 ~~Gateway to College Programs to enroll in developmental courses based on an assessment of their~~  
48 ~~individual student needs by a high school and community college staff team and (ii) include this~~  
49 ~~coursework in computing the budget FTE for the colleges.~~

50       (u)    ~~The State Board of Community Colleges shall direct each community college to adopt~~  
51 ~~a policy that authorizes a minimum of two excused absences each academic year for religious~~

1 observances required by the faith of a student. The policy may require that the student provide  
2 written notice of the request for an excused absence a reasonable time prior to the religious  
3 observance. The policy shall also provide that the student shall be given the opportunity to make  
4 up any tests or other work missed due to an excused absence for a religious observance.

5 (v) Community colleges may teach curriculum courses at any time during the year,  
6 including the summer term. Student membership hours from these courses shall be counted when  
7 computing full-time equivalent students (FTE) for use in budget funding formulas at the State  
8 level.

9 (w) The State Board of Community Colleges shall review, at least every five years,  
10 service areas that include counties assigned to more than one community college to determine  
11 the feasibility of continuing to assign those counties to more than one community college. The  
12 State Board shall revise service areas as needed to ensure that counties are served effectively.  
13 The first review and any revisions shall be completed no later than March 1, 2016, and the State  
14 Board shall report its findings and any revisions to the Joint Legislative Education Oversight  
15 Committee no later than March 1, 2016. All subsequent reviews and revisions shall also be  
16 submitted to the Committee.

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

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

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

44 (y) The State Board of Community Colleges shall adopt a policy to be applied uniformly  
45 throughout the Community College System to provide that any student enrolled in a community  
46 college who is a National Guard service member placed onto State active duty status during an  
47 academic term shall be given an excused absence for the period of time the student is on active  
48 duty. The policy shall further provide all of the following:

- 49 (1) The student shall be given the opportunity to make up any test or other work  
50 missed during the excused absence.

- 1           (2)    The student shall be given the option, when feasible, to continue classes and  
2           coursework during the academic term through online participation for the  
3           period of time the student is placed on active duty.  
4           (3)    The student shall be given the option of receiving a temporary grade of  
5           "incomplete (IN)" or "absent from the final exam (AB)" for any course that  
6           the student was unable to complete as a result of being placed on State active  
7           duty status; however, the student must complete the course requirements  
8           within the period of time specified by the community college to avoid  
9           receiving a failing grade for the course.  
10          (4)    The student shall be permitted to drop, with no penalty, any course that the  
11          student was unable to complete as a result of being placed on State active duty  
12          status.  
13          (z)    The State Board of Community Colleges shall monitor community colleges for  
14          compliance with Article 38 of Chapter 116 of the General Statutes. If the State Board determines  
15          that a community college is in violation of Article 38, it shall report the identity of the community  
16          college to the Joint Legislative Education Oversight Committee.

17    "~~§ 115D-5.1. Workforce Development Programs.~~

18          (a)    Community colleges shall assist in the preemployment and in-service training of  
19          employees in industry, business, agriculture, health occupation and governmental agencies. Such  
20          training shall include instruction on worker safety and health standards and practices applicable  
21          to the field of employment. The State Board of Community Colleges shall make appropriate  
22          regulations including the establishment of maximum hours of instruction which may be offered  
23          at State expense in each in-plant training program. No instructor or other employee of a  
24          community college shall engage in the normal management, supervisory and operational  
25          functions of the establishment in which the instruction is offered during the hours in which the  
26          instructor or other employee is employed for instructional or educational purposes.

27          (b)    through (d) Repealed by Session Laws 2008-107, s. 8.7(a), effective July 1, 2008.

28          (e)    There is created within the North Carolina Community College System the  
29          Customized Training Program. The Customized Training Program shall offer programs and  
30          training services to assist new and existing business and industry to remain productive, profitable,  
31          and within the State. Before a business or industry qualifies to receive assistance under the  
32          Customized Training Program, the President of the North Carolina Community College System  
33          shall determine that:

34                  (1)    The business is making an appreciable capital investment;

35                  (2)    The business is deploying new technology;

36                  (2a)   The business or individual is creating jobs, expanding an existing workforce,  
37                  or enhancing the productivity and profitability of the operations within the  
38                  State; and

39                  (3)    The skills of the workers will be enhanced by the assistance.

40          (f)    The Community Colleges System Office shall report no later than September 1 of  
41          each year to the Joint Legislative Education Oversight Committee on:

42                  (1)    The total amount of funds received by a company under the Customized  
43                  Training Program.

44                  (1a)   The types of services sought by the company, whether for new, expanding, or  
45                  existing industry.

46                  (2)    The amount of funds per trainee received by that company.

47                  (3)    The amount of funds received per trainee by the community college delivering  
48                  the training.

49                  (4)    The number of trainees trained by the company and community college.

50                  (5)    The number of years that company has been funded.

1       (f1) Notwithstanding any other provision of law, the State Board of Community Colleges  
2 may adopt guidelines that allow the Customized Training Program to use funds appropriated for  
3 that program to support training projects for the various branches of the Armed Forces of the  
4 United States.

5       (f2) Funds available to the Customized Training Program shall not revert at the end of a  
6 fiscal year but shall remain available until expended. Up to ten percent (10%) of the  
7 college-delivered training expenditures and up to five percent (5%) of the contractor-delivered  
8 training expenditures for the prior fiscal year for Customized Training may be allotted to each  
9 college for capacity building at that college.

10       (f3) Of the funds appropriated in a fiscal year for the Customized Training Programs, the  
11 State Board of Community Colleges may approve the use of up to eight percent (8%) for the  
12 training and support of regional community college personnel to deliver Customized Training  
13 Program services to business and industry.

14       (g) The State Board shall adopt guidelines to implement this section. At least 20 days  
15 before the effective date of any criteria or nontechnical amendments to guidelines, the State  
16 Board must publish the proposed guidelines on the Community Colleges System Office's web  
17 site and provide notice to persons who have requested notice of proposed guidelines. In addition,  
18 the State Board must accept oral and written comments on the proposed guidelines during the 15  
19 business days beginning on the first day that the State Board has completed these notifications.  
20 For the purpose of this subsection, a technical amendment is either of the following:

21           (1) An amendment that corrects a spelling or grammatical error.

22           (2) An amendment that makes a clarification based on public comment and could  
23 have been anticipated by the public notice that immediately preceded the  
24 public comment.

25 **"§ 115D-5.1A. Short-Term Workforce Development Grant Program.**

26       (a) Program Established.—There is established the North Carolina Community College  
27 Short-Term Workforce Development Grant Program (Program) to be administered by the State  
28 Board of Community Colleges. The State Board shall adopt rules for the disbursement of the  
29 grants pursuant to this section.

30       (b) Programs of Study.—The State Board of Community Colleges, in collaboration with  
31 the Department of Commerce, shall determine the eligible programs of study for the Program,  
32 according to the occupations that are in the highest demand in the State. The eligible programs  
33 of study shall include programs such as architecture and construction, health sciences,  
34 information technology, electrical line worker, and manufacturing programs and may include  
35 other programs to meet local workforce needs.

36       (c) Award Amounts.—To the extent funds are made available for the Program, the State  
37 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty  
38 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce  
39 credentials. The State Board of Community Colleges shall establish criteria for initial and  
40 continuing eligibility for students. At a minimum, students shall be required to qualify as a  
41 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with  
42 the coordinated and centralized residency determination process administered by the State  
43 Education Assistance Authority.

44       (d) Report.—The State Board shall submit a report by April 1, 2024, and annually  
45 thereafter, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal  
46 Research Division. The report shall contain, for each academic year and by programs of study,  
47 the amount of grant funds disbursed and the number of eligible students receiving funds.

48 **"§ 115D-5.2. Commercial fishing and aquaculture classes.**

49       (a) The General Assembly urges all community colleges serving the coastal area of the  
50 State to offer classes on commercial fishing and aquaculture.

1       ~~(b) The North Carolina Community Colleges System Office shall provide technical~~  
2 ~~assistance to these colleges on offering such classes.~~

3       ~~(c) The North Carolina Community Colleges System Office shall report to the Joint~~  
4 ~~Legislative Education Oversight Committee on any fiscal and administrative issues it identifies~~  
5 ~~that limit colleges' ability to offer such courses.~~

6       **"§ 115D-5.5. Board Reserve Fund.**

7       The State Board of Community Colleges shall use its Board Reserve Fund for feasibility  
8 studies, pilot projects, start-up of new programs, and innovative ideas.

9       "Part 2. Administration of Local Community Colleges by State Board of Community Colleges.

10       **"§ 115D-6. Withdrawal of State support.**

11       The State Board of Community Colleges may withdraw or withhold State financial and  
12 administrative support of any institutions subject to the provisions of this Chapter in the event  
13 ~~that~~of any of the following:

- 14           (1)   The required local financial support of an institution is not ~~provided~~;provided.
- 15           (2)   Sufficient State funds are not ~~available~~;available.
- 16           (3)   The officials of an institution refuse or are unable to maintain prescribed  
17 standards of administration or ~~instruction~~;or instruction.
- 18           (4)   Local educational needs for such an institution cease to exist.

19       **"§ 115D-6.1. Administration of institutions.**

20       (a) Policies. – The State Board of Community Colleges may adopt and execute such  
21 policies, regulations, and standards concerning the establishment, administration, and operation  
22 of institutions as the State Board may deem necessary to ensure the quality of educational  
23 programs, to promote the systematic meeting of educational needs of the State, and to provide  
24 for the equitable distribution of State and federal funds to the several institutions.

25       (b) Authority. – The State Board shall have the following authority with respect to  
26 individual institutions:

- 27           (1)   To approve sites, capital improvement projects, and budgets.
- 28           (2)   To approve the selection of the chief administrative officer.
- 29           (3)   To establish and administer standards for professional personnel, curricula,  
30 admissions, and graduation.
- 31           (4)   To regulate the awarding of degrees, diplomas, and certificates.
- 32           (5)   To establish and regulate student tuition and fees within policies for tuition  
33 and fees established by the General Assembly.
- 34           (6)   To establish and regulate financial accounting procedures.

35       (c) Salaries. – The State Board shall establish standards and scales for salaries and  
36 allotments paid from funds administered by the State Board, and all employees of the institutions  
37 shall be exempt from the provisions of the North Carolina Human Resources Act. Any and all  
38 salary caps set by the State Board for community college presidents shall apply only to the  
39 State-paid portion of the salary. Except as otherwise provided by law, the employer contribution  
40 rate on the local-paid portion of the salary, to be paid from local funds, shall be set by the State  
41 Treasurer based on actuarial recommendations.

42       (d) Faculty Credentials. – The State Board of Community Colleges shall require each  
43 community college to meet the faculty credential requirements of its accrediting agency for all  
44 community college programs.

45       **"§ 115D-6.2. Accreditation. Accreditation policy.**

46       The State Board of Community Colleges shall adopt a policy requiring community colleges  
47 to be accredited in accordance with G.S. 115D-21.2.

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

- 49           (1)   ~~Accreditation cycle. – The period of time during which a community college~~  
50 ~~is accredited.~~

- 1           (2)    ~~Accrediting agency.— An agency or association that accredits institutions of~~  
2           ~~higher education.~~
- 3           (3)    ~~Regional accrediting agency.— One of the following accrediting agencies:~~  
4           ~~a.     Higher Learning Commission.~~  
5           ~~b.     Middle States Commission on Higher Education.~~  
6           ~~c.     New England Commission on Higher Education.~~  
7           ~~d.     Northwest Commission on Colleges and Universities.~~  
8           ~~e.     Southern Association of Colleges and Schools Commission on~~  
9           ~~Colleges.~~  
10          ~~f.     Western Association of Schools and Colleges Accrediting~~  
11          ~~Commission for Community and Junior Colleges.~~
- 12          ~~(b)   Prohibit Consecutive Accreditation by an Accrediting Agency.— A community~~  
13          ~~college shall not receive accreditation by an accrediting agency for consecutive accreditation~~  
14          ~~cycles except as provided in subsection (c) of this section.~~
- 15          ~~(c)   Accreditation Transfer Procedure.— A community college that pursues accreditation~~  
16          ~~with a different accrediting agency in accordance with this section shall pursue accreditation with~~  
17          ~~a regional accrediting agency. If the community college is not granted candidacy status by any~~  
18          ~~regional accrediting agency that is different from its current accrediting agency at least three~~  
19          ~~years prior to the expiration of its current accreditation, the community college may remain with~~  
20          ~~its current accrediting agency for an additional accreditation cycle.~~
- 21          ~~(d)   Certain Programs Exempt.— The requirements of this section do not apply to~~  
22          ~~professional, departmental, or certificate programs at community colleges that have specific~~  
23          ~~accreditation requirements or best practices, as identified by the State Board of Community~~  
24          ~~Colleges.~~
- 25          ~~(e)   Cause of Action.— A community college may bring a civil action, as follows:~~
- 26            ~~(1)   Against any person who makes a false statement to the accrediting agency of~~  
27            ~~the community college, if all of the following criteria are met:~~  
28            ~~a.     The statement, if true, would mean the community college is out of~~  
29            ~~compliance with its accreditation standards.~~  
30            ~~b.     The person made the statement with knowledge that the statement was~~  
31            ~~false or with reckless disregard as to whether it was false.~~  
32            ~~c.     The accrediting agency conducted a review of the community college~~  
33            ~~as a proximate result of the statement.~~  
34            ~~d.     The review caused the community college to incur costs.~~
- 35            ~~(2)   A community college that prevails on a cause of action initiated pursuant to~~  
36            ~~this subsection shall be entitled to the following:~~  
37            ~~a.     Costs related to the review conducted by the accrediting agency,~~  
38            ~~including for the following:~~  
39            ~~1.     Additional hours worked by community college personnel.~~  
40            ~~2.     Contracted services, including outside legal counsel.~~  
41            ~~3.     Travel, lodging, and food expenses.~~  
42            ~~4.     Fees required by the agency.~~  
43            ~~b.     Reasonable attorney fees.~~  
44            ~~c.     Court costs.~~

45   **"§ 115D-6.5. Notice of noncompliance; appointment of an interim board of trustees.**

46    ...

47    (c)   Interim Board Assumption of Powers and Duties. – The adoption of the resolution to  
48    remove the full board under this section shall have the effect of vacating the terms of all of the  
49    members serving on the board of trustees. Notwithstanding G.S. 115D-12, the State Board of  
50    Community Colleges shall appoint an interim five-member board of trustees for a period not to  
51    exceed 12 months with input from the advisory committee listed in subsection (a) of this section.

1 To preserve local autonomy, the appointing authorities of the local administrative area of the  
2 community college under G.S. 115D-12 shall make recommendations to the State Board on the  
3 appointment of the members to the interim board of trustees. All appointees to the interim board  
4 of trustees shall be residents of the administrative area of the institution for which they are  
5 selected or of counties contiguous thereto with the exception of members provided for in  
6 ~~subsection (a) of G.S. 115D-12, Group Four.~~ G.S. 115D-12(a)(3). At the end of the period of  
7 service of the interim board of trustees, a board of trustees for the community college shall be  
8 appointed in accordance with G.S. 115D-12. Initial terms of members of the new board of  
9 trustees shall be staggered to align with the remainder of the vacated terms of the members of the  
10 board of trustees.

11 ...

12 **"§ 115D-9.5. Bookstore sales.**

13 Notwithstanding G.S. 66-58(c)(3) or any other provisions of law, the State Board of  
14 Community Colleges may adopt rules governing the expenditure of funds derived from bookstore  
15 sales by community colleges. These expenditures shall be consistent with the mission and  
16 purpose of the Community College System. Profits may be used in the support and enhancement  
17 of the bookstores, for student aid or scholarships, for expenditures of direct benefit to students,  
18 and for other similar expenditures authorized by the board of trustees, subject to rules adopted  
19 by the State Board. These funds shall not be used to supplement salaries of any personnel.

20 **"§ 115D-9.10. Exchange of information with The University of North Carolina and North**  
21 **Carolina public schools.**

22 The State Board of Community Colleges shall comply with the provisions of  
23 G.S. 116-11(10a) to plan and implement an exchange of information between the public schools  
24 and the institutions of higher education in the State.

25 **"§ 115D-9.15. Lease purchase and installment purchase contracts.**

26 The State Board of Community Colleges shall review and approve lease purchase and  
27 installment purchase contracts as provided under G.S. 115D-58.15(b). The State Board shall  
28 adopt policies and procedures governing the review and approval process.

29 **"§ 115D-9.20. Compliance review and requested information.**

30 (a) Compliance Review. – The State Board of Community Colleges shall maintain an  
31 accountability function that conducts periodic reviews of each community college operating  
32 under the provisions of this Chapter. The purpose of the compliance review shall be to ensure  
33 that (i) data used to allocate State funds among community colleges is reported accurately to the  
34 System Office and (ii) community colleges are charging and waiving tuition and registration fees  
35 consistent with law. The State Board of Community Colleges shall require the use of a  
36 statistically valid sample size in performing compliance reviews of community colleges. All  
37 compliance review findings that are determined to be material shall be forwarded to the college  
38 president, local college board of trustees, the State Board of Community Colleges, and the State  
39 Auditor. The State Board of Community Colleges shall adopt rules governing the frequency,  
40 scope, and standard of materiality for compliance reviews.

41 (b) Information to Department of Revenue. – The North Carolina Community Colleges  
42 System Office shall provide the Department of Revenue with a list of all community colleges,  
43 including name, address, and other identifying information requested by the Department of  
44 Revenue. The North Carolina Community Colleges System Office shall update this list whenever  
45 there is a change.

46 **"§ 115D-9.25. Multicampus centers.**

47 All multicampus centers approved by the State Board of Community Colleges shall receive  
48 funding under the same formula. The State Board of Community Colleges shall not approve any  
49 additional multicampus centers without identified recurring sources of funding. A community  
50 college facility shall be considered a multicampus center if it meets the criteria established by the

1 State Board and is at least 4 miles away from the main campus of the community college and  
2 other multicampus center locations.

3 **"§ 115D-9.30. Service areas.**

4 The State Board of Community Colleges shall review, at least every five years, service areas  
5 that include counties assigned to more than one community college to determine the feasibility  
6 of continuing to assign those counties to more than one community college. The State Board  
7 shall revise service areas as needed to ensure that counties are served effectively. The State Board  
8 shall report its findings and any revisions to the Joint Legislative Education Oversight Committee  
9 within 60 days of revisions being made.

10 **"§ 115D-9.35. Athletic teams.**

11 The State Board of Community Colleges shall monitor community colleges for compliance  
12 with Article 38 of Chapter 116 of the General Statutes. If the State Board determines that a  
13 community college is in violation of Article 38 of Chapter 116 of the General Statutes, it shall  
14 report the identity of the community college to the Joint Legislative Education Oversight  
15 Committee.

16 ...

17 "Part 3. Community College Programs.

18 **"§ 115D-10.5. Program funding.**

19 (a) New Programs and Terminations of Programs. – A community college may not offer  
20 a new program without the approval of the State Board of Community Colleges except that  
21 approval shall not be required if the tuition for the program will fully cover the cost of the  
22 program. If at any time tuition fails to fully cover the cost of a program that falls under the  
23 exception, the program shall be discontinued unless approved by the State Board. If a proposed  
24 new program would serve more than one community college, the State Board shall perform a  
25 feasibility study prior to acting on the proposal. The State Board shall consider whether a regional  
26 approach can be used when developing new programs and, to the extent possible, shall initiate  
27 new programs on a regional basis. The State Board shall collect data on an annual basis on all  
28 new programs and program terminations it approved and any regionalization of programs during  
29 the year, including the specific reasons for which each program was terminated or approved.

30 (b) Recreation Extension Courses. – Funds appropriated to the Community Colleges  
31 System Office as operating expenses for allocation to the institutions comprising the North  
32 Carolina Community College System shall not be used to support recreation extension courses.  
33 The financing of these courses by any institution shall be on a self-supporting basis, and  
34 membership hours produced from these activities shall not be counted when computing full-time  
35 equivalent students (FTE) for use in budget-funding formulas at the State level.

36 (c) Real Estate Continuing Education Courses. – Whenever a community college offers  
37 real estate continuing education courses, the courses shall be offered on a self-supporting basis.

38 **"§ 115D-10.10. College transfer program approval; standards for programs; annual**  
39 **reporting requirements.**

40 (a) The State Board of Community Colleges may approve the addition of the college  
41 transfer program to a community college. If addition of the college transfer program to an  
42 institution would require a substantial increase in funds, State Board approval shall be subject to  
43 appropriation of funds by the General Assembly for this purpose.

44 (b) Addition of the college transfer program shall not decrease an institution's ability to  
45 provide programs within its basic mission of vocational and technical training and basic academic  
46 education.

47 (c) The State Board of Community Colleges shall develop appropriate criteria and  
48 standards to regulate the addition of the college transfer program to institutions.

49 (d) The State Board of Community Colleges shall develop appropriate criteria and  
50 standards to regulate the operation of college transfer programs.



1       (e)     The Board of Governors of The University of North Carolina shall report to each  
2 community college and to the State Board of Community Colleges in accordance with  
3 G.S. 116-11(10b) on the academic performance of that community college's transfer students. If  
4 the State Board of Community Colleges finds that college transfer students from a community  
5 college are not consistently performing adequately at a four-year college, the Board shall review  
6 the community college's program and determine what steps are necessary to remedy the problem.  
7 The Board shall report annually to the General Assembly on the reports it receives and on what  
8 steps it is taking to remedy problems that it finds.

9       (f)     The Community Colleges System Office shall report annually by April 15 to the Joint  
10 Legislative Education Oversight Committee, the State Board of Education, the Office of State  
11 Budget and Management, and the Fiscal Research Division of the General Assembly on the  
12 implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include the  
13 following:

- 14           (1)     The courses and programs within the 2+2 E-Learning Initiative.
- 15           (2)     The total number of prospective teachers that have taken or are taking part in  
16 this initiative to date broken down by the current academic period and each of  
17 the previous academic periods since the program's inception.
- 18           (3)     The total number of teachers currently in the State's classrooms, by local  
19 school administrative unit, who have taken part in this initiative.
- 20           (4)     The change in the number of teachers available to schools since the program's  
21 inception.
- 22           (5)     The qualitative data from students, teachers, local school administrative unit  
23 personnel, university personnel, and community college personnel as to the  
24 impact of this initiative on our State's teaching pool.
- 25           (6)     An explanation of the expenditures and collaborative programs between the  
26 North Carolina Community College System and The University of North  
27 Carolina, including recommendations for improvement.

28 **"§ 115D-10.15. Workforce development programs.**

29       Community colleges shall assist in the preemployment and in-service training of employees  
30 in industry, business, agriculture, health occupation, and governmental agencies. Such training  
31 shall include instruction on worker safety and health standards and practices applicable to the  
32 field of employment. The State Board of Community Colleges shall make appropriate  
33 regulations, including the establishment of maximum hours of instruction which may be offered  
34 at State expense in each in-plant training program. No instructor or other employee of a  
35 community college shall engage in the normal management, supervisory, and operational  
36 functions of the establishment in which the instruction is offered during the hours in which the  
37 instructor or other employee is employed for instructional or educational purposes.

38 **"§ 115D-10.17. Customized Training Program.**

39       (a)     There is created within the North Carolina Community College System the  
40 Customized Training Program. The Customized Training Program shall offer programs and  
41 training services to assist new and existing business and industry to remain productive, profitable,  
42 and within the State. Before a business or industry qualifies to receive assistance under the  
43 Customized Training Program, the President of the North Carolina Community College System  
44 shall determine the following:

- 45           (1)     The business is making an appreciable capital investment.
- 46           (2)     The business is deploying new technology.
- 47           (3)     The business or individual is creating jobs, expanding an existing workforce,  
48 or enhancing the productivity and profitability of the operations within the  
49 State.
- 50           (4)     The skills of the workers will be enhanced by the assistance.

1        (b) The Community Colleges System Office shall report no later than September 1 of  
2 each year to the Joint Legislative Education Oversight Committee on the following:

3            (1) The total amount of funds received by a company under the Customized  
4 Training Program.

5            (2) The types of services sought by the company, whether for new, expanding, or  
6 existing industry.

7            (3) The amount of funds per trainee received by that company.

8            (4) The amount of funds received per trainee by the community college delivering  
9 the training.

10           (5) The number of trainees trained by the company and community college.

11           (6) The number of years that company has been funded.

12        (c) Notwithstanding any other provision of law, the State Board of Community Colleges  
13 may adopt guidelines that allow the Customized Training Program to use funds appropriated for  
14 that program to support training projects for the various branches of the Armed Forces of the  
15 United States.

16        (d) Funds available to the Customized Training Program shall not revert at the end of a  
17 fiscal year but shall remain available until expended. Up to ten percent (10%) of the  
18 college-delivered training expenditures and up to five percent (5%) of the contractor-delivered  
19 training expenditures for the prior fiscal year for Customized Training may be allotted to each  
20 college for capacity building at that college.

21        (e) Of the funds appropriated in a fiscal year for the Customized Training Program, the  
22 State Board of Community Colleges may approve the use of up to eight percent (8%) for the  
23 training and support of regional community college personnel to deliver Customized Training  
24 Program services to business and industry.

25        (f) The State Board shall adopt guidelines to implement this section. At least 20 days  
26 before the effective date of any criteria or nontechnical amendments to guidelines, the State  
27 Board must publish the proposed guidelines on the Community Colleges System Office's website  
28 and provide notice to persons who have requested notice of proposed guidelines. In addition, the  
29 State Board must accept oral and written comments on the proposed guidelines during the 15  
30 business days beginning on the first day that the State Board has completed these notifications.  
31 For the purpose of this subsection, a technical amendment is either of the following:

32            (1) An amendment that corrects a spelling or grammatical error.

33            (2) An amendment that makes a clarification based on public comment and could  
34 have been anticipated by the public notice that immediately preceded the  
35 public comment.

36 **"§ 115D-10.19. Short-Term Workforce Development Grant Program.**

37        (a) Program Established. – There is established the North Carolina Community College  
38 Short-Term Workforce Development Grant Program (Program) to be administered by the State  
39 Board of Community Colleges. The State Board shall adopt rules for the disbursement of the  
40 grants pursuant to this section.

41        (b) Programs of Study. – The State Board of Community Colleges, in collaboration with  
42 the Department of Commerce, shall determine the eligible programs of study for the Program,  
43 according to the occupations that are in the highest demand in the State. The eligible programs  
44 of study shall include programs such as architecture and construction, health sciences,  
45 information technology, electrical line worker, and manufacturing programs and may include  
46 other programs to meet local workforce needs.

47        (c) Award Amounts. – To the extent funds are made available for the Program, the State  
48 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty  
49 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce  
50 credentials. The State Board of Community Colleges shall establish criteria for initial and  
51 continuing eligibility for students. At a minimum, students shall be required to qualify as a

1 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with  
2 the coordinated and centralized residency determination process administered by the State  
3 Education Assistance Authority.

4 (d) Report. – The State Board shall submit a report by April 1 annually on the Program  
5 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The  
6 report shall contain, for each academic year and by programs of study, the amount of grant funds  
7 disbursed and the number of eligible students receiving funds.

8 **"§ 115D-10.21. Training programs for students with intellectual and developmental**  
9 **disabilities.**

10 (a) The State Board of Community Colleges shall establish a community college training  
11 program for up to 15 community colleges. The program shall provide opportunities for  
12 micro-credentials or other credentials that lead to increased employment outcomes for  
13 individuals with intellectual and developmental disabilities (IDD). To the extent funds are  
14 appropriated for this purpose, the program shall improve the ability of participating community  
15 colleges to offer training and educational components that include improving employability skills  
16 and providing on-the-job training and apprenticeships with business and industry for individuals  
17 with IDD. The goal of the program shall be to inform community colleges and address  
18 cross-departmental supports within the individual community colleges on programs for  
19 individuals with IDD related to at least the following:

20 (1) Establishing best practices for providing vocational training for individuals  
21 with IDD.

22 (2) Providing financial and benefits counseling.

23 (3) Developing strategies on integrating assistive technology.

24 (4) Maximizing access, with supports, to credential and degree programs,  
25 including micro-credentials that are established by the State Board.

26 (5) Identifying methods to increase orientation and integration of individuals with  
27 IDD into the college community to the greatest extent possible.

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

31 (b) No later than May 1 of each year, the Community Colleges System Office shall report  
32 on the funds appropriated to the System Office for the purposes of this section to the Joint  
33 Legislative Education Oversight Committee and the Fiscal Research Division. At a minimum,  
34 the report shall address the impact of the program, the use of any additional positions created at  
35 community colleges, professional development training for staff, and funding sources identified  
36 for individuals with IDD to build programs at community colleges that support postsecondary  
37 trainings and certifications that enable individuals with IDD to engage in competitive, sustainable  
38 employment.

39 **"§ 115D-10.25. Commercial fishing and aquaculture classes.**

40 (a) The General Assembly urges all community colleges serving the coastal area of the  
41 State to offer classes on commercial fishing and aquaculture.

42 (b) The North Carolina Community Colleges System Office shall provide technical  
43 assistance to these colleges on offering such classes.

44 (c) The North Carolina Community Colleges System Office shall report to the Joint  
45 Legislative Education Oversight Committee on any fiscal and administrative issues it identifies  
46 that limit colleges' ability to offer such courses.

47 **"§ 115D-10.30. Correction education programs.**

48 (a) Approval. – No course of instruction shall be offered by any community college at  
49 State expense or partial State expense to any captive or co-opted group of students, as defined by  
50 the State Board of Community Colleges, without prior approval of the State Board. All course  
51 offerings approved for State prison inmates or prisoners in local jails must be tied to clearly

1 identified job skills, transition needs, or both. Approval by the State Board shall be presumed to  
2 constitute approval of both the course and the group served by that institution. The State Board  
3 may delegate to the President the power to make an initial approval, with final approval to be  
4 made by the State Board. A course taught without such approval will not yield any full-time  
5 equivalent students, as defined by the State Board. Community colleges shall report full-time  
6 equivalent (FTE) student hours for correction education programs on the basis of student  
7 membership hours. Funds appropriated for community college courses for prison inmates shall  
8 be used only for inmates in State prisons. The first priority for the use of these funds shall be to  
9 restore the FTE for basic skills courses to the FY 2008-2009 level. Funds not needed for this  
10 purpose may be used for continuing education and curriculum courses related to job skills  
11 training. 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. The State Board shall work with the Division of  
13 Adult Correction and Juvenile Justice of the Department of Public Safety on offering classes and  
14 programs that match the average length of stay of an inmate in a prison facility.

15 (b) Courses in Federal Prisons. – Courses in federal prisons shall not earn regular budget  
16 full-time equivalents but may be offered on a self-supporting basis.

17 **"§ 115D-10.35. Teacher residency licensure courses.**

18 The North Carolina Community College System may offer courses, in accordance with  
19 Article 17D of Subchapter V of Chapter 115C of the General Statutes, to individuals who choose  
20 to enter the teaching profession through residency licensure.

21 **"§ 115D-10.40. American Sign Language courses.**

22 The State Board of Community Colleges shall develop curriculum and continuing education  
23 standards for courses of instruction in American Sign Language and shall encourage community  
24 colleges to offer courses in American Sign Language as a modern foreign language.

25 **"§ 115D-10.45. Adult high school equivalency diploma test.**

26 The State Board of Community Colleges may establish, retain, and budget fees charged to  
27 students taking an adult high school equivalency diploma test, including fees for retesting. Fees  
28 collected for this purpose shall be used only to (i) offset the costs of the test, including the cost  
29 of scoring the test, (ii) offset the costs of printing adult high school equivalency diplomas, and  
30 (iii) meet federal and State reporting requirements related to the test.

31 **"§ 115D-10.50. Motorcycle Safety Instruction Program.**

32 (a) There is created a Motorcycle Safety Instruction Program for the purpose of  
33 establishing statewide motorcycle safety instruction to be delivered through the Community  
34 Colleges System Office. The Program may be administered by a motorcycle safety coordinator  
35 who shall be responsible for the planning, curriculum, and completion requirements of the  
36 Program. The State Board of Community Colleges may elect a motorcycle safety coordinator  
37 upon nomination of the President of the Community College System, and the compensation of  
38 the motorcycle safety coordinator shall be fixed by the State Board upon recommendation of the  
39 President of the Community College System pursuant to G.S. 115D-3. The State Board of  
40 Community Colleges may contract with an appropriate public or private agency or person to  
41 carry out the duties of the motorcycle safety coordinator.

42 (b) The Motorcycle Safety Instruction Program shall be implemented through the  
43 Community Colleges System Office at institutions which choose to provide the Program. The  
44 motorcycle safety coordinator shall select and facilitate the training and certification of  
45 instructors who will implement the Program.

46 "Part 4. Students.

47 **"§ 115D-10.65. Accreditation of secondary school located in North Carolina shall not be a**  
48 **factor in admissions, loans, scholarships, or other educational policies.**

49 (a) For purposes of this section, the term "accreditation" shall include certification or any  
50 other similar approval process.

1        (b) The State Board of Community Colleges shall adopt a policy that prohibits any  
2 community college from soliciting or using information regarding the accreditation of a  
3 secondary school located in North Carolina that a person attended as a factor affecting  
4 admissions, loans, scholarships, or other educational activity at the community college, unless  
5 the accreditation was conducted by a State agency.

6 **"§ 115D-10.70. Driving eligibility certificates.**

7        (a) The State Board of Community Colleges shall adopt the following rules to assist  
8 community colleges in their administration of procedures necessary to implement G.S. 20-11 and  
9 G.S. 20-13.2:

10            (1) To establish the procedures a person who is or was enrolled in a community  
11 college must follow and the requirements that person must meet to obtain a  
12 driving eligibility certificate.

13            (2) To require the person who is required under G.S. 20-11(n) to sign the driving  
14 eligibility certificate to provide the certificate if he or she determines that one  
15 of the following requirements is met:

16            a. The person seeking the certificate is eligible for the certificate under  
17 G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).

18            b. The person seeking the certificate is eligible for the certificate under  
19 G.S. 20-11(n)(1) and G.S. 20-11(n1).

20            (3) To provide for an appeal through the grievance procedures established by the  
21 board of trustees of each community college by a person who is denied a  
22 driving eligibility certificate.

23            (4) To define exemplary student behavior and to define what constitutes the  
24 successful completion of a drug or alcohol treatment counseling program.

25        (b) The State Board shall develop policies as to when it is appropriate to notify the  
26 Division of Motor Vehicles that a person who is or was enrolled in a community college no  
27 longer meets the requirements for a driving eligibility certificate. The State Board also shall adopt  
28 guidelines to assist the presidents of community colleges in their designation of representatives  
29 to sign driving eligibility certificates.

30        (c) The State Board shall develop a form for the appropriate individuals to provide their  
31 written, irrevocable consent for a community college to disclose to the Division of Motor  
32 Vehicles that the student no longer meets the conditions for a driving eligibility certificate under  
33 G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to  
34 comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection  
35 the student is no longer eligible, no other details or information concerning the student's school  
36 record shall be released pursuant to this consent.

37 **"§ 115D-10.75. Excused absences for religious observances.**

38        The State Board of Community Colleges shall direct each community college to adopt a  
39 policy that authorizes a minimum of two excused absences each academic year for religious  
40 observances required by the faith of a student. The policy may require that the student provide  
41 written notice of the request for an excused absence a reasonable time prior to the religious  
42 observance. The policy shall also provide that the student shall be given the opportunity to make  
43 up any tests or other work missed due to an excused absence for a religious observance.

44 **"§ 115D-10.76. Excused absences for National Guard service members.**

45        The State Board of Community Colleges shall adopt a policy to be applied uniformly  
46 throughout the Community College System to provide that any student enrolled in a community  
47 college who is a National Guard service member placed onto State active duty status during an  
48 academic term shall be given an excused absence for the period of time the student is on active  
49 duty. The policy shall further provide all of the following:

50            (1) The student shall be given the opportunity to make up any test or other work  
51 missed during the excused absence.

- (2) The student shall be given the option, when feasible, to continue classes and coursework during the academic term through online participation for the period of time the student is placed on active duty.
- (3) The student shall be given the option of receiving a temporary grade of "incomplete (IN)" or "absent from the final exam (AB)" for any course that the student was unable to complete as a result of being placed on State active duty status; however, the student must complete the course requirements within the period of time specified by the community college to avoid receiving a failing grade for the course.
- (4) The student shall be permitted to drop, with no penalty, any course that the student was unable to complete as a result of being placed on State active duty status."

**SECTION 6.5.(b)** G.S. 115D-20(4) reads as rewritten:

- "(4) To apply the standards and requirements for admission and graduation of students and other standards established by the State Board of Community Colleges. ~~Notwithstanding any law or administrative rule to the contrary, local community colleges are permitted to offer the following programs:~~
  - a. ~~Subject to the approval of the State Board of Community Colleges, local community colleges may collaborate with public school units and nonpublic schools to offer courses through the following programs:~~
    - 1. ~~Repealed by Session Laws 2022-71, s. 3.2, effective July 8, 2022.~~
    - 2. ~~Academic transition pathways for qualified junior and senior high school students that lead to a career technical education certificate, diploma, or State or industry recognized credential and academic transition pathways for qualified freshmen and sophomore high school students that lead to a career technical education certificate or diploma in (i) industrial and engineering technologies, (ii) agriculture and natural resources, (iii) transportation technology, (iv) construction, or (v) business technologies.~~
    - 3. ~~College transfer pathways requiring the successful completion of 30 semester credit hours of transfer courses, including English and mathematics, for the following students:~~
      - I. ~~Qualified junior and senior high school students.~~
      - II. ~~Qualified freshman and sophomore high school students, if all of the following requirements are met:~~
        - A. ~~The student is determined to be academically gifted, have a demonstrated readiness for the course material, and have the maturity to justify admission to the community college by (i) the community college president, (ii) the student's high school principal or equivalent administrator, and (iii) the academically gifted coordinator, if one is employed by the high school or local school administrative unit.~~
        - B. ~~The student participates in academic advising focused on the implications of being admitted to college early with representatives from the high school and the community college.~~

- 1 C. The student's parent or guardian has given  
2 consent for the student to participate.
- 3 a1. Subject to the approval of the State Board of Community Colleges,  
4 local community colleges may collaborate with local school  
5 administrative units to offer cooperative innovative high school  
6 programs, as provided by Part 9 of Article 16 of Chapter 115C of the  
7 General Statutes.
- 8 b. During the summer quarter, persons less than 16 years old may be  
9 permitted to take noncredit courses on a self-supporting basis, subject  
10 to rules of the State Board of Community Colleges.
- 11 e. High school students may be permitted to take noncredit courses in  
12 safe driving on a self-supporting basis during the academic year or the  
13 summer.
- 14 d. High school students 16 years and older may be permitted to take  
15 noncredit courses, except adult basic skills, subject to rules  
16 promulgated by the State Board of Community Colleges.
- 17 e. Notwithstanding any other provision of this subdivision, qualified  
18 youth 15 years and older may be permitted to enroll in courses,  
19 including certification eligible courses, in fire training pursuant to  
20 G.S. 95-25.5(n) and on a specialized course list approved by the State  
21 Board of Community Colleges in accordance with  
22 G.S. 115D-5(b)(2)."

23 **SECTION 6.5.(c)** Article 2 of Chapter 115D of the General Statutes is amended by  
24 adding a new section to read:

25 "**§ 115D-21.2. Accreditation.**

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

- 27 (1) Accreditation cycle. – The period of time during which a community college  
28 is accredited.
- 29 (2) Accrediting agency. – An agency or association that accredits institutions of  
30 higher education.
- 31 (3) Regional accrediting agency. – One of the following accrediting agencies:  
32 a. Higher Learning Commission.  
33 b. Middle States Commission on Higher Education.  
34 c. New England Commission on Higher Education.  
35 d. Northwest Commission on Colleges and Universities.  
36 e. Southern Association of Colleges and Schools Commission on  
37 Colleges.  
38 f. Western Association of Schools and Colleges Accrediting  
39 Commission for Community and Junior Colleges.

40 (b) Prohibit Consecutive Accreditation by an Accrediting Agency. – A community  
41 college shall not receive accreditation by an accrediting agency for consecutive accreditation  
42 cycles except as provided in subsection (c) of this section.

43 (c) Accreditation Transfer Procedure. – A community college that pursues accreditation  
44 with a different accrediting agency in accordance with this section shall pursue accreditation with  
45 a regional accrediting agency. If the community college is not granted candidacy status by any  
46 regional accrediting agency that is different from its current accrediting agency at least three  
47 years prior to the expiration of its current accreditation, the community college may remain with  
48 its current accrediting agency for an additional accreditation cycle.

49 (d) Certain Programs Exempt. – The requirements of this section do not apply to  
50 professional, departmental, or certificate programs at community colleges that have specific

1 accreditation requirements or best practices, as identified by the State Board of Community  
 2 Colleges.

3 (e) Cause of Action. – A community college may bring a civil action, as follows:

4 (1) Against any person who makes a false statement to the accrediting agency of  
 5 the community college, if all of the following criteria are met:

6 a. The statement, if true, would mean the community college is out of  
 7 compliance with its accreditation standards.

8 b. The person made the statement with knowledge that the statement was  
 9 false or with reckless disregard as to whether it was false.

10 c. The accrediting agency conducted a review of the community college  
 11 as a proximate result of the statement.

12 d. The review caused the community college to incur costs.

13 (2) A community college that prevails on a cause of action initiated pursuant to  
 14 this subsection shall be entitled to the following:

15 a. Costs related to the review conducted by the accrediting agency,  
 16 including for the following:

17 1. Additional hours worked by community college personnel.

18 2. Contracted services, including outside legal counsel.

19 3. Travel, lodging, and food expenses.

20 4. Fees required by the agency.

21 b. Reasonable attorneys' fees.

22 c. Court costs."

23 **SECTION 6.5.(d)** G.S. 115D-21.5 is repealed.

24 **SECTION 6.5.(e)** Article 2 of Chapter 115D of the General Statutes is amended by  
 25 adding a new section to read:

26 **"§ 115D-21.10. Curriculum courses taught throughout year.**

27 Community colleges may teach curriculum courses at any time during the year, including the  
 28 summer term. Student membership hours from these courses shall be counted when computing  
 29 full-time equivalent students (FTE) for use in budget funding formulas at the State level."

30 **SECTION 6.5.(f)** Chapter 115D of the General Statutes is amended by adding a new  
 31 Article to read:

32 "Article 2B.

33 "High School Programs.

34 **"§ 115D-30.1. Career and College Promise Program.**

35 (a) There is established the Career and College Promise Program to allow pathways for  
 36 qualified high school students to take community college courses without the payment of tuition.

37 (b) Subject to the approval of the State Board of Community Colleges, local community  
 38 colleges may collaborate with public school units and nonpublic schools to offer courses through  
 39 the following programs:

40 (1) Academic transition pathways for qualified junior and senior high school  
 41 students that lead to a career technical education certificate, diploma, or State  
 42 or industry-recognized credential and academic transition pathways for  
 43 qualified freshmen and sophomore high school students that lead to a career  
 44 technical education certificate or diploma in one of the following:

45 a. Industrial and engineering technologies.

46 b. Agriculture and natural resources.

47 c. Transportation technology.

48 d. Construction.

49 e. Business technologies.



1           (2) College transfer pathways requiring the successful completion of 30 semester  
2 credit hours of transfer courses, including English and mathematics, for the  
3 following students:

4           a. Qualified junior and senior high school students.

5           b. Qualified freshmen and sophomore high school students, if all of the  
6 following requirements are met:

7               1. The student is determined to be academically gifted, have a  
8 demonstrated readiness for the course material, and have the  
9 maturity to justify admission to the community college by (i)  
10 the community college president, (ii) the student's high school  
11 principal or equivalent administrator, and (iii) the academically  
12 gifted coordinator, if one is employed by the high school or  
13 local school administrative unit.

14               2. The student participates in academic advising focused on the  
15 implications of being admitted to college early with  
16 representatives from the high school and the community  
17 college.

18               3. The student's parent or guardian has given consent for the  
19 student to participate.

20 **"§ 115D-30.5. Evaluation of Career and College Promise Program.**

21           (a) Evaluation. – In addition to the evaluation of cooperative innovative high schools by  
22 the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community  
23 Colleges, in conjunction with the State Board of Education and the Board of Governors of The  
24 University of North Carolina, shall evaluate the success of students participating in the Career  
25 and College Promise Program, including the College Transfer pathway and the Career and  
26 Technical Education pathway.

27           (b) Metrics. – Success shall be measured by high school retention rates, high school  
28 completion rates, high school dropout rates, certification and associate degree completion,  
29 admission to four-year institutions, postgraduation employment in career or study-related fields,  
30 and employer satisfaction of employees who participated in the programs. The evaluation shall  
31 also include an analysis of the cost of students participating in each of the programs within the  
32 Career and College Promise Program, including at least the following:

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

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

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

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

49 **"§ 115D-30.10. Cooperative innovative high schools.**

1 Subject to the approval of the State Board of Community Colleges, local community colleges  
2 may collaborate with local school administrative units to offer cooperative innovative high  
3 school programs, as provided by Part 9 of Article 16 of Chapter 115C of the General Statutes.

4 **"§ 115D-30.15. Noncredit courses.**

5 Subject to rules adopted by the State Board of Community Colleges, local community  
6 colleges may provide for the following:

- 7 (1) During the summer quarter, persons less than 16 years old may be permitted  
8 to take noncredit courses on a self-supporting basis.
- 9 (2) High school students may be permitted to take noncredit courses in safe  
10 driving on a self-supporting basis during the academic year or the summer.
- 11 (3) High school students 16 years and older may be permitted to take noncredit  
12 courses, except adult basic skills.
- 13 (4) Notwithstanding any other provision of this Article, qualified youth 15 years  
14 and older may be permitted to enroll in courses, including  
15 certification-eligible courses, in fire training pursuant to G.S. 95-25.5(n) and  
16 on a specialized course list approved by the State Board of Community  
17 Colleges in accordance with G.S. 115D-30.1.

18 **"§ 115D-30.20. Gateway to College Program.**

19 The purpose of the first semester of the Gateway to College Program is to address additional  
20 support to successfully complete the Program. Students may need to take developmental courses  
21 necessary for the transition to more challenging courses; therefore, the State Board of Community  
22 Colleges shall (i) permit high school students who are enrolled in Gateway to College Programs  
23 to enroll in developmental courses based on an assessment of their individual student needs by a  
24 high school and community college staff team and (ii) include this coursework in computing the  
25 budget FTE for the colleges.

26 **"§ 115D-30.25. NC Career Coach Program.**

27 (a) Purpose. – There is established the NC Career Coach Program to place community  
28 college career coaches in high schools to assist students with determining career goals and  
29 identifying community college programs that would enable students to achieve these goals.

30 (b) Memorandum of Understanding. – The board of trustees of a community college and  
31 a local board of education of a local school administrative unit within the service area of the  
32 community college shall enter into a memorandum of understanding for the placement of career  
33 coaches employed by the board of trustees of the community college in schools within the local  
34 school administrative unit. At a minimum, the memorandum of understanding shall include the  
35 following:

- 36 (1) Requirement that the community college provides the following:
  - 37 a. Hiring, training, and supervision of career coaches. The board of  
38 trustees may include a local board of education liaison on the hiring  
39 committee to participate in the decision making regarding hiring for  
40 the coach positions.
  - 41 b. Salary, benefits, and all other expenses related to the employment of  
42 the career coach. The coach will be an employee of the board of  
43 trustees and will not be an agent or employee of the local board of  
44 education.
  - 45 c. Development of pedagogical materials and technologies needed to  
46 enhance the advising process.
  - 47 d. Criminal background checks required by the local school  
48 administrative unit for employees working directly with students.
  - 49 e. Agreement that, while on any school campus, the career coach will  
50 obey all local board of education rules and will be subject to the  
51 authority of the school building administration.

- 1           (2)   Requirement that the local school administrative unit provides the following  
2           to career coaches:  
3           a.     Access to student records, as needed to carry out the coach's job  
4           responsibilities.  
5           b.     Office space on site appropriate for student advising.  
6           c.     Information technology resources, including, but not limited to,  
7           internet access, telephone, and copying.  
8           d.     Initial school orientation and ongoing integration into the faculty and  
9           staff community.  
10          e.     Promotion of school-wide awareness of coach duties.  
11          f.     Facilitation of the coach's access to individual classes and larger  
12          assemblies for the purposes of awareness building.

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

- 18           (1)   Advisory committee. – Establishment of an advisory committee, which shall  
19           include representatives from the NC Community College System, the  
20           Department of Public Instruction, the Department of Commerce, and at least  
21           three representatives of the business community, to review applications and  
22           make recommendations for funding awards to the State Board.

- 23           (2)   Application submission requirements. – The State Board of Community  
24           Colleges shall require at least the following:

- 25           a.     Evidence of a signed memorandum of understanding that meets, at a  
26           minimum, the requirements of this section.  
27           b.     Evidence that the funding request will be matched with local funds in  
28           accordance with the following:  
29                   1.     Matching funds may come from public or private sources.  
30                   2.     The match amount shall be determined based on the  
31                   development tier designation of the county in which the local  
32                   school administrative unit is located where the career coach is  
33                   assigned on the date of the award of funds by the State Board  
34                   of Community Colleges according to the following:  
35                           I.     If located in a tier one county as defined in  
36                           G.S. 143B-437.08, no local match shall be required.  
37                           II.    If located in a tier two county as defined in  
38                           G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
39                           every two dollars (\$2.00) in State funds shall be  
40                           required.  
41                           III.   If located in a tier three county as defined in  
42                           G.S. 143B-437.08, one dollar (\$1.00) of local funds for  
43                           every one dollar (\$1.00) in State funds shall be  
44                           required.

- 45           (3)   Awards criteria. – The State Board of Community Colleges shall develop  
46           criteria for consideration in determining the award of funds that shall include  
47           the following:

- 48           a.     Consideration of the workforce needs of business and industry in the  
49           region.  
50           b.     Targeting of resources to enhance ongoing economic activity within  
51           the community college service area and surrounding counties.

- 1                   c.       Geographic diversity of awards.
- 2       (d)       Annual Report. –
- 3               (1)       The board of trustees of a community college that employs one or more career
- 4                   coaches shall report annually to the State Board of Community Colleges on
- 5                   implementation and outcomes of the Program, including the following
- 6                   information:
- 7                   a.       Number of career coaches employed.
- 8                   b.       Number of local school administrative units served and names of
- 9                   schools in which career coaches are placed.
- 10                  c.       Number of students annually counseled by career coaches.
- 11                  d.       Impact of career coaches on student choices, as determined by a valid
- 12                   measure selected by the State Board of Community Colleges.
- 13       (2)       The State Board of Community Colleges shall report annually no later than
- 14                   October 1 to the Joint Legislative Education Oversight Committee on the
- 15                   following:
- 16                  a.       A compilation of the information reported by the board of trustees of
- 17                   community colleges, as provided in subdivision (1) of this subsection.
- 18                  b.       Number and names of partnership applicants for NC Career Coach
- 19                   Program funding.
- 20                  c.       Number, names, and amounts of those awarded NC Career Coach
- 21                   Program funding."

22               **SECTION 6.5.(g)** G.S. 115D-39, 115D-39.1, 115D-40.1, and 115D-40.5 are

23       codified into Part 2 of Article 3 of Chapter 115D of the General Statutes, which shall be entitled

24       "Tuition and Fees." The remaining sections of Article 3 of Chapter 115D of the General Statutes

25       are codified into Part 1 of Article 3 of Chapter 115D of the General Statutes, which shall be

26       entitled "Funding of Community Colleges."

27               **SECTION 6.5.(h)** Part 2 of Article 3 of Chapter 115D of the General Statutes is

28       amended by adding new sections to read:

29       "**§ 115D-39.2. Pro rata tuition and uniform registration fees.**

30       In order to make instruction as accessible as possible to all citizens, the teaching of curricular

31       courses and of noncurricular extension courses at convenient locations away from institution

32       campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of

33       the established regular tuition rate charged a full-time student shall be charged a part-time student

34       taking any curriculum course. In lieu of any tuition charge, the State Board of Community

35       Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to

36       be charged students enrolling in extension courses for which instruction is financed primarily

37       from State funds.

38       "**§ 115D-39.5. Tuition waivers.**

39       (a)       Allowed Tuition Waivers. – The State Board of Community Colleges shall not waive

40       tuition and registration fees for any individuals, except the State Board may, as provided by

41       general and uniform regulations, waive tuition and registration fees for the following:

- 42               (1)       Persons not enrolled in elementary or secondary schools taking courses
- 43                   leading to a high school diploma or equivalent certificate.
- 44               (2)       Courses requested by the following entities that support the organizations'
- 45                   training needs and are on a specialized course list approved by the State Board:
- 46                   a.       Volunteer fire departments.
- 47                   b.       Municipal, county, or State fire departments.
- 48                   c.       Volunteer EMS or rescue and lifesaving departments.
- 49                   d.       Municipal, county, or State EMS or rescue and lifesaving departments.

- 1 e. Law enforcement, fire, or EMS or rescue and lifesaving entities  
2 servng a lake authority that was created by a county board of  
3 commissioners prior to July 1, 2012.
- 4 f. Radio Emergency Associated Communications Teams (REACT)  
5 under contract to a county as an emergency response agency.
- 6 g. Municipal, county, or State law enforcement agencies.
- 7 h. Campus police agencies of private institutions of higher education  
8 certified by the Attorney General pursuant to Chapter 74G of the  
9 General Statutes.
- 10 i. The Division of Prisons of the Department of Adult Correction and the  
11 Division of Juvenile Justice of the Department of Public Safety for the  
12 training of full-time custodial employees and employees of the  
13 Divisions required to be certified under Article 1 of Chapter 17C of  
14 the General Statutes and the rules of the Criminal Justice and Training  
15 Standards Commission.
- 16 j. The Eastern Band of Cherokee Indians law enforcement, fire, or EMS  
17 or rescue and lifesaving tribal government departments or programs.
- 18 k. The Criminal Justice Standards Division of the Department of Justice  
19 for the training of criminal justice professionals, as defined in  
20 G.S. 17C-20(6), who are required to be certified under (i) Article 1 of  
21 Chapter 17C of the General Statutes and the rules of the North  
22 Carolina Criminal Justice Education and Training Standards  
23 Commission or (ii) Chapter 17E of the General Statutes and the rules  
24 of the North Carolina Sheriffs' Education and Training Standards  
25 Commission. The waivers provided for in this sub-subdivision apply  
26 to participants and recent graduates of the North Carolina Criminal  
27 Justice Fellows Program to obtain certifications for eligible criminal  
28 justice professions, as defined in G.S. 17C-20(6).
- 29 (3) Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty  
30 station is located on a military installation within North Carolina for courses  
31 that support their organizations' training needs and are approved for this  
32 purpose by the State Board.
- 33 (4) Trainees enrolled in courses conducted under the Customized Training  
34 Program.
- 35 (5) Elementary and secondary school employees enrolled in courses in first aid or  
36 cardiopulmonary resuscitation (CPR).
- 37 (6) All courses taken by high school students at community colleges, in  
38 accordance with this section and Article 2B of this Chapter.
- 39 (7) Human resources development courses for any individual who (i) is  
40 unemployed, (ii) has received notification of a pending layoff, (iii) is working  
41 and is eligible for the Federal Earned Income Tax Credit (FEITC), or (iv) is  
42 working and earning wages at or below two hundred percent (200%) of the  
43 federal poverty guidelines.
- 44 (8) Courses providing employability skills, job-specific occupational or technical  
45 skills, or developmental education instruction to certain students who are  
46 concurrently enrolled in an eligible community college literacy course, in  
47 accordance with rules adopted by the State Board.
- 48 (9) Courses provided to students who are participating in a pre-apprenticeship or  
49 apprenticeship program that meets all of the following criteria:  
50 a. Meets one of the following:

- 1                   1.     Is a registered apprenticeship program recognized by the  
2                             United States Department of Labor.  
3                   2.     Is a pre-apprenticeship program recognized and approved by  
4                             the State agency administering the statewide apprenticeship  
5                             program.  
6                   b.     Has a documented plan of study with courses relating to a job-specific  
7                             occupational or technical skill.  
8                   c.     Requires the participants in the program to be North Carolina high  
9                             school students when entering the program.  
10           (b)    Faculty and Staff. – The State Board shall not waive tuition and registration fees for  
11           community college faculty or staff members. Community colleges may, however, use State or  
12           local funds to pay tuition and registration fees for one course per semester for full-time  
13           community college faculty or staff members employed for a nine-, 10-, 11-, or 12-month term.  
14           Community colleges may also use State and local funds to pay tuition and registration fees for  
15           professional development courses and for other courses consistent with the academic assistance  
16           program authorized by the State Human Resources Commission.  
17           (c)    Annual Report. – Annually by February 1, the Community Colleges System Office  
18           shall report to the Joint Legislative Education Oversight Committee on the number and type of  
19           waivers granted pursuant to subsection (a) of this section."  
20                   **SECTION 6.5.(i)** G.S. 115D-41 is recodified as G.S. 115D-38.5.  
21                   **SECTION 6.5.(j)** G.S. 115D-43 is recodified as G.S. 115D-38.10.  
22                   **SECTION 6.5.(k)** G.S. 115D-44 is repealed.  
23                   **SECTION 6.5.(l)** G.S. 20-11(n) reads as rewritten:  
24           "(n)    Driving Eligibility Certificate. – A person who desires to obtain a permit or license  
25           issued under this section must have a high school diploma or its equivalent or must have a driving  
26           eligibility certificate. A driving eligibility certificate must meet the following conditions:  
27                   (1)    The person who is required to sign the certificate under subdivision (4) of this  
28                             subsection must show that he or she has determined that one of the following  
29                             requirements is met:  
30                             a.     The person is currently enrolled in school and is making progress  
31                             toward obtaining a high school diploma or its equivalent.  
32                             b.     A substantial hardship would be placed on the person or the person's  
33                             family if the person does not receive a certificate.  
34                             c.     The person cannot make progress toward obtaining a high school  
35                             diploma or its equivalent.  
36                   (1a)   The person who is required to sign the certificate under subdivision (4) of this  
37                             subsection also must show that one of the following requirements is met:  
38                             a.     The person who seeks a permit or license issued under this section is  
39                             not subject to subsection (n1) of this section.  
40                             b.     The person who seeks a permit or license issued under this section is  
41                             subject to subsection (n1) of this section and is eligible for the  
42                             certificate under that subsection.  
43                   (2)    It must be on a form approved by the Division.  
44                   (3)    It must be dated within 30 days of the date the person applies for a permit or  
45                             license issuable under this section.  
46                   (4)    It must be signed by the applicable person named below:  
47                             a.     The principal, or the principal's designee, of the public school in which  
48                             the person is enrolled.  
49                             b.     The administrator, or the administrator's designee, of the nonpublic  
50                             school in which the person is enrolled.

- c. The person who provides the academic instruction in the home school in which the person is enrolled.
- c1. The person who provides the academic instruction in the home in accordance with an educational program found by a court, prior to July 1, 1998, to comply with the compulsory attendance law.
- d. The designee of the board of directors of the charter school in which the person is enrolled.
- e. The president, or the president's designee, of the community college in which the person is enrolled.

Notwithstanding any other law, the decision concerning whether a driving eligibility certificate was properly issued or improperly denied shall be appealed only as provided under the rules adopted in accordance with G.S. 115C-12(28), ~~115D-5(a3)~~, 115D-10.70, or 115C-566, whichever is applicable, and may not be appealed under this Chapter."

**SECTION 6.5.(m)** G.S. 20-13.2(c1) reads as rewritten:

"(c1) Upon receipt of notification from the proper school authority that a person no longer meets the requirements for a driving eligibility certificate under G.S. 20-11(n), the Division must expeditiously notify the person that his or her permit or license is revoked effective on the thirtieth calendar day after the mailing of the revocation notice. The Division must revoke the permit or license of that person on the thirtieth calendar day after the mailing of the revocation notice. Notwithstanding subsection (d) of this section, the length of revocation must last for the following periods:

- (1) If the revocation is because of ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), then the revocation shall last until the person's eighteenth birthday.
- (2) If the revocation is because of ineligibility for a driving eligibility certificate under G.S. 20-11(n1), then the revocation shall be for a period of one year.

For a person whose permit or license was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), the Division must restore a person's permit or license before the person's eighteenth birthday, if the person submits to the Division one of the following:

- (1) A high school diploma or its equivalent.
- (2) A driving eligibility certificate as required under G.S. 20-11(n).

If the Division restores a permit or license that was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), any record of revocation or suspension shall be expunged by the Division from the person's driving record. The Division shall not expunge a suspension or revocation record if a person has had a prior expunction from the person's driving record for any reason.

For a person whose permit or license was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n1), the Division shall restore a person's permit or license before the end of the revocation period, if the person submits to the Division a driving eligibility certificate as required under G.S. 20-11(n).

Notwithstanding any other law, the decision concerning whether a driving eligibility certificate was properly issued or improperly denied shall be appealed only as provided under the rules adopted in accordance with G.S. 115C-12(28), ~~115D-5(a3)~~, 115D-10.70, or 115C-566, whichever is applicable, and may not be appealed under this Chapter."

**SECTION 6.5.(n)** G.S. 90-631(b) reads as rewritten:

"(b) A massage and bodywork therapy program operated by a North Carolina community college that is accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~, G.S. 115D-21.2, is exempt from the approval process, licensure process, or both, established by the Board. The college shall certify annually to the Board that the program meets or exceeds the minimum standards for curriculum, faculty, and learning resources established by the Board.

1 Students who complete the program shall qualify for licenses from the Board as if the program  
2 were approved, licensed, or both, by the Board."

3 **SECTION 6.5.(o)** G.S. 93A-4(a2) reads as rewritten:

4 "(a2) A certified real estate education provider shall pay a fee of ten dollars (\$10.00) per  
5 licensee to the Commission for each licensee completing a postlicensing education course  
6 conducted by the school, provided that these fees shall not be charged to a community college,  
7 junior college, college, or university located in this State and accredited by a regional accrediting  
8 agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively."

9 **SECTION 6.5.(p)** G.S. 93A-38.5(e) reads as rewritten:

10 "(e) The Commission may establish a nonrefundable course application fee to be charged  
11 to private real estate education providers for the review and approval of a proposed continuing  
12 education course. The fee shall not exceed one hundred twenty-five dollars (\$125.00) per course.  
13 The Commission may charge the private real estate education providers of an approved course a  
14 nonrefundable fee not to exceed seventy-five dollars (\$75.00) for the annual renewal of course  
15 approval.

16 A private real estate education provider shall pay a fee of ten dollars (\$10.00) per licensee to  
17 the Commission for each licensee completing an approved continuing education course  
18 conducted by the sponsor.

19 The Commission shall not charge a course application fee, a course renewal fee, or any other  
20 fee for a continuing education course sponsored by a community college, junior college, college,  
21 or university located in this State and accredited by a regional accrediting agency, as defined in  
22 ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively."

23 **SECTION 6.5.(q)** G.S. 93E-1-7(b2) reads as rewritten:

24 "(b2) The Board shall not charge a course application fee, a course renewal fee, or any other  
25 fee for a continuing education course offered by a North Carolina college, university, junior  
26 college, or community or technical college accredited by a regional accrediting agency, as  
27 defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively, or an agency of the  
28 federal, State, or local government."

29 **SECTION 6.5.(r)** G.S. 93E-1-8 reads as rewritten:

30 "**§ 93E-1-8. Education program approval and fees.**

31 ...

32 (b) The Board may by rule set nonrefundable fees chargeable to private real estate  
33 appraisal schools or course sponsors, including appraisal trade organizations, for the approval  
34 and annual renewal of approval of their qualifying courses required by G.S. 93E-1-6(a), or  
35 equivalent courses. The fees shall be one hundred dollars (\$100.00) per course for approval and  
36 fifty dollars (\$50.00) per course for renewal of approval. No fees shall be charged for the approval  
37 or renewal of approval to conduct appraiser qualifying courses where such courses are offered  
38 by a North Carolina college, university, junior college, or community or technical college  
39 accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and  
40 G.S. 116-11.4, respectively, or an agency of the federal, State, or local government.

41 ...

42 (d) Nonrefundable fees of one hundred dollars (\$100.00) per course may be charged to  
43 schools and course sponsors for the approval to conduct appraiser continuing education courses  
44 and fifty dollars (\$50.00) per course for renewal of approval. However, no fees shall be charged  
45 for the approval or renewal of approval to conduct appraiser continuing education courses where  
46 such courses are offered by a North Carolina college, university, junior college, or community  
47 or technical college accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~  
48 G.S. 115D-21.2 and G.S. 116-11.4, respectively, or by an agency of the federal, State, or local  
49 government. A nonrefundable fee of fifty dollars (\$50.00) per course may be charged to current  
50 or former licensees or certificate holders requesting approval by the Board of a course for



1 continuing education credit when approval of such course has not been previously obtained by  
2 the offering school or course sponsor."

3 **SECTION 6.5.(s)** G.S. 95-25.5(n) reads as rewritten:

4 "(n) Nothing in this section prohibits qualified youths under 18 years of age from  
5 participating in training through their fire department, the Office of State Fire Marshal, or the  
6 North Carolina Community College System. As used in this subsection, the term "qualified youth  
7 under 18 years of age" means an uncompensated fire department or rescue squad member who  
8 is at least the age of 15 and under the age of 18 and who is a member of a bona fide fire  
9 department, as that term is defined in G.S. 58-86-2(4), or of a rescue squad described in  
10 G.S. 58-86-2(6). A qualified youth under 18 years of age under this subsection may be permitted  
11 to enroll in courses, including certification-eligible courses, in fire training at a community  
12 college on a specialized course list approved by the State Board of Community Colleges pursuant  
13 to ~~G.S. 115D-20(4)~~ G.S. 115D-30.15(4)."

14 **SECTION 6.5.(t)** G.S. 115C-84.3(a)(3) reads as rewritten:

15 "(3) Institution of higher education courses, as provided in Article 16 of this  
16 Chapter or ~~G.S. 115D-20(4)~~ Article 2B of Chapter 115D of the General  
17 Statutes."

18 **SECTION 6.5.(u)** G.S. 115C-238.55 reads as rewritten:

19 **"§ 115C-238.55. Evaluation of cooperative innovative high schools.**

20 The State Board of Education and the governing Boards shall evaluate the success of students  
21 in cooperative innovative high schools approved under this Part. Success shall be measured by  
22 high school retention rates, high school completion rates, high school dropout rates, certification  
23 and associate degree completion, admission to four-year institutions, postgraduation employment  
24 in career or study-related fields, and employer satisfaction of employees who participated in and  
25 graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint  
26 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
27 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
28 Research Division of the General Assembly on the evaluation of these schools. The report shall  
29 be combined with the evaluation of and analysis of cost of students participating in the Career  
30 and College Promise Program required by ~~G.S. 115D-5(x)~~ G.S. 115D-30.5, and the Community  
31 Colleges System Office shall be responsible for submitting the combined report."

32 **SECTION 6.5.(v)** G.S. 115D-2(2) reads as rewritten:

33 "(2) The term "community college" is defined as an educational institution  
34 operating under the provisions of this Chapter and dedicated primarily to the  
35 educational needs of the service area which it serves, and may offer any of the  
36 following:

- 37 a. The freshmen and sophomore courses of a college of arts and sciences,  
38 authorized by ~~G.S. 115D-4.1~~ G.S. 115D-10.10.
- 39 b. Organized credit curricula for the training of technicians; curricular  
40 courses may carry transfer credit to a senior college or university  
41 where the course is comparable in content and quality and is  
42 appropriate to a chosen course of ~~study~~ study.
- 43 c. Vocational, trade, and technical specialty courses and ~~programs~~;  
44 and programs.
- 45 d. Courses in general adult education."

46 **SECTION 6.5.(w)** G.S. 115D-39(a1) reads as rewritten:

47 "(a1) In addition, federal law enforcement officers, firefighters, EMS personnel, and rescue  
48 and lifesaving personnel whose permanent duty station is within North Carolina and who do not  
49 otherwise qualify for tuition waivers under ~~G.S. 115D-5(b)(2a)~~ G.S. 115D-39.5(a)(3) shall also  
50 be eligible for the State resident community college tuition rate for courses that support their

1 organizations' training needs and are approved for this purpose by the State Board of Community  
2 Colleges."

3 **SECTION 6.5.(x)** G.S. 115D-41(a) reads as rewritten:

4 "(a) Community college contracts with local school administrative units shall not be used  
5 by these agencies to supplant funding for a public school high school teacher providing courses  
6 offered pursuant to ~~G.S. 115D-20(4)~~ Article 2B of this Chapter who is already employed by the  
7 local school administrative unit. In no event shall a community college contract with a local  
8 school administrative unit to provide high school level courses."

9 **SECTION 6.5.(y)** Article 6A of Chapter 115D of the General Statutes is repealed.

10 **SECTION 6.5.(z)** G.S. 116-201(b)(8) reads as rewritten:

11 "(8) "Private institution" means an institution other than a seminary, Bible school,  
12 Bible college or similar religious institution in this State that is not owned or  
13 operated by the State or any agency or political subdivision thereof, or by any  
14 combination thereof, that offers post-high school education and is accredited  
15 by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2  
16 and G.S. 116-11.4, or the Transnational Association of Christian Colleges and  
17 Schools, or, in the case of institutions that are not eligible to be considered for  
18 accreditation, accredited in those categories and by those nationally  
19 recognized accrediting agencies that the Authority may designate;"

20 **SECTION 6.5.(aa)** G.S. 116-280(3) reads as rewritten:

21 "(3) Eligible private postsecondary institution. – A school that is any of the  
22 following:

23 a. A nonprofit postsecondary educational institution with a main  
24 permanent campus located in this State that is not owned or operated  
25 by the State of North Carolina or by an agency or political subdivision  
26 of the State or by any combination thereof that satisfies all of the  
27 following:

28 1. Is either (i) accredited by a regional accrediting agency, as  
29 defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4,  
30 or the Transnational Association of Christian Colleges and  
31 Schools or (ii) was accredited by ~~SACSCOC~~ the Southern  
32 Association of Colleges and Schools Commission on Colleges  
33 on January 1, 2021, and, beginning January 1, 2021, was a  
34 member of the Transnational Association of Christian Colleges  
35 and Schools.

36 2. Awards a postsecondary degree as defined in G.S. 116-15.

37 b. A postsecondary institution owned or operated by a hospital authority  
38 as defined in G.S. 131E-16(14) or school of nursing affiliated with a  
39 nonprofit postsecondary educational institution as defined in  
40 sub-subdivision a. of this subsection."

41 **SECTION 6.5.(bb)** G.S. 126-5(c2)(3) reads as rewritten:

42 "(3) Employees of community colleges whose salaries are fixed in accordance with  
43 ~~G.S. 115D-5~~ G.S. 115D-6.1 and G.S. 115D-20 and employees of the  
44 Community Colleges System Office whose salaries are fixed by the State  
45 Board of Community Colleges in accordance with G.S. 115D-3."

46 **SECTION 6.5.(cc)** Section 6.9(b) of S.L. 2023-134 reads as rewritten:

47 "**SECTION 6.9.(b)** Of the recurring funds appropriated in this act to the Community  
48 Colleges System Office for the 2023-2025 fiscal biennium to support increasing program  
49 offerings for individuals with IDD pursuant to ~~G.S. 115D-44~~, ~~as enacted by this section,~~  
50 G.S. 115D-10.21, the System Office shall establish at least two statewide positions for program  
51 support, provide professional development training for college advising staff to assist students

1 with IDD for career pathway exploration and the identification of credentials leading to  
2 competitive employment, and explore funding sources to sustain programs for students with  
3 IDD."  
4

#### 5 **NCCCS LEARNING MANAGEMENT SYSTEM**

6 **SECTION 6.6.(a)** The State Board of Community Colleges shall conduct a  
7 competitive solicitation, including a request for information or a request for proposals, to provide  
8 a learning management system to all community colleges. The competitive solicitation shall be  
9 completed by December 31, 2025. Answers to the competitive solicitation shall include  
10 information on how the learning management system would align with the learning management  
11 systems (i) offered by the Department of Public Instruction to local school administrative units  
12 and (ii) used by the constituent institutions of The University of North Carolina.

13 **SECTION 6.6.(b)** By December 31, 2025, the State Board shall report to the Senate  
14 Appropriations Committee on Education/Higher Education, the House Appropriations  
15 Committee on Education, and the Fiscal Research Division on the information received.

16 **SECTION 6.6.(c)** G.S. 143B-1320 reads as rewritten:

#### 17 **"§ 143B-1320. Definitions; scope; exemptions.**

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

19 (1) CGIA. – Center for Geographic Information and Analysis.

20 ...

21 (17) State agency or agency. – Any agency, department, institution, commission,  
22 committee, board, division, bureau, office, unit, officer, or official of the State.  
23 The term does not include the legislative or judicial branches of ~~government~~  
24 government, the Community Colleges System Office, or The University of  
25 North Carolina.

26 ...

27 (b) Exemptions. – Except as otherwise specifically provided by law, the provisions of  
28 this Chapter do not apply to the following entities: the General Assembly, the Judicial  
29 Department, the Community Colleges System Office, and The University of North Carolina and  
30 its constituent institutions. These entities may elect to participate in the information technology  
31 programs, services, or contracts offered by the Department, including information technology  
32 procurement, in accordance with the statutes, policies, and rules of the Department. The election  
33 must be made in writing, as follows:

34 (1) For the General Assembly, by the Legislative Services Commission.

35 (2) For the Judicial Department, by the Chief Justice.

36 (2a) For the Community Colleges System Office, by the State Board of  
37 Community Colleges.

38 (3) For The University of North Carolina, by the Board of Governors.

39 (4) For the constituent institutions of The University of North Carolina, by the  
40 respective boards of trustees.

41 ...."

#### 42

#### 43 **FISCAL RESPONSIBILITY AND COMMUNITY COLLEGE TECH PLANNING**

44 **SECTION 6.7.** Chapter 115D of the General Statutes is amended by adding a new  
45 section to read:

#### 46 **"§ 115D-9.40. Evaluation of technology costs.**

47 The State Board of Community Colleges shall adopt a policy that requires all community  
48 colleges to evaluate the following when acquiring technology, computer hardware, and software:

49 (1) The long-term cost of ownership, including costs of repairing the technology,  
50 computer hardware, or software.

- 1           (2)    Any flexibility for innovation during the life of the technology, computer  
2                    hardware, or software.
- 3           (3)    Any anticipated resale or salvage value at the end of the target life cycle for  
4                    the technology, computer hardware, or software based on the average resale  
5                    or salvage value of similar technology, computer hardware, or software as a  
6                    percentage of the initial cost of purchase."

## 7 8 **COMMUNITY COLLEGE SEAMLESS SKILLS INITIATIVE**

9           **SECTION 6.8.(a)** Initiative Established; Purpose. – There is established the  
10 Community College Seamless Skills Initiative (Initiative). The purpose of the Initiative is to  
11 create a competency-based education (CBE) model that seamlessly connects high school and  
12 community college. By aligning learning experiences from high school with college-level  
13 competencies, the Initiative enables students to explore career pathways, earn dual credit, and  
14 fulfill computer science requirements while gaining credentials of value in high-demand  
15 technology employment sectors through college credit.

16           **SECTION 6.8.(b)** Initiative Participants. – Fayetteville Technical Community  
17 College (FTCC) and Wilkes Community College (WCC) shall partner to implement the duties  
18 of the Initiative.

19           **SECTION 6.8.(c)** Project Commitments. – The Project shall commit to  
20 accomplishing each of the following:

- 21           (1)    Establish high-tech pathways that will integrate high school and community  
22                    college curricula for hands-on, project-based learning.
- 23           (2)    Develop competency-based pathways that will create cross-curricular maps  
24                    for dual credit, fostering seamless transitions between secondary and  
25                    postsecondary education.
- 26           (3)    Scale and replicate to be able to build a scalable framework for rapid  
27                    implementation across North Carolina.
- 28           (4)    Empower student ownership by enabling students to set long-term learning  
29                    goals and to manage and own their credentials with a digital wallet.
- 30           (5)    Facilitate student work experiences to accelerate learning and transition  
31                    students into work through "learn & earn" work-based learning in partnership  
32                    with public agencies and private employers.
- 33           (6)    Address workforce needs by developing and sustaining a comprehensive  
34                    talent pipeline of skilled workers for high-demand technology fields in  
35                    occupations that depend upon informational technology and operational  
36                    technology for operational success.
- 37           (7)    Develop statewide resources, including a guidebook to facilitate model  
38                    replication and a new talent development model to accelerate learning using  
39                    CBE.

40           **SECTION 6.8.(d)** Digital Wallet. – The participants in the Initiative shall contract  
41 with a third-party entity to create a secure, interoperable digital wallet platform capable of  
42 issuing, storing, verifying, and sharing learner credentials, including microcredentials,  
43 certifications, transcripts, and verified skill records. The platform shall allow for credential  
44 portability across educational institutions and employers, support open standards for  
45 interoperability, and ensure privacy and security in compliance with applicable laws. The system  
46 shall enable learners to manage a comprehensive, lifelong record of achievement that is  
47 accessible, verifiable, and shareable with third parties through digital means. All credential and  
48 learner data shall be owned and controlled by the student and shall not be stored in centralized  
49 cloud infrastructure.

50           **SECTION 6.8.(e)** Support. – The Community Colleges System Office shall provide  
51 ongoing technical support to community colleges participating in the Initiative. FTCC shall enter

1 into a memorandum of understanding with WCC to jointly co-design the Program. As part of  
2 this effort, the colleges shall engage an organization with demonstrated expertise in designing  
3 and implementing learner-centered, modular, and competency-based high school programs  
4 aligned with emerging and high-tech career pathways. The selected organization shall have a  
5 history of co-designing stackable credentials with local education agencies and postsecondary  
6 institutions and a proven track record of building digital infrastructure that supports  
7 student-paced progression, interdisciplinary instruction, and authentic skill development. The  
8 organization shall assist in the development of a comprehensive framework for the Program,  
9 including course design, sequencing, credentialing structure, and related elements necessary to  
10 support personalized student progression during the 2025-2026 school year.

11 **SECTION 6.8.(f)** Of the funds appropriated from the General Fund to the  
12 Community Colleges System Office for the purposes in this section, the sum of two million seven  
13 hundred fifty thousand dollars (\$2,750,000) shall be allocated to FTCC and the sum of one  
14 million dollars (\$1,000,000) shall be allocated to WCC. Funds allocated for the purposes outlined  
15 in this section shall not revert but shall remain available until the end of the 2028-2029 fiscal  
16 year.

### 17 18 **HIGH-COST WORKFORCE PROGRAMS START-UP FUNDS**

19 **SECTION 6.9.(a)** Establishment of the Fund. – Of the funds appropriated to the  
20 Community Colleges System Office (System Office) by this act for the 2025-2027 fiscal  
21 biennium, the System Office shall establish the Fund for High-Cost Workforce Programs (Fund).  
22 Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the  
23 General Fund but shall remain available for the purposes set forth in this section. The Fund shall  
24 be used to assist community colleges in starting new programs in high-demand career fields that  
25 require significant start-up funds. Only programs offered at community colleges aligned with  
26 high salary and high demand workforce sectors shall be eligible for the award of funds.

27 **SECTION 6.9.(b)** Applications. – The System Office shall establish an application  
28 process for community colleges to apply for awards from the Fund no later than the beginning of  
29 each year of the 2025-2027 fiscal biennium. To be eligible to receive funds, colleges shall submit  
30 to the System Office a completed application, which shall include at least the following  
31 information:

- 32 (1) A description of the proposed new program requiring start-up funds.
- 33 (2) Documentation of industry demand for the program or documentation of  
34 future local, regional, or statewide employment needs that will be met by the  
35 program.
- 36 (3) Total cash cost to start the program and maintain the program over two fiscal  
37 years.
- 38 (4) A plan for the fiscal sustainability of the new program.

39 **SECTION 6.9.(c)** Limitation on the Use of Funds. – A community college may only  
40 apply for the award of funds to support one new program in each fiscal year. Funds shall remain  
41 available to the community college for a period of two fiscal years.

42 **SECTION 6.9.(d)** Matching Funds. – A community college shall be required to  
43 match a percentage of the total cash cost of the program with non-State funds based on a college's  
44 total full-time equivalents (FTE) according to the following:

- 45 (1) Community colleges with a total FTE of greater than 6,500 shall be required  
46 to match fifteen percent (15%) of the cost.
- 47 (2) Community colleges with a total FTE between 2,500 and 6,500 shall be  
48 required to match ten percent (10%) of the cost.
- 49 (3) Community colleges with a total FTE below 2,500 shall be required to match  
50 five percent (5%) of the cost.

1           **SECTION 6.9.(e)** Administration. – The System Office may adopt any regulations,  
2 policies, or procedures regarding the application process, use of funds, eligibility requirements,  
3 and any other rules necessary related to the administration of the Fund. The System Office may  
4 use up to one hundred thousand dollars (\$100,000) each fiscal year for administrative costs for  
5 establishing and implementing the program.

6           **SECTION 6.9.(f)** Report. – The System Office shall submit an initial report to the  
7 Joint Legislative Education Oversight Committee by December 1, 2026, and an annual report  
8 thereafter for each year the System Office provides funds to community colleges from the Fund  
9 on the programs receiving the funds, which shall include at least the following information:

- 10           (1) The community colleges that received funds, the amount of funds, and the  
11 types of programs started.
- 12           (2) The use of funds by community colleges receiving awards, including costs  
13 associated with student instruction, faculty salaries, instructional supplies,  
14 related instructional equipment, and accreditation costs.
- 15           (3) Evaluation of the success of the new community college programs receiving  
16 funds.

## 17 18 **PART VII. PUBLIC INSTRUCTION**

### 19 20 **REPEAL TEACHNC INITIATIVE**

21           **SECTION 7.1.** Section 7.20 of S.L. 2021-180 is repealed.  
22

### 23 **REPEAL LEARNING.COM FUNDING**

24           **SECTION 7.2.(a)** Subsection (c) of Section 7.23K of S.L. 2017-57, as amended by  
25 Section 7.7 of S.L. 2018-5 and Section 7.17 of S.L. 2023-134, is repealed.

26           **SECTION 7.2.(b)** Section 2 of S.L. 2020-49 is repealed.

27           **SECTION 7.2.(c)** Section 7.83 of S.L. 2021-180 is repealed.  
28

### 29 **REPEAL PLASMA GAMES PROGRAM**

30           **SECTION 7.3.** Section 7.69 of S.L. 2023-134, as amended by Section 2.8F of S.L.  
31 2024-1, is repealed.  
32

### 33 **REPEAL REQUIREMENT FOR CONTRACT WITH COLLEGE BOARD FOR** 34 **ADVANCED PLACEMENT PROFESSIONAL DEVELOPMENT**

35           **SECTION 7.4.(a)** Subsections (f) and (g) of G.S. 115C-174.26 are repealed.

36           **SECTION 7.4.(b)** Subsection (h) of G.S. 115C-174.26 reads as rewritten:

37           "(h) The State Board of Education shall report annually by December 15 to the Joint  
38 Legislative Education Oversight Committee on advanced courses in North Carolina. The report  
39 shall include, at a minimum, the following information:

- 40           (1) ~~The North Carolina Advanced Placement Partnership's report to the~~  
41 ~~Department of Public Instruction as required by subsection (g) of this section~~  
42 ~~and the State Board's assessment of that report.~~
- 43           (2) Number of students enrolled in advanced courses and participating in  
44 advanced course examinations, including demographic information by  
45 gender, race, and free and reduced-price lunch status.
- 46           (3) Student performance on advanced course examinations, including information  
47 by course, local school administrative unit, and school.
- 48           (4) Number of students participating in 10th grade PSAT/NMSQT testing.
- 49           (5) ~~Number of teachers attending summer institutes offered by the North Carolina~~  
50 ~~Advanced Placement Partnership.~~

- 1 (6) Distribution of funding appropriated for advanced course testing fees and  
2 professional development by local school administrative unit and school.  
3 ~~(7) Status and efforts of the North Carolina Advanced Placement Partnership.~~  
4 (8) Other trends in advanced courses and examinations."  
5

#### 6 **REPEAL BEGINNINGS REPORT**

7 **SECTION 7.5.** Subsection (b) of Section 7.28 of S.L. 2023-134 is repealed.  
8

#### 9 **REPEAL SCHOOLS THAT LEAD PROGRAM**

10 **SECTION 7.6.** Section 7.11 of S.L. 2021-180 is repealed.  
11

#### 12 **MODIFY ELIGIBILITY TO RECEIVE AP, IB, AND AICE TEST FEES**

13 **SECTION 7.7.** G.S. 115C-174.26(a) reads as rewritten:

14 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll  
15 in and successfully complete more rigorous advanced courses to enable success in postsecondary  
16 education for all students. For the purposes of this section, an advanced course is an Advanced  
17 Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge  
18 Advanced International Certificate of Education (AICE) course, including an AS-Level or  
19 A-Level course. To attain this goal, to the extent funds are made available for this purpose,  
20 economically disadvantaged students enrolled in public schools shall be exempt from paying any  
21 fees for administration of examinations for advanced courses and registration fees for advanced  
22 courses in which the student is enrolled regardless of the score the student achieves on an  
23 examination. A student receiving instruction through a home school, as provided by Part 3 of  
24 Article 39 of this Chapter, shall be eligible to participate in administration of examinations for  
25 advanced courses as provided in G.S. 115C-565.1."  
26

#### 27 **STREAMLINE LIMITED ENGLISH PROFICIENT ALLOTMENT**

28 **SECTION 7.8.(a)** The title of Article 32F of Chapter 115C of the General Statutes  
29 reads as rewritten:

30 "Supplemental School ~~Funding~~-Funding and Other Allotments."

31 **SECTION 7.8.(b)** Article 32F of Chapter 115C of the General Statutes is amended  
32 by adding a new section to read:

33 "**§ 115C-472.30. Limited English proficient allotment.**

34 To the extent funds are made available for this purpose, the State Board of Education shall  
35 allocate funds to local school administrative units, charter schools, regional schools, and  
36 laboratory schools operated under Article 29A of Chapter 116 of the General Statutes to provide  
37 services to students with limited English proficiency. The State Board shall allocate these funds  
38 under a formula that takes into account the average number of students in the units, charters,  
39 regional schools, or laboratory schools over the past three years who have limited English  
40 proficiency. Local school administrative units shall use funds allocated to them to pay for  
41 classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional  
42 supplies/equipment, transportation costs, and professional development of teachers for students  
43 with limited English proficiency. A county in which a local school administrative unit receives  
44 funds under this section shall use the funds to supplement local current expense funds and shall  
45 not supplant local current expense funds."

46 **SECTION 7.8.(c)** When making adjustments to allocations to local school  
47 administrative units from the limited English proficient allotment for the 2025-2026 fiscal year,  
48 no local school administrative unit with an average daily membership of 20,000 or fewer students  
49 for the 2025-2026 school year shall receive a negative adjustment in excess of fifty thousand  
50 dollars (\$50,000) when compared to the allocation received during the 2024-2025 fiscal year  
51 from that allotment.

1  
2 **REPEAL TEXTBOOK COMMISSION**

3 **SECTION 7.9.(a)** G.S. 115C-86 through G.S. 115C-95 and G.S. 115C-97 are  
4 repealed.

5 **SECTION 7.9.(b)** Part 3 of Article 8 of Chapter 115C of the General Statutes reads  
6 as rewritten:

7 "Part 3. ~~Textbooks.~~Instructional Materials.

8 "**§ 115C-85. ~~Textbook.~~Instructional material needs are determined by course of study.**

9 ~~When the State Board of Education has adopted, upon the recommendation of the~~  
10 ~~Superintendent of Public Instruction, a standard course of study at each instructional level in the~~  
11 ~~elementary school and the secondary school, setting forth what subjects shall be taught at each~~  
12 ~~level, it shall proceed to select and adopt textbooks.~~

13 As used in this part, "~~textbook.~~""instructional materials" means systematically organized  
14 material comprehensive enough to cover the primary objectives outlined in the standard course  
15 of study for a grade or course. Formats for ~~textbooks.~~instructional materials may be print or  
16 nonprint, including hardbound books, softbound books, activity-oriented programs, classroom  
17 kits, and ~~technology-based programs.~~digital resources that require the use of electronic  
18 equipment in order to be used in the learning process.

19 ~~Textbooks adopted in accordance with the provisions of this Part shall be used by the public~~  
20 ~~schools of the State except as provided in G.S. 115C-98(b1).~~

21 ...

22 "**§ 115C-96. Powers and duties of the State Board of Education in regard to**  
23 **~~textbooks.~~instructional materials.**

24 (a) The children of the public elementary and secondary schools of the State shall be  
25 provided with free basic ~~textbooks.~~instructional materials within the appropriation of the General  
26 Assembly for that purpose. To implement this directive, the State Board of Education shall  
27 evaluate annually the amount of money necessary to provide ~~textbooks.~~instructional materials  
28 based on the actual cost and availability of ~~textbooks.~~the instructional materials and shall request  
29 sufficient appropriations from the General Assembly.

30 (b) The State Board of Education shall administer a fund and ~~establish.~~adopt rules and  
31 ~~regulations necessary to:~~

- 32 (1) ~~Acquire by contract such basic textbooks as are or may be on the adopted list~~  
33 ~~of the State of North Carolina which the Board finds necessary to meet the~~  
34 ~~needs of the State public school system and to carry out the provisions of this~~  
35 ~~Part.~~  
36 (2) ~~Provide a system of distribution of these textbooks and distribute the books~~  
37 ~~that are provided without using any depository or warehouse facilities other~~  
38 ~~than those operated by the State Board of Education.~~  
39 (3) ~~Provide for the free use, with proper care and return, of elementary and~~  
40 ~~secondary basic textbooks.~~instructional materials. The title of ~~said books.~~the  
41 instructional materials shall be vested in the State.

42 ...

43 "**§ 115C-98. ~~Local boards of education to provide for local operation of the textbook~~**  
44 **~~program, the selection and procurement of other instructional materials, and the~~**  
45 **~~use of nonadopted textbooks.~~selection of supplementary and instructional**  
46 **materials.**

47 (a) Local boards of education shall adopt ~~rules.~~policies not inconsistent with the ~~polieies~~  
48 rules of the State Board of Education concerning the local ~~operation of the textbook~~  
49 ~~program.~~selection and procurement of instructional materials.

50 (b) Local boards of education shall adopt written policies concerning the procedures to  
51 be followed in their local school administrative units for the selection and procurement of



1 supplementary textbooks, library books, periodicals, audiovisual materials, and other  
2 supplementary and instructional materials needed for instructional purposes in the public schools  
3 of their units.

4 Local boards of education shall have sole authority to select and procure supplementary and  
5 instructional materials, including library books and media, whether or not the materials contain  
6 commercial advertising, to determine if the materials are related to and within the limits of the  
7 prescribed curriculum, and to determine when the materials may be presented to students during  
8 the school day. ~~Supplementary materials and contracts for supplementary materials are not~~  
9 ~~subject to approval by the State Board of Education.~~

10 Supplementary ~~books and other instructional materials~~ shall neither displace nor be used to  
11 the exclusion of basic ~~textbooks-instructional materials~~.

12 (b1) ~~A local board of education may establish a community media advisory committee to~~  
13 ~~investigate and evaluate challenges from parents, teachers, and members of the public to~~  
14 ~~textbooks and supplementary instructional materials on the grounds that they are educationally~~  
15 ~~unsuitable, pervasively vulgar, or inappropriate to the age, maturity, or grade level of the~~  
16 ~~students. The State Board of Education shall review its rules and policies concerning these~~  
17 ~~challenges and shall establish guidelines to be followed by community media advisory~~  
18 ~~committees.~~

19 ~~The local board, at all times, has sole authority and discretion to determine whether a~~  
20 ~~challenge has merit and whether challenged material should be retained or removed.~~

21 (b2) ~~Local boards of education may:~~

22 (1) ~~Select, procure, and use textbooks that have not been adopted by the State~~  
23 ~~Board of Education for use throughout the local school administrative unit for~~  
24 ~~selected grade levels and courses; and~~

25 (2) ~~Approve school improvement plans developed under G.S. 115C 105.27 that~~  
26 ~~include provisions for using textbooks that have not been adopted by the State~~  
27 ~~Board of Education for selected grade levels and courses.~~

28 All ~~textbook-instructional material~~ contracts made under this subsection shall include a clause  
29 granting to the local board of education the license to produce braille, large print, ~~and~~  
30 audiocassette ~~tape-tape~~, and other accessible copies of ~~the textbooks-instructional materials~~ for  
31 use in the local school administrative unit.

32 ...

33 **"§ 115C-98.5. Challenges to supplementary and instructional materials.**

34 (a) Local boards of education shall establish a community media advisory committee to  
35 investigate and evaluate challenges to supplementary and instructional materials.

36 (b) At a minimum, the committee shall include the following:

37 (1) A principal from a high school, middle school, and elementary school,  
38 respectively.

39 (2) A teacher from a high school, middle school, and elementary school,  
40 respectively.

41 (3) A parent of a student in high school or middle school and a parent of a student  
42 in elementary school.

43 (4) A school library media coordinator from a high school, middle school, and  
44 elementary school, respectively.

45 (c) Challenges to instructional and supplemental materials shall be made in writing and  
46 submitted to the local board of education. The challenge shall specify that the material being  
47 challenged is one or more of the following:

48 (1) Obscene.

49 (2) Inappropriate to the age, maturity, or grade level of the students.

50 (3) Not aligned with the standard course of study.

1       (d) The local board of education and the media advisory committee shall only investigate  
2 and evaluate challenges submitted by a parent of a student enrolled in a school governed by the  
3 board, a teacher employed by the board, or a resident of the area of assignment for the board.

4       (e) Within two weeks of the filing of the challenge, the media advisory committee shall  
5 hold a hearing and provide the challengers an opportunity to present their concerns to the  
6 committee. The committee may, in the committee's discretion, request additional information on  
7 the subject matter at the hearing from experts employed by the local school administrative unit.  
8 Within two weeks of the hearing, the committee shall make a recommendation to the local board  
9 of education on whether the challenge has merit and whether the challenged material should be  
10 retained or removed as unfit material. The committee's determination shall be limited to  
11 considerations of whether the material is unfit on the specific grounds of the material being (i)  
12 obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned  
13 with the standard course of study.

14       (f) At the next meeting of the local board of education after the media advisory  
15 committee's recommendation is received, the local board shall determine whether the challenge  
16 has merit and whether the challenged material should be retained or removed as unfit material.

17       (g) The local board, at all times, has sole authority and discretion to determine whether a  
18 challenge has merit and whether challenged material should be retained or removed. The decision  
19 of the board is not appealable.

20 **"§ 115C-99. Legal custodians of ~~textbooks~~ instructional materials furnished by State.**

21       Local boards of education are the custodians of all ~~textbooks~~ instructional materials  
22 purchased by the local boards with State funds. They shall provide adequate and safe storage  
23 facilities for the proper care of ~~these textbooks~~ the instructional materials and emphasize to all  
24 students the necessity for proper care of ~~textbooks~~ instructional materials.

25 **"§ 115C-100. Rental fees for ~~textbooks~~ instructional materials prohibited; damage fees**  
26 **authorized.**

27       No local board of education may charge any pupil a rental fee for the use of ~~textbooks~~.  
28 instructional materials. A pupil's parents or legal guardians may be charged damage fees for  
29 abuse or loss of ~~textbooks~~ instructional materials under rules adopted by the State Board of  
30 Education. All money collected from the sale of ~~textbooks~~ instructional materials purchased with  
31 State funds under the provisions of this Part shall be paid annually as collected to the State Board  
32 of Education.

33 **"§ 115C-101. Duties and authority of superintendents of local school administrative units.**

34       The superintendent of each local school administrative unit, as an official agent of the State  
35 Board of Education, shall administer the provisions of this Part and the rules and regulations of  
36 the Board insofar as they apply to ~~his~~ the local school administrative unit. The superintendent of  
37 each local school administrative unit shall have authority to require the cooperation of principals  
38 and teachers so that the children may receive the best possible service, and so that all the ~~books~~  
39 instructional materials and moneys may be accounted for properly. If any principal or teacher  
40 fails to comply with the provisions of this section, ~~his~~ the superintendent shall withhold ~~his~~ the  
41 salary vouchers of the principal until the duties imposed by this section have been performed.

42       If any superintendent fails to comply with the provisions of this section, the State  
43 Superintendent, as secretary to the State Board of Education, shall notify the State Board of  
44 Education and the State Treasurer. The State Board and the State Superintendent shall withhold  
45 the superintendent's salary vouchers, and the State Treasurer shall make no payment until the  
46 State Superintendent ~~notifies him~~ confirms that the provisions of this section have been complied  
47 with.

48 **"§ 115C-102. Right to purchase; disposal of ~~textbooks~~ and instructional materials.**

49       (a) Any parent, guardian, or person in loco parentis may purchase any instructional  
50 material needed for any child in the public schools of the State from the board of education of

1 the local school administrative unit in which the child is enrolled or, in the case of basic  
2 textbooks, from the State Board of Education enrolled.

3 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),  
4 or any other provision of law, the State Board of Education may adopt rules authorizing local  
5 boards of education to dispose of discontinued instructional material, including State adopted  
6 textbooks material."

7 **SECTION 7.9.(c)** G.S. 115C-11(d) reads as rewritten:

8 "(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~  
9 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a  
10 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute  
11 book."

12 **SECTION 7.9.(d)** G.S. 115C-11(e) is repealed.

13 **SECTION 7.9.(e)** G.S. 115C-12(9)b. is repealed.

14 **SECTION 7.9.(f)** G.S. 115C-12(18)d. reads as rewritten:

15 "d. The State Board of Education shall modify the Uniform Education  
16 Reporting System to provide clear, accurate, and standard information  
17 on the use of funds at the unit and school level. The plan shall provide  
18 information that will enable the General Assembly to determine State,  
19 local, and federal expenditures for personnel at the unit and school  
20 level. The plan also shall allow the tracking of expenditures for  
21 ~~textbooks,~~ instructional materials, educational supplies and  
22 equipment, capital outlay, at-risk students, and other purposes."

23 **SECTION 7.9.(g)** G.S. 115C-47 reads as rewritten:

24 "§ 115C-47. Powers and duties generally.

25 In addition to the powers and duties designated in G.S. 115C-36, local boards of education  
26 shall have the power or duty:

27 ...

28 (6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall  
29 adopt rules and regulations governing solicitations of, sales to, and  
30 fund-raising activities conducted by, the students and faculty members in  
31 schools under their jurisdiction, and no fees, charges, or costs shall be  
32 collected from students and school personnel without approval of the board of  
33 education as recorded in the minutes of ~~said the~~ board; provided, this  
34 subdivision shall not apply to such ~~textbooks~~ instructional material fees as are  
35 determined and established by the State Board of Education. The local board  
36 of education shall publish a schedule of fees, charges, and solicitations  
37 approved by the local board on the local school administrative unit's Web site  
38 by October 15 of each school year and, if the schedule is subsequently revised,  
39 within 30 days following the revision.

40 ...

41 (33) To Approve and Use Supplemental Materials. – Local boards of education  
42 shall have sole authority to select and procure supplementary instructional  
43 materials, whether or not the materials contain commercial advertising,  
44 pursuant to the provisions of G.S. 115C-98(b).

45 (33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education.~~  
46 Instructional Materials. – Local boards of education shall have the authority  
47 to select, procure, and use ~~textbooks not adopted by the State Board of~~  
48 ~~Education~~ instructional materials as provided in  
49 ~~G.S. 115C-98(b1).~~ G.S. 115C-98.

50 ...."

51 **SECTION 7.9.(h)** G.S. 115C-76.55 reads as rewritten:

1 **"§ 115C-76.55. Age-appropriate instruction for grades kindergarten through fourth grade.**  
2 Instruction on gender identity, sexual activity, or sexuality shall not be included in the  
3 curriculum provided in grades kindergarten through fourth grade, regardless of whether the  
4 information is provided by school personnel or third parties. For the purposes of this section,  
5 curriculum includes the standard course of study and support materials, locally developed  
6 curriculum, supplemental instruction, and ~~textbooks and~~ other supplementary materials, but does  
7 not include responses to student-initiated questions."

8 **SECTION 7.9.(i)** G.S. 115C-81.5(b)(3) is repealed.

9 **SECTION 7.9.(j)** G.S. 115C-81.25(b)(3) is repealed.

10 **SECTION 7.9.(k)** G.S. 115C-81.25(d) reads as rewritten:

11 "(d) Parental Review. – The State Board of Education shall make available to all local  
12 school administrative units for review by the parents and legal guardians of students enrolled at  
13 those units any State-developed objectives for instruction, ~~any approved textbooks,~~ the list of  
14 reviewed materials, and any other State-developed or approved materials that pertain to or are  
15 intended to impart information or promote discussion or understanding in regard to the  
16 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of  
17 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The  
18 review period shall extend for at least 60 days before use."

19 **SECTION 7.9.(l)** G.S. 115C-105.25(b)(12) reads as rewritten:

20 "(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may  
21 only be used for the purchase of ~~textbooks and digital resources~~ to acquire  
22 instructional and supplemental materials as identified in Part 3 of Article 8 of  
23 this Chapter and to acquire software necessary for the use of the instructional  
24 or supplemental materials. These funds shall not be transferred out of the  
25 allotment for any other purpose."

26 **SECTION 7.9.(m)** G.S. 115C-242(3) reads as rewritten:

27 "(3) The board of education of any local school administrative unit may operate  
28 the school buses of such unit one day prior to the opening of the regular school  
29 term for the transportation of pupils and employees to and from the school to  
30 which such pupils are assigned or in which they are enrolled and such  
31 employees are employed, for the purposes of the registration of students, the  
32 organization of classes, the distribution of ~~textbooks,~~ instructional materials,  
33 and such other purposes as will, in the opinion of the superintendent of the  
34 schools of such unit, promote the efficient organization and operation of such  
35 public schools."

36 **SECTION 7.9.(n)** G.S. 115C-271(d)(2) reads as rewritten:

37 "(2) Local funds appropriated for teachers, ~~textbooks,~~ instructional materials, or  
38 classroom materials, supplies, and equipment are not transferred or used for  
39 this purpose."

40 **SECTION 7.9.(o)** G.S. 115C-384(c) reads as rewritten:

41 "(c) Rental Fees for ~~Textbooks~~ Instructional Materials Prohibited; Damage Fees  
42 Authorized. – No rental fees are permitted for the use of textbooks, but damage fees may be  
43 collected pursuant to the provisions of G.S. 115C-100."

44 **SECTION 7.9.(p)** G.S. 115C-390.2(l)(1) reads as rewritten:

45 "(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished  
46 digital devices home for the duration of the absence."

47 **SECTION 7.9.(q)** G.S. 115C-390.5(c)(1) reads as rewritten:

48 "(1) The opportunity to take ~~textbooks~~ instructional materials home for the  
49 duration of the suspension."

50 **SECTION 7.9.(r)** G.S. 115C-398 reads as rewritten:

51 **"§ 115C-398. Damage to school buildings, furnishings, ~~textbooks,~~ instructional materials.**

1 Students and their parents or legal guardians may be liable for damage to school buildings,  
2 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,  
3 115C-100 and 14-132."

4 **SECTION 7.9.(s)** G.S. 143A-48 is repealed.

5 **SECTION 7.9.(t)** No further funds shall be allocated into the State Textbook fund.  
6 The Department of Public Instruction, in coordination with the Office of State Budget and  
7 Management, shall ensure that the fund is dissolved once all funds are expended.

8 **SECTION 7.9.(u)** Effective July 1, 2025, there is established the Instructional  
9 Materials funding allotment within the State Public School Fund. The State Board of Education  
10 shall establish the purposes for which the funds within the Instructional Materials funding  
11 allotment may be used for the purchase and maintenance of instructional and supplemental  
12 materials as identified in Part 3 of Article 8 of Chapter 115C of the General Statutes. Funds  
13 allocated to the Instructional Materials funding allotment in fiscal years 2025-2026, 2026-2027,  
14 and 2027-2028 shall not revert to the General Fund at the end of the fiscal year but shall remain  
15 available until expended.

16 **SECTION 7.9.(v)** This section becomes effective July 1, 2025, and applies  
17 beginning with the 2025-2026 school year.

#### 18 **STABILIZATION OF LOW-WEALTH ALLOTMENT**

19 **SECTION 7.10.** The Department of Public Instruction shall examine the formula for  
20 the supplemental funding in low-wealth counties allotment and develop a new funding model for  
21 that allotment. The new model shall prioritize counties receiving more predictable allotments  
22 year to year to avoid large differentials between consecutive school years. The model developed  
23 pursuant to this section shall allocate no more than the funds allocated for low-wealth  
24 supplemental funding in the 2025-2026 school year. The Department shall propose technical  
25 adjustments for low-wealth supplemental funding to the State Board of Education for approval  
26 before submitting the model to the Fiscal Research Division no later than February 15, 2026. The  
27 technical adjustments shall include a list of any laws that would need to be adjusted or repealed  
28 to allow for the new funding model to be implemented as well as a comparison of funding  
29 received under the old model and the recommended new model, sorted by county.

#### 30 **TECHNICAL ADJUSTMENT TO ADMINISTRATIVE LICENSURE REQUIREMENTS**

31 **SECTION 7.11.(a)** G.S. 115C-270.20(b) reads as rewritten:

32 "(b) Administrator Licenses. – The State Board shall establish rules for the issuance of the  
33 following classes of administrator licenses, including required levels of preparation for each  
34 classification:  
35

36 (1) Administrator license. – A five-year renewable license issued to an individual  
37 who meets all of the following requirements:

- 38 a. Holds a bachelor's degree.  
39 b. Has successfully completed an approved administrator preparation  
40 program.  
41 c. Has at least four years of experience as a licensed professional  
42 educator.  
43 d. ~~Has~~ For individuals seeking a principal license, has submitted a  
44 portfolio to the State Board for approval that meets criteria adopted by  
45 the State Board.

46 ...."

47 **SECTION 7.11.(b)** This section is effective when it becomes law and applies to  
48 applicants for licensure on or after that date.

#### 49 **VARIOUS EDUCATION REPORT CHANGES**

1           **SECTION 7.12.(a)** G.S. 115C-12(25) is recodified as G.S. 115C-21(a)(10) and  
2 reads as rewritten:

3           "(10) Duty to Report to Joint Legislative Education Oversight Committee. – Upon  
4 the request of the Joint Legislative Education Oversight Committee, the ~~State~~  
5 ~~Board-Superintendent of Public Instruction~~ shall examine and evaluate issues,  
6 programs, policies, and fiscal information, and shall make reports to that  
7 Committee. Furthermore, by ~~November 15~~ March 15 of each year, the ~~State~~  
8 ~~Board-Superintendent of Public Instruction~~ shall submit reports to that  
9 Committee regarding schools identified as low-performing, school  
10 improvement plans found to significantly improve student performance,  
11 personnel actions taken in low-performing schools, and recommendations for  
12 additional legislation to improve student performance and increase local  
13 flexibility."

14           **SECTION 7.12.(b)** Subdivision (4) of subsection (d) of G.S. 115C-81.45 is repealed.

15           **SECTION 7.12.(c)** Subsection (b) of Section 7.17 of S.L. 2018-5 is repealed.

16           **SECTION 7.12.(d)** Subsection (d) of Section 7.32 of S.L. 2017-57 is repealed.

17           **SECTION 7.12.(e)** G.S. 115C-12(48) reads as rewritten:

18           "(48) Computer Science Reporting. – The State Board of Education shall report  
19 annually by ~~November 15~~ March 15 to the Joint Legislative Education  
20 Oversight Committee, the Senate Appropriations Committee on  
21 Education/Higher Education, and the House Appropriations Committee on  
22 Education on the following data related to computer science participation. For  
23 each item, the report shall include (i) statewide data for the current school  
24 year, and the four years prior when data is available, to establish trends in  
25 computer science instruction and (ii) data for the current school year for each  
26 public school unit, disaggregated by school within that unit:  
27       ...."

28           **SECTION 7.12.(f)** G.S. 115C-316.2 is repealed.

29           **SECTION 7.12.(g)** G.S. 115C-316.5(a) reads as rewritten:

30           "(a) For the purposes of this section, the term "school health personnel" refers to ~~the same~~  
31 ~~positions listed in G.S. 115C-316.2(a).~~ school psychologists, school counselors, school nurses,  
32 and school social workers."

33           **SECTION 7.12.(h)** G.S. 115C-299.5 reads as rewritten:

34           "**§ 115C-299.5. Duty to monitor ~~the state of the teaching profession.~~teacher attrition and**  
35           **mobility.**

36           ...

37           (b) ~~State of the Teaching Profession-Teacher Attrition and Mobility Report.~~ – The State  
38 Board of Education shall monitor and compile an annual report to be submitted by the  
39 Department of Public Instruction by December 15 ~~February 15~~ annually on the ~~state of the~~  
40 attrition and mobility of teachers in the teaching profession in North Carolina that includes data  
41 on the decisions of teachers to leave the teaching profession and vacancies in teaching positions  
42 as provided in subsections (c) and (e) of this section. The State Board shall adopt standard  
43 procedures for each local board of education to use in requesting information required by this  
44 report and shall require each local board of education to report the information to the State Board  
45 in a standard format adopted by the State Board."

46           **SECTION 7.12.(i)** G.S. 115C-12(22), as amended by S.L. 2023-134, reads as  
47 rewritten:

48           "(22) Duty to Monitor the ~~State of the Teaching Attrition and Mobility of Teachers~~  
49 and the State of the School Administration Professions-Profession in North  
50 Carolina. – The State Board of Education shall monitor and compile an annual  
51 report on the ~~state of the teaching attrition and mobility of teachers and the~~

1                    ~~state of the school administration professions~~ profession in North Carolina, as  
2                    provided in G.S. 115C-289.2 and G.S. 115C-299.5."

3                    **SECTION 7.12.(j)** G.S. 115C-289.2(d) reads as rewritten:

4                    "(d) Report Consolidation. – The report required by this section shall be consolidated with  
5 the ~~report on the State of the Teaching Profession~~ Teacher Attrition and Mobility Report required  
6 by G.S. 115C-299.5."

7                    **SECTION 7.12.(k)** G.S. 115C-269.50 reads as rewritten:

8                    "**§ 115C-269.50. EPP report cards.**

9                    The State Board shall create an annual report card for each EPP that, at a minimum,  
10 summarizes the information collected in the annual performance reports, as set forth in  
11 G.S. 115C-269.35(b). The report cards shall provide user-friendly access to the public, and shall  
12 provide the ability to easily compare annual report card information between EPPs, including  
13 performance and other data reported by each EPP, as provided in G.S. 115C-269.35(b). The State  
14 Board shall make the report cards available to the public through the State Board's Internet ~~Web~~  
15 ~~site~~ website on an annual basis beginning ~~December 15, 2019,~~ February 15, 2026, and the  
16 Department of Public Instruction shall submit the report to the Joint Legislative Education  
17 Oversight Committee annually by that date."

18                    **SECTION 7.12.(l)** Subsection (b) of Section 8.30 of S.L. 2015-241, as amended by  
19 Section 3.1(b) of S.L. 2019-165, is repealed.

20                    **SECTION 7.12.(m)** G.S. 115C-450(d) reads as rewritten:

21                    "(d) No later than ~~May 15, 2022,~~ and ~~every six months thereafter,~~ February 15 of each  
22 year, the Department of Public Instruction shall report all the following information to the Joint  
23 Legislative Education Oversight Committee, the Senate Appropriations Committee on  
24 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal  
25 Research Division:

26                    ...."

27                    **SECTION 7.12.(n)** G.S. 115C-218.42(e) reads as rewritten:

28                    "(e) Reporting. – No later than ~~March~~ August 15 of each year in which funds are awarded  
29 under the Program, the Department shall report to the Joint Legislative Education Oversight  
30 Committee, the Joint Legislative Transportation Oversight Committee, the Senate  
31 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal  
32 Research Division on the administration of the Program, including at least the following  
33 information:

34                    ...."

35                    **SECTION 7.12.(o)** G.S. 115C-218.110(b) reads as rewritten:

36                    "(b) The State Board of Education shall review and evaluate the educational effectiveness  
37 of the charter schools authorized under this Article and the effect of charter schools on the public  
38 schools in the local school administrative unit in which the charter schools are located. The Board  
39 shall report annually no later than ~~June~~ August 15 to the Joint Legislative Education Oversight  
40 Committee on the following:

41                    ...."

42                    **SECTION 7.12.(p)** G.S. 115C-107.5 reads as rewritten:

43                    "**§ 115C-107.5. Annual reports.**

44                    The State Board shall ~~report~~ send a copy of the annual report submitted as part of the State  
45 Performance Plan and Annual Performance Report that is submitted to the United States  
46 Department of Education and United States Office of Special Education Programs no later than  
47 October 15 of each year to the Joint Legislative Education Oversight Committee on the  
48 implementation of this Article and the educational performance of children with disabilities. The  
49 report may be filed electronically. ~~Each annual report shall include the following information:~~

50                    (1) ~~A copy of the following documents that were submitted, received, or made~~  
51 ~~public during the year:~~

- 1 a. ~~The most recent State performance plan and any amendments to that~~  
 2 ~~plan submitted to the Secretary of Education.~~  
 3 b. ~~Compliance and monitoring reports submitted to the Secretary of~~  
 4 ~~Education.~~  
 5 c. ~~The annual report submitted to the Secretary of Education on the~~  
 6 ~~performance of the State under its performance plan.~~  
 7 d. ~~Any other information required under IDEA to be made available to~~  
 8 ~~the public.~~  
 9 (2) ~~An analysis of the educational performance of children with disabilities in the~~  
 10 ~~State and a summary of disputes under Part 1D of this Chapter.~~  
 11 (3) ~~Development and implementation of any policies related to improving~~  
 12 ~~outcomes for elementary and secondary school students with disabilities,~~  
 13 ~~including any changes related to the directives set forth in Section 8.30 of S.L.~~  
 14 ~~2015-241 as follows:~~  
 15 a. ~~Reforms related to IEP requirements.~~  
 16 b. ~~Transition services for students with disabilities from elementary to~~  
 17 ~~middle school, middle to high school, and high school to~~  
 18 ~~postsecondary education, and for employment opportunities and adult~~  
 19 ~~living options.~~  
 20 c. ~~Increased access to Future Ready Core Course of Study for students~~  
 21 ~~with disabilities.~~  
 22 d. ~~Model programs for use by local school administrative units to~~  
 23 ~~improve graduation rates and school performance of students with~~  
 24 ~~disabilities."~~

25 **SECTION 7.12.(q)** G.S. 115C-107.3 reads as rewritten:

26 **"§ 115C-107.3. Child find.**

27 (a) The Board shall require an annual census of all children with disabilities residing in  
 28 the State, subdivided for "identified" and "suspected" children with disabilities, to be taken in  
 29 each school year. Suspected children are those in the formal process of being evaluated or  
 30 identified as children with disabilities. The census shall be conducted annually and shall be  
 31 completed by October 15, submitted to the Governor and General Assembly and made available  
 32 to the public by January 15 annually. The census submitted to the General Assembly may be a  
 33 copy of any information or any report submitted to the federal government as part of compliance  
 34 with the Individuals with Disabilities Education Act pursuant to 20 U.S.C. § 1418.

35 (b) In taking the census, the Board requires the cooperation, participation, and assistance  
 36 of all local educational agencies. Therefore, each local educational agency shall cooperate and  
 37 participate with and assist the Board in conducting the census.

38 (c) The census shall include the number of children identified and suspected with  
 39 disabilities, their age, the nature of their disability, their county or city of residence, their local  
 40 school administrative unit residence, whether they are being provided special educational or  
 41 related services and if so by what local educational agency, the identity of each local educational  
 42 agency having children with disabilities in its care, custody, management, jurisdiction, control,  
 43 or programs, the number of children with disabilities being served by each local educational  
 44 agency, and any other information or data that the Board requires. The census shall be of children  
 45 with disabilities between the ages three through 21 but is not required to include children with  
 46 disabilities that have graduated from high school."  
 47

48 **CHANGES TO LITERACY INSTRUCTION**

49 **SECTION 7.13.(a)** G.S. 115C-83.6 reads as rewritten:

50 **"§ 115C-83.6. Facilitating early grade reading proficiency.**



1 (a) ~~Kindergarten, first, second, and third~~ Kindergarten through fifth grade students shall  
2 be assessed with valid, reliable, formative, and diagnostic reading assessments made available to  
3 local school administrative units by the State Board of Education pursuant to  
4 G.S. 115C-174.11(a). Difficulty with reading development identified through administration of  
5 formative and diagnostic assessments shall be addressed with literacy interventions outlined in  
6 the student's Individual Reading Plan. Parents or guardians of first and second grade students  
7 offered a reading camp as a literacy intervention shall be encouraged to enroll their student in the  
8 reading camp provided by the local school administrative unit. Parents or guardians of a student  
9 identified as demonstrating reading comprehension below grade level shall make the final  
10 decision regarding a student's reading camp attendance.

11 (a1) Kindergarten through ~~third~~ fifth grade reading assessments shall yield data that can  
12 be used with the Education Value-Added Assessment System (EVAAS) to analyze student data  
13 to identify root causes for difficulty with reading development and to determine actions to address  
14 them.

15 (a2) The Department of Public Instruction shall provide for EVAAS analysis all formative  
16 and diagnostic assessment data collected pursuant to this section for kindergarten through ~~third~~  
17 fifth grade. The Department shall use a uniform template for all data collected, and the template  
18 shall be used each time data is provided. The template shall include clear designations for each  
19 data component reported.

20 (b) Formative and diagnostic assessments and resultant literacy interventions shall  
21 address oral language, phonological and phonemic awareness, phonics, vocabulary, fluency, and  
22 comprehension using developmentally appropriate practices. These assessments may be  
23 administered by computer or other electronic device.

24 (c) Local school administrative units are encouraged to partner with community  
25 organizations, businesses, and other groups to provide volunteers, mentors, or tutors to assist  
26 with the provision of literacy interventions that enhance reading development and proficiency."

27 **SECTION 7.13.(b)** G.S. 115C-83.6B(a) reads as rewritten:

28 "(a) An Individual Reading Plan (IRP) shall be developed for any student in kindergarten  
29 through ~~third~~ fifth grade demonstrating difficulty with reading development based on the results  
30 of either (i) the first diagnostic or formative assessment of the school year or (ii) the first  
31 diagnostic or formative assessment of the second semester of the school year. The IRP shall be  
32 continually adjusted based on multiple data sources as prescribed by the Department of Public  
33 Instruction, indicating that the student is not progressing toward grade-level standards in one or  
34 more major reading areas. Based on the most recently collected data, the IRP shall include the  
35 following information, specific to the identified student:

36 (1) The specific reading skill deficiencies identified by assessment data.

37 (2) Goals and benchmarks for growth.

38 (3) The means by which progress will be monitored and evaluated.

39 (4) The specific additional literacy interventions the student will receive.

40 (5) The Science of Reading-based instructional programming the teacher will  
41 implement.

42 (6) Any additional services the teacher deems appropriate to accelerate the  
43 student's reading skill and development."

44 **SECTION 7.13.(c)** G.S. 115C-83.9(a) reads as rewritten:

45 "(a) Parents or guardians shall be notified in writing, and in a timely manner, that the  
46 student shall be retained, unless he or she is exempt from mandatory retention for good cause, if  
47 the student is not demonstrating reading proficiency by the end of third grade. Parents or  
48 guardians shall receive this notice when a kindergarten, first, second, or third grade student (i)  
49 demonstrating difficulty with reading development; or (ii) is not reading at grade level.  
50 Additionally, parents or guardians shall receive notice when a fourth or fifth grade student is

1 demonstrating difficulty with reading development or is not reading on grade level as determined  
2 by assessments given pursuant to G.S. 115C-83.6."

3 **SECTION 7.13.(d)** G.S. 115C-83.10(b) reads as rewritten:

4 "(b) Each local board of education shall report annually in writing to the State Board of  
5 Education by September 1 of each year the following information on the prior school year:

- 6 (1) A description of all literacy interventions provided to students who have been  
7 retained under G.S. 115C-83.7(a).
- 8 (2) The number of first and second grade students attending a reading camp  
9 offered by the local board.
- 10 (3) The license area or areas, years of licensed teaching experience, grade level  
11 assignment, and any other specific subject-area assignments of each teacher  
12 providing instruction at a reading camp.
- 13 (4) The number and percentage of teachers providing instruction at a reading  
14 camp who were paid a reading performance bonus during the school year  
15 immediately preceding the reading camp and the grade level on which the  
16 bonus was based.
- 17 (5) The number of kindergarten through ~~third~~ fifth grade students with an  
18 Individual Reading Plan."

19 **SECTION 7.13.(e)** G.S. 115C-174.11(a) reads as rewritten:

20 "(a) Assessment Instruments for ~~Kindergarten, First, Second, and Third~~ Kindergarten  
21 Through Fifth Grades. – The State Board of Education shall develop, adopt, and provide to the  
22 local school administrative units developmentally appropriate individualized assessment  
23 instruments aligned with the standard course of study and Part 1A of Article 8 of this Chapter for  
24 ~~the kindergarten, first, second, and third grades.~~ kindergarten through fifth grade. Local school  
25 administrative units shall use these assessment instruments provided to them by the State Board  
26 for ~~kindergarten, first, second, and third~~ kindergarten through fifth grade students to assess  
27 progress, diagnose difficulties, and inform instruction and remediation needs. Local school  
28 administrative units shall not use standardized tests for summative assessment of kindergarten,  
29 first, and second grade students except as required as a condition of receiving federal grants."

30 **SECTION 7.13.(f)** The Department of Public Instruction shall use funds  
31 appropriated for this purpose in this act to contract with Lexia Learning Systems, LLC, to provide  
32 Lexia Aspire Professional Learning to all English Language Arts and Exceptional Children  
33 teachers who teach students in grades six through eight in schools that are identified as  
34 low-performing schools based on data from the 2024-2025 school year. Teachers that complete  
35 training pursuant to this subsection shall receive stipends of up to two hundred dollars (\$200.00)  
36 for the 2025-2026 school year.

37 **SECTION 7.13.(g)** The State Board of Education shall develop literacy standards  
38 for grades six through eight to align with the professional learning provided pursuant to  
39 subsection (f) of this section.

## 40 **FISCAL RESPONSIBILITY AND K-12 TECH PLANNING**

41 **SECTION 7.14.(a)** Part 3A of Article 8 of Chapter 115C of the General Statutes is  
42 amended by adding new sections to read:

### 43 **"§ 115C-102.10. Technology costs considerations.**

44 The State Board of Education shall adopt rules requiring all public school units to evaluate  
45 the following when acquiring technology, computer hardware, and software:

- 46 (1) The long-term cost of ownership, including costs of repairing the technology,  
47 computer hardware, or software.
  - 48 (2) Any flexibility for innovation during the life of the technology, computer  
49 hardware, or software.
- 50

- 1           (3)    Any anticipated resale or salvage value at the end of the target life cycle for  
2           the technology, computer hardware, or software based on the average resale  
3           or salvage value of similar technology, computer hardware, or software as a  
4           percentage of the initial cost of purchase.

5    **"§ 115C-102.11 Break/fix rate reporting requirement.**

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

- 7           (1)    Break/fix rate. – The percentage obtained by dividing the number of school  
8           technology devices reported as malfunctioning or needing repair due to  
9           physical damage, hardware failure, or other breakage incidents prior to the  
10          stated life cycle period, not covered by insurance or a policy plan period, by  
11          the total number of school technology devices in operation during that period.  
12          (2)    School technology device. – Any electronic or computerized equipment  
13          provided for educational purposes in a public school unit, including  
14          computers, tablets, interactive whiteboards, and similar devices or anything  
15          considered a digital device for purposes of the digital learning dashboard  
16          pursuant to G.S. 115C-102.9.

17          (b)    Each governing body of a public school unit shall submit a report on the following  
18          information to the State Board of Education by August 15 annually:

- 19          (1)    The break/fix rate of the school technology devices in the public school unit  
20          for the previous school year.  
21          (2)    The total number of school technology devices currently in operation in the  
22          public school unit.  
23          (3)    The total number of school technology devices in the public school unit  
24          requiring repair that (i) underwent repair or (ii) were no longer in service  
25          during the previous school year.  
26          (4)    The total amount of funds spent to repair or replace school technology devices  
27          during the previous school year.

28          (c)    The State Board of Education shall report to the Joint Legislative Education Oversight  
29          Committee by November 15 annually on the break/fix rate of school technology devices across  
30          all public school units based on the reports submitted by the governing bodies in accordance with  
31          subsection (b) of this section. This report shall include a summary of the data reported by each  
32          governing body and recommendations to reduce break/fix rates in the future."

33                **SECTION 7.14.(b)** The first reports from governing bodies of public school units  
34                required by G.S. 115C-102.11(b), as enacted by this section, shall be submitted no later than  
35                August 15, 2026, based on data collected during the 2025-2026 school year. The first report from  
36                the State Board of Education required by G.S. 115C-102.11(c), as enacted by this section, shall  
37                be submitted no later than November 15, 2026.

38                **SECTION 7.14.(c)** G.S. 115C-12 is amended by adding a new subdivision to read:

39                "(50) To Require Evaluation of Technology Costs. – The State Board shall adopt  
40                rules governing public school units evaluating technology costs in accordance  
41                with G.S. 115C-102.10."

42                **SECTION 7.14.(d)** G.S. 115C-47 is amended by adding new subdivisions to read:

43                "(70) To Evaluate Technology Costs. – A local board of education shall adopt a  
44                policy requiring the evaluation of technology costs considerations adopted by  
45                the State Board of Education pursuant to G.S. 115C-102.10.

46                (71) To Report on Break/Fix Rate. – A local board of education shall report  
47                annually to the State Board of Education on the break/fix rate of school  
48                technology devices in accordance with G.S. 115C-102.11."

49                **SECTION 7.14.(e)** G.S. 115C-150.12C is amended by adding new subdivisions to  
50                read:

1           "(37) Evaluate technology costs. – The board of trustees shall adopt a policy  
2           requiring the evaluation of technology costs considerations adopted by the  
3           State Board of Education pursuant to G.S. 115C-102.10.

4           (38) Report on break/fix rate. – The board of trustees shall report annually to the  
5           State Board of Education on the break/fix rate of school technology devices  
6           used in the school in accordance with G.S. 115C-102.11."

7           **SECTION 7.14.(f)** Part 2 of Article 14A of Chapter 115C of the General Statutes is  
8 amended by adding a new section to read:

9 **"§ 115C-218.33. School technology.**

10          (a) A charter school shall adopt a policy requiring the evaluation of technology costs  
11 considerations adopted by the State Board of Education pursuant to G.S. 115C-102.10.

12          (b) A charter school shall report annually to the State Board of Education on the break/fix  
13 rate of school technology devices used in the school in accordance with G.S. 115C-102.11."

14          **SECTION 7.14.(g)** G.S. 115C-238.66 is amended by adding new subdivisions to  
15 read:

16          "(18a) The board of directors shall adopt a policy requiring the evaluation of  
17 technology costs considerations adopted by the State Board of Education  
18 pursuant to G.S. 115C-102.10.

19          (18b) The board of directors shall report annually to the State Board of Education  
20 on the break/fix rate of technology used in the school in accordance with  
21 G.S. 115C-102.11."

22          **SECTION 7.14.(h)** G.S. 116-239.8(b) is amended by adding new subdivisions to  
23 read:

24          "(21a) Evaluate technology costs. – The chancellor shall adopt a policy requiring the  
25 evaluation of technology costs considerations adopted by the State Board of  
26 Education pursuant to G.S. 115C-102.10.

27          (21b) Report on break/fix rate. – The chancellor shall report annually to the State  
28 Board of Education on the break/fix rate of technology used in the school in  
29 accordance with G.S. 115C-120.11."

30          **SECTION 7.14.(i)** This section is effective when it becomes law and applies  
31 beginning with the 2025-2026 academic year.

32  
33 **AUTOMATIC ENROLLMENT IN ADVANCED ENGLISH LANGUAGE ARTS**  
34 **COURSES**

35          **SECTION 7.15.(a)** G.S. 115C-81.36 reads as rewritten:

36 **"§ 115C-81.36. Advanced courses in ~~mathematics~~mathematics and English Language**  
37 **Arts.**

38          (a) When practicable, local boards of education shall offer advanced learning  
39 opportunities ~~in mathematics~~ in grades three through five, and advanced courses ~~in mathematics~~  
40 in all grades six and higher. For the purposes of this section, advanced learning opportunities are  
41 those services and curricular modifications in mathematics and English Language Arts for  
42 academically or intellectually gifted students approved as part of the local plan, as required by  
43 ~~G.S. 115C-150.7~~G.S. 115C-150.7, and advanced courses are advanced courses in mathematics  
44 and English Language Arts.

45          (a1) When advanced learning opportunities are offered ~~in mathematics~~ in grades three  
46 through five, any student scoring at the highest level on the corresponding end-of-grade test shall,  
47 for the next school year, be provided advanced learning opportunities ~~in mathematics~~ approved  
48 for that student's grade level. ~~No student who qualifies under this subsection shall be removed~~  
49 ~~from the advanced learning opportunity provided to the student unless a parent or guardian of the~~  
50 ~~student provides written consent for the student to be excluded or removed after being adequately~~

1 informed that the student's placement was determined by the student's achievement on the  
2 previous end-of-grade test.

3 (b) When advanced courses are offered in ~~mathematics~~ in grades six and higher, any  
4 student scoring at the highest level on the corresponding end-of-grade or end-of-course test for  
5 the ~~mathematics~~ course in which the student was most recently enrolled shall be enrolled in the  
6 advanced course for the next ~~mathematics~~ course in which the student is enrolled. ~~A student in~~  
7 ~~seventh grade scoring at the highest level on the seventh grade mathematics end-of-grade test~~  
8 ~~shall be enrolled in a high school level mathematics course in eighth grade. Local boards of~~  
9 ~~education may provide supplemental content enrichment, which may include the administration~~  
10 ~~of diagnostic assessments, to students enrolled in a high school level mathematics course. No~~  
11 ~~student who qualifies under this subsection shall be removed from the advanced or high school~~  
12 ~~mathematics course in which the student is enrolled unless a parent or guardian of the student~~  
13 ~~provides written consent for the student to be excluded or removed from that course after being~~  
14 ~~adequately informed that the student's placement was determined by the student's achievement~~  
15 ~~on the previous end-of-grade or end-of-course test.~~

16 (b1) When a high school mathematics course is offered in eighth grade, a student in  
17 seventh grade scoring at the highest level on the seventh grade mathematics end-of-grade test  
18 shall be enrolled in a high school level mathematics course in eighth grade. Local boards of  
19 education may provide supplemental content enrichment, which may include the administration  
20 of diagnostic assessments, to students enrolled in a high school level mathematics course.

21 (c) By ~~December 15, 2020, December 15, 2025,~~ and annually thereafter, the Department  
22 of Public Instruction shall submit a report to the Joint Legislative Education Oversight  
23 Committee containing data collected for the current school year on the ~~number and demographics~~  
24 number, demographics, and socioeconomic status of students who were eligible for advanced  
25 ~~mathematics~~ courses under this section, including high school level mathematics courses in  
26 eighth grade, and of those students, the ~~number and demographics~~ number, demographics, and  
27 socioeconomic status of those who were placed in advanced ~~mathematics~~ courses and were not  
28 placed in advanced ~~mathematics~~ courses. The report shall include information on the type and  
29 format of advanced ~~mathematics~~ courses provided and shall also include any feedback provided  
30 by local boards of education on the implementation of this section.

31 (d) The Department of Public Instruction shall provide guidance to local boards of  
32 education on how to best develop programming and courses to ensure all impacted students  
33 receive rigorous, academically appropriate instruction in ~~mathematics~~ mathematics and English  
34 Language Arts.

35 (e) No student who qualifies for advanced learning opportunities or advanced courses  
36 under this section shall be removed from the advanced learning opportunity or advanced course  
37 provided to the student unless a parent or guardian of the student provides written consent for the  
38 student to be excluded or removed after being adequately informed that the student's placement  
39 was determined by the student's achievement on the previous end-of-grade or end-of-course test.  
40 Local boards of education may provide supplemental content enrichment, which may include the  
41 administration of diagnostic assessments, to students enrolled in advanced courses."

42 **SECTION 7.15.(b)** This section is effective when it becomes law and applies  
43 beginning with the 2025-2026 school year.

## 44 **HIGHLY EFFECTIVE LIMITED LICENSE TEACHERS**

45 **SECTION 7.16.(a)** G.S. 115C-270.15 reads as rewritten:

46 **"§ 115C-270.15. Examination requirements.**

47 ...

48  
49 (e) Conversion to Continuing Professional License. – ~~The~~ Except as provided in  
50 subsection (f) of this section, the State Board shall not convert an ~~IPL or RL~~ IPL, RL, or limited

1 license to a continuing professional license for a teacher who has not fulfilled the examination  
2 requirements of this section.

3 (f) Waiver of Examination Requirements for Certain Individuals with Limited Licenses.  
4 – The State Board shall convert a limited license to a continuing professional license for a teacher  
5 who has available growth data under the Education Value-Added Assessment System (EVAAS)  
6 and has a positive average growth score for two of the three most recent years."

7 **SECTION 7.16.(b)** This section is effective when it becomes law and applies to  
8 limited licenses expiring on or after that date.

9  
10 **COMPETENCY-BASED HIGH SCHOOL/HEALTHCARE AND HIGH-TECH**  
11 **PATHWAYS PROGRAM**

12 **SECTION 7.17.(a)** Program Established; Purpose. – There is established the  
13 Competency-Based High School/Healthcare and High-Tech Pathways Program (Program). The  
14 purpose of the Program is to create pathways that will utilize competency-based education  
15 (CBE). Pathways will result in obtaining either an associate degree or an industry recognized  
16 credential, certification, or licensure based on the student's goal of employment or enrollment.  
17 Students will decide their college or career track at the end of their junior year with an initial  
18 emphasis on healthcare preparation.

19 **SECTION 7.17.(b)** Participants. – Mooresville Graded School District (MGSD)  
20 shall partner with Mitchell Community College (MCC) to implement the Program.

21 **SECTION 7.17.(c)** Program Time Line. – MGSD, in collaboration with MCC, shall  
22 contract with an organization with demonstrated expertise in designing and implementing  
23 learner-centered, modular, and competency-based high school programs that align with emerging  
24 and high-tech career pathways. The organization shall have experience in co-designing stackable  
25 credentials with local education agencies and higher education partners and a documented track  
26 record of developing digital infrastructure that supports student-paced progression,  
27 interdisciplinary learning, and real-world skill acquisition. This expert partner shall assist in  
28 developing a framework for the Program, including course design, sequencing, credentialing  
29 structure, and other elements necessary for personalized student progression during the  
30 2025-2026 school year. Students will have the opportunity to participate in a pathway provided  
31 by the Program by the 2027-2028 school year at the latest.

32 **SECTION 7.17.(d)** Program Flexibilities. – Notwithstanding any provision of law  
33 to the contrary, the following flexibilities shall be available to Program participants:

- 34 (1) MGSD may offer Credit by Demonstrated Mastery assessments and CTE  
35 Proof of Learning assessments outside of existing State testing windows.
- 36 (2) MCC may enroll MGSD students in community college courses prior to their  
37 eleventh grade year without the student meeting the requirements for ninth  
38 and tenth grade students pursuant to subdivision (4) of G.S. 115D-20.
- 39 (3) Students participating in the Program shall have access to all community  
40 college courses at MCC, regardless of pathway selection.
- 41 (4) MGSD may replace any high school graduation credit requirement, except  
42 those outlined in this subdivision, with either community college courses  
43 offered by MCC or locally developed CBE courses that are consistent with  
44 the student's pathway. MGSD shall not replace any graduation credit  
45 requirements in the following subject areas:
- 46 a. English.
- 47 b. Mathematics.
- 48 c. Science.
- 49 d. Social Studies.

- 1 (5) MGSD may operate any high school in the local school administrative unit  
2 consistent with the flexibilities of a school operating under a restart model  
3 pursuant to G.S. 115C-105.37B(a)(2).

4 **SECTION 7.17.(e)** Selection of Third-Party Vendor. – MGSD shall select a  
5 third-party vendor (Vendor) that is an educational support provider with a nationally recognized,  
6 research-based instructional and leadership framework, including a High Reliability School  
7 model, a taxonomy of educational objectives aligned to classroom strategies, and a system for  
8 implementing personalized competency-based education. The provider shall have published  
9 extensively in peer-reviewed and practitioner literature, have an established track record of  
10 working directly with K-12 schools and districts across multiple states, and offer professional  
11 development services, implementation support, and instructional resources developed and led by  
12 a founding education researcher with over four decades of influence in curriculum, instruction,  
13 and assessment.

14 **SECTION 7.17.(f)** MGSD Partnership with Vendor. – MGSD shall partner with the  
15 Vendor selected pursuant to subsection (e) of this section to develop standards-aligned  
16 proficiency scales for all content areas in grades nine through 12 to ensure educators in the  
17 participating schools have the tools necessary to successfully transition to CBE approaches. The  
18 Vendor shall provide professional development and coaching to the schools in MGSD to ensure  
19 educators can engage in learning about CBE approaches, including implementation of the  
20 proficiency scales developed by MGSD.

21 **SECTION 7.17.(g)** Funding. – Of the funds appropriated to the Department of Public  
22 Instruction allocated to MGSD pursuant to this section, MGSD shall use the funds for the  
23 following purposes:

- 24 (1) To contract with experts in CBE and designing stackable credentials pursuant  
25 to subsection (c) of this section.  
26 (2) To hire one additional staff member at MGSD to oversee implementation of  
27 the Program.  
28 (3) To partner with a Vendor pursuant to subsection (f) of this section.  
29

### 30 **LIGHTHOUSE MATH PROJECT**

31 **SECTION 7.18.(a)** Project Established; Purpose. – There is established the  
32 Lighthouse Math Project (Project). The purpose of the Project is to increase the percentage of  
33 high school students who are (i) eligible to complete college level mathematics upon graduation  
34 from high school and (ii) able to complete college level math either through dual enrollment  
35 while in high school or within the first year of college enrollment.

36 **SECTION 7.18.(b)** Project Participants. – Wake Technical Community College  
37 (Wake Tech) shall partner with Wake County Public School System (WCPSS) for high school  
38 students at East Wake High School and Knightdale High School to be eligible to participate in  
39 the Project at the Wake Tech East campus of Wake Tech. Wake Tech and WCPSS shall partner  
40 with SparkNC to align the Project participants' ongoing efforts at the Wake Tech East campus  
41 with the design and implementation of the Project.

42 **SECTION 7.18.(c)** Project Commitments. – WCPSS, in collaboration with Wake  
43 Tech, shall contract with Khan Academy, Inc. (Khan), for use of the artificial intelligence student  
44 tutoring program, Khanmigo. Students enrolling at participating high schools shall have access  
45 to Khanmigo from the time of enrollment in the high school and continuing through their  
46 attendance at Wake Tech if the student chooses to enroll at Wake Tech East. Wake Tech shall  
47 collaborate with Khan to do the following:

- 48 (1) Develop and deliver at least one Khanmigo-centered gateway college math  
49 course to be offered to high school students at participating high schools to be  
50 completed as a college level math course. This course shall also be available

1 to students who graduate from participating high schools and enroll in the  
2 courses at Wake Tech East.

3 (2) Develop a Khanmigo-centered developmental math course sequence that will  
4 be provided by Wake Tech faculty to students from participating high schools  
5 in one of the following formats:

- 6 a. As part of a Career and College Promise Career Ready Pathway.
- 7 b. As supplement to a Career and College Promise Pathway.
- 8 c. As a summer bridge program available to students prior to or  
9 subsequent to their junior and senior years of high school.
- 10 d. As a community college course during the first semester of enrollment  
11 at Wake Tech.

12 **SECTION 7.18.(d) Modular Math Course.** – As part of the Project, Khan, in  
13 consultation with Wake Tech and WCPSS, shall work to develop a self-paced, competency-based  
14 modular math course with appropriate student diagnostics and student assessments based on the  
15 college readiness math competencies provided as part of the Project. It is the intent that students  
16 successfully demonstrating college readiness math competencies will be eligible to enroll in  
17 college level math courses.

18 **SECTION 7.18.(e) Funding; DPI.** – Of the funds appropriated from the General  
19 Fund to the Department of Public Instruction, the sum of up to five hundred thousand dollars  
20 (\$500,000) in nonrecurring funds for the 2025-2026 fiscal year shall be used to contract with  
21 Khan for licenses for the Khanmigo application and to create the course developed pursuant to  
22 subdivision (1) of subsection (c) of this section. Funds appropriated for the purposes laid out in  
23 this section shall not revert but shall remain available to accomplish the purposes of this section  
24 until the end of the 2026-2027 fiscal year.

25 **SECTION 7.18.(f) Funding; NCCCS.** – Of the funds appropriated to the Community  
26 Colleges System Office for the 2025-2026 fiscal year, the sum of one million dollars  
27 (\$1,000,000) in nonrecurring funds shall be used to establish time-limited positions at Wake  
28 Tech. Two positions shall be assigned to work in each participating high school to assist in the  
29 implementation of the courses offered by the Project. Funds appropriated for the purposes laid  
30 out in this section shall not revert but shall remain available to accomplish the purposes of this  
31 section until the end of the 2028-2029 fiscal year.

## 32 **COMPETENCY-BASED EDUCATION AND HIGH SCHOOL REDESIGN** 33 **STRATEGIC NETWORK**

34 **SECTION 7.19.** Mooresville Graded School District, Mitchell Community College,  
35 Wake Technical Community College, Wake County Public School System, Fayetteville  
36 Technical Community College, Wilkes Community College, and SparkNC shall collaborate to  
37 create a Competency-Based Education and High School Redesign Strategic Network (Network).  
38 The president of SparkNC, or the president's designee, shall serve as the chair of the Network.  
39 The chair shall coordinate the operations of the Network and provide administrative and technical  
40 support for the Network to the extent such support is necessary. The Network shall provide a  
41 means for each entity to share what it has learned and developed regarding CBE and high school  
42 redesign. The goals of the Network shall be to advance the goals of developing a CBE approach  
43 to education across the State.  
44

## 45 **NORTH CAROLINA COMPETENCY-BASED EDUCATION INNOVATION GRANT** 46 **PROGRAM**

47 **SECTION 7.20.(a) Program Established; Purpose.** – There is established the North  
48 Carolina Competency-Based Education Innovation Grant and Network Program (Program). The  
49 purpose of the program is to provide funding and support to schools and districts to support the  
50 transition to competency-based education (CBE) models that focus on mastery of learning rather  
51



1 than instructional time. The grant aims to promote innovative instructional practices, flexible  
2 assessment models, and systemic shifts to ensure all students progress based on demonstrated  
3 proficiency.

4 **SECTION 7.20.(b)** Program Objectives. – The objectives of the Program are as  
5 follows:

- 6 (1) Redesign learning pathways. – Support schools and districts in developing  
7 personalized, CBE models that allow students to progress at their own pace.
- 8 (2) Assessment innovation. – Utilize formative and performance-based  
9 assessments that measure student mastery of skills and knowledge, including  
10 the use of AI learning tools.
- 11 (3) Educator capacity building. – Provide common professional development for  
12 educators on instructional strategies and assessment practices aligned with  
13 transitioning to CBE.
- 14 (4) Develop strategies for statewide scaling and best practices. – Develop and  
15 share resources, implementation strategies, and lessons learned to expand  
16 CBE across North Carolina.

17 **SECTION 7.20.(c)** Phase One. – The first phase of the Program shall begin with the  
18 2025-2026 school year and continue until the conclusion of the 2028-2029 school year. Public  
19 school units shall submit applications and complete any planning or organizational duties during  
20 the 2025-2026 school year with implementation of CBE in participating schools beginning with  
21 the 2026-2027 school year.

22 **SECTION 7.20.(d)** Application. – The Department of Public Instruction shall create  
23 an application for the Program and make the application available to all public school units no  
24 later than 60 days after this act becomes law. Public school units shall submit their applications  
25 to the Department no later than 60 days after the application becomes available. The Department  
26 shall select 10 schools to participate in the Program no later than 60 days after the close of the  
27 application period. When selecting schools to participate in the Program, the Department shall  
28 prioritize schools that show a strong commitment to implementing CBE and innovation in  
29 assessment. The Department shall develop criteria to determine which schools are most ready to  
30 transition to CBE. The application shall include at least the following:

- 31 (1) A comprehensive plan outlining the school's vision for competency-based  
32 education.
- 33 (2) A description of instructional and assessment shifts to be implemented.
- 34 (3) A budget for use of grant funds and a sustainability plan to continue utilizing  
35 CBE after the conclusion of Phase One.
- 36 (4) Commitments from public school units leadership and stakeholders.

37 **SECTION 7.20.(e)** Grant Funds; Use; Training. – Grant awards shall be in the  
38 amount of three hundred thirty thousand dollars (\$330,000) to each participating school.  
39 Participating schools shall use the sum of ninety-five thousand dollars (\$95,000) each school  
40 year to receive training on the implementation of CBE in the school. The remaining grant funds  
41 shall be used for costs associated with the transition to CBE, including travel costs and CBE  
42 resources. Grant funds shall remain available until the end of the 2028-2029 fiscal year.

43 **SECTION 7.20.(f)** Selection of Third-Party Vendor. – The Department shall select  
44 a third-party vendor (Vendor) that is an educational support provider with a nationally  
45 recognized, research-based instructional and leadership framework, including a High Reliability  
46 School model, a taxonomy of educational objectives aligned to classroom strategies, and a system  
47 for implementing personalized competency-based education. The provider must have published  
48 extensively in peer-reviewed and practitioner literature, have an established track record of  
49 working directly with K-12 schools and districts across multiple states, and offer professional  
50 development services, implementation support, and instructional resources developed and led by

1 a founding education researcher with over four decades of influence in curriculum, instruction,  
2 and assessment.

3 **SECTION 7.20.(g)** Department Partnership with Vendor. – The Department shall  
4 partner with the Vendor selected pursuant to subsection (f) of this section to develop publicly  
5 available, standards-aligned proficiency scales for all content areas and grade levels to ensure  
6 educators in the participating schools have the tools necessary to successfully transition to CBE  
7 approaches. The Vendor shall provide annual professional development events throughout the  
8 regions of the State to ensure educators can engage in learning about CBE approaches, including  
9 implementation of the proficiency scales developed by the Department.

10 **SECTION 7.20.(h)** Department Duties. – The Department of Public Instruction shall  
11 do the following as part of the Program:

- 12 (1) Develop, in collaboration with the Vendor, a CBE Network to support the  
13 long-term transition to CBE. The CBE Network shall do the following:
  - 14 a. Provide strategic guidance and policy recommendations for scaling  
15 CBE statewide.
  - 16 b. Facilitate collaboration among grant recipients, educators,  
17 policymakers, and CBE industrial leaders.
  - 18 c. Develop a long-term roadmap for CBE implementation statewide.
  - 19 d. Offer professional learning communities and shared online resources  
20 to support ongoing innovation and capacity building.
  - 21 e. Develop methods of measuring proficiency for all courses offered as  
22 part of the standard course of study in kindergarten through grade 12,  
23 with support from the Vendor.
  - 24 f. Disseminate developed proficiency measures to all public school units  
25 and post standards developed to align with the proficiency measures  
26 online on a publicly accessible website.
  - 27 g. Conduct research and evaluation to inform best practices and  
28 continuous improvement in participating schools.
- 29 (2) Provide support and technical assistance, professional learning opportunities,  
30 and access to the CBE network for all grant recipients.

31 **SECTION 7.20.(i)** Reporting; Participants. – Each participating school shall submit  
32 a quarterly progress report to the Department detailing implementation of CBE in the school. The  
33 Department shall establish the due dates and mechanism for the submission of the progress  
34 reports. Progress shall include available student learning outcome data, including evidence of  
35 progress toward content mastery.

36 **SECTION 7.20.(j)** Reporting; Department. – The Department of Public Instruction  
37 shall submit a final report on the outcomes of Phase One of the Program to the Joint Legislative  
38 Education Oversight Committee by December 1, 2029. The report shall include the following:

- 39 (1) A summary of student outcomes reported by participating schools.
- 40 (2) Any challenges experienced by participating schools or the Department with  
41 implementation of the Program.
- 42 (3) Recommendations for scaling the Program statewide.
- 43 (4) Any other information the Department deems relevant.
- 44 (5) Any information requested by the Committee.

## 45 **AI ACADEMIC SUPPORT PROGRAM**

46 **SECTION 7.21.** Chapter 115C of the General Statutes is amended by adding a new  
47 Article to read:

48 "Article 42.

49 "Academic Support Programs.

50 **"§ 115C-650. Establish AI Academic Support Program.**

1        (a) Purpose; Program. – There is established the AI Academic Support Program  
2 (Program) to allow public school units to contract with Khan Academy, Inc., (Khan Academy)  
3 for use of the academic support service Khanmigo, in grades six through 12. Khanmigo is an  
4 application that uses artificial intelligence to support teachers with lesson plan development and  
5 to support students with lesson comprehension.

6        (b) Funding. – Funds shall be allocated to each public school unit on the basis of average  
7 daily membership (ADM) in grades six through 12 in the public school unit for the purposes set  
8 out in this section.

9        (c) Funding Use. – Public school units that utilize funds pursuant to this section shall use  
10 all funds to contract with Khan Academy for use of the Khanmigo service, any associated  
11 professional development, and the rostering programs required pursuant to subsection (e) of this  
12 section.

13        (d) Contract Term. – Public school units entering into contracts with Khan Academy shall  
14 contract for a term of one year. At the end of each school year, each public school unit shall  
15 evaluate the use of Khanmigo services in the public school unit prior to contracting with Khan  
16 Academy for the subsequent school year. The evaluation shall include all of the information  
17 required to be reported on by the Department of Public Instruction in subdivisions (2) through  
18 (7) of subsection (h) of this section. Public school units shall submit their evaluations to the  
19 Department of Public Instruction by July 15 of each year that funds are used pursuant to this  
20 section.

21        (e) Class Rostering for Khanmigo. – All public school units that contract with Khan  
22 Academy pursuant to this section shall use a secure, cloud-based, single sign-on, and class  
23 rostering platform to manage access to digital instructional resources and student information  
24 systems and to facilitate automated data integration between educational applications and school  
25 district systems. Class rostering products used pursuant to this section must be approved by the  
26 Department.

27        (f) Juvenile Justice. – The Department shall contract with Khan for 500 Khanmigo  
28 licenses and training for use in schools operated by the Division of Juvenile Justice of the  
29 Department of Public Safety. The Department of Public Instruction shall provide technical  
30 support to the Division of Juvenile Justice for the use of Khanmigo. The Division of Juvenile  
31 Justice shall comply with evaluation requirements pursuant to subsection (d) of this section.

32        (g) Study. – The Office of Learning Research at the North Carolina Collaboratory (OLR)  
33 shall design and conduct a study to measure the effectiveness of using Khanmigo, including any  
34 impact on student performance and growth. As part of the study, the Department of Public  
35 Instruction shall aggregate and report to OLR on the evaluations submitted by public school units  
36 and the Division of Juvenile Justice pursuant to subsections (d) and (f) of this section. OLR shall  
37 collaborate with Khan Academy to aggregate data on student performance by teacher and by  
38 subgroup, to the extent allowed by law. OLR shall provide the results of this study to the Joint  
39 Legislative Education Oversight Committee no later than April 1, 2028.

40        (h) Report. – No later than February 15 of each year in which funds are made available  
41 for the Program, the Department of Public Instruction shall report to the Joint Legislative  
42 Education Oversight Committee at least the following information:

43            (1) The number public school units that contracted with Khan Academy pursuant  
44 to this article.

45            (2) The number of students using the Khanmigo application.

46            (3) The average number of minutes and interactions students had with the  
47 Khanmigo application weekly.

48            (4) The number of teachers using the application.

49            (5) The average number of minutes and interactions teachers had with the  
50 Khanmigo application weekly.

51            (6) Any identified impact on student outcomes.

1           (7)    Any identified impact on teacher performance.

2           (8)    The number of moderation flags generated by the application."

3  
4    **AUTHORIZE NEW COOPERATIVE INNOVATIVE HIGH SCHOOLS AND CODIFY**  
5    **SUPPLEMENTAL FUNDING**

6           **SECTION 7.22.(a)** With the funds appropriated to the Department of Public  
7 Instruction by this act for cooperative innovative high schools, the Department shall allocate to  
8 local school administrative units the sum of six hundred thirty-five thousand dollars (\$635,000)  
9 in recurring funds for the 2025-2026 fiscal year in amounts consistent with those set forth in  
10 G.S. 115C-238.54A, as enacted by this section, as supplemental funding for the following  
11 cooperative innovative high schools for the 2025-2026 school year:

12           (1)    Hawthorne Academy of Health Sciences.

13           (2)    Martin Innovative Early College of Health Sciences.

14           (3)    Moore County Cooperative Innovative High School.

15           **SECTION 7.22.(b)** Beginning with the 2025-2026 school year and for subsequent  
16 school years thereafter, notwithstanding G.S. 115C-238.51A(c), G.S. 115C-238.54, and any  
17 other provision of law to the contrary, Hawthorne Academy of Health Sciences, Martin  
18 Innovative Early College of Health Sciences, and Moore County Cooperative Innovative High  
19 School shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54  
20 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be  
21 subject to the evaluation requirements of G.S. 115C-238.55.

22           **SECTION 7.22.(c)** Part 9 of Article 16 of Chapter 115C of the General Statutes is  
23 amended by adding a new section to read:

24    "**§ 115C-238.54A. Cooperative innovative high schools – supplemental allotment funding**  
25    **based on county development tier designation.**

26           (a)    Allocation of Funding. – The Department shall allocate cooperative innovative high  
27 school supplemental allotment funds to local school administrative units with a cooperative  
28 innovative high school approved pursuant to G.S. 115C-238.51A(c) based on developmental tier  
29 area, as defined in G.S. 143B-437.08, as follows:

30           (1)    Local school administrative units located in a development tier one area shall  
31 be allocated funding as follows:

32           a.    The sum of two hundred seventy-five thousand dollars (\$275,000) in  
33 recurring funds for each cooperative innovative high school in the unit.

34           b.    For the Northeast Regional School of Biotechnology and Agriscience,  
35 the Department shall allocate the sum of three hundred ten thousand  
36 dollars (\$310,000) in recurring funds from the regional school  
37 supplemental allotment for the school for each fiscal year.

38           (2)    Local school administrative units located in a development tier two area shall  
39 be allocated the sum of two hundred thousand dollars (\$200,000) in recurring  
40 funds for each cooperative innovative high school in the unit.

41           (3)    Local school administrative units located in a development tier three area shall  
42 be allocated the sum of one hundred eighty thousand dollars (\$180,000) in  
43 recurring funds for each cooperative innovative high school in the unit.

44           (b)    Applicability of Funds. – The allotment of funds to local school administrative units  
45 pursuant to subsection (a) of this section shall include cooperative innovative high schools  
46 approved pursuant to G.S. 115C-238.51A(c) operated by a local school administrative unit  
47 regardless of not receiving allotments in a prior fiscal year. Funds shall not be allocated to local  
48 school administrative units for cooperative innovative high schools approved by the State Board  
49 pursuant to G.S. 115C-238.51A(b)."

50  
51    **REPEAL CODING AND MOBILE APP DEVELOPMENT GRANT PROGRAM**

SECTION 7.23. Section 7.23 of S.L. 2017-57 is repealed.

**MAINTAIN COVERAGE OF COPAYS FOR REDUCED-PRICE SCHOOL MEALS**

SECTION 7.24.(a) G.S. 115C-264 is amended by adding a new subsection to read:

"(a1) A local board of education that is operating a school nutrition program shall provide school lunches, and if provided, breakfasts, to students at no cost to the student for students in all grade levels that qualify for reduced-price meals under the federal National School Lunch Program or School Breakfast Program. If funds from alternate sources are insufficient to provide school meals at no costs to students for students that qualify for reduced-price meals, the Department of Public Instruction may use funds appropriated to the State Aid for Public Schools Fund for this purpose."

SECTION 7.24.(b) Section 7.58 of S.L. 2023-134 is repealed.

**CHARTER SCHOOLS REVIEW BOARD AMENDMENTS**

SECTION 7.25.(a) G.S. 115C-218 reads as rewritten:

**"§ 115C-218. Purpose of charter schools; role of State Board of Education; establishment of North Carolina Charter Schools Review Board and North Carolina Office of Charter Schools.**

...

(a1) State Board of Education. – The State Board of Education shall have the following duties regarding charter schools:

- (1) Rulemaking. – ~~To establish~~ adopt all rules for the operation and approval of charter schools. Any rule or policy adopted by the State Board regarding charter schools shall first be ~~recommended~~ approved by the Charter Schools Review Board.
- (2) Funding. – To allocate funds to charter schools.
- (3) Appeals. – To hear appeals from decisions of the Charter Schools Review Board under G.S. 115C-218.9.
- (4) Accountability. – To ensure accountability from charter schools for school finances and student performance.
- (5) Review of financial assistance. – The State Board shall assign the Review Board to conduct any hearings pursuant to 20 U.S.C. § 1231b-2, including making findings and recommendations regarding those hearings.

(b) North Carolina Charter Schools Review Board. –

...

- (10) Powers and duties. – The Review Board shall have the following duties:
  - a. ~~To make recommendations to the State Board of Education on the adoption of~~ propose, recommend, and approve rules and policies regarding all aspects of charter school operation, including time lines, processes, standards, and criteria for acceptance and approval of applications, monitoring of charter schools, and grounds for revocation of charters.
  - ...
  - e. To conduct hearings and make findings and recommendations pursuant to subdivision (a1)(5) of this section.
  - f. To contract for and employ legal counsel, including private counsel, to advise, represent, and provide litigation services to the Review Board, without need to obtain permission or approval pursuant to G.S. 114-2.3 or G.S. 147-17.

...

(c) North Carolina Office of Charter Schools. –

1 ...  
 2 (2) Executive Director. – The Executive Director shall report to and serve at the  
 3 pleasure of the ~~Superintendent of Public Instruction~~ Review Board at a salary  
 4 established by the ~~Superintendent~~ Review Board within the funds  
 5 appropriated for this purpose. The duties of the Executive Director shall  
 6 include presenting the recommendations and decisions of the Review Board  
 7 at meetings of the State Board.

8 ...."

9 **SECTION 7.25.(b)** G.S. 115C-218.15(c) reads as rewritten:

10 "(c) A charter school shall operate under the written charter signed by the State  
 11 Superintendent and the applicant. The terms of the written charter shall be approved by the  
 12 Review Board. A charter school is not required to enter into any other contract. The charter shall  
 13 incorporate the information provided in the application, as modified during the charter approval  
 14 process, and any terms and conditions imposed on the charter school by the Review Board, or if  
 15 the approval is granted through an appeal pursuant to G.S. 115C-218.9, any conditions imposed  
 16 by the State Board of Education. No other terms may be imposed on the charter school as a  
 17 condition for receipt of local funds."

18 **SECTION 7.25.(c)** G.S. 115C-218.85 is amended by adding a new subsection to  
 19 read:

20 "(d) Notwithstanding G.S. 116-11(10a) or any other provision of law to the contrary, a  
 21 charter school shall not be required to list class rank on a student's official transcript or record."

22 **SECTION 7.25.(d)** G.S. 115C-218.90(a) is amended by adding a new subdivision  
 23 to read:

24 "(7) A charter school may develop and use any evaluation for conducting  
 25 evaluation of teachers provided that it includes standards and criteria similar  
 26 to those used in the North Carolina Professional Teaching Standards and  
 27 North Carolina Teacher Evaluation Process, or such other evaluation standard  
 28 and process required to be used by local school administrative units."

29 **SECTION 7.25.(e)** G.S. 115C-218.94 is amended by adding a new subsection to  
 30 read:

31 "(c) The Review Board shall require charter schools that are identified as low-performing  
 32 or continually low-performing to prepare and report on plans to improve the performance of the  
 33 school. The requirements of G.S. 115C-105.27 shall not apply to charter schools."

34 **SECTION 7.25.(f)** G.S. 115C-218.105 reads as rewritten:

35 "**§ 115C-218.105. State and local funds for a charter school.**

36 ...

37 (a2) The State Board shall withhold or reduce distribution of funds to a charter school if  
 38 any of the following applies:

- 39 (1) The change in funding is due to an annual adjustment based on enrollment or  
 40 is a general adjustment to allocations that is not specific to the charter or  
 41 actions of that charter school.
- 42 (2) The Review Board notifies the State Board that the charter school has  
 43 materially violated a term of its charter, has violated a State statute or federal  
 44 law, or has had its charter terminated or nonrenewed.
- 45 (3) The ~~Superintendent of Public Instruction~~ Review Board notifies the State  
 46 Board that the charter school has failed to meet generally accepted standards  
 47 of fiscal management or has violated a State or federal requirement for receipt  
 48 of funds.

49 ...

50 (c2) The ~~Superintendent of Public Instruction~~ Review Board shall, in consultation with  
 51 charter schools and local school administrative units, create a standardized enrollment

1 verification and transfer request document that each charter school shall use to request the per  
2 pupil share of the local current expense fund from the local school administrative units. Charter  
3 schools shall only be required to list the name, age, grade, address, date of charter enrollment,  
4 date of charter withdrawal, district of residence, and student identification number of each student  
5 as provided to the charter school by the student's parent or guardian in the enrollment verification  
6 and transfer request document that the charter school submits to the local school administrative  
7 units. A charter school, in its discretion, may take further steps to confirm the student's residence  
8 in a particular local school administrative unit.

9 (c3) ~~The Superintendent of Public Instruction-Review Board~~ shall, in consultation with  
10 charter schools and local school administrative units, create a standardized procedure that local  
11 school administrative units shall use when transferring the per pupil share of the local current  
12 expense fund to charter schools. The standardized procedure for transfer of the per pupil share of  
13 the local current expense fund shall require, to the extent practicable, that the local school  
14 administrative units make the transfers by electronic transfer.

15 ...."

16 **SECTION 7.25.(g)** G.S. 115C-218.123 is amended by adding a new subsection to  
17 read:

18 "(c) If a school is operating under a charter that allows for a remote academy as part of the  
19 charter, and the school enrolls or intends to enroll 250 or more students in the remote academy,  
20 the school may request that the Review Board grant the remote academy portion of the school a  
21 separate charter by submitting the information listed under subsection (a) of this section with the  
22 request. Requests submitted pursuant to this section shall be reviewed through an expedited  
23 process to be established by the Review Board. The Review Board shall not require a planning  
24 year for remote academies granted a charter pursuant to this subsection."

25 **SECTION 7.25.(h)** G.S. 115C-218.125 reads as rewritten:

26 "**§ 115C-218.125. Evaluation.**

27 (a) The State Board of Education shall evaluate the success of remote charter academies  
28 approved under this Part. Success shall be measured by school performance scores and grades,  
29 retention rates, attendance rates, and, for grades nine through 12, high school completion and  
30 dropout rates. The Board shall report by November 15 of each year to the Joint Legislative  
31 Education Oversight Committee on the evaluation of these academies and on any recommended  
32 statutory changes.

33 (b) If a school is operating under a charter that includes in-person instruction and a remote  
34 charter academy, the remote charter academy shall receive a separate school performance grade  
35 and be treated as a separate school for the purposes of assessing the performance of the remote  
36 charter academy pursuant to G.S. 115C-12(9)c1., 115C-83.15, 115C-218.94, and 115C-218.95."

37 **SECTION 7.25.(i)** This section is effective when it becomes law and applies  
38 beginning with the 2025-2026 school year.

## 39 SCHOOL BUSINESS SYSTEMS MODERNIZATION PLANS

40 **SECTION 7.26.(a)** For a public school unit to receive an allocation from the  
41 nonrecurring funds appropriated to the Department of Public Instruction in this act for the  
42 2025-2026 fiscal year for business systems modernization, the Department shall require the  
43 public school unit to submit a letter of intent to the Department no later than September 1, 2026.  
44 The letter of intent must (i) verify that the public school unit has not previously received funds  
45 for business systems modernization, (ii) specify the platform the public school unit intends to  
46 use, and (iii) state the projected implementation time line. Any platform chosen must integrate  
47 with the Department's Licensure and Uniform Education Reporting System and analytics system.

48 **SECTION 7.26.(b)** Notwithstanding G.S. 143C-1-2(b), any funds that have been  
49 appropriated to the Department of Public Instruction for the purpose of business systems  
50 modernization that have not been obligated by June 30, 2031, shall revert to the General Fund.  
51

**SHIFT FUNDS FROM GOGUARDIAN TO GAGGLE**

**SECTION 7.27.** Of the four million four hundred thousand dollars (\$4,400,000) in recurring funds appropriated to the Department of Public Instruction for the 2023-2024 fiscal year in S.L. 2023-134 to provide technology and services to mitigate cyberbullying, monitor student internet activity, and assist with suicide prevention services, the Department shall, beginning with the 2025-2026 fiscal year, use the full amount to contract with Gaggle.Net, Inc., to provide technology and services to mitigate cyberbullying, monitor student internet activity, and assist with suicide prevention services.

**FORMALIZE THE DIAPER BANK OF NORTH CAROLINA'S ROLE AS PROVIDER OF FEMININE HYGIENE PRODUCTS FOR PUBLIC SCHOOLS**

**SECTION 7.28.** G.S. 115C-377 reads as rewritten:

**"§ 115C-377. Feminine Hygiene Products ~~Grant~~ Program.**

(a) ~~Program; Purpose.~~ – The Department of Public Instruction shall establish the Feminine Hygiene Products ~~Grant~~ Program (Program) to ~~assist public school units participating in the Program in providing~~ provide students with feminine hygiene products at no charge to the student. The Department shall run the Program in accordance with this section in each year in which funds are made available for the purpose.

(b) ~~Grants.~~ ~~To the extent funds are made available for the Program, the Department of Public Instruction shall award public school units grants of up to five thousand dollars (\$5,000) on a first-come, first-served basis, and the Department shall prioritize awarding grants to public school units that did not receive an award pursuant to the Program in the previous fiscal year. No public school unit shall receive more than one grant per fiscal year.~~

(b1) Participation. – The Department of Public Instruction shall develop a process through which public school units can elect to participate in the Program for each school year.

(b2) Contract for Products. – The Department of Public Instruction shall contract with the Diaper Bank of North Carolina to provide feminine hygiene products to all public school units that elect to participate in the Program on a pro rata basis based on the number of female students in grades six through 12 in the participating public school unit.

(c) ~~Reporting.~~ – ~~No later than March 15, 2023, and every year thereafter that funds are made available for~~ 15 of each year of the Program, the Department shall report to the Joint Legislative Education Oversight Committee on the public school units receiving grants-products under the Program, the specific number of feminine hygiene products purchased with the grant funds, provided through the Program, the number of students served by the Program, and the impact of the Program on student health and well-being."

**ADVANCED TEACHING ROLES – LIMITED CLASS SIZE EXCEPTION, GRANT FUNDING FORMULA, AND TRACK ROLES IN STUDENT INFORMATION SYSTEM**

**SECTION 7.29.(a)** Notwithstanding G.S. 115C-301 or G.S. 115C-310.7, the State Board of Education may grant a public school unit participating in the Advanced Teaching Roles program under Article 20A of Chapter 115C of the General Statutes, that received its final year of grant funding under G.S. 115C-310.11 in the 2024-2025 school year, authorization to exceed the maximum class size requirements for kindergarten through third grade for the 2025-2026 school year.

**SECTION 7.29.(b)** G.S. 115C-310.11 is amended by adding a new subsection to read:

"(a1) Award. – For an ATR unit's initial planning year, the Department shall award the unit the sum of one hundred fifty thousand dollars (\$150,000) for the year. In each subsequent year



1 the ATR unit receives grant funds, the Department shall award the unit ten thousand dollars  
2 (\$10,000) for each new advanced leadership teacher role identified in the unit's ATR plan."

3 **SECTION 7.29.(c)** G.S. 115C-310.15 is amended by adding a new subsection to  
4 read:

5 "(d) The Department of Public Instruction shall create designations for teachers serving in  
6 advanced teaching roles in the student information system."

### 8 **ALLOW CHARTER SCHOOLS TO RELOCATE WITHIN 10 MILES**

9 **SECTION 7.30.** G.S. 115C-218.8 reads as rewritten:

#### 10 **"§ 115C-218.8. Nonmaterial revisions of charters.**

11 It shall not be considered a material revision of a charter and shall not require prior approval  
12 of the Review Board for a charter school to do any of the following:

13 ...

14 (4) Relocate the charter school within a 10-mile radius inside the same local  
15 school administrative unit identified in the charter."

### 17 **NO ALTERNATE SCHOOL MEALS BASED ON STUDENT PAY STATUS**

18 **SECTION 7.31.(a)** G.S. 115C-264 is amended by adding a new subsection to read:

19 "(e) Governing bodies of public school units shall offer the same meal selections to all  
20 students regardless of student pay status for the nutrition program. For purposes of this section,  
21 pay status includes students receiving free or reduced-price lunch or students that have unpaid  
22 meal debt. This policy does not require a governing body to provide a student any optional meal  
23 items that result in additional charges to the student."

24 **SECTION 7.31.(b)** G.S. 115C-218.75(n) reads as rewritten:

25 "(n) Unpaid Meal Debt. School Nutrition Program. – If a charter school participates in the  
26 offers a school nutrition program, the charter school shall comply with the following in offering  
27 the program:

28 (1) A charter school may not impose administrative penalties on a student for  
29 unpaid school meal debt in accordance with G.S. 115C-264(d).

30 (2) A charter school shall not provide alternate meals based on student pay status  
31 in accordance with G.S. 115C-264(e)."

32 **SECTION 7.31.(c)** G.S. 115C-218.75(l) is recodified as subdivision (3) of  
33 G.S. 115C-218.75(n), as amended by subsection (b) of this section.

34 **SECTION 7.31.(d)** G.S. 115C-238.66(22) reads as rewritten:

35 "(22) Unpaid meal debt. School nutrition program. – If a regional school participates  
36 in the offers a school nutrition program, the regional school shall comply with  
37 the following in offering the program:

38 a. A regional school may not impose administrative penalties on a  
39 student for unpaid school meal debt in accordance with  
40 G.S. 115C-264(d).

41 b. A regional school shall not provide alternate meals based on student  
42 pay status in accordance with G.S. 115C-264(e)."

43 **SECTION 7.31.(e)** G.S. 115C-238.66(20) is recodified as sub-subdivision c. of  
44 G.S. 115C-238.66(22), as amended by subsection (d) of this section.

45 **SECTION 7.31.(f)** This section applies beginning with the 2025-2026 school year.

### 47 **CEP TIME LINE SHIFT AND CLARIFY BREAKFAST LOCATION**

48 **SECTION 7.32.** Section 7.59 of S.L. 2023-134 reads as rewritten:

49 **"SECTION 7.59.(a)** Program; Purpose. – The Department of Public Instruction shall  
50 establish the CEP Meal Program Incentive ~~for the 2023–2025 fiscal biennium~~ to expand public  
51 school participation in the federal Community Eligibility Provision (CEP) program to increase

1 the number of students with access to healthy, cost-free school breakfast and lunch. The incentive  
 2 program shall be available to public school units for the 2024-2025 fiscal year. In each year  
 3 where funds are made available for the purpose, the CEP program shall be run subject to the  
 4 provisions of this section.

5 ...

6 "**SECTION 7.59.(c)** Application. – By ~~January 15, 2024,~~ April 15 of each year of the  
 7 program, the Department shall develop the application for the incentive program and make it  
 8 available to public school units. Public school units or individual schools shall submit their  
 9 applications by ~~March 1, 2024,~~ June 1 of each year of the program. At a minimum, the application  
 10 shall include the following information:

- 11 (1) The school or schools that will participate in the CEP program.
- 12 (2) The Identified Student Percentage (ISP) for the school or schools for the ~~2024-~~  
 13 ~~2025-current~~ school year.
- 14 (3) The number of students enrolled in the school or schools for the ~~2024-2025~~  
 15 current school year.
- 16 (4) Participation rates in the National School Breakfast and Lunch programs for  
 17 the 2023-2024 school year for the schools requesting to receive the incentive.

18 "**SECTION 7.59.(d)** Selection. – By ~~April 30, 2024,~~ July 15 of each year of the program,  
 19 the Department shall determine whether each applicant is eligible to participate in the incentive  
 20 program. The Department shall then award grants to all eligible public school units and schools.  
 21 If there are insufficient funds to award grants to all eligible public school units or schools, the  
 22 Department shall first prioritize awarding grants to public school units and schools with an  
 23 Identified Student Percentage (ISP) of greater than or equal to fifty-five percent (55%) and then  
 24 prioritize awarding grants to those schools that will draw the greatest federal match.

25 "**SECTION 7.59.(e)** Grants. – The Department shall issue State reimbursements to  
 26 participating public school units and schools to supplement federal reimbursements of school  
 27 meals. State reimbursement shall equal the difference between the federal free rate and the federal  
 28 paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of  
 29 the ISP for the participating schools. State and federal reimbursements shall not exceed one  
 30 hundred percent (100%) of the federal free rate of meals served. Schools utilizing the incentive  
 31 shall ~~offer breakfast after the bell and in the classroom,~~ have an innovative breakfast option  
 32 available where students have access to breakfast and are allowed to consume breakfast in the  
 33 classroom.

34 ...

35 "**SECTION 7.59.(g)** Report. – No later than January ~~4, 2025,~~ 1 of each year of the program,  
 36 the Department shall report to the Joint Legislative Education Oversight Committee and the  
 37 Fiscal Research Division at least the following information:

38 ...."

#### 40 SPARKNC EXTENSION

41 **SECTION 7.33.** Section 7.62 of S.L. 2023-134, as amended by Section 3J.14 of S.L.  
 42 2024-57, reads as rewritten:

43 "**SECTION 7.62.(a)** There is established the SparkNC ~~Pilot-Program~~ (Program) ~~for~~  
 44 beginning with the 2023-2025 fiscal biennium, biennium continuing through the 2031-2033  
 45 fiscal biennium. The ~~pilot program-Program~~ authorizes SparkNC, a North Carolina nonprofit  
 46 corporation, in partnership with ~~selected~~ public school units, to develop a nontraditional,  
 47 student-driven pathway through which students may select and complete modular learning  
 48 experiences that, when aggregated, will provide a competency-based equivalency to a traditional  
 49 elective course credit. SparkNC shall provide a menu of modular learning experiences that  
 50 include opportunities for work-based learning. For purposes of this section, "Learning  
 51 Accelerator" is either a High-Tech or Health Science Learning Accelerator. The

1 competency-based elective credit shall be denoted on student transcripts as a Learning  
2 Accelerator credit and be focused on science, technology, engineering, and mathematics  
3 (STEM). A student may earn up to four credits in Learning Accelerators but may not complete  
4 the same learning experience more than once for credit.

5 **"SECTION 7.62.(b)** Each public school unit partnering with SparkNC in accordance with  
6 this section (partnering public school units) shall enter a memorandum of understanding with  
7 SparkNC to meet certain requirements for the Program. These requirements shall include the  
8 provision of a physical learning lab staffed by a learning lab facilitator, operated on a schedule  
9 agreed upon by the public school unit and SparkNC, that will provide a site for collaborative  
10 learning and networking. Learning lab facilitators shall facilitate interdistrict instruction, provide  
11 student advising, design learning experiences, coordinate with industry partners, and validate  
12 student work.

13 **"SECTION 7.62.(c)** Notwithstanding any State Board of Education rules, partnering public  
14 school units shall award the elective credit in a Learning Accelerator to any student who  
15 completes a combination of learning experiences determined by SparkNC to provide the  
16 competency-based elective credit in that course upon verification of successful completion of the  
17 learning experiences and integrity of student work products by the learning lab facilitator. The  
18 elective credit shall be denoted as achieved competency on the student's transcript. A student's  
19 participation in learning experiences but failure to earn elective credit shall not be denoted as a  
20 fail on the student's transcript.

21 **"SECTION 7.62.(d)** The following provisions shall apply to the Program:

- 22 (1) Notwithstanding G.S. 115C-295 and any related State Board of Education  
23 rules, learning lab facilitators shall not be required to hold teacher licensure  
24 but shall meet the standards established by the memorandum of  
25 understanding. Learning lab facilitators shall be the teacher of record for  
26 students enrolled in the Program. Additional non-licensed personnel may be  
27 contracted with on a full- or part-time basis for the purpose of providing  
28 timely, real-world content, industry expertise, and student learning  
29 experiences. Learning lab facilitators and contract personnel with the Program  
30 shall be subject to the requirements of Part 6 of Article 22 of Chapter 115C of  
31 the General Statutes (Criminal History Checks).
- 32 (2) For the purposes of student participation in the Program, the requirements of  
33 Part 2 of Article 8 of Chapter 115C of the General Statutes (Calendar) shall  
34 not apply. Students may continue to participate in the Program and aggregate  
35 learning experiences throughout the time the students are enrolled in the  
36 public school unit and shall not be limited to a semester or school year.  
37 Learning experiences may be provided to students in person, remotely, or  
38 through asynchronous learning experiences.
- 39 (3) Notwithstanding G.S. 115C-316 or any other law or rule to the contrary,  
40 public school units shall not be required to pay learning lab facilitators in  
41 accordance to the salary schedule used for other teachers employed by the  
42 public school unit.
- 43 (4) If a course in computer science is required for high school graduation,  
44 completion of the competency-based elective credit of a High-Tech Learning  
45 Accelerator shall be deemed to satisfy the requirement.

46 **"SECTION 7.62.(e)** ~~For the 2023-2024 and 2024-2025 school years, all~~ All public school  
47 units are eligible to participate in the Program.

48 **"SECTION 7.62.(f)** The nonrecurring funds appropriated to the Department of Public  
49 Instruction in the 2023-2024 and 2024-2025 fiscal years for the purposes of this section shall be  
50 allocated as a directed grant to SparkNC to provide students a nontraditional pathway to earn  
51 competency-based Learning Accelerator elective credits. Funds allocated pursuant to this section

1 shall not revert to the General Fund but shall remain available until the end of the ~~2025-2026~~  
2 2026-2027 fiscal year. SparkNC shall utilize the grant to partner with and provide services in the  
3 maximum number of public school units possible.

4 "**SECTION 7.62.(g)** SparkNC, in consultation with the partnering public school units, shall  
5 provide ~~an interim~~ a report to the Joint Legislative Education Oversight Committee by March ~~4,~~  
6 2025, 1 of each year of the Program on the following information, disaggregated for each public  
7 school unit by grade level and school, when possible:

- 8 (1) Number and percentage of student participation in the Program.
- 9 (2) Student retention and persistence in the Program.
- 10 (3) Student completion of Learning Accelerator elective credits and student  
11 achievement of personalized learning goals within the Program.
- 12 (4) Student evaluation of the Program.
- 13 (5) Student interest in science, technology, engineering, and mathematics  
14 following participation in the Program.
- 15 (6) Cost per student for Program participation.
- 16 (7) The number and percentage of students who have participated in the Program  
17 who choose to pursue a career pathway or further study in a STEM field.
- 18 (8) Public school unit persistence in the Program.
- 19 (9) Recommendations for Program changes, including recommended legislative  
20 changes and changes needed to ensure that federal funding for career and  
21 technical education can be used for the Program.
- 22 (10) An overview of how all funds appropriated for the Program were spent.
- 23 (11) Recommendations on development of a competency transcript.

24 "~~**SECTION 7.62.(h)** SparkNC, in consultation with the partnering public school units, shall~~  
25 ~~provide a final report to the Joint Legislative Education Oversight Committee by February 15,~~  
26 ~~2027, on the following information, disaggregated for each public school unit by grade level and~~  
27 ~~school, when possible:~~

- 28 (1) ~~Number and percentage of student participation in the Program.~~
- 29 (2) ~~Student retention and persistence in the Program.~~
- 30 (3) ~~Student completion of the High Tech Learning Accelerator elective.~~
- 31 (4) ~~Student evaluation of the Program.~~
- 32 (5) ~~Student interest in science, technology, engineering, and mathematics~~  
33 ~~following participation in the Program.~~
- 34 (6) ~~Cost per student for Program participation.~~
- 35 (7) ~~The number and percentage of students who have participated in the Program~~  
36 ~~who choose to pursue a career pathway or further study in a STEM field.~~
- 37 (8) ~~Public school unit persistence in the Program.~~
- 38 (9) ~~Recommendations for Program changes, including recommended legislative~~  
39 ~~changes and changes needed to ensure that federal funding for career and~~  
40 ~~technical education can be used for the Program.~~
- 41 (10) ~~Recommendations on development of a competency transcript.~~

42 "**SECTION 7.62.(i)** The Department of Public Instruction shall amend the North Carolina  
43 CTE State Plan (Plan) prior to the 2026-2027 school year to remove any barriers within the Plan  
44 that prevent or inhibit public school units from using CTE funds to support participation in the  
45 Program."

## 46 **STUDENT USE OF WIRELESS COMMUNICATION DEVICES**

47 **SECTION 7.34.(a)** Article 7B of Chapter 115C of the General Statutes is amended  
48 by adding a new Part to read:

49 "Part 8. Miscellaneous Requirements.

50 "§ 115C-76.100. Regulation of wireless communication devices."

1 (a) The following definitions apply in this section:

2 (1) Wireless communication device. – Any portable wireless device that has the  
3 capability to provide voice, messaging, or other data communication between  
4 two or more parties, including the following:

5 a. Cellular telephones.

6 b. Tablet computers.

7 c. Laptop computers.

8 d. Paging devices.

9 e. Two-way radios.

10 f. Gaming devices.

11 (2) Wireless communication policy. – A policy governing the use of wireless  
12 communication devices by students.

13 (b) The governing body of a public school unit shall establish a wireless communication  
14 policy. At a minimum, except as permitted in subsection (c) of this section, the policy shall  
15 prohibit students from using, displaying, or having a wireless communication device turned on  
16 during instructional time.

17 (c) A wireless communication policy shall allow student use of a wireless communication  
18 device during instructional time as follows:

19 (1) If authorized by a teacher for educational purposes or for use in the event of  
20 an emergency. The governing body may establish parameters to be followed  
21 by a teacher in granting authorizations.

22 (2) As required by the student's individualized education program or section 504  
23 (29 U.S.C. § 794) plan.

24 (3) As required to manage a student's health care, in accordance with a  
25 documented medical condition.

26 (d) The governing body shall establish the consequences for violations of the wireless  
27 communication policy, which may include confiscation of the wireless communication device  
28 and disciplinary measures under the public school unit's Code of Student Conduct.

29 (e) No later than September 1 of the year in which this section becomes effective, every  
30 public school unit shall send to the Department of Public Instruction a copy of the public school  
31 unit's wireless communication policy. The public school unit shall provide the Department of  
32 Public Instruction with a copy of the wireless communication policy anytime it is changed. No  
33 later than October 1 of each year, the Department of Public Instruction shall report to the Joint  
34 Legislative Education Oversight Committee the number of public school units that are in  
35 compliance with this section and the name of any public school unit which is not in compliance  
36 with this section."

37 **SECTION 7.34.(b)** This section applies beginning with the 2025-2026 school year.

## 39 PUBLIC SCHOOL ENROLLMENT STABILITY FOR MILITARY STUDENTS

40 **SECTION 7.35.** G.S. 115C-366(a9) reads as rewritten:

41 "(a9) A student who is not a domiciliary of a local school administrative unit that resides  
42 with a parent or legal guardian that is on active military duty shall be permitted to register to  
43 enroll in the public schools of that unit by remote means, including electronic means, prior to  
44 commencement of the student's residency in the local school administrative unit ~~if all of the~~  
45 ~~following apply:~~ subject to the following conditions:

46 (1) To be eligible to register to enroll prior to becoming a domiciliary, all of the  
47 following conditions must be met:

48 a. A parent or legal guardian is on active military duty and (i) is  
49 transferred or pending transfer pursuant to an official military order to  
50 a military installation or reservation in the ~~State.~~State or (ii) is

1 separating from active duty service within the next 12 months and  
 2 intends to establish residency in the State.

3 ~~(2)~~b. Upon request by the local school administrative unit where the student  
 4 seeks to register to enroll, a parent or legal guardian provides (i) a copy  
 5 of the official military order transferring to a military installation or  
 6 reservation located in the State, State or (ii) an official military  
 7 document showing an anticipated date of separation. Each local school  
 8 administrative unit may determine the document or documents  
 9 sufficient to establish an anticipated date of separation so long as the  
 10 document required is easily accessible by the parent or legal guardian.

11 ~~(3)~~c. A parent or legal guardian completes and submits the local school  
 12 administrative unit's required enrollment forms and documentation,  
 13 except ~~that proof of residency and~~ documentation related to  
 14 disciplinary actions pursuant to G.S. 115C-366(a4) shall not be  
 15 required until the student transfers into the local school administrative  
 16 unit, at which time they shall be required prior to commencing  
 17 attendance.

18 (2) Once registered to be enrolled, the following apply:

19 a. A local school administrative unit shall make available to a student  
 20 who registers to enroll pursuant to this subsection the same  
 21 opportunities available to a student enrolled contemporaneously with  
 22 domicilia, such as requesting or applying for school assignment,  
 23 registering for courses, and applying for any other programs that  
 24 require additional request or application.

25 b. A student enrolled pursuant to this subsection may ~~not~~ attend school  
 26 in the local school administrative unit until ~~proof of residency is~~  
 27 ~~provided in accordance with the requirements of the local school~~  
 28 ~~administrative unit.~~ the later of (i) one year from the parent or legal  
 29 guardian's reporting-for-duty or separation date or (ii) the end of the  
 30 school year in which the student began attending the school. The  
 31 parent or legal guardian shall provide proof of residency before the  
 32 expiration of the allotted period of attendance provided in this  
 33 sub-subdivision.

34 c. If a student begins attending a school pursuant to this subsection in  
 35 grade 11 or 12, the local school administrative unit shall extend the  
 36 period of attendance allowed under sub-subdivision b. of this  
 37 subdivision to allow the student to attend the school through high  
 38 school graduation.

39 Nothing in this subsection shall be construed to curtail a local school administrative unit's  
 40 authority pursuant to G.S. 115C-366(a5)."

## 41 42 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE** 43 **GRANT PROGRAM**

44 **SECTION 7.36.** Article 16 of Chapter 115C of the General Statutes is amended by  
 45 adding a new Part to read:

46 "Part 7A. Extended Learning and Integrated Student Supports Grant Program.

### 47 "§ 115C-238.35. Program; purpose.

48 (a) Program; Purpose. – There is established the Extended Learning and Integrated  
 49 Student Supports Grant Program (Program). Nonprofit corporations and nonprofit corporations  
 50 working in collaboration with local school administrative units operating relevant programs may  
 51 apply for the Program. The purpose of the Program is to fund high-quality, independently

1 validated extended learning and integrated student support service programs for at-risk students  
2 that raise standards for student academic outcomes by focusing on the following:

- 3 (1) Use of an evidence-based model with a proven track record of success.
- 4 (2) Inclusion of rigorous, quantitative performance measures to confirm  
5 effectiveness of the program.
- 6 (3) Deployment of multiple tiered supports in schools to address student barriers  
7 to achievement, such as strategies to improve chronic absenteeism, antisocial  
8 behaviors, academic growth, and enhancement of parent and family  
9 engagement.
- 10 (4) Alignment with State performance measures, student academic goals, and the  
11 North Carolina Standard Course of Study.
- 12 (5) Prioritization in programs to integrate clear academic content, in particular,  
13 science, technology, engineering, and mathematics (STEM) learning  
14 opportunities or reading development and proficiency instruction.
- 15 (6) Minimization of student class size when providing instruction or instructional  
16 supports and interventions.
- 17 (7) Expansion of student access to high-quality learning activities and academic  
18 support that strengthen student engagement and leverage community-based  
19 resources, which may include organizations that provide mentoring services  
20 and private-sector employer involvement.
- 21 (8) Utilization of digital content to expand learning time, when appropriate.

22 (b) Program Requirements. – In each year in which sufficient funds are available, the  
23 Department of Public Instruction shall administer the Program in accordance with this Part.

24 (c) Program Funding. – The Department shall use up to seven million dollars  
25 (\$7,000,000) from the At-Risk Student Services Alternative School Allotment each fiscal year  
26 to fund the Program. Of the funds used to fund the Program, the Department may use up to two  
27 hundred thousand dollars (\$200,000) for each fiscal year for expenses of administering the  
28 Program.

29 **"§ 115C-238.36. Awards; eligible uses.**

30 (a) Eligible Uses. – Grants shall be used to award funds for new or existing eligible  
31 programs for at-risk students operated by nonprofit corporations and nonprofit corporations  
32 working in collaboration with local school administrative units. Programs should focus on  
33 servicing (i) at-risk students not performing at grade level as demonstrated by statewide  
34 assessments, (ii) students at risk of dropout, and (iii) students at risk of school displacement due  
35 to suspension or expulsion as a result of antisocial behaviors. Priority consideration shall be given  
36 to applications demonstrating models that focus services and programs in schools that are  
37 identified as low-performing pursuant to G.S. 115C-105.37.

38 (b) Awards; Required Match. – Grant participants are eligible to receive grants for up to  
39 two years in an amount of up to five hundred thousand dollars (\$500,000) each year. A grant  
40 participant shall provide certification to the Department of Public Instruction that the grants  
41 received under the Program shall be matched on the basis of three dollars (\$3.00) in grant funds  
42 for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include other State funds.  
43 The Department shall also give priority consideration to an applicant that is a nonprofit  
44 corporation working in partnership with a local school administrative unit resulting in a match  
45 utilizing federal funds under Part A of Title I of the Elementary and Secondary Education Act of  
46 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other federal  
47 or local funds. Matching funds may include in-kind contributions for up to fifty percent (50%)  
48 of the required match.

49 (c) A nonprofit corporation may act as its own fiscal agent for the purposes of this  
50 Program.

51 **"§ 115C-238.37. Reporting requirements.**

1       (a) Recipient Reporting. – No later than July 15 of each year in which a grant recipient  
2 is participating in the Program, the recipient shall report to the Department of Public Instruction  
3 on the expenditure of grant funds and the progress of the Program, including alignment with State  
4 academic standards, data collection for reporting student progress, the source and amount of  
5 matching funds, and other measures, before receiving funding for the next fiscal year. Grant  
6 recipients shall also submit a final report on key performance data, including statewide test  
7 results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the  
8 Program.

9       (b) Department Reporting. – No later than September 15 of each year of the Program, the  
10 Department of Public Instruction shall report to the Joint Legislative Education Oversight  
11 Committee on the Program, including recommendations regarding effective program models,  
12 standards, and performance measures based on student performance, leveraging of  
13 community-based resources to expand student access to learning activities, academic and  
14 behavioral support services, and potential opportunities for the State to invest in proven models  
15 for future grant programs."

## 16 17 **TEACHER APPRENTICESHIP PROGRAM**

18       **SECTION 7.37.(a)** Article 17D of Chapter 115C of the General Statutes is amended  
19 by adding a new section to read:

### 20 **"§ 115C-269.33. Teacher Apprenticeship Program.**

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

22       (1) Advanced Teaching Roles unit. – As defined in G.S. 115C-310.3(6).

23       (2) Apprentice. – A person who is employed as an apprentice by an apprenticeship  
24 employer and meets all of the following criteria:

25       a. Holds a bachelor's degree.

26       b. Is eligible to hold or holds one of the following:

27           1. An emergency license.

28           2. A residency license.

29           3. A permit to teach issued by the Department in accordance with  
30 rules adopted by the State Board of Education.

31       c. Submitted a Free Application for Federal Student Aid (FAFSA).

32       (3) Apprenticeship employer. – An Advanced Teaching Roles unit that meets all  
33 of the following criteria:

34       a. Has a registered apprenticeship program under requirements  
35 established by the United States Department of Labor.

36       b. Employs apprentices under the Program.

37       (4) Department. – The Department of Public Instruction.

38       (5) Program. – The Teacher Apprenticeship Program.

39       (6) RFP. – Request for proposals.

40       (b) Program Established; Purpose. – There is established the Teacher Apprenticeship  
41 Program as a competitive grant program for the purpose of increasing the number of  
42 professionally licensed teachers in the State and improving teacher competency, student  
43 outcomes, and teacher retention in the State. The Department of Public Instruction shall  
44 administer the Program in collaboration with ApprenticeshipNC as set forth in this section.

45       (c) Request for Proposals. – No later than November 1 of each year, ApprenticeshipNC  
46 shall issue an RFP for the Program. Advanced Teaching Roles units may submit proposals by  
47 January 1 of the following calendar year. Proposals shall include at least the following  
48 information:

49       (1) A plan to establish a registered teacher apprenticeship program in  
50 collaboration with ApprenticeshipNC, including at least the following  
51 information:



- 1           a.     The number of apprentices the unit intends to employ using grant  
2                     funds for State-funded salary supplements, State-funded enrollment  
3                     expenses, or both.
- 4           b.     Specific subject areas and grade levels in the local school  
5                     administrative unit with teacher shortages.
- 6           (2)    A system of supports that would be provided for apprentices, including  
7                     qualifications of mentor teachers and a schedule of supervision.
- 8           (3)    Alternative sources of funding to support apprenticeships that could be paired  
9                     with State funds received under the Program, including federal workforce  
10                    development funds.
- 11          (4)    An explanation of how the unit would incorporate its registered teacher  
12                     apprenticeship program with its advanced teaching roles program to enhance  
13                     the learning environment for apprentices.
- 14          (5)    Strategies to encourage candidates to accept an apprenticeship instead of  
15                     directly entering the teacher profession on a Residency License, Emergency  
16                     License, or permit to teach.
- 17          (d)    Selection of Recipients. – By March 15 of each school year in which proposals are  
18                     submitted, ApprenticeshipNC shall review the proposals and select local school administrative  
19                     units to participate in the Program, beginning in the subsequent school year. ApprenticeshipNC  
20                     shall notify the Department of its selections, and the Department shall allocate funds to the  
21                     selected Advanced Teaching Roles units in accordance with subsection (e) of this section.
- 22          (e)    Allocation of State Grant Funds. – To the extent funds are appropriated by the General  
23                     Assembly for this purpose, the Department shall allocate the funds for grants to apprenticeship  
24                     employers based on the number of apprentices the unit intends to employ receiving grant funds  
25                     for State-funded salary supplements, State-funded enrollment expenses, or both, up to a  
26                     maximum of 10 total apprentices per unit, as follows:
- 27            (1)    Up to seven thousand five hundred dollars (\$7,500) per apprentice per year,  
28                     plus any additional funds necessary for benefits, to provide salary supplements  
29                     for apprentices in accordance subdivision (3) of subsection (f) of this section.
- 30            (2)    Up to five thousand dollars (\$5,000) per apprentice per year for the costs of  
31                     enrollment of an apprentice in an institution of higher education in accordance  
32                     with subdivision (5) of subsection (f) of this section.
- 33          (f)    Program Requirements. – The following minimum requirements shall apply to  
34                     apprentices and apprenticeship employers under the Program:
- 35            (1)    Number of apprentices. – An apprenticeship employer shall employ no more  
36                     than a maximum of 10 total apprentices who receive grant funds for  
37                     State-funded salary supplements, State-funded enrollment expenses, or both.  
38                     An apprenticeship employer may employ additional apprentices receiving  
39                     funds for salary supplements or education expenses from other sources.
- 40            (2)    Funds for positions. – An apprenticeship employer may employ apprentices  
41                     using State funds allotted for teacher assistant positions, with roles and  
42                     responsibilities modified to meet the requirements of the Program, or other  
43                     available funds.
- 44            (3)    Salary supplements. – As follows:
- 45            a.     An apprenticeship employer shall provide the following salary  
46                     supplements:
- 47                    1.     For each apprentice, up to a maximum of seven thousand five  
48                             hundred dollars (\$7,500) per apprentice.
- 49                    2.     For each mentor teacher, up to a maximum of five thousand  
50                             dollars (\$5,000) per mentor teacher.

- 1                    b. An apprenticeship employer may provide a salary supplement for any  
2                    other teacher employed by the local school administrative unit who  
3                    agrees to become the teacher of record for additional students to  
4                    facilitate the operation of the registered apprenticeship program in that  
5                    unit, up to a maximum of three thousand dollars (\$3,000).
- 6                    (4) Mentors. – Each apprentice shall work full time in a classroom with a mentor  
7                    teacher who is a member of a team of teachers that is led by a teacher with an  
8                    advanced teaching role. For purposes of this subdivision, a mentor teacher  
9                    may include a classroom excellence teacher as defined in G.S. 115C-310.3(7).
- 10                   (5) Enrollment costs. – An apprentice shall enroll in or remain enrolled in a  
11                   recognized educator preparation program. An apprenticeship employer may  
12                   provide up to a maximum of five thousand dollars (\$5,000) per apprentice per  
13                   year for the costs of enrollment in an institution of higher education. These  
14                   funds shall only be used after the apprentice has exhausted all other  
15                   scholarships or grants covering the cost of attendance at an institution of  
16                   higher education, including federal Pell grants.
- 17                   (6) Limitations. – An apprentice shall not do any of the following:  
18                   a. Serve as the teacher of record for any students.  
19                   b. Engage in substitute teaching for more than eight hours per week.  
20                   c. Work as an apprentice for more than three years.
- 21                   (g) Term. – The Department shall award grant funds to selected Advanced Teaching  
22                   Roles units to serve as apprenticeship employers for one or more terms of three years. Prior to  
23                   the conclusion of a term, ApprenticeshipNC shall evaluate the success of the Program at the unit  
24                   and the compliance of the unit with the requirements of this section. At the conclusion of the  
25                   evaluation, ApprenticeshipNC may, in its discretion, renew the apprenticeship employer for an  
26                   additional term. Throughout the Program, an apprenticeship employer shall provide any  
27                   information or access requested by ApprenticeshipNC to evaluate the registered apprenticeship  
28                   program pursuant to this section.
- 29                   (h) Emergency Position Conversion. – Notwithstanding G.S. 115C-105.25(b), an  
30                   apprenticeship employer may convert one position allocated to the unit for classroom teachers to  
31                   its dollar equivalent at the salary on the first step of the "A" Teachers Salary Schedule for every  
32                   one apprentice employed by the unit who is receiving State grant funds if all of the following are  
33                   met:
- 34                   (1) The apprentice receiving State grant funds would have been eligible to fill the  
35                   vacant position using a residency license, emergency license, or permit to  
36                   teach but was instead hired into the apprentice position.
- 37                   (2) The funds are only used for one or more of the following purposes in  
38                   accordance with the requirements of the Program:
- 39                   a. Salary supplements for apprentices.  
40                   b. Salary supplements for mentor teachers.  
41                   c. Costs of enrollment in an institution of higher education.  
42                   d. Salary supplements for teachers identified in sub-subdivision b. of  
43                   subdivision (3) of subsection (f) of this section.
- 44                   (i) Administration. – Of the funds appropriated to the Department of Public Instruction  
45                   for the Program for each fiscal year, the Department shall allocate the greater of fifteen percent  
46                   (15%) or three hundred thousand dollars (\$300,000) to ApprenticeshipNC to do all of the  
47                   following in consultation with the Department:
- 48                   (1) Outline the duties and responsibilities of apprentices, including on-the-job  
49                   training requirements.

- 1           (2)    Collaborate with recognized educator preparation programs to establish  
 2           education requirements for apprentices and revise curriculum requirements  
 3           for student teaching to include apprenticeships under the Program.  
 4           (3)    Create minimum competencies for apprentices that reflect the progressive  
 5           acquisition of ability.  
 6           (4)    Create resources that can be used by apprenticeship employers to select and  
 7           train mentor teachers, including the responsibilities of a mentor teacher and  
 8           background information on teacher apprenticeship programs.  
 9           (5)    Develop a process to monitor apprentices in their first years of teaching after  
 10          successful completion of the Program to evaluate the qualities of teacher  
 11          candidates that correlate to successful outcomes and lower teacher turnover  
 12          rates.  
 13          (6)    Assist apprenticeship employers with the following:  
 14          a.     Combining State and federal funds to maximize the number of  
 15          apprentices in the Program.  
 16          b.     Complying with applicable State and federal law.  
 17          (7)    Develop a training module for mentor teachers that establishes standards for  
 18          mentor teachers under the Program and incorporates, where applicable, any  
 19          preexisting standards for mentor teachers.  
 20          (j)    Report. – No later than March 15 of each year, ApprenticeshipNC shall report to the  
 21          Joint Legislative Education Oversight Committee on the Program, including at least the  
 22          following information:

- 23           (1)    The impact of the Program for each apprenticeship employer on the following:  
 24           a.     The number of teachers, disaggregated by licensure type.  
 25           b.     Student outcomes.  
 26           c.     Teacher retention.  
 27           (2)    Successful strategies and best practices used by apprenticeship employers.  
 28           (3)    Any barriers to expanding the Program."

29          **SECTION 7.37.(b)** G.S. 115C-269.32 is repealed.

30          **SECTION 7.37.(c)** Notwithstanding any other provision of law or a provision of the  
 31 Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, of the one million  
 32 dollars (\$1,000,000) in recurring funds allocated for the Teacher Apprentice Grant Program  
 33 pursuant to G.S. 115C-269.32, beginning in the 2025-2026 fiscal year, these funds shall instead  
 34 be used for the Teacher Apprenticeship Program established pursuant to subsection (a) of this  
 35 section.

36          **SECTION 7.37.(d)** This section becomes effective July 1, 2025. ApprenticeshipNC  
 37 shall issue the initial request for proposals pursuant to G.S. 115C-269.33, as enacted by  
 38 subsection (a) of this section, by November 1, 2025, for applications from local school  
 39 administrative units to establish registered teacher apprenticeship programs beginning in the  
 40 2026-2027 school year. Notwithstanding G.S. 115C-269.33(j), as enacted by subsection (a) of  
 41 this section, ApprenticeshipNC shall provide its initial report on the impact of the Teacher  
 42 Apprenticeship Program by March 15, 2027.

#### 43 44 **REPEAL INTERNSHIP REQUIREMENTS FOR STUDENTS IN ADMINISTRATOR** 45 **PREPARATION PROGRAMS**

46          **SECTION 7.38.(a)** G.S. 115C-270.20(b) reads as rewritten:

47          "(b) Administrator Licenses. – The State Board shall establish rules for the issuance of the  
 48 following classes of administrator licenses, including required levels of preparation for each  
 49 classification:

- 50           (1) Administrator license. – A five-year renewable license issued to an individual  
 51 who meets all of the following requirements:

- a. Holds a bachelor's degree.
  - b. Has successfully completed an approved administrator preparation program.
  - c. Has at least four years of experience as a licensed professional educator.
  - d. Has submitted a portfolio to the State Board for approval that meets criteria adopted by the State Board.
- (2) Provisional assistant principal license. – A one-year license to be employed as an assistant principal, renewable twice, issued to an employee of a local board of education if ~~one of the following requirements is met:~~
- a. ~~The~~ the local board of education determines there is a demonstrated need for administrators and the employee enrolls in an approved administrator preparation program by the end of the first year of provisional licensure.
  - b. ~~The employee is participating in an internship required for completion of an approved administrator preparation program."~~

**SECTION 7.38.(b)** G.S. 115C-284.1(d) reads as rewritten:

"(d) Minimum Approval Standards. – At a minimum, the rules established as provided in subsection (c) of this section shall require APPs to meet the following requirements:

- (1) ~~Require all candidates to complete an internship that is at least 500 hours in duration.~~
- ...
- (8) Require written agreements between the institution of higher education and a public school unit to govern their shared responsibility for (i) recruitment and preparation of school administrators, especially with regard to clinical experiences, ~~including the internship,~~ and (ii) a new administrator's success once employed.
- ...."

**INCREASE STATE MATCH FOR SMALL COUNTY AND LOW-WEALTH SIGNING BONUS PROGRAM**

**SECTION 7.39.(a)** G.S. 115C-302.8(b) reads as rewritten:

"(b) Signing Bonus Program. – To the extent funds are provided for this purpose, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided each school year to all eligible employees who are employed by an eligible employer as long as they are matched on the basis of ~~one dollar (\$1.00) two dollars (\$2.00)~~ in State funds for every one dollar (\$1.00) in local funds, up to ~~one thousand dollars (\$1,000) two thousand dollars (\$2,000)~~ in State funds."

**SECTION 7.39.(b)** This section applies beginning with the 2025-2026 school year.

**TREASURER TO AWARD GRANTS FROM NEEDS-BASED PUBLIC SCHOOL CAPITAL FUNDS**

**SECTION 7.40.(a)** Article 38B of Chapter 115C of the General Statutes reads as

rewritten:

"Article 38B.

"Needs-Based Public School Capital Fund.

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

There is created the Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public

1 ~~Instruction~~ State Treasurer shall award grants from the Fund to counties to assist with their  
2 critical public school building capital needs in accordance with the following priorities:

- 3 (1) Counties designated as development tier one areas.
- 4 (2) Counties with greater need and less ability to generate sales tax and property  
5 tax revenue.
- 6 (3) Counties with a high debt-to-tax revenue ratio.
- 7 (4) The extent to which a project will address critical deficiencies in adequately  
8 serving the current and future student population.
- 9 (5) Projects with new construction or complete renovation of existing facilities.
- 10 (6) Projects that will consolidate two or more schools into one new facility.
- 11 (7) Counties that have not received a grant under this Article in the previous three  
12 years.

13 **"§ 115C-546.11. Matching requirement; use of funds; maximum awards; project review.**

14 ...

15 (d) ~~The Department of Public Instruction shall review projected enrollment to evaluate~~  
16 ~~the reasonableness of a project's size and scope.~~ A county may include in a grant application a  
17 minimum grant amount that would enable the project to proceed. A grant application that  
18 proposes to consolidate two or more schools by (i) making additions or renovations at one or  
19 more school facilities and (ii) closing one or more existing school facilities may be submitted  
20 and considered ~~by the Department of Public Instruction~~ as a single project. Each application for  
21 a grant under this Article shall be evaluated independent of other grant applications submitted. A  
22 county may not apply for projects that exceed an aggregate amount greater than the maximum  
23 grant award amounts listed in subsection (c) of this section in any single year.

24 (e) The Department of Public Instruction shall receive all grant applications and  
25 supporting materials to ensure that all eligibility criteria under this section are met. The  
26 Department of Public Instruction shall provide all grant applications and the supporting materials  
27 that meet the requirements under this Article to the Department of State Treasurer for evaluation,  
28 selection, and award of grant funds. Upon the evaluation and selection of the grant recipients, the  
29 Department of State Treasurer shall notify the Department of Public Instruction of the selected  
30 grant recipients and the amount of grant funds awarded to each of the recipients. The Department  
31 of Public Instruction is responsible for disbursing the awarded grant funds to each selected grant  
32 recipient.

33 (f) ~~The Department of Public Instruction~~ State Treasurer shall not award a grant to an  
34 applicant at less than the requested amount or less than the maximum grant amounts listed in  
35 subsection (c) of this section for the purpose of reserving the amount of grant funds available for  
36 other grant applications.

37 (g) If a county declines or otherwise forfeits a grant awarded under this section, the  
38 Department of State Treasurer shall not award additional grants to that county for 24 months  
39 from the date the grant award was declined or forfeited.

40 ...

41 **"§ 115C-546.14. Reporting.**

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

47 (b) On or before May 1 of each year, the Department of ~~Public Instruction~~ State  
48 Treasurer, in consultation with the Department of Public Instruction, shall submit a report to the  
49 ~~chairs of the Senate Appropriations Committee on Education/Higher Education, the chairs of the~~  
50 ~~House Appropriations Committee on Education,~~ Joint Legislative Education Oversight

1 Committee and the Fiscal Research Division. The report shall contain at least all of the following  
 2 information for the fiscal year:

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

10 **SECTION 7.40.(b)** This section applies beginning with grants awarded for the  
 11 2025-2026 fiscal year.

12  
 13 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

14  
 15 **TEACHER SALARY SCHEDULE**

16 **SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for  
 17 each year of the 2025-2027 fiscal biennium to licensed personnel of the public schools who are  
 18 classified as teachers. The salary schedule is based on years of teaching experience.

19 **2025-2027 Teacher Monthly Salary Schedule**

20 <b>Years of Experience</b>	21 <b>"A" Teachers</b>
22 0	\$4,151
23 1	\$4,227
24 2	\$4,303
25 3	\$4,379
26 4	\$4,455
27 5	\$4,531
28 6	\$4,629
29 7	\$4,721
30 8	\$4,812
31 9	\$4,905
32 10	\$4,997
33 11	\$5,088
34 12	\$5,180
35 13	\$5,271
36 14	\$5,363
37 15-24	\$5,455
38 25+	\$5,665

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

- 40 (1) Licensed teachers who have NBPTS certification shall receive a salary  
 41 supplement each month of twelve percent (12%) of their monthly salary on  
 42 the "A" salary schedule.
- 43 (2) Licensed teachers who are classified as "M" teachers shall receive a salary  
 44 supplement each month of ten percent (10%) of their monthly salary on the  
 45 "A" salary schedule.
- 46 (3) Licensed teachers with licensure based on academic preparation at the  
 47 six-year degree level shall receive a salary supplement of one hundred  
 48 twenty-six dollars (\$126.00) per month in addition to the supplement provided  
 49 to them as "M" teachers.
- 50 (4) Licensed teachers with licensure based on academic preparation at the  
 51 doctoral degree level shall receive a salary supplement of two hundred

1 fifty-three dollars (\$253.00) per month in addition to the supplement provided  
2 to them as "M" teachers.

3 (5) Certified school nurses shall receive a salary supplement each month of ten  
4 percent (10%) of their monthly salary on the "A" salary schedule.

5 (6) School counselors who are licensed as counselors at the master's degree level  
6 or higher shall receive a salary supplement each month of one hundred dollars  
7 (\$100.00).

8 **SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are  
9 licensed as speech pathologists at the master's degree level or higher, and school audiologists  
10 who are licensed as audiologists at the master's degree level or higher, the following shall apply:

11 (1) The first step of the salary schedule shall be equivalent to the sixth step of the  
12 "A" salary schedule.

13 (2) These employees shall receive the following salary supplements each month:  
14 a. Ten percent (10%) of their monthly salary, excluding the supplement  
15 provided pursuant to sub-subdivision b. of this subdivision.

16 b. Three hundred fifty dollars (\$350.00).

17 (3) These employees are eligible to receive salary supplements equivalent to those  
18 of teachers for academic preparation at the six-year degree level or the  
19 doctoral degree level.

20 (4) The twenty-sixth step of the salary schedule shall be seven and one-half  
21 percent (7.5%) higher than the salary received by these same employees on  
22 the twenty-fifth step of the salary schedule.

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

26 **SECTION 7A.1.(e)** A teacher compensated in accordance with this salary schedule  
27 for the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the following:

28 (1) The applicable amount on the salary schedule for the applicable school year.

29 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
30 the sum of the following:

31 a. The salary the teacher received in the 2013-2014 school year pursuant  
32 to Section 35.11 of S.L. 2013-360.

33 b. The longevity that the teacher would have received under the longevity  
34 system in effect for the 2013-2014 school year provided in Section  
35 35.11 of S.L. 2013-360 based on the teacher's current years of service.

36 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

37 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
38 year, the sum of the salary and annual bonus the teacher received in the  
39 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

## 42 43 **CONSOLIDATED TEACHER BONUS PROGRAM**

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

### 46 **"§ 115C-302.9. Teacher bonuses.**

47 (a) Program. – The State Board of Education shall establish a consolidated teacher bonus  
48 program to reward teacher performance and encourage student learning and improvement. To  
49 attain this goal, to the extent funds are made available for this purpose, the Department of Public  
50 Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from

1 State funds in January of each year, based on data from the prior school year, in accordance with  
2 this section.

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

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

8 a. Is employed by, or retired having last held a position at, one or more  
9 of the following:

10 1. A qualifying public school unit.

11 2. The North Carolina Virtual Public School program.

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

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

16 a. Is employed by, or retired having last held a position at, a qualifying  
17 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 growth teacher. – A teacher who meets at least one of the following  
21 criteria:

22 a. Is employed by, or retired having last held a position at, a qualifying  
23 public school unit and meets one of the following 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, or retired having last held a position at, a local school  
35 administrative unit and meets one of the 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) EVAAS. – The Education Value-Added Assessment System.
- 7 (5) Predecessor bonus programs. – All of the following:
- 8 a. The Advanced Placement/International Baccalaureate/Cambridge  
9 AICE Teacher Bonus Program provided in Section 8.8 of S.L.  
10 2016-94, as amended by Section 8.8B of S.L. 2017-57, Section 2.10  
11 of S.L. 2017-97, and Section 8.10 of S.L. 2018-5.
  - 12 b. The Industry Certifications and Credentials Teacher Bonus Program  
13 provided in Section 8.9 of S.L. 2016-94, as amended by Section 8.8B  
14 of S.L. 2017-57, Section 2.10 of S.L. 2017-97, and Section 8.10 of  
15 S.L. 2018-5.
  - 16 c. The Third Grade Read to Achieve Teacher Bonus Program provided  
17 in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L.  
18 2017-97 and Section 8.10 of S.L. 2018-5.
  - 19 d. The Fourth and Fifth Grade Reading Teacher Bonus Program provided  
20 in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L.  
21 2018-5.
  - 22 e. The Fourth to Eighth Grade Math Teacher Bonus Program provided  
23 in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L.  
24 2018-5.
  - 25 f. Advanced course and CTE Teacher bonuses provided in Section 7A.4  
26 of S.L. 2021-180.
  - 27 g. Bonuses for Teachers Based on Student Growth provided in Section  
28 7A.2 of S.L. 2022-74.
  - 29 h. The Consolidated Teacher Bonus Program provided in Section 7A.3  
30 of S.L. 2023-134.
- 31 (6) Qualifying public school unit. – Any of the following:
- 32 a. A local school administrative unit.
  - 33 b. A charter school.
  - 34 c. A regional school.
  - 35 d. A school providing elementary or secondary instruction operated by  
36 The University of North Carolina under Article 29A of Chapter 116 of  
37 the General Statutes.
- 38 (7) Qualifying teacher. – An eligible teacher who meets one of the following  
39 criteria:
- 40 a. Remains employed teaching in the same qualifying public school unit  
41 or, if an eligible advanced course teacher is only employed by the  
42 North Carolina Virtual Public School program, remains employed  
43 teaching in that program, at least from the school year the data is  
44 collected until January 1 of the corresponding school year that the  
45 bonus is paid.
  - 46 b. Retired, between the last day of the school year in which the data is  
47 collected and January 1 of the corresponding school year in which the  
48 bonus is paid, after attaining one of the following:
    - 49 1. The age of at least 65 with five years of creditable service.
    - 50 2. The age of at least 60 with 25 years of creditable service.
    - 51 3. Thirty years of creditable service.

1       (c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars (\$50.00) shall be  
2 provided to qualifying advanced course teachers for each student taught in each advanced course  
3 who receives the following score:

4           (1) For Advanced Placement courses, a score of three or higher on the College  
5 Board Advanced Placement Examination.

6           (2) For International Baccalaureate Diploma Programme courses, a score of four  
7 or higher on the International Baccalaureate course examination.

8           (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge  
9 AICE program examinations.

10       (d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall  
11 be provided in the following amounts:

12           (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught  
13 by a teacher who provided instruction in a course that led to the attainment of  
14 an industry certification or credential with a twenty-five dollar (\$25.00) value  
15 ranking as determined under subsection (e) of this section.

16           (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a  
17 teacher who provided instruction in a course that led to the attainment of an  
18 industry certification or credential with a fifty dollar (\$50.00) value ranking  
19 as determined under subsection (e) of this section.

20       (e) CTE Course Value Ranking. – The Department of Commerce, in consultation with  
21 the State Board, shall assign a value ranking for each industry certification and credential based  
22 on academic rigor and employment value in accordance with this subsection. Fifty percent (50%)  
23 of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on  
24 employment value. Academic rigor and employment value shall be based on the following  
25 elements:

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

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

33       (f) Statewide Growth Bonuses. – The Department shall provide bonuses to qualifying  
34 teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b)  
35 of this section, as follows:

36           (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
37 eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of  
38 subsection (b) of this section. These funds shall be distributed equally among  
39 qualifying teachers.

40           (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
41 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
42 a.2. of subdivision (3) of subsection (b) of this section.

43           (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
44 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
45 a.3. of subdivision (3) of subsection (b) of this section.

46       (g) Local Growth Bonuses. – The Department shall provide bonuses to eligible teachers  
47 under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

48           (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
49 eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of  
50 subdivision (3) of subsection (b) of this section. These funds shall be divided  
51 proportionally based on average daily membership in third grade for each

1 local school administrative unit and then distributed equally among qualifying  
2 third grade reading teachers in each local school administrative unit.

3 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
4 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
5 b.2. or c.2. of subdivision (3) of subsection (b) of this section.

6 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
7 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
8 b.3. or c.3. of subdivision (3) of subsection (b) of this section.

9 (h) Limitations and Other Criteria. – The following additional limitations and other  
10 criteria shall apply to the program:

11 (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d),  
12 subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this  
13 section shall not exceed three thousand five hundred dollars (\$3,500) per  
14 subsection or subdivision in any given school year.

15 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1.,  
16 b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a  
17 bonus under both subdivision (1) of subsection (f) and subdivision (1) of  
18 subsection (g) of this section but shall not receive more than seven thousand  
19 dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision  
20 (1) of subsection (g) of this section in any given school year.

21 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2.,  
22 b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a  
23 bonus under both subdivision (2) of subsection (f) and subdivision (2) of  
24 subsection (g) of this section but shall not receive more than two bonuses  
25 pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection  
26 (g) of this section in any given school year.

27 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3.,  
28 b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a  
29 bonus under both subdivision (3) of subsection (f) and subdivision (3) of  
30 subsection (g) of this section but shall not receive more than two bonuses  
31 pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection  
32 (g) of this section in any given school year.

33 (i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section  
34 shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to  
35 receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not  
36 compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for  
37 Teachers and State Employees.

38 (j) Study and Report. – The State Board of Education shall study the effect of the  
39 program on teacher performance and retention. The State Board shall report the results of its  
40 findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the  
41 Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee,  
42 and the Fiscal Research Division by March 15 of each year. The report shall include, at a  
43 minimum, the following information:

44 (1) Number of students enrolled and taking examinations in each of the following  
45 categories of courses:

46 a. Advanced Placement.

47 b. International Baccalaureate Diploma Programme.

48 c. Cambridge AICE program.

49 d. Courses needed for the attainment of an industry certification or  
50 credential.

- 1           (2)    Number of students receiving outcomes on examinations resulting in the  
2           award of a bonus for a teacher in each category of courses identified in  
3           subdivision (1) of this subsection.
- 4           (3)    Number of teachers receiving a bonus in each category of courses identified  
5           in subdivision (1) of this subsection.
- 6           (4)    The amounts awarded to teachers for each category of courses identified in  
7           subdivision (1) of this subsection.
- 8           (5)    The type of industry certifications and credentials earned by the students, the  
9           value ranking for each certification and credential, the number of bonuses  
10          earned for each certification or credential, and the total bonus amount awarded  
11          for each certification or credential.
- 12          (6)    Average bonus amount awarded to each qualifying teacher who is an eligible  
13          teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of  
14          subsection (b) of this section.
- 15          (7)    The percentage of teachers who received a bonus pursuant to this section and  
16          were eligible to receive a bonus for teaching in the same grade level or course  
17          in either or both of the prior two school years pursuant to this section or a  
18          predecessor bonus program.
- 19          (8)    The percentage of teachers who received a bonus pursuant to this section and  
20          received a bonus for teaching in the same grade level or course in either or  
21          both of the prior two school years pursuant to this section or a predecessor  
22          bonus program.
- 23          (9)    The statistical relationship between a teacher receiving a bonus pursuant to  
24          this section and receiving a bonus for teaching in the same grade level or  
25          course in one or more prior school years pursuant to this section or a  
26          predecessor bonus program.
- 27          (10)   The distribution of statewide and local growth bonuses awarded pursuant to  
28          this section as among qualifying public school units and, where applicable,  
29          schools within those units."

30           **SECTION 7A.2.(b)** This section applies beginning with bonuses awarded in January  
31 of 2026 based on data from the 2024-2025 school year.

### 32           **SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION**

33           **SECTION 7A.3.(a)** Use of Funds. – For each year of the 2025-2027 fiscal biennium,  
34 except as provided in subsection (g) of this section, the State Board of Education shall allocate  
35 funds pursuant to this section to eligible local school administrative units to provide salary  
36 supplements to teachers and qualifying school administrators in those units. Allocation of salary  
37 supplements among teachers and qualifying school administrators within each eligible local  
38 school administrative unit, including whether a teacher or qualifying school administrator  
39 receives a salary supplement and the amount of the supplement provided to that person, shall be  
40 determined in the discretion of the local board of education of the eligible unit, except that no  
41 individual salary supplement shall exceed the per teacher funding amount awarded to that unit  
42 pursuant to subdivision (4) of subsection (c) of this section.

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

- 45           (1)    Adjusted market value of taxable real property. – A county's assessed taxable  
46           real property value, using the latest available data published by the  
47           Department of Revenue, divided by the county's sales assessment ratio  
48           determined under G.S. 105-289(h).
- 49           (2)    Composite value. – For each eligible county, the sum of the following:  
50

- 1 a. The taxable real property factor multiplied by sixty-five percent
- 2 (65%).
- 3 b. The median household income factor multiplied by twenty-five
- 4 percent (25%).
- 5 c. The effective tax rate factor multiplied by ten percent (10%).
- 6 (3) County allocation factor. – For each eligible county, the supplement factor for
- 7 that county divided by the sum of all supplement factors for the State.
- 8 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
- 9 annual sales assessment ratio for that county.
- 10 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
- 11 that county divided by the median effective tax rate in the State.
- 12 (6) Eligible county. – A county that has an adjusted market value of taxable real
- 13 property of less than seventy billion dollars (\$70,000,000,000).
- 14 (7) Eligible local school administrative unit. – A local school administrative unit
- 15 located in whole or in part in an eligible county.
- 16 (8) Eligible school. – A public school that is located in an eligible county and
- 17 governed by a local school administrative unit.
- 18 (9) Maintenance of effort amount. – For each local school administrative unit in
- 19 each fiscal year, the supplant factor multiplied by the total State and non-State
- 20 funds expended for salaries for teachers from the fiscal year for which the
- 21 most recent salary data are available.
- 22 (10) Median household income. – A county's median household income for the
- 23 most recent 12 months for which data are available, as that term is used in
- 24 G.S. 143B-437.08.
- 25 (11) Median household income factor. – For each eligible county, the median
- 26 household income in the State divided by the median household income for
- 27 that county.
- 28 (12) Non-State funds. – Any funds held by a local school administrative unit, other
- 29 than nonrecurring federal funds received as a result of legislation enacted by
- 30 Congress in response to COVID-19, that are not State funds.
- 31 (13) Qualifying school administrator. – Any of the following:
- 32 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
- 33 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 34 (14) Supplant factor. – For each local school administrative unit in each fiscal year
- 35 of the fiscal biennium, the total non-State funds expended for salary
- 36 supplements for teachers in the 2020-2021 fiscal year divided by the total
- 37 State and non-State funds expended for salaries for teachers in the 2020-2021
- 38 fiscal year.
- 39 (15) Supplement factor. – For each eligible county, the composite value multiplied
- 40 by the number of State-funded teachers employed in a school in the county
- 41 that is governed by a local school administrative unit.
- 42 (16) Taxable real property factor. – For each eligible county, the median adjusted
- 43 market value of taxable real property in the State divided by the adjusted
- 44 market value of taxable real property for that county.
- 45 (17) Teacher. – Teachers and instructional support personnel.

46 **SECTION 7A.3.(c)** Allocation of Funds. – The State Board of Education shall  
47 allocate funds for salary supplements to eligible local school administrative units according to  
48 the following procedure:

- 49 (1) County allocation. – For each eligible county, the State Board shall determine
- 50 a county allocation by multiplying the county allocation factor for that county

1 by the funding amount appropriated pursuant to this section for the applicable  
2 fiscal year.

3 (2) Per teacher funding amount. – For each eligible county, the State Board shall  
4 determine a per teacher funding amount by dividing the county allocation  
5 amounts determined pursuant to subdivision (1) of this subsection by the total  
6 number of State-funded teachers employed in all eligible schools in that  
7 county.

8 (3) Unit funding amount. – For each eligible local school administrative unit, the  
9 State Board shall determine the funding amount for that unit based on the per  
10 teacher funding amount or amounts for the eligible county or counties where  
11 the unit is located. For each county with an eligible school governed by the  
12 unit, the State Board shall multiply the applicable per teacher funding amount  
13 for that county determined pursuant to subdivision (2) of this subsection by  
14 the number of State-funded teachers employed in the eligible school in that  
15 county. If the unit is located in multiple eligible counties, the State Board shall  
16 aggregate those amounts.

17 (4) Allocation and funding cap. – The State Board shall allocate the amount  
18 determined pursuant to subdivision (3) of this subsection to each eligible local  
19 school administrative unit for each applicable fiscal year, up to a maximum of  
20 five thousand dollars (\$5,000) per State-funded teacher.

21 **SECTION 7A.3.(d)** Charter Schools. – Funds appropriated to the Department of  
22 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter  
23 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools  
24 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying  
25 school administrators in the charter school in accordance with the requirements of this section.

26 **SECTION 7A.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to  
27 this Section Only. – The formula in this section is solely a basis for distribution of supplemental  
28 funding to eligible local school administrative units and is not intended to reflect any measure of  
29 the adequacy of the educational program or funding for public schools. The formula is also not  
30 intended to reflect any commitment by the General Assembly to appropriate any additional  
31 supplemental funds for eligible local school administrative units.

32 **SECTION 7A.3.(f)** Nonsupplant Requirement. – A local school administrative unit  
33 that receives funds under this section shall use those funds to supplement non-State funds  
34 provided for salary supplements for teachers and qualifying school administrators and shall not  
35 use any State funds, including funds received under this section, Section 7A.4 of S.L. 2023-134,  
36 or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements  
37 for teachers and qualifying school administrators. For purposes of this section, a local school  
38 administrative unit has supplanted non-State funds if the State Board finds that the amount of  
39 non-State funds expended by the unit for salary supplements was less than ninety-five percent  
40 (95%) of the maintenance of effort amount for the local school administrative unit.

41 **SECTION 7A.3.(g)** Nonsupplant Enforcement. – The State Board of Education shall  
42 not allocate any funds under this section to a local school administrative unit if it determines that  
43 the unit has supplanted non-State funds in violation of subsection (f) of this section.

44 **SECTION 7A.3.(h)** Reports. – No later than April 15 of each year of the 2025-2027  
45 fiscal biennium, the State Board of Education shall report the following information for the  
46 applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal  
47 Research Division:

- 48 (1) A list of all eligible counties and eligible local school administrative units.
- 49 (2) Funds allocated to each eligible local school administrative unit.
- 50 (3) The percentage and amount of teachers and qualifying school administrators
- 51 in each eligible local school administrative unit receiving salary supplements.

- (4) The average salary supplement amount in each eligible local school administrative unit.
- (5) The range of salary supplement amounts in each eligible local school administrative unit.
- (6) The effect of the salary supplements on the retention of teachers and qualifying school administrators in eligible local school administrative units.
- (7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

**PRINCIPAL SALARY SCHEDULE**

**SECTION 7A.4.(a)** The following annual salary schedule for principals shall apply for each year of the 2025-2027 fiscal biennium, beginning July 1, 2025:

**2025-2027 Principal Annual Salary Schedule**

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$78,764	\$86,640	\$94,517
201-400	\$82,702	\$90,972	\$99,242
401-700	\$86,640	\$95,305	\$103,969
701-1,000	\$90,579	\$99,636	\$108,695
1,001-1,600	\$94,517	\$103,969	\$113,420
1,601+	\$98,454	\$108,300	\$118,146

A principal's placement on the salary schedule 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 one or more prior 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 be paid 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 be paid 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 be paid according to the Base column 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.4.(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.4.(c)** For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) For the first six months of the applicable fiscal year, the school growth scores from the first, second, and third years.
- (2) For the second six months of the applicable fiscal year, 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.4.(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.4.(e)** A principal compensated in accordance with this section for the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the principal salary schedule 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.4.(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 fiscal year of the 2025-2027 fiscal biennium in which the principal is employed.
- (5) The applicable school year. – The school year of the 2025-2027 fiscal biennium in which the principal is employed.
- (6) Third year. – The school year immediately preceding the fourth year.

**BONUSES FOR PRINCIPALS**

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

**“§ 115C-285.5. Bonuses for principals.**

(a) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer a bonus in each fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

**Principal Bonus Schedule**

<b><u>Statewide Growth Percentage</u></b>	<b><u>Bonus</u></b>
<u>Top 5%</u>	<u>\$15,000</u>



1	<u>Top 10%</u>	<u>\$10,000</u>
2	<u>Top 15%</u>	<u>\$5,000</u>
3	<u>Top 20%</u>	<u>\$2,500</u>
4	<u>Top 50%</u>	<u>\$1,000</u>

5 A principal shall receive no more than one bonus pursuant to this section. The bonus shall be  
6 paid at the highest amount for which the principal qualifies.

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

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

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

14 (e) The bonus provided pursuant to this section shall be paid no later than October 31 of  
15 each year to qualifying principals employed as of October 1 of that year."

## 16 17 **ASSISTANT PRINCIPAL SALARIES**

18 **SECTION 7A.6.(a)** For each year of the 2025-2027 fiscal biennium, beginning July  
19 1, 2025, assistant principals shall receive a monthly salary based on the salary schedule for  
20 teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal  
21 shall be placed on the step on the salary schedule that reflects the total number of years of  
22 experience as a certified employee of the public schools. For purposes of this section, an  
23 administrator with a one-year provisional assistant principal's certificate shall be considered  
24 equivalent to an assistant principal.

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

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

33 **SECTION 7A.6.(d)** An assistant principal compensated in accordance with this  
34 section for the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the  
35 following:

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

## 48 49 **CENTRAL OFFICE SALARIES**

50 **SECTION 7A.7.(a)** For the 2025-2027 fiscal biennium, beginning July 1, 2025, the  
51 annual salary for superintendents, assistant superintendents, associate superintendents,

1 directors/coordinators, supervisors, and finance officers whose salaries are supported from State  
 2 funds shall be increased by one and one-quarter percent (1.25%).

3 **SECTION 7A.7.(b)** The monthly salary maximums that follow apply to assistant  
 4 superintendents, associate superintendents, directors/coordinators, supervisors, and finance  
 5 officers for the 2025-2027 fiscal biennium, beginning July 1, 2025:

6 **2025-2027 Fiscal Biennium**

7 **Maximum**

8 School Administrator I	\$7,668
9 School Administrator II	\$8,124
10 School Administrator III	\$8,608
11 School Administrator IV	\$8,944
12 School Administrator V	\$9,302
13 School Administrator VI	\$9,853
14 School Administrator VII	\$10,247

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

20 **SECTION 7A.7.(c)** The monthly salary maximums that follow apply to  
 21 superintendents for each year of the 2025-2027 fiscal biennium, beginning July 1, 2025:

22 **2025-2027 Fiscal Biennium**

23 **Maximum**

24 Superintendent I	\$10,861
25 Superintendent II	\$11,508
26 Superintendent III	\$12,200
27 Superintendent IV	\$12,933
28 Superintendent V	\$13,710

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

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

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

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

48 **NONCERTIFIED PERSONNEL SALARIES**

1           **SECTION 7A.8.** For the 2025-2027 fiscal biennium, beginning July 1, 2025, the  
2 annual salary for noncertified public school employees whose salaries are supported from State  
3 funds shall be increased as follows:

- 4           (1) For permanent, full-time employees on a 12-month contract, by one and  
5 one-quarter percent (1.25%).  
6           (2) For the following employees, by an equitable amount based on the amount  
7 specified in subdivision (1) of this section:  
8           a. Permanent, full-time employees on a contract for fewer than 12  
9 months.  
10           b. Permanent, part-time employees.  
11           c. Temporary and permanent hourly employees.

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

### 13 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

14 **SECTION 8.1.(a)** G.S. 116B-7 reads as rewritten:

#### 15 **"§ 116B-7. Distribution of fund.**

16           (a) ~~The~~ Unless otherwise provided in the Current Operations Appropriations Act, as  
17 defined in G.S. 143C-1-1, the income derived from the investment or deposit of the Escheat Fund  
18 shall be distributed annually on or before August 15 to the State Education Assistance Authority  
19 for grants and loans to aid worthy and needy students who are (i) residents of this State and are  
20 (ii) enrolled in public institutions of higher education in this State. Such grants and loans shall be  
21 made upon terms, consistent with the provisions of the Current Operations Appropriations Act  
22 and this Chapter, pursuant to which the State Education Assistance Authority makes grants and  
23 loans to other students under G.S. 116-201 to 116-209.23, Article 23 of Chapter 116 of the  
24 General Statutes, policies of the Board of Governors of The University of North Carolina  
25 regarding need-based grants for students of The University of North Carolina, and policies of the  
26 State Board of Community Colleges regarding need-based grants for students of the community  
27 colleges. The Authority shall deposit an amount specified in the Current Operations  
28 Appropriations Act from the Escheat Fund into the Scholarship Reserve Fund for Public Colleges  
29 and Universities pursuant to G.S. 116-209.85 each fiscal year to fund the North Carolina  
30 Need-Based Scholarship for Public Colleges and Universities pursuant to Part 5 of Article 23 of  
31 Chapter 116 of the General Statutes.

32           (a1) Notwithstanding any other provision of this Chapter, if the income derived from the  
33 investment or deposit of the Escheat Fund is less than the amounts referenced in the Current  
34 Operations Appropriations Act, the difference may be taken from the Escheat Fund principal to  
35 reach the appropriations referenced in that act. However, under no circumstances shall the  
36 Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f).

37           (a2) Except as otherwise provided by law, if any funds appropriated from the Escheat Fund  
38 by the Current Operations Appropriations Act for student financial aid remain uncommitted at  
39 the end of a fiscal year, the funds shall be returned to the Escheat Fund.

40           (b) An amount specified in the Current Operations Appropriations Act shall be  
41 transferred annually from the Escheat Fund to the Board of Governors of The University of North  
42 Carolina to be allocated to the State Education Assistance Authority to partially fund the program  
43 of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B  
44 of the General Statutes. Those funds may be used only for residents of this State who (i) are  
45 worthy and needy as determined by the Department of Military and Veterans Affairs and (ii) are  
46 enrolled in public institutions of higher education of this State."

47 **SECTION 8.1.(b)** G.S. 116-209.18 reads as rewritten:

#### 48 **"§ 116-209.18. Powers of Authority to administer student assistance program.**

1 In order to accomplish the purposes of this Article the Authority is ~~authorized~~authorized to  
2 do all of the following:

- 3 (1) ~~To receive~~Receive from the general fund or other sources such sums as the  
4 General Assembly may authorize from time to time for such purposes, and to  
5 receive from any other donor, public or private, such sums as may be made  
6 available, and to cause such sums to be disbursed for the purposes for which  
7 they have been ~~provided~~provided.
- 8 (2) ~~To establish~~Establish such criteria as the Authority shall deem necessary or  
9 desirable for determining the need of students for grants under this Article, as  
10 opposed to other forms of financial assistance, and for deciding who shall  
11 receive ~~grants~~grants.
- 12 (3) ~~To prescribe~~Prescribe the form and to regulate the submission of applications  
13 for assistance and to prescribe the procedures for considering and approving  
14 such ~~applications~~applications.
- 15 (4) ~~To provide~~Provide for the making of, and to make, grants under this Article  
16 under such terms and conditions as the Authority shall deem  
17 ~~advisable~~advisable.
- 18 (5) ~~To encourage~~Encourage educational institutions to increase the resources  
19 available for financial assistance; to prescribe such formulas for institutional  
20 maintenance of effort as the Authority may determine to be consistent with  
21 the purposes of this ~~Article~~Article.
- 22 (6) ~~To provide~~Provide by contract for the administration of all or any portion of  
23 the student assistance program by nonprofit organizations or corporations,  
24 pursuant to regulations and criteria established by the ~~Authority~~Authority.
- 25 (7) ~~To serve~~Serve, on designation by the Governor, or as may otherwise be  
26 provided by federal law, as the State agency to administer such statewide  
27 programs of student assistance as shall be established from time to time under  
28 federal ~~law~~and law.
- 29 (7a) Except for grants or loans for student financial aid programs where a specific  
30 evaluation is already required in law, conduct periodic evaluations of  
31 expenditures for student financial aid programs administered by the Authority  
32 to determine if allocations are utilized to ensure access to institutions of higher  
33 education and to meet the goals of the respective programs. The Authority  
34 may make recommendations for redistribution of funds for those programs to  
35 the President of The University of North Carolina and the President of the  
36 Community College System regarding their respective student financial aid  
37 programs, who then may authorize redistribution of unutilized funds for a  
38 particular fiscal year.
- 39 (8) ~~To have~~Have all other powers and authority necessary to carry out the  
40 purposes of the student assistance program, including, without limitation, all  
41 the powers given to the Authority by G.S. 116-204 and by other provisions of  
42 the General Statutes."

#### 44 ESTABLISH SCHOOL OF CIVIC LIFE AND LEADERSHIP

45 SECTION 8.2.(a) Chapter 116 of the General Statutes is amended by adding a new  
46 Article to read:

47 "Article 31B.

48 "The School of Civic Life and Leadership.

#### 49 "§ 116-258.1. The School of Civic Life and Leadership established.

50 (a) For purposes of this Article, the term "the School" refers to the School of Civic Life  
51 and Leadership established pursuant to subsection (b) of this section.

1        (b) The Board of Trustees of the University of North Carolina at Chapel Hill, in  
2 consultation with the Board of Governors of The University of North Carolina, the Provost of  
3 the University of North Carolina at Chapel Hill, and faculty and administration officials at the  
4 University of North Carolina at Chapel Hill, shall establish the School of Civic Life and  
5 Leadership as a separate reporting unit of the University of North Carolina at Chapel Hill.

6 **"§ 116-258.2. Scope.**

7        The School shall do at least the following:

- 8            (1) Provide course opportunities for students. Courses may focus on the  
9 development of democratic competencies informed by American history, the  
10 American political tradition, and the study of the great texts and traditions of  
11 Western civilization that form the foundation of the American republic. The  
12 purpose of these courses is to foster public discourse and civil engagement  
13 necessary to promote democracy and benefit society.  
14            (2) Develop programming to address the topics identified in subdivision (1) of  
15 this section and provide resources to students, faculty, and the general public,  
16 as needed.

17 **"§ 116-258.3. Faculty.**

18        (a) The Dean of the School shall be appointed by the Chancellor of the University of  
19 North Carolina at Chapel Hill, with the consent of the Board of Trustees of the University of  
20 North Carolina at Chapel Hill. Neither the Chancellor nor the Board of Trustees shall delegate  
21 this responsibility to another party.

22        (b) All faculty hired by or appointed to the School shall be subject to the approval of the  
23 Dean of the School.

24        (c) Faculty members may hold joint or courtesy appointments with other reporting units  
25 of the University of North Carolina at Chapel Hill. All joint and courtesy appointments shall be  
26 made at the discretion of the Dean of the School."

27        **SECTION 8.2.(b)** For the 2025-2026 academic year, the following shall occur:

- 28            (1) The School of Civic Life and Leadership (the School) shall employ at least 20  
29 faculty members hired from outside the University of North Carolina at  
30 Chapel Hill. These faculty members shall be hired with permanent tenure or  
31 be eligible to receive permanent tenure in accordance with policies adopted  
32 by The Board of Governors of The University of North Carolina and the  
33 University of North Carolina at Chapel Hill.  
34            (2) The School shall not employ any additional faculty by joint or courtesy  
35 appointment with other reporting units of the University of North Carolina at  
36 Chapel Hill unless the school has employed at least 20 faculty members hired  
37 from outside the University of North Carolina at Chapel Hill in accordance  
38 with this subsection.

39        **SECTION 8.2.(c)** Notwithstanding G.S. 116-30.2, the recurring funds allocated to  
40 the School of Civic Life and Leadership (the School) by this section beginning in the 2025-2026  
41 fiscal year shall be used only to support the School and shall not be redirected for any other  
42 purpose. In addition, these funds shall be used to supplement and not supplant any funds the  
43 School would otherwise receive, including funds received by the School based on enrollment.

44        **SECTION 8.2.(d)** No later than November 15, 2026, the Board of Trustees of the  
45 University of North Carolina at Chapel Hill shall report to the Joint Legislative Education  
46 Oversight Committee and the Fiscal Research Division on the progress made toward establishing  
47 the School of Civic Life and Leadership (the School), including at least the following  
48 information:

- 49            (1) Courses and other programming provided by the School.  
50            (2) Faculty hired by the School, including the number of faculty members hired  
51 from outside the University of North Carolina at Chapel Hill.

- 1 (3) Uses of funds appropriated to the School pursuant to this section.
- 2 (4) Any other matter the Board deems relevant to the progress of establishing the
- 3 School.
- 4

## 5 **FUNDING REDUCTION FOR CERTAIN CENTERS AND INSTITUTES**

6 **SECTION 8.3.(a)** For each year of the 2025-2027 fiscal biennium, in order to  
7 maximize the receipt of federal funds and improve the quality of research provided in this State,  
8 the Board of Governors of The University of North Carolina shall reduce by at least thirty-three  
9 million six hundred sixty thousand dollars (\$33,660,000) the total recurring funds allocated to  
10 the constituent institutions of The University of North Carolina for centers or institutes at those  
11 institutions that are identified by the Board of Governors as low-performing, redundant, failing  
12 to maximize the receipt of federal grant funds, or are otherwise in conflict with federal law, State  
13 law, the policies of the Board of Governors, or the vision and purpose of The University of North  
14 Carolina. These reductions shall not be allocated by the Board of Governors in an  
15 across-the-board method but shall be done in a manner that recognizes the importance of the  
16 academic missions and differences among the identified constituent institutions. As a part of this  
17 process, the Board of Governors shall require the constituent institutions of The University of  
18 North Carolina to evaluate the centers and institutes at those institutions and provide  
19 recommendations to the Board of Governors on reductions that would be appropriate under this  
20 section.

21 **SECTION 8.3.(b)** No later than April 1 of each year of the 2025-2027 fiscal  
22 biennium, the Board of Governors of The University of North Carolina shall report on the  
23 implementation of the reductions required in this section for that fiscal year to the Joint  
24 Legislative Education Oversight Committee and the Fiscal Research Division.

## 25 **REPEAL FUTURE TEACHERS OF NORTH CAROLINA PROGRAM**

26 **SECTION 8.4.** Part 4B of Article 1 of Chapter 116 of the General Statutes is  
27 repealed.  
28

## 29 **ACADEMIC PROGRAM REVIEW**

30 **SECTION 8.5.(a)** For purposes of this section, the term "identified constituent  
31 institution" refers to every constituent institution of The University of North Carolina except the  
32 following:  
33

- 34 (1) The North Carolina School of Science and Mathematics.
- 35 (2) The University of North Carolina at Asheville.
- 36 (3) The University of North Carolina at Greensboro.

37 **SECTION 8.5.(b)** No later than June 30, 2026, in order to reduce the recurring funds  
38 appropriated to the Board of Governors of The University of North Carolina in the 2026-2027  
39 fiscal year and allocated to identified constituent institutions by the sum of at least twenty million  
40 dollars (\$20,000,000) in accordance with this section, each identified constituent institution, in  
41 collaboration with The University of North Carolina System Office, shall review and reduce or  
42 eliminate academic programs or other curriculum at that institution that are low-performing,  
43 redundant, have insufficient enrollment, produce an insufficient return on investment, or are  
44 otherwise in conflict with the policies of the Board of Governors or the vision and purpose of  
45 The University of North Carolina.

46 **SECTION 8.5.(c)** The University of North Carolina System Office shall report on  
47 the implementation of the reductions required in this section for the 2026-2027 fiscal year to the  
48 Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than  
49 April 1, 2027.  
50

1 **ESTABLISH STANDARDS FOR AGREEMENTS BETWEEN CONSTITUENT**  
 2 **INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND LOCAL**  
 3 **SCHOOL ADMINISTRATIVE UNITS FOR THE OPERATION AND**  
 4 **MAINTENANCE OF LABORATORY SCHOOLS**

5 **SECTION 8.6.** G.S. 116-239.8(b) reads as rewritten:

6 "(b) The chancellor shall be the administrative head of a laboratory school approved by  
 7 the Subcommittee and shall provide general direction for the establishment and operation of a  
 8 laboratory school. The chancellor, with advice and input from the advisory board established in  
 9 subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of  
 10 study to govern the operation of the laboratory school. The chancellor may designate the duties  
 11 required by this Article to other personnel as necessary. The chancellor shall also have the  
 12 following powers and duties:

13 ...

14 (4) ~~Operation and maintenance of laboratory schools. Cost standards for~~  
 15 ~~laboratory schools. – The Board of Governors and the State Board of~~  
 16 ~~Education shall jointly determine standards for establishing the costs to local~~  
 17 ~~school administrative units for providing the facilities and services identified~~  
 18 ~~in this subdivision subdivision (4b) of this subsection for the operation and~~  
 19 ~~maintenance of a laboratory school. The standards shall include at least the~~  
 20 ~~lease amount by square foot for facility leases, which shall incorporate the~~  
 21 ~~cost of the outstanding debt service for the facility.~~

22 (4a) Memorandum of understanding. – The chancellor and the local school  
 23 administrative unit shall adopt a memorandum of understanding for the  
 24 operation and maintenance of the laboratory school that includes the facilities  
 25 and services identified in subdivision (4b) of this subsection. The chancellor  
 26 and the local school administrative unit shall review and update the  
 27 memorandum at least every three years and any updated memorandum shall  
 28 take effect no earlier than the next school year. For any proposal to amend a  
 29 term of the memorandum regarding facilities, services, or operations of the  
 30 laboratory school, the proposing party shall provide at least six months' notice,  
 31 and the amendment shall take effect no earlier than the next school year.

32 (4b) Facilities and services. – A local school administrative unit shall provide, at  
 33 the laboratory school's request, any of the following facilities and services to  
 34 the laboratory school, but the costs of those facilities and services charged to  
 35 the laboratory school shall not exceed the established standards for  
 36 determination of costs. The following shall be determined in a memorandum  
 37 of understanding between the chancellor and the local school administrative  
 38 unit for the operation and maintenance of the laboratory school as  
 39 needed: school:

40 a. Facilities and leases. – Upon request, the local school administrative  
 41 unit in which the laboratory school is located shall lease adequate  
 42 facilities to the constituent institution for use as a laboratory school.  
 43 Unless the laboratory school requests not to include any of the  
 44 following, the lease shall include use of or access to any existing  
 45 buildings, parking areas, playgrounds, driveways required for ingress  
 46 and egress, furniture, classroom space, a cafeteria or multipurpose  
 47 room, moveable equipment, appliances, playground materials,  
 48 including a library collection, instructional materials, and classroom  
 49 and other technology equipment necessary to operate the laboratory  
 50 school. The lease term shall be terminated if the laboratory school  
 51 ceases operation. Upon request, the local school administrative unit

1 shall maintain the facilities and premises of the laboratory school and  
2 keep them in good repair and tenantable condition by providing all  
3 routine custodial services and routine facilities maintenance services,  
4 including routine indoor maintenance, routine mowing, trimming, and  
5 maintenance of exterior landscaping and snow removal, and timely  
6 repair of the facilities and premises. The chancellor is authorized to  
7 execute the lease agreement and memoranda of agreement for the  
8 operation of a laboratory school.

9 b. Transportation services. – Upon request, the local school  
10 administrative unit in which the laboratory school is located shall  
11 provide transportation to students who reside in the local school  
12 administrative unit and attend the laboratory school, including any  
13 students who are homeless and require assistance pursuant to 42  
14 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance  
15 Act. The requirement to provide transportation to students residing in  
16 the local school administrative unit shall (i) apply regardless of where  
17 a laboratory school student resides in the unit or how the unit's  
18 transportation policies and practices are applied to other students and  
19 (ii) upon request, include providing transportation of students and  
20 personnel for laboratory school extracurricular activities and  
21 educational trips in the same manner as other schools in the unit for  
22 that school year.

23 c. Food services. – ~~The laboratory school shall strive to ensure that one~~  
24 ~~hundred percent (100%) muscadine grape juice is made available to~~  
25 ~~students as a part of the school's nutrition program or through the~~  
26 ~~operation of the school's vending facilities. Upon request, Food~~  
27 ~~services shall be provided to students of the laboratory school as~~  
28 ~~follows:~~

29 1. Unless the laboratory school agrees in the memorandum of  
30 understanding to administer the National School Lunch  
31 Program as the school food authority for its own students, the  
32 local school administrative unit in which the laboratory school  
33 is located shall administer the National School Lunch Program  
34 as the school food authority for the laboratory school in  
35 accordance with G.S. 115C-264. As part of that process, the  
36 local school administrative unit shall do at least the following:

37 I. Purchase, prepare, deliver, and serve food and drink for  
38 students in the laboratory school.

39 II. Engage in any contracts or other actions necessary to  
40 provide these services, including procuring federal  
41 reimbursement funds.

42 2. The laboratory school shall strive to ensure that one hundred  
43 percent (100%) muscadine grape juice is made available to  
44 students as part of the school's nutrition program or through the  
45 operation of the school's vending facilities.

46 d. Student support services. – Upon request, the local school  
47 administrative unit in which the laboratory school is located shall  
48 provide any of the following student support services for the operation  
49 of the laboratory school, including:

50 1. Services required by the Department of Public Instruction for  
51 children with disabilities.



- 2. Children and family support services, including social worker and school nurse services.
- 3. Other health services, including dental screenings, vision screenings, and similar health services that apply to other students enrolled in the local school administrative unit.
- 4. Parent involvement coordinator services.
- 5. School counselor services.

(4c) Costs of services; reimbursement. – The local school administrative unit may charge the costs of the facilities and services provided pursuant to subdivision (4b) of this subsection to the laboratory school. These charges shall not exceed the standards for determination of costs established pursuant to subdivision (4) of this subsection. If a local school administrative unit fails to provide any of the services listed in subdivision (4b) of this subsection, the laboratory school may provide those services without the support of the local school administrative unit. In the event a laboratory school provides its own services pursuant to this subdivision, the laboratory school may charge the local school administrative unit for the actual costs of those services, even if those services exceed the standards for determination of costs established pursuant to subdivision (4) of this subsection, and the local school administrative unit shall reimburse the laboratory school for those services from non-State funds.

...."

**REPEAL MENTORING AND COACHING SUPPORT FUNDS FOR TEACHING FELLOWS AND THE NORTH CAROLINA EDUCATION ENDOWMENT FUND**

**SECTION 8.7.(a)** G.S. 116-209.62 reads as rewritten:

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

...

(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, ~~(iii) mentoring and coaching support to forgivable loan recipients, and (iv) and (iii)~~ extracurricular enhancement activities of the Program in accordance with the following:

- (1) The Authority shall transfer the greater of six hundred thousand dollars (\$600,000) or ten percent (10%) of the available funds from the Trust Fund to The University of North Carolina System Office at the beginning of each fiscal year for the Program's administrative costs, the salary of the Director of the Program and other Program staff, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.
- (2) The Authority may use the greater of two hundred fifty thousand dollars (\$250,000) or four percent (4%) of the funds appropriated to the Trust Fund each fiscal year for administrative costs associated with the Program.
- ~~(3) The Authority shall provide the Commission with up to six hundred thousand dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission to provide mentoring and coaching support to forgivable loan recipients through the North Carolina New Teacher Support Program in an amount of up to two thousand two hundred dollars (\$2,200) for each Program recipient. Funds shall be prioritized for teachers serving in North Carolina public schools identified as low performing under G.S. 115C-105.37.~~

...

(j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, and the selected educator education programs participating in the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

- ...
- (2a) ~~Mentoring and coaching support through the North Carolina New Teacher Support Program, including the following:~~
- a. ~~Number of forgivable loan recipients who received mentoring and coaching support when employed at a low performing school identified under G.S. 115C-105.37.~~
  - b. ~~Number of forgivable loan recipients who received mentoring and coaching support when employed at a school not identified as low performing under G.S. 115C-105.37.~~
- (3) Selected school outcomes by program, including the following:
- a. ~~Turnover rate for forgivable loan graduates, including the turnover rate for graduates who also received mentoring and coaching support through the North Carolina New Teacher Support Program.~~ graduates.
  - b. Aggregate information on student growth and proficiency as provided annually by the State Board of Education to the Commission in courses taught by forgivable loan graduates.
  - c. Fulfillment rate of forgivable loan graduates."

**SECTION 8.7.(b)** Article 32E of Chapter 115C of the General Statutes is repealed.

## **UNC PLAN TO INCORPORATE POSITION INFORMATION INTO BEACON/HR PAYROLL SYSTEM**

**SECTION 8.8.** The Board of Governors of The University of North Carolina, in collaboration with the Office of State Controller and the State Chief Information Officer, shall develop a plan that incorporates all position and salary information for employees of constituent institutions of The University of North Carolina, The University of North Carolina System Office, the State Education Assistance Authority, and any other entity under the purview of the Board of Governors of The University of North Carolina into the Building Enterprise Access for North Carolina's Core Operation Needs (BEACON) human resources payroll system. The Board of Governors shall report the plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than April 15, 2026.

## **LIMIT ADVANCED PLACEMENT TEST FEE EXEMPTION TO STUDENTS ENROLLED IN THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS AND THE UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS WITH THE GREATEST NEED**

**SECTION 8.9.** G.S. 116-43.30 reads as rewritten:

**"§ 116-43.30. Advanced Placement courses for secondary school students.**

(a) It is the intent of the State to enhance accessibility and encourage secondary school students to enroll in and successfully complete more rigorous Advanced Placement courses to enable success in postsecondary education for all students. To attain this goal, to the extent funds are made available for this purpose, secondary school students with the greatest financial need who are enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts shall be exempt from paying any fees for registration and administration of examinations for Advanced Placement courses in which the student is enrolled, regardless of the score the student achieves on an examination.

(b) The University of North Carolina System Office shall report annually by December 15 to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on Advanced Placement course information for the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

- (1) Number of students enrolled in Advanced Placement courses and participating in Advanced Placement course examinations, including demographic information by gender and race.
- (2) Student performance on Advanced Placement course examinations, including information by course and school.
- (3) Amount of State funds expended for fees for Advanced Placement courses by school."

**PERMIT CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA TO PROVIDE DISCOUNTED TUITION TO PERSONS RECEIVING MILITARY TUITION ASSISTANCE OR PERSONS ENROLLED IN AN EMPLOYER-SPONSORED FINANCIAL SUPPORT PROGRAM**

**SECTION 8.10.(a)** G.S. 116-143 reads as rewritten:

**"§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

...

(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute.

~~(d) Notwithstanding the above provision relating to the abolition of free tuition, the Board of Governors of The University of North Carolina may, in its discretion, provide regulations under which personnel may during the period of normal employment enroll in The University of North Carolina free of charge for tuition and fees, provided such enrollment does not interfere with normal employment obligations and further provided that such enrollments are not counted for the purpose of receiving General Fund appropriations as follows:~~

- ~~(1) Except as provided in subdivision (2) of this subsection, a full-time faculty member of the rank of full-time instructor or above and any full-time staff member of The University of North Carolina may enroll in not more than three courses per year.~~
- ~~(2) A full-time or part-time campus law enforcement officer may enroll in the number of courses per year determined by regulation.~~

(d1) Notwithstanding subsection (c) of this section, the Board of Governors of The University of North Carolina may do any of the following:

- (1) Personnel. – Provide regulations under which personnel may enroll in The University of North Carolina free of charge for tuition and fees during the period of normal employment if the (i) enrollment does not interfere with normal employment obligations and (ii) enrollments are not counted for the purpose of receiving General Fund appropriations. Personnel may enroll free of charge for tuition and fees as follows:
  - a. A full-time faculty member of the rank of full-time instructor or above of The University of North Carolina may enroll in not more than three courses per year.
  - b. A full-time staff member of The University of North Carolina may enroll in more than three courses per year.

c. A full-time or part-time campus law enforcement officer may enroll in the number of courses per year determined by regulation.

(2) Military students. – Allow constituent institutions, in their discretion, to discount tuition to qualifying military students by an amount of up to the difference in the maximum amount of military tuition assistance funds the student receives and the applicable tuition. For purposes of this subdivision, a qualifying military student is a student who meets the following criteria:

a. Is a resident for tuition purposes under G.S. 116-143.1.

b. Receives either (i) federal military tuition assistance funds or (ii) military tuition assistance funds for members of the North Carolina National Guard under Article 15 of Chapter 127A of the General Statutes.

(3) Employer sponsorships. – Allow constituent institutions, in their discretion, to discount tuition to students who are enrolled in an employer-sponsored financial support program which has been approved by the Board of Governors of The University of North Carolina. The discount may be up to the difference in the maximum amount provided by the employer and the applicable tuition. For purposes of this subdivision, an employer-sponsored financial support program is a program in which the employer of a student has committed to provide financial support to the student to offset the costs of tuition or fees in the student's degree or credential program.

(d2) No later than February 15 of each year, the Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the discounted tuition provided in the previous academic year pursuant to subdivisions (2) and (3) of subsection (d1) of this section, including at least the following information:

(1) The number of students that receive a discount under subdivisions (2) and (3) of subsection (d1) of this section.

(2) The annual financial impact on each constituent institution resulting from the discounted tuition provided.

...."

**SECTION 8.10.(b)** This section is effective when it becomes law and applies beginning with the 2025-2026 academic year.

**ADD WINSTON-SALEM STATE UNIVERSITY TO CHEATHAM-WHITE SCHOLARSHIP**

**SECTION 8.11.(a)** Article 35 of Chapter 116 of the General Statutes reads as rewritten:

"Article 35.

"Cheatham-White Scholarships.

**"§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

(a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are established as a merit scholarship program at North Carolina Agricultural and Technical State University—University, Winston-Salem State University, and at North Carolina Central University. The purpose of the scholarships is to provide an outstanding educational experience for students who are exceptional scholars, versatile and well-rounded individuals with a broad range of interests, and who are accomplished and proficient in areas of both the arts and the sciences. They must also demonstrate leadership potential and a strong commitment to service.

...

(c) Number of Scholarships Awarded. – Up to 50-150 scholarships, 40-including at least 120 for resident students and 40-no more than 30 for nonresident students, may be awarded each

1 academic year to students admitted to North Carolina Agricultural and Technical State  
 2 University. Up to 50 scholarships, including at least 40 for resident students and no more than 10  
 3 for nonresident students, may be awarded each academic year to students admitted to  
 4 Winston-Salem State University. Up to 50-100 scholarships, 40-including at least 80 for resident  
 5 students and 40-no more than 20 for nonresident students, may be awarded each academic year  
 6 to students admitted to North Carolina Central University.

7 ...

8 **"§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

9 (a) Eligibility. – To be eligible to be nominated as a potential candidate for a  
 10 Cheatham-White Scholarship, a person must satisfy all of the following criteria:

- 11 (1) Be a competitive applicant for admission as a freshman in the fall semester  
 12 into a baccalaureate program at ~~either~~ North Carolina Agricultural and  
 13 Technical State University–University, Winston-Salem State University, or  
 14 North Carolina Central University.
- 15 (2) Be a United States citizen or permanent resident.
- 16 (3) Be on course to graduate from high school in the spring semester prior to  
 17 college admission.

18 (b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected  
 19 on the basis of academic merit, honorable character, outstanding leadership potential, and a  
 20 demonstrable commitment to service. Financial need shall not be a consideration.

21 ...

22 **"§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

23 The University of North Carolina System Office shall administer the Cheatham-White  
 24 Scholarships, in consultation and collaboration with North Carolina Agricultural and Technical  
 25 State ~~University–University, Winston-Salem State University, and North Carolina Central~~  
 26 ~~University, pursuant to policies adopted by the Board of Trustees of both constituent institutions.~~  
 27 each constituent institution. As part of its administrative responsibilities, The University of North  
 28 Carolina System Office, in consultation and collaboration with North Carolina Agricultural and  
 29 Technical State ~~University–University, Winston-Salem State University, and North Carolina~~  
 30 ~~Central University, shall do all of the following:~~

31 ...."

32 **SECTION 8.11.(b)** This section is effective when it becomes law and applies  
 33 beginning with the award of scholarship funds in the 2026-2027 academic year so that students  
 34 may be nominated for receipt of the scholarship at Winston-Salem State University during the  
 35 2025-2026 academic year.

36  
 37 **REVISE POWERS AND DUTIES OF THE NORTH CAROLINA COLLABORATORY**

38 **SECTION 8.12.(a)** G.S. 116-255 reads as rewritten:

39 **"§ 116-255. The North Carolina Collaboratory established.**

40 ...

41 (b) Duties and Powers. – The Collaboratory shall do at least the following within the  
 42 funds available:

43 ...

- 44 (3) Support research ~~programs—and development programs, research~~  
 45 administration capacity building, and intra- and inter-campus collaborations  
 46 at institutions of higher education, particularly institutions identified as  
 47 historically minority-serving institutions, within the Collaboratory's areas of  
 48 focus and expertise.
- 49 (4) Identify, pursue, and support research and development opportunities through  
 50 technology research and development, including, but not limited to, funding  
 51 opportunities and partnerships between institutions of higher education,

- 1 government agencies, nonprofit organizations, and both private and public  
 2 businesses. As part of this process, the Collaboratory may (i) identify,  
 3 develop, execute, and support academic partnerships with State agencies  
 4 whenever feasible and (ii) offer applicable resources.  
 5 ...  
 6 (6) ~~Maintain an online reporting portal, in partnership with~~ Assist the Office of  
 7 State Fire ~~Marshal, Marshal~~ in the maintenance of the online reporting portal  
 8 on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as  
 9 required by G.S. 58-82B-10.  
 10 (7) Teach and train ~~students and faculty~~ students, staff, faculty, and postdoctoral  
 11 researchers to engage in and administer neutral and unbiased research and  
 12 advice on science policy through (i) informal workshops and similar events  
 13 and (ii) formal development and delivery of ~~curriculum~~ curriculum or other  
 14 information.  
 15 (c) Funding Conditions and Restrictions. – The following applies to funding received by  
 16 the Collaboratory:  
 17 ...  
 18 (2) Funds appropriated by the General Assembly and used by the Collaboratory  
 19 may not be used for indirect overhead costs at (i) an institution or (ii) an entity  
 20 partnering with and funded by the Collaboratory.  
 21 (3) For research or investigations that need to be carried out expeditiously in  
 22 response to a project, opportunity, or a legislative mandate, the provisions of  
 23 Articles 3, 3A, 3B, 3C, 3D, and 8C of Chapter 143 of the General Statutes,  
 24 G.S. 143-129, and G.S. 116-31.10 shall not apply to the Collaboratory for the  
 25 purchase of apparatus, supplies, material, services, capital improvements, or  
 26 equipment in projects addressing ~~an emerging or immediate threat to either (i)~~  
 27 ~~a perceived, potential, or real concern regarding public health, safety, or~~  
 28 ~~welfare.~~ welfare or (ii) a time-sensitive opportunity that has the potential to  
 29 benefit the State. This subdivision shall apply only when at least fifty percent  
 30 (50%) of the total funding for a project was provided by the Collaboratory.  
 31 For each project that utilizes this exemption, the Collaboratory shall provide  
 32 a justification in writing and make this document available on its website for  
 33 the duration of the project.  
 34 (4) All units of State and local government shall cooperate and assist the  
 35 Collaboratory with its research program by providing ~~reasonable~~ access to at  
 36 least the following:  
 37 a. Infrastructure.  
 38 b. Personnel.  
 39 c. Data.  
 40 ...  
 41 (7) The Collaboratory may negotiate or impose ~~data use, data management, data~~  
 42 use and data management terms and conditions for projects funded by the  
 43 Collaboratory and revenue sharing requirements for intellectual property  
 44 developed through its research awards using State funds, including, but not  
 45 limited to, contractual terms that provide for gross revenue distribution to the  
 46 General Fund and the Collaboratory for future research and development  
 47 projects.  
 48 (8) ~~Funds~~ To the extent permitted under federal law, funds appropriated by the  
 49 General Assembly from any source of funds to the Collaboratory (i) shall not  
 50 revert ~~to the General Fund~~ but shall remain available until expended and (ii)

shall not apply to the carryforward limitation imposed on constituent institutions of The University of North Carolina by G.S. 116-30.3.

(9) A nonprofit corporation may provide funds directly to the Collaboratory, including grant funds, if the funds are provided (i) as a donation or (ii) for research projects to be conducted at one or more constituent institutions of The University of North Carolina in which the Collaboratory provides those funds to support research at the constituent institution. If the nonprofit corporation provides the funds as a grant to the Collaboratory, the Collaboratory may manage the grant and determine the terms and conditions of the grant and related subawards associated with the grant, including rates, if any, of indirect overhead related to those funds.

(10) If a project or study of the Collaboratory includes records associated with any of the following, then all records associated with that project or study are not public records, as that term is defined in G.S. 132-1:

- a. Specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure, as described in G.S. 132-1.7(a)(5).
- b. Vulnerability and risk assessments, as described in G.S. 132-1.7(b).
- c. Information relating to the construction, renovation, or repair of public buildings and infrastructure facilities, as described in G.S. 132-1.7(c).

(11) In extraordinary circumstances and only after consultation with the chair or chairs of the Joint Legislative Commission on Governmental Operations, the Collaboratory may repurpose funds appropriated to the Collaboratory for research to be used instead for apparatuses, supplies, materials, services, capital improvements, equipment, or personnel that support projects of the Collaboratory involving (i) a perceived, potential, or real concern regarding public health, safety, or welfare or (ii) a time-sensitive opportunity that has the potential to benefit the State. If the Collaboratory repurposes any funds pursuant to this subdivision, the Collaboratory shall provide a justification in writing to the chair or chairs of the Joint Legislative Commission on Governmental Operations and publish that document on its website for at least the duration of the project in which the funds are used."

**SECTION 8.12.(b)** G.S. 116-256 reads as rewritten:

**"§ 116-256. Annual report.**

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

**SECTION 8.12.(c)** G.S. 58-82B-10 reads as rewritten:

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

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

- ...
- (2) ~~Assist the North Carolina Collaboratory, established under G.S. 116-255, in the development of~~ Develop and maintain, with the assistance of the North Carolina Collaboratory established under G.S. 116-255, an online reporting portal for fire departments operated, regulated, or managed by one or more units of State and local government, including those located at or serving public airports, with the requirements of this Article.

...."

1           **SECTION 8.12.(d)** Subsection (i) of Section 8.10 of S.L. 2021-180 reads as  
2 rewritten:

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

13           ...."

### 14           **ESTABLISH OFFICE OF LEARNING RESEARCH**

15           **SECTION 8.13.(a)** Article 31A of Chapter 116 of the General Statutes is amended  
16 by adding the following new section to read:

#### 17           "**§ 116-257. Office of Learning Research.**

18           (a) Office of Learning Research Established. – There is established the Office of  
19 Learning Research (OLR) to identify and evaluate the efficacy and efficiency of programs,  
20 activities, initiatives, procedures, and any other factors related to elementary and secondary  
21 education in the State. The OLR shall be housed within the Collaboratory.

22           (b) Funding and Duties of the OLR. – Funding allocated to the Collaboratory for the OLR  
23 shall be administered by the Collaboratory pursuant to the provisions of G.S. 116-255(c). These  
24 funds shall be used to do at least the following:

25           (1) Provide information and support needed by elementary and secondary public  
26 schools, university leaders, and elected officials to make evidence-based  
27 decisions.

28           (2) Collaborate with constituent institutions of The University of North Carolina  
29 and other stakeholders to implement innovative policies and programs to  
30 accelerate learning for all students.

31           (3) Work with external research resources and partners to evaluate local, State,  
32 and federal programs in order to establish metrics and assess return on  
33 investment.

34           (4) Support the operations of the OLR.

35           (c) Access to Information. – All units of State and local government, including the State  
36 Board of Education, the Department of Public Instruction, and public school units, shall provide  
37 access to the OLR to records, data, processes, personnel, and any other information deemed  
38 relevant by the Collaboratory to carry out its duties pursuant to G.S. 116-255(b). The access  
39 provided to the Collaboratory pursuant to this subsection shall be in addition to any access  
40 provided related to funding received by the Collaboratory under G.S. 116-255(c)."

41           **SECTION 8.13.(b)** Section 2A.8 of S.L. 2024-57 reads as rewritten:

42           "**SECTION 2A.8.(a)** ~~OLR Established. OLR Funds. – There is appropriated from the~~  
43 ~~General Fund to the Board of Governors of The University of North Carolina the sum of one~~  
44 ~~million five hundred thousand dollars (\$1,500,000) in recurring funds for the 2024-2025 fiscal~~  
45 ~~year to be allocated to the North Carolina Collaboratory to establish and operate the Office of~~  
46 ~~Learning Research (OLR), beginning in the 2024-2025 fiscal year. The purpose of OLR is to~~  
47 ~~identify and evaluate the efficacy and efficiency of programs, activities, initiatives, procedures,~~  
48 ~~and any other factors related to elementary and secondary education in the State.~~



~~"SECTION 2A.8.(b) Funding and Duties of OLR. — Funding allocated to the Collaboratory for OLR shall be administered by the Collaboratory pursuant to the provisions of G.S. 116-255(e). These funds shall be used to do at least the following:~~

- ~~(1) Provide information and support needed by elementary and secondary public schools, university leaders, and elected officials to make evidence based decisions.~~
- ~~(2) Collaborate with constituent institutions of The University of North Carolina and other stakeholders to implement innovative policies and programs to accelerate learning for all students.~~
- ~~(3) Work with external research resources and partners to evaluate local, State, and federal programs in order to establish metrics and assess return on investment.~~
- ~~(4) Support the operations of OLR.~~

~~"SECTION 2A.8.(c) Collaboratory May Relocate OLR. — After the Collaboratory establishes OLR, the Collaboratory may, in consultation with The University of North Carolina System Office and the Provost at the University of North Carolina at Chapel Hill, relocate OLR within the University of North Carolina at Chapel Hill. If the Collaboratory relocates OLR pursuant to this section, the Collaboratory shall do the following:~~

- ~~(1) Continue to administer funds appropriated in this act for OLR for the operations of OLR, as described in subsection (b) of this section.~~
- ~~(2) Continue to determine, fund, manage, and oversee the research portfolio of OLR. The entity to which OLR is relocated shall otherwise oversee the operations of OLR.~~
- ~~(3) Within 60 days of the relocation, report to the Joint Legislative Education Oversight Committee on where OLR was relocated and any other information the Collaboratory deems relevant to the relocation.~~

~~"SECTION 2A.8.(d) Access to Information. — All units of State and local government, including the State Board of Education, the Department of Public Instruction, and public school units, shall provide reasonable access to records, data, processes, personnel, and any other information deemed relevant by the Office or the Collaboratory, to the extent otherwise permitted under State and federal law, to carry out the provisions of this section.~~

~~"SECTION 2A.8.(e) Report. — No later than July 1, 2025, the Collaboratory shall report to the Joint Legislative Education Oversight Committee on the progress made in establishing and operating the OLR pursuant to this section. For each fiscal year OLR is in operation, the Collaboratory shall include in the annual report required by G.S. 116-256 information on the activities of OLR from the prior fiscal year."~~

~~SECTION 8.13.(c) This section is effective when it becomes law.~~

## **NORTH CAROLINA COLLABORATORY MAY USE CYANOBACTERIAL ALGAL BLOOM TREATMENT PILOT PROJECT FUNDS FOR OTHER RESEARCH PROJECTS**

**SECTION 8.14.(a)** Section 8.18(c) of S.L. 2021-180 reads as rewritten:

**"SECTION 8.18.(c)** The nonrecurring funds appropriated in this act for the 2021-2022 fiscal year to the Board of Governors of The University of North Carolina and allocated to the Collaboratory for the study of a cyanobacterial algal bloom treatment provided in subsection (b) of this section shall not revert to the General Fund at the end of the 2021-2022 fiscal year but shall remain available until expended. If these funds are not fully expended after the Collaboratory completes the evaluation required by this section, the Collaboratory may in its discretion use these funds for other research projects related to the study, analysis, and improvement of surface water quality in the State, including research projects related to nutrient-impaired coastal waters."

1           SECTION 8.14.(b) This section is effective when it becomes law.

2  
3           **UNIVERSITY OF NORTH CAROLINA SYSTEM FACULTY REALIGNMENT**  
4           **INCENTIVE PROGRAM**

5           SECTION 8.15. Part 1 of Article 1 of Chapter 116 of the General Statutes is amended  
6 by adding the following new section to read:

7           "**§ 116-17.4. Faculty Realignment Incentive Program.**

8           (a) For purposes of this section, the following definitions shall apply:

9           (1) Identified faculty member. – A full-time, tenured faculty member employed  
10 by a constituent institution of The University of North Carolina who meets all  
11 of the following criteria:

12           a. Is at least 55 years of age.

13           b. Meets either of the following criteria:

14           1. Is eligible to commence retirement with an early or service  
15 retirement allowance under the Teachers' and State Employees'  
16 Retirement System (TSERS).

17           2. Is vested in the Optional Retirement Program (ORP) for The  
18 University of North Carolina.

19           c. Does not receive disability or workers' compensation benefits.

20           (2) Program. – The Faculty Realignment Incentive Program established pursuant  
21 to this section.

22           (b) There is established the Faculty Realignment Incentive Program to authorize the  
23 Board of Governors of The University of North Carolina to permit constituent institutions of The  
24 University of North Carolina to award severance payments to identified faculty members to  
25 provide long-term cost-savings and improved operational efficiencies for The University of  
26 North Carolina. To the extent funds are made available for this purpose, funds for the Program  
27 shall be distributed among constituent institutions based on criteria established by the President  
28 of The University of North Carolina. The Program shall meet at least the following requirements:

29           (1) An identified faculty member shall be selected to receive a payment under the  
30 Program in the discretion of the constituent institution where the identified  
31 faculty member is employed.

32           (2) Severance payments shall be equivalent to the identified faculty member's  
33 base salary from the prior academic year.

34           (3) Severance payments shall be exempt from payroll deductions for retirement  
35 contributions and shall not be considered compensation for purposes of the  
36 supplemental plans administered by The University of North Carolina or plans  
37 administered by the Supplemental Retirement Board of Trustees under  
38 G.S. 135-96.

39           (4) If an identified faculty member does not qualify for the full employer premium  
40 contribution for retiree health coverage provided under TSERS or ORP, then  
41 the constituent institution where the identified faculty member is employed  
42 may provide the faculty member, in addition to a severance payment, an  
43 amount equivalent to 12 months of the full employer contribution to the  
44 employee health insurance premium.

45           (c) December 1 of each year, the Board of Governors shall report at least the following  
46 information on the Program to the Joint Legislative Education Oversight Committee and the  
47 Fiscal Research Division, disaggregated by constituent institution:

48           (1) The number of identified faculty members that received funds under the  
49 Program.

50           (2) The total amount paid out by the Program."  
51

**REVISE DEADLINE FOR UNC REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES**

**SECTION 8.16.** G.S. 116-11(9b) reads as rewritten:

"(9b) The Board of Governors shall report by ~~February 1~~ March 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
- b. Budget allocations and reductions, including for operating expenses and specific programs.
- c. Distribution of additional State allocations for enrollment funding.
- d. Use of State funds and budget flexibility.
- e. Availability of federal funds.
- f. Tuition and fees.
- g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
- h. Student retention and graduation rates.
- i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
- j. A comparison to prior fiscal year expenditures and appropriations.
- k. The total amount of mandatory student fee revenue collected by institution and fee type.
- l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.
- m. Any source of sales revenue that represents greater than ten percent (10%) of the overall sales revenue by institution and sales revenue type."

**CONSTRUCTION MANAGEMENT CAPACITY FLEXIBILITY**

**SECTION 8.17.(a)** G.S. 143C-4-3.1 is amended by adding a new subsection to read:

"(e1) Notwithstanding any other provision of law, for any project with a total project authorization from the Fund that exceeds twenty million dollars (\$20,000,000), a low-capacity institution may use up to one percent (1%) of the total project authorization to support additional project management capacity provided through (i) time-limited employees of the constituent institution or (ii) a non-State third party. The low-capacity institution shall not use the flexibility to supplant funding for existing employees. For the purposes of this subsection, a low-capacity institution is a constituent institution of The University of North Carolina with a full-time equivalent enrollment of less than 10,000 students in the fiscal year preceding authorization of the project by State law."

1           **SECTION 8.17.(b)** This section is effective when it becomes law and applies to  
2 contracts executed on or after that date.

### 4 **CARRYFORWARD UNC ENROLLMENT LOSS MITIGATION FUNDS**

5           **SECTION 8.18.(a)** Section 2A.4 of S.L. 2024-57 reads as rewritten:

6           ~~"SECTION 2A.4. SECTION 2A.4.(a)~~ There is appropriated from the General Fund to the  
7 Board of Governors of The University of North Carolina for the 2024-2025 fiscal year the sum  
8 of seven million eight hundred thirty-seven thousand six hundred forty-six dollars (\$7,837,646)  
9 in nonrecurring funds to be allocated to offset enrollment-related funding losses experienced by  
10 certain constituent institutions of The University of North Carolina, as follows:

11	<b>Allocation</b>	<b>Constituent Institution</b>
12	\$1,364,971	East Carolina University
13	\$1,500,000	University of North Carolina at Asheville
14	\$19,687	University of North Carolina at Greensboro
15	\$3,701,653	University of North Carolina at Pembroke
16	\$1,251,335	Winston-Salem State University

17           ~~"SECTION 2A.4.(b)~~ These funds shall not revert at the end of the 2024-2025 fiscal year but  
18 shall remain available until the end of the 2025-2026 fiscal year."

19           **SECTION 8.18.(b)** This section becomes effective June 30, 2025.

### 21 **INCREASE NC PROMISE TUITION FOR NONRESIDENTS**

22           **SECTION 8.19.(a)** G.S. 116-143.11(a) reads as rewritten:

23           "(a) The NC Promise Tuition Plan shall be established and implemented as provided by  
24 this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The  
25 University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State  
26 University, the University of North Carolina at Pembroke, Fayetteville State University, and  
27 Western Carolina University as follows: the rate of tuition for students deemed to be North  
28 Carolina residents for purposes of tuition shall be five hundred dollars (\$500.00) per academic  
29 semester and the rate of tuition for nonresident students shall be ~~two thousand five hundred~~  
30 ~~dollars (\$2,500)~~ three thousand dollars (\$3,000) per academic semester."

31           **SECTION 8.19.(b)** This section applies beginning in the 2026-2027 academic year  
32 to nonresident students matriculating at NC Promise institutions. Any nonresident student  
33 enrolled in the 2025-2026 academic year at an NC Promise institution who remains continuously  
34 enrolled in that institution shall continue to receive a rate of tuition of two thousand five hundred  
35 dollars (\$2,500) per academic semester.

36           **SECTION 8.19.(c)** For purposes of this section, the term "NC Promise institution"  
37 refers to Elizabeth City State University, the University of North Carolina at Pembroke,  
38 Fayetteville State University, and Western Carolina University.

### 40 **INSTITUTIONAL PERFORMANCE ACCOUNTABILITY AND FUNDING**

41           **SECTION 8.20.(a)** Implementation of Accountability Measures and Performance  
42 Standards. – For the 2025-2027 fiscal biennium, the Board of Governors of The University of  
43 North Carolina shall adopt and implement a system of accountability measures and performance  
44 standards for the constituent institutions of The University of North Carolina.

45           **SECTION 8.20.(b)** Recognition of Successful Institutional Performance. – Of the  
46 nonrecurring funds appropriated in this act for each fiscal year of the 2025-2027 fiscal biennium  
47 to the Board of Governors of The University of North Carolina for performance funding, the  
48 Board may allocate the funds among constituent institutions based on an evaluation of the  
49 performance of each institution conducted in accordance with the system of accountability  
50 measures and performance standards adopted pursuant to subsection (a) of this section. The  
51 evaluation shall include at least the following components:

- 1 (1) Performance change, based on the rate of student success at a constituent  
2 institution as compared to the baseline or goal rate of student success for that  
3 constituent institution.
- 4 (2) Institutional impact, based on the number of students at a constituent  
5 institution who graduate with a degree.

6 **SECTION 8.20.(c)** Institutional Support. – In addition to the nonrecurring funds  
7 appropriated in this act for each fiscal year of the 2025-2027 fiscal biennium to the Board of  
8 Governors of The University of North Carolina for performance funding, the Board of Governors  
9 may allocate additional available funds to specific constituent institutions that require targeted  
10 support to increase performance or adapt to significant enrollment changes. Funds allocated to  
11 an institution pursuant to this subsection may be used to support strategies at the constituent  
12 institution to improve institutional performance.

### 13 **EXPEDITED TEACHER PIPELINE PATHWAY STUDY**

14 **SECTION 8.21.** No later than February 15, 2026, the Board of Governors of The  
15 University of North Carolina, in collaboration with the State Board of Community Colleges, shall  
16 report to the Joint Legislative Education Oversight Committee on a plan for an expedited pathway  
17 for North Carolina high school students to enter the teaching profession. The plan shall include  
18 at least the following components:

- 19 (1) Options for an accelerated transition pathway that allows high school students  
20 to earn college credits leading to a teaching license while participating in  
21 structured, paid, or other experiential learning in the classroom, including  
22 applicable program design and sequencing components needed to achieve that  
23 goal.
- 24 (2) Maximize usage and transferability of at least the following coursework  
25 completion opportunities:
  - 26 a. College transfer pathways provided through the Career and College  
27 Promise Program that support entry into a recognized educator  
28 preparation program.
  - 29 b. Community college coursework leading to completion of an associate  
30 degree related to teacher preparation.
  - 31 c. Online or asynchronous coursework provided at a constituent  
32 institution of The University of North Carolina leading to a bachelor's  
33 degree.
  - 34 d. Enrollment in an associate degree program or a bachelor's degree  
35 program while serving (i) as a full-time employee in a public school  
36 unit and (ii) as a teacher assistant or apprentice in a registered  
37 apprenticeship program pursuant to G.S. 115C-269.33, as enacted by  
38 Section 7.37 of this act.
- 39 (3) Any legislative changes or appropriations needed to implement the plan.

### 40 **UNC STUDY INCREASING NCSSM MORGANTON SIZE**

41 **SECTION 8.22.(a)** No later than February 15, 2026, the Board of Governors of The  
42 University of North Carolina, in consultation with the Chancellor of the North Carolina School  
43 of Science and Mathematics, shall study the feasibility of increasing the size of the Morganton  
44 campus of the North Carolina School of Science and Mathematics (NCSSM-Morganton),  
45 develop a plan to accommodate at least twice as many enrolled students at NCSSM-Morganton,  
46 and report the plan to the Joint Legislative Education Oversight Committee. At a minimum, the  
47 plan shall include the following information:  
48  
49

- 1 (1) An analysis of the number of students with excellent academic records who  
 2 apply to the North Carolina School of Science and Mathematics but are not  
 3 accepted because of lack of physical space or other resources.
- 4 (2) Resources needed to accommodate additional students and associated costs,  
 5 including at least the following:
- 6 a. Improvements to physical spaces, including residence halls.
  - 7 b. Additional faculty and staff.
  - 8 c. Instructional materials.
  - 9 d. Other costs, as determined by the Board of Governors.

10 **SECTION 8.22.(b)** This section is effective when it becomes law.

11  
 12 **PROTECT CAMPUS SURVIVOR'S ACT**

13 **SECTION 8.23.(a)** G.S. 116-43.17 reads as rewritten:

14 "**§ 116-43.17. Confidentiality of ~~research data, records, and information of a proprietary~~**  
 15 **~~nature.certain records.~~**

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

17 (1) Personally identifiable information. – Any of the following information:

- 18 a. The name of a student.
- 19 b. The name of the parent or other family member of a student.
- 20 c. The address of a student or the student's family.
- 21 d. Any personal identifier for a student, including social security number,  
 22 student number, or biometric record.
- 23 e. Any indirect identifier for a student, including date of birth, place of  
 24 birth, or mother's maiden name.
- 25 f. Any other information, alone or in combination, that is linked or  
 26 linkable to a specific student and that would allow a reasonable person  
 27 in the community of the public institution of higher education where  
 28 the student attends, who does not have personal knowledge of the  
 29 relevant circumstances, to identify the student with reasonable  
 30 certainty.
- 31 g. Any information requested by a person who the public institution of  
 32 higher education reasonably believes knows the identity of the student  
 33 to whom the information relates.

34 (2) Personally identifiable student disciplinary records. – Any records, including  
 35 materials that are described in G.S. 132-1(a), that meet all of the following  
 36 criteria:

- 37 a. Are made, received, or maintained by a public institution of higher  
 38 education.
- 39 b. Contain personally identifiable information of or about a student.
- 40 c. Are related to a complaint, investigation, or resolution of an alleged  
 41 violation of or noncompliance with the disciplinary or conduct rules  
 42 or other policy of a public institution of higher education.

43 (3) Public institution of higher education. – Any of the following:

- 44 a. The University of North Carolina.
- 45 b. A constituent institution of The University of North Carolina, as  
 46 defined in G.S. 116-2(4), that is an institution of higher education.
- 47 c. The Community Colleges System Office, as defined in G.S. 115D-3.
- 48 d. A community college, as defined in G.S. 115D-2(2).

49 (4) Student. – Any individual (i) who attends or has attended a public institution  
 50 of higher education and (ii) about whom the public institution of higher  
 51 education maintains records.

1       (b) Confidentiality of Certain Records. – The following are not public records under  
2 Chapter 132 of the General Statutes:

3           (1) Research data, records, or information of a proprietary nature, produced or  
4 collected by or for state institutions of higher learning in the conduct of  
5 commercial, scientific, or technical research where the data, records, or  
6 information has not been patented, published, or ~~copyrighted~~ are not public  
7 records as defined by G.S. 132-1.copyrighted.

8           (2) Personally identifiable student disciplinary records, even if release of the  
9 records would be permitted by the Family Educational Rights and Privacy  
10 Act, 20 U.S.C. § 1232g (34 C.F.R. Part 99). Nothing in this subdivision is  
11 intended to limit the disclosure of public records that do not contain personally  
12 identifiable information."

13       **SECTION 8.23.(b)** G.S. 115D-78 reads as rewritten:

14 **"§ 115D-78. Access to information and public records; small business counseling**  
15 **information.**

16       (a) In accordance with Chapter 132 of the General Statutes, all rules, regulations and  
17 public records of the State Board of Community Colleges, the Community Colleges System  
18 Office, and local boards of trustees shall be available for examination and reproduction on  
19 payment of fees by any person.

20       (a1) As provided in G.S. 116-43.17, personally identifiable student disciplinary records  
21 are not public records under Chapter 132 of the General Statutes.

22       ...."

23       **SECTION 8.23.(c)** G.S. 132-1.2 reads as rewritten:

24 **"§ 132-1.2. Confidential information.**

25       Nothing in this Chapter shall be construed to require or authorize a public agency or its  
26 subdivision to disclose any information that:

27       ...

28       (11) Reveals personally identifiable student disciplinary records in violation of  
29 G.S. 116-43.17."

30       **SECTION 8.23.(d)** This section is effective when it becomes law and applies to  
31 requests for personally identifiable student disciplinary records submitted on or after that date.

### 32 **FISCAL RESPONSIBILITY AND UNIVERSITY TECH PLANNING**

33       **SECTION 8.24.** G.S. 116-11 is amended by adding a new subdivision to read:

34       "(9c) The Board shall adopt a policy that requires all constituent institutions to  
35 evaluate the following when acquiring the technology, computer hardware,  
36 and software:

37           a. The long-term cost of ownership, including costs of repairing the  
38 technology, computer hardware, or software.

39           b. Any flexibility for innovation during the life of the technology,  
40 computer hardware, or software.

41           c. Any anticipated resale or salvage value at the end of the target life  
42 cycle for the technology, computer hardware, or software based on the  
43 average resale or salvage value of similar technology, computer  
44 hardware, or software as a percentage of the initial cost of purchase."  
45

### 46 **OFFICE OF LEARNING RESEARCH EVALUATION OF COMPETENCY-BASED** 47 **LEARNING PROGRAMS**

48       **SECTION 8.25.** The Office of Learning Research at the North Carolina  
49 Collaboratory shall study and evaluate the programs established pursuant to Sections 6.8, 7.17,  
50 7.18, and 7.19 of this act and report to the Joint Legislative Education Oversight Committee by  
51

1 March 15, 2027, and annually thereafter, culminating in a final report on March 15, 2030. Reports  
2 shall include at least the following:

- 3 (1) The total number of students engaging with these programs.
- 4 (2) The total amount of funds expended to implement, design, and operate the  
5 programs.
- 6 (3) Effects on student achievement and learning outcomes.

## 7 8 **NORTH CAROLINA SPORTS RIVALRIES**

9 **SECTION 8.26.(a)** It is the intent of the General Assembly that the University of  
10 North Carolina at Chapel Hill (UNC-CH) and North Carolina State University (NCSU) should  
11 attempt to schedule basketball games against every other constituent institution of The University  
12 of North Carolina, as follows:

- 13 (1) UNC-CH and NCSU should schedule at least three regular season or  
14 exhibition games against each constituent institution team competing at the  
15 National Collegiate Athletic Association (NCAA) Division II level by the  
16 2039-2040 season.
- 17 (2) UNC-CH and NCSU should schedule regular season games against each  
18 constituent institution's men's and women's basketball team competing at the  
19 NCAA Division I level so that UNC-CH and NCSU both play each men's and  
20 women's team at least two times by the 2039-2040 season. At least one game  
21 played by each of the UNC and NCSU men's and women's basketball teams  
22 against each other constituent institution team pursuant to this section should  
23 be an away game for UNC and NCSU.

24 **SECTION 8.26.(b)** Nothing in this section shall be construed to limit the ability of  
25 UNC-CH and NCSU to schedule more games against teams of other constituent institutions.

## 26 27 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

### 28 29 **STUDENT-BASED EDUCATIONAL WALLET PILOT PROGRAM**

30 **SECTION 8A.1.(a)** Program; Purpose. – There is established the Student-Based  
31 Educational Wallet Pilot Program (Pilot) for the 2026-2027 fiscal year to be administered by the  
32 State Education Assistance Authority (Authority) in coordination with one public school unit  
33 selected by the Authority to participate in the Pilot. The purpose of the Pilot is to foster  
34 personalized learning pathways and expand access to educational enrichment by providing funds  
35 for high school students to participate in eligible activities and credit-bearing activities. The goal  
36 of the Pilot is to establish a streamlined process for students to participate in credit-bearing  
37 activities.

38 **SECTION 8A.1.(b)** Definitions. – The following definitions shall apply in this  
39 section:

- 40 (1) Approved provider. – An entity, including a business, nonprofit, vendor, or  
41 other organization or institution, that has been approved by the participating  
42 public school unit to provide eligible activities, including credit-bearing  
43 activities, for participating students.
- 44 (2) Eligible activity. – A program, course, or experience occurring outside the  
45 traditional classroom that is provided to a participating student by an approved  
46 provider and approved by the participating public school unit, including the  
47 following:
  - 48 a. Career and technical education programs, including student  
49 internships.
  - 50 b. Art, music, and other performance-based activities.



- 1 c. Science, technology, engineering, and mathematics competitions or
- 2 research programs.
- 3 d. Leadership and civic engagement programs.
- 4 e. Athletic and other physical education programs that have some
- 5 instructional component.
- 6 (3) Eligible student. – Any student who meets all of the following criteria:
- 7 a. Submits an application to the Authority to participate in the Pilot.
- 8 b. Is enrolled in the high school selected by the participating public
- 9 school unit to participate in the Pilot.
- 10 (4) Credit-bearing activity. – An eligible activity that is approved by the
- 11 participating public school unit as providing instruction that qualifies a
- 12 participating student to receive one or more academic credits.
- 13 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 14 (6) Participating public school unit. – The public school unit identified by the
- 15 Authority to participate in the Pilot.
- 16 (7) Participating student. – An eligible student who is admitted to participate in
- 17 the Pilot by the Authority and whose parent signs the parental agreement.
- 18 (8) Qualifying educational expenses. – Tuition, fees, and materials for approved
- 19 providers for eligible activities, including credit-bearing activities.
- 20 (9) Student-Based Educational Wallet or SBEW. – An electronic account
- 21 provided to a parent for the purpose of holding funds awarded by the Authority
- 22 for a participating student to engage in eligible activities in accordance with
- 23 the Pilot.

24 **SECTION 8A.1.(c)** Selection of Participating Unit. – No later than August 1, 2025,  
25 the Authority shall establish a process to select one participating public school unit for the Pilot.  
26 No later than January 1, 2026, the participating public school unit shall provide the Authority  
27 with the name of the high school in the unit that will be participating in the Pilot and a list of (i)  
28 eligible students, (ii) eligible activities, and (iii) approved providers. The participating public  
29 school unit shall only select one high school in the unit to participate in the Pilot. The  
30 participating public school unit shall enter into a data sharing agreement with the Authority for  
31 the purpose of administering the Pilot and for the protection of student data.

32 **SECTION 8A.1.(d)** Selection of Participating Students. – No later than February 2,  
33 2026, the Authority shall make available applications to eligible students for the award of funds  
34 for an SBEW to be used for qualifying educational expenses pursuant to the Pilot. Applications  
35 shall be submitted electronically. No later than April 15, 2026, the Authority shall admit any  
36 eligible student to the Pilot for the 2026-2027 school year who submitted a timely application  
37 and whose parent signed the parental agreement. If the funds provided for the Pilot are  
38 insufficient to admit all eligible students, the Authority may adopt a lottery process for the  
39 selection of participating students.

40 **SECTION 8A.1.(e)** Award of Funds. – The Authority shall award funds for the  
41 2026-2027 school year to participating students on a per-student basis in an amount of up to three  
42 hundred ninety-five dollars (\$395.00) per student. Grant funds shall only be used for qualifying  
43 educational expenses in accordance with the parental agreement. The award of funds through an  
44 SBEW shall be subject to the execution of a parental agreement as required by subsection (f) of  
45 this section. The parent shall then receive an electronic account for the receipt of funds for  
46 qualifying educational expenses incurred in the 2026-2027 school year. Requests for qualifying  
47 educational expenses are subject to a preapproval process established by the Authority prior to  
48 the disbursement of funds from the electronic account. An expense report shall not be required  
49 for any expenses that have been preapproved by the Authority and the participating public school  
50 unit.

1           **SECTION 8A.1.(f)** Parental Agreement; Use of Funds. – The Authority shall  
2 provide the parent of an eligible student who applies to participate in the Pilot with a written  
3 agreement to be signed and returned to the Authority prior to receiving funds. The agreement  
4 shall be submitted to the Authority electronically. The parent shall not designate any entity or  
5 individual to execute the agreement on the parent's behalf. A parent or eligible student's failure  
6 to comply with this section shall result in a forfeit of funds and those funds may be awarded to  
7 another eligible student. The parent shall agree to use the funds deposited into an SBEW only for  
8 the qualifying educational expenses of the eligible student. These funds shall not be used for  
9 noneducational expenses, including personal items or travel.

10           **SECTION 8A.1.(g)** Credit Review. – Notwithstanding any policy or rule adopted  
11 by the State Board of Education to the contrary, the participating public school unit shall  
12 determine whether an eligible activity constitutes a credit-bearing activity. The Authority and the  
13 participating public school unit shall establish a reporting time line for the Authority to provide  
14 data on the use of funds for each semester per participating student. The participating public  
15 school unit shall establish a review process for whether a student's participation in a  
16 credit-bearing activity is sufficient for the student to receive credit. As part of the review process,  
17 the student may submit information to the participating public school unit to demonstrate the  
18 student's proficiency in the subject area, including portfolios, performance assessments, and  
19 competency-based evaluations.

20           **SECTION 8A.1.(h)** Administration. – The Authority, in consultation with the  
21 participating public school unit, shall administer the student-based educational wallets for  
22 participating students. As part of this process, the Authority shall establish an online portal for  
23 students and parents to track account balances, review eligible activities, and submit  
24 reimbursement requests. The Authority may contract with a private financial management firm  
25 or institution to manage SBEWs in accordance with the Pilot. The Authority may audit a random  
26 sampling of SBEWs to ensure compliance with the Pilot and may contract with an independent  
27 entity to conduct these audits. The Authority may remove a parent or eligible student from the  
28 program and close an SBEW for failure to comply with the terms of the parental agreement, for  
29 failure to comply with applicable laws, or because the student is no longer an eligible student. Of  
30 the funds allocated to the Authority to award funds under the Pilot, the Authority may retain fifty  
31 thousand dollars (\$50,000) for administrative costs associated with the Pilot, including  
32 contracting with non-State entities for administration of certain components of the Pilot.

33           **SECTION 8A.1.(i)** Miscellaneous. – The following shall apply to the Pilot:

- 34           (1) Public records. – Applications to participate in the Pilot and personally  
35 identifiable information related to eligible students receiving funds shall not  
36 be a public record under Chapter 132 of the General Statutes. For the purposes  
37 of this subdivision, personally identifiable information means any information  
38 directly related to a student or members of a student's household, including  
39 the name, birthdate, address, Social Security number, telephone number,  
40 email address, or any other information or identification number that would  
41 provide information about a specific student or members of a specific student's  
42 household.
- 43           (2) No refunds to account holders. – An approved provider shall not refund or  
44 rebate any funds to a parent or participating student in any manner. The parent  
45 shall notify the Authority if such refund is required.

46           **SECTION 8A.1.(j)** Report. – No later than February 15, 2027, the North Carolina  
47 Collaboratory, in consultation with the Authority and the participating public school unit, shall  
48 study and report to the Joint Legislative Education Oversight Committee on the implementation  
49 of the Pilot and the impact of the Pilot on student success. At a minimum, the report shall include  
50 the following additional information:

- 1 (1) The number of students who used funds provided to an SBEW and the amount  
2 of funds used.
- 3 (2) The credit-bearing opportunities purchased with SBEW funds and the number  
4 of credits earned.
- 5 (3) All approved providers receiving funds for providing eligible activities under  
6 the Pilot and the amount of funding received by each approved provider.

7 **SECTION 8A.1.(k)** Funds. – The nonrecurring funds appropriated to the Board of  
8 Governors of The University of North Carolina in this act for the 2025-2026 fiscal year to be  
9 allocated to the State Education Assistance Authority to implement the Student-Based  
10 Educational Wallet Pilot Program in accordance with this section shall not revert at the end of  
11 the 2025-2026 fiscal year but shall remain available until the end of the 2026-2027 fiscal year.

12  
13 **REVISE CERTAIN OPPORTUNITY SCHOLARSHIP DOMICILE VERIFICATION**  
14 **REQUIREMENTS**

15 **SECTION 8A.2.** G.S. 115C-562.3 reads as rewritten:

16 "**§ 115C-562.3. Verification of eligibility; information from other State agencies.**

17 (a) To verify that the domicile requirements of G.S. 115C-366 are met for State  
18 residency, the Authority shall establish a domicile determination system and shall establish rules  
19 for determination of domicile within the State in accordance with this subsection. The Division  
20 of Motor Vehicles of the Department of Transportation, the Department of Public Instruction,  
21 the Department of Commerce, the Department of Health and Human Services, the Department  
22 of Revenue, the State Board of Elections, and the State Chief Information Officer each shall  
23 expeditiously cooperate with the Authority in verifying electronically, or by other similarly  
24 effective and efficient means, evidence submitted to the Authority for the purposes of  
25 establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall  
26 accept any of the following as evidence of domicile within the State:

27 ...

28 (b) Household members of applicants for scholarship grants shall authorize the Authority  
29 to access ~~information~~ certain information, including social security numbers and other unique  
30 identifiers, needed for verification efforts conducted under this section that is held by other State  
31 agencies, including the Department of Revenue, the Department of Health and Human Services,  
32 and the Department of Public Instruction.

33 (b1) The Authority may adopt in its rules a process for contracting with a third-party  
34 vendor to facilitate the verification of domicile or other application information in accordance  
35 with this section.

36 (c) By December 1 of each year, the Department of Public Instruction shall provide the  
37 Authority the average State per pupil allocation for that fiscal year to determine the maximum  
38 scholarship amount for eligible students to be awarded in the following fiscal year in accordance  
39 with G.S. 115C-562.2(b2)."

40  
41 **CLARIFY APPLICATION DATE FOR OPPORTUNITY SCHOLARSHIP AND PESA**  
42 **PROGRAMS**

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

44 "(a) The Authority shall make available no later than ~~February 1~~ annually the first Monday  
45 in February of each year applications to eligible students for the award of scholarship grants to  
46 attend any nonpublic school on a full- or part-time basis. Information about scholarship grants  
47 and the application process shall be made available on the Authority's Web site. Beginning March  
48 15, the Authority shall begin awarding scholarship grants to students who have applied by ~~March~~  
49 the first Monday in March in the following order:

50 ...."

51 **SECTION 8A.3.(b)** G.S. 115C-592(a) reads as rewritten:

1       "(a) Application Selection. – The Authority shall make available no later than ~~February 1~~  
2 the first Monday in February of each year applications to eligible students for the award of  
3 scholarship funds for a personal education student account to be used for qualifying education  
4 expenses to attend a nonpublic school. Information about scholarship funds and the application  
5 process shall be made available on the Authority's website. Applications shall be submitted  
6 electronically. The Authority shall award scholarships according to the following criteria for  
7 applications received by ~~March 1~~ the first Monday in March of each year:

8               ...."

9  
10 **PERMIT SEAA TO PROVIDE PAYMENTS FOR TESTS FOR OPPORTUNITY**  
11 **SCHOLARSHIP RECIPIENTS USING ALTERNATIVE METHODS**

12       **SECTION 8A.4.** G.S. 115C-562.2(b5) reads as rewritten:

13       "(b5) In addition to the amount of the scholarship grant, for any student receiving a  
14 scholarship grant in grades three, eight, or 11, the Authority shall provide ~~to the nonpublic school~~  
15 for the student an amount equal to the cost of the nationally standardized test required to be  
16 administered as provided in G.S. 115C-562.5."

17  
18 **CLARIFY OPPORTUNITY SCHOLARSHIP RESIDENCY REQUIREMENTS AT**  
19 **TIME OF APPLICATION**

20       **SECTION 8A.5.** Part 2A of Article 39 of Chapter 115C of the General Statutes is  
21 amended by adding a new section to read:

22 **"§ 115C-562.2A. Residency required at time of application.**

23       (a) Except as otherwise provided in this section, a student shall be a resident of North  
24 Carolina that is eligible to attend a North Carolina public school pursuant to Article 25 of this  
25 Chapter in both of the following circumstances:

26               (1) At the time the student applies to receive a scholarship grant under this Part.

27               (2) At the beginning of each school year in which the student is eligible to receive  
28 scholarship grant funds.

29       (b) A student who is not a resident of North Carolina at the time the student submits an  
30 application to receive a scholarship grant under this Part, either during the application period  
31 established by the Authority or upon enrollment in a nonpublic school, may be eligible to receive  
32 a scholarship grant prior to becoming a resident of North Carolina if all of the following apply:

33               (1) A parent or legal guardian is on active military duty and is transferred or  
34 pending transfer pursuant to an official military order to a military installation  
35 or reservation in the State.

36               (2) Upon request by the Authority, a parent or legal guardian provides a copy of  
37 the official military order transferring to a military installation or reservation  
38 located in the State.

39               (3) For the applicant to receive a scholarship grant, the parent or legal guardian  
40 completes and submits the application, except that proof of residency shall not  
41 be required until the parent or legal guardian transfers into North Carolina.

42       (c) A student who submits an application or enrolls in a nonpublic school pursuant to  
43 subsection (b) of this section shall be permitted to receive grant funds in the first semester of the  
44 school year. Thereafter, the student shall not receive a scholarship award until proof of residency  
45 is provided in accordance with the requirements of the Authority."

46  
47 **REVISE SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS AND**  
48 **TRANSFER ADMINISTRATION FROM THE DEPARTMENT OF MILITARY AND**  
49 **VETERANS AFFAIRS TO THE STATE EDUCATION ASSISTANCE AUTHORITY**

50       **SECTION 8A.6.(a)** For purposes of subsection (b) of this section, the following  
51 definitions shall apply:

- 1 (1) Authority. – The State Education Assistance Authority.
- 2 (2) Commission. – The Veterans' Affairs Commission of the Department.
- 3 (3) Department. – The Department of Military and Veterans Affairs.
- 4 (4) Scholarship funds. – Scholarship funds awarded to the child of a North
- 5 Carolina veteran under Part 2 of Article 14 of Chapter 143B of the General
- 6 Statutes.

7 **SECTION 8A.6.(b)** Notwithstanding Part 2 of Article 14 of Chapter 143B of the  
8 General Statutes, for the 2025-2026 academic year, the following shall occur relating to the  
9 administration of scholarship funds:

- 10 (1) After the selection of persons by the Commission to receive scholarship funds,  
11 and in no event later than May 15, 2026, the Commission shall notify the  
12 Authority of all selections, and the Department shall notify the Authority of  
13 any determinations that a student qualifies for a scholarship funded with  
14 monies from the Escheat Fund.
- 15 (2) The Authority shall determine whether additional recipients of scholarship  
16 funds qualify for scholarships funded with monies from the Escheat Fund  
17 based on a determination of need consistent with other financial assistance  
18 programs administered by the Authority.
- 19 (3) To the extent funds made available for the award of scholarship funds are  
20 insufficient to provide scholarships to all selected persons, the Authority may  
21 adjust and standardize award amounts as necessary, including providing pro  
22 rata scholarship awards for room and board, to ensure the efficient  
23 administration of the scholarship funds.
- 24 (4) The Authority alone shall notify all recipients of their selection to receive  
25 scholarship funds in accordance with Part 2 of Article 14 of Chapter 143B of  
26 the General Statutes. The Department shall not notify any student that he or  
27 she is selected to receive scholarship funds in any way, including directly  
28 through an award letter or through any other method.
- 29 (5) The Authority shall disburse scholarship funds in accordance with  
30 G.S. 116-204(11a).
- 31 (6) From the funds appropriated from the General Fund to the Board of Governors  
32 of The University of North Carolina and allocated to the Authority in the  
33 2025-2026 fiscal year to support the award of scholarship funds, the Authority  
34 may use up to two and one-half percent (2.5%) for administration costs.

35 **SECTION 8A.6.(c)** The following are repealed:

- 36 (1) G.S. 143B-1211(11).
- 37 (2) G.S. 143B-1220(3).
- 38 (3) G.S. 143B-1223 through G.S. 143B-1228.

39 **SECTION 8A.6.(d)** Article 23 of Chapter 116 of the General Statutes is amended  
40 by adding the following new Part to read:

41 "Part 8. Children of Wartime Veterans Scholarship.

42 **"§ 116-209.110. Purpose.**

43 In appreciation for the service and sacrifices of North Carolina's war veterans and as evidence  
44 of this State's concern for their children, there is established the Children of Wartime Veterans  
45 Scholarship Program to be administered by the State Education Assistance Authority.

46 **"§ 116-209.112. Definitions.**

47 The following definitions shall apply in this Part:

- 48 (1) Active federal service. – One of the following:
  - 49 a. Full-time duty in the Armed Forces other than active duty for training.

- 1                    b. Active duty for training, if disability or death occurs (i) as a direct  
2                    result of armed conflict or (ii) while engaged in extra-hazardous  
3                    service, including such service under conditions simulating war.  
4                    (2) Armed Forces. – The United States Army, Navy, Marine Corps, Air Force,  
5                    Space Force, and Coast Guard, including their reserve components.  
6                    (3) Authority. – The State Education Assistance Authority established pursuant  
7                    to Article 23 of Chapter 116 of the General Statutes.  
8                    (4) Eligible child. – A person who meets all of the following criteria:  
9                    a. Is under 25 years of age at the time of application for a scholarship.  
10                    b. Qualifies as a resident for tuition purposes under the criteria set forth  
11                    in G.S. 116-143.1 and in accordance with the coordinated and  
12                    centralized residency determination process administered by the  
13                    Authority.  
14                    c. Holds a high school diploma or its equivalent.  
15                    d. Is the child of a veteran who meets one of the following criteria:  
16                    1. Is a resident of North Carolina at the time of scholarship  
17                    documentation completion.  
18                    2. Was a resident of North Carolina at the time of entrance into  
19                    service in the Armed Forces.  
20                    3. Was permanently stationed in North Carolina at the time of his  
21                    or her death.  
22                    4. Is an active duty service member permanently stationed in  
23                    North Carolina at the time of documentation completion.  
24                    e. Submits a completed Free Application for Federal Student Aid  
25                    (FAFSA) to the Authority.  
26                    (5) Eligible institution. – A State educational institution or a private educational  
27                    institution.  
28                    (6) Period of war or wartime. – Any of the periods or circumstances described  
29                    below:  
30                    a. Any period of war as defined in 38 U.S.C. § 101.  
31                    b. Any period of service in the Armed Forces during which the veteran  
32                    parent of an applicant for a scholarship under this Part suffered death  
33                    or disability (i) as a direct result of armed conflict or (ii) while engaged  
34                    in extra-hazardous service, including such service under conditions  
35                    simulating war.  
36                    (7) Private educational institution. – An eligible private postsecondary institution  
37                    that meets the criteria of G.S. 116-280(3), except for G.S. 116-280(3)a.3. if  
38                    applicable.  
39                    (8) Program. – The Children of Wartime Veterans Scholarship Program  
40                    established by this Part.  
41                    (9) State educational institution. – Any constituent institution of The University  
42                    of North Carolina, or any community college operated under the provisions of  
43                    Chapter 115D of the General Statutes of North Carolina.  
44                    (10) Veteran. – Either of the following:  
45                    a. A person who served as a member of the Armed Forces in active  
46                    federal service during a period of war and who was either separated  
47                    from the Armed Forces under honorable conditions or who is currently  
48                    servicing in a second or subsequent enlistment.  
49                    b. A person who was separated from the Armed Forces under honorable  
50                    conditions and whose death or disability was incurred (i) as a direct

1 result of armed conflict or (ii) while engaged in extra-hazardous  
2 service, including such service under conditions simulating war.

3 **"§ 116-209.114. Scholarship.**

4 (a) Scholarship Benefits. – A scholarship granted pursuant to this Part shall consist of the  
5 following benefits and other requirements and limitations for eligible children enrolled as  
6 undergraduate students at eligible institutions:

7 (1) Scholarship funds may be used for any of the following purposes:

8 a. The cost of attendance at an eligible institution, including tuition, fees,  
9 room, and board.

10 b. The cost of short-term workforce training courses leading to industry  
11 credentials.

12 (2) An eligible child shall only receive one scholarship under this Part. The award  
13 shall be for up to four academic years, which need not be consecutive.

14 (3) No educational assistance shall be afforded to an eligible child under this Part  
15 after the end of a six-year period beginning on the date the scholarship is first  
16 awarded. Whenever an eligible child is enrolled in an eligible institution and  
17 the period for a scholarship ends while enrolled in a term, quarter, or semester,  
18 such period shall be extended to the end of such term, quarter, or semester,  
19 but not beyond the eligibility limitation of four academic years.

20 (4) No scholarship awarded to an eligible child pursuant to this Part shall exceed  
21 an amount equal to the highest cost of attendance for attendance at a State  
22 educational institution for that academic year.

23 (5) If a student also receives a scholarship or other grant covering the  
24 tuition-specific cost of attendance at the eligible institution for which the  
25 scholarship is awarded, then the amount of the scholarship awarded under this  
26 Part shall be reduced by an appropriate amount determined by the Authority.  
27 The scholarship shall be reduced so that the sum of all grants and scholarship  
28 aid covering the cost of attendance received by the student, including the  
29 scholarship under this section, shall not exceed the cost of attendance for the  
30 eligible institution at which the student is enrolled.

31 (6) A student who has been awarded a scholarship under this section shall  
32 maintain satisfactory academic progress according to the standards of the  
33 eligible institution throughout the four academic years for which the student  
34 is eligible for a scholarship under this section.

35 (b) Selection of Recipients. – The Authority shall select recipients for scholarships and  
36 disburse the scholarships in accordance with the provisions of G.S. 116-209.116. The Authority  
37 may contract with another State agency or a third-party entity to determine eligibility and select  
38 recipients as required by G.S. 116-209.116(a)(1). In the event there are not sufficient funds to  
39 provide each eligible child who has properly applied with a full scholarship as provided by this  
40 Part, each eligible child shall receive a pro rata share of funds available for the academic year.

41 (c) Award of Funds; Priority. – Beginning May 1 of the year in which the recipient enrolls  
42 in an eligible institution, the Authority shall begin awarding scholarship funds to students who  
43 have properly applied in the following order:

44 (1) Students who received scholarship funds under Part 2 of Article 14 of Chapter  
45 143B of the General Statutes in the previous academic year.

46 (2) Students who received scholarship funds under Part 2 of Article 14 of Chapter  
47 143B of the General Statutes in any previous academic year.

48 (3) All other students.

49 **"§ 116-209.116. Administration and funding.**

50 (a) Responsibilities of the Authority. – The Authority shall administer the award of  
51 scholarships under this Part and have all of the following associated responsibilities:

- 1           (1) Determining the eligibility of applicants and selecting recipients.
- 2           (2) Awarding funds to scholarship recipients.
- 3           (3) Suspending or revoking scholarships if the Authority finds that a recipient  
4           does any of the following:
  - 5           a. Does not maintain satisfactory academic progress.
  - 6           b. Engages in riots, unlawful demonstrations, the seizure of educational  
7           buildings, or otherwise engages in disorderly conduct, breaches of the  
8           peace or unlawful assemblies.
- 9           (4) Promulgating such rules and regulations not inconsistent with the other  
10           provisions of this Part as the Authority deems necessary for the orderly  
11           administration of the Program. These rules may require eligible institutions to  
12           provide such reports and other information as are necessary to carry out the  
13           provisions of this Part, including whether a recipient is not maintaining  
14           satisfactory academic progress or engaging in any of the actions described in  
15           sub-subdivision b. of subdivision (3) of this subsection.

16           (b) Funding. – Funds for the support of the Program shall be appropriated to the Board  
17           of Governors of The University of North Carolina to be allocated to the Authority as a reserve  
18           for payment of approved expenses for the cost of attendance. Funds to support the Program shall  
19           be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, to the extent those  
20           funds are used for worthy and needy residents of this State who are enrolled in public institutions  
21           of higher education of this State.

22           (c) Withdrawal from Enrollment. – Irrespective of any other provision of this Part, the  
23           Authority may prescribe special procedures for adjusting the accounts of scholarship recipients  
24           who, for reasons of illness, physical inability to attend class, or for other valid reason satisfactory  
25           to the Authority may withdraw from eligible institutions prior to the completion of the term,  
26           semester, quarter, or other academic period being attended at the time of withdrawal. Such  
27           procedures may include, but shall not be limited to, permitting an eligible institution to pay the  
28           recipient the dollar value of his or her unused scholarship for the academic period being attended,  
29           with a corresponding deduction of this period from his or her remaining scholarship eligibility  
30           time.

31           (d) Administrative Costs. – Of the funds available each fiscal year to support the  
32           Program, the following shall occur:

- 33           (1) The Authority may use up to two and one-half percent (2.5%) for  
34           administrative costs related to the Program.
- 35           (2) Up to five million dollars (\$5,000,000) that are unexpended at the end of each  
36           fiscal year shall not revert but shall remain available for future scholarships to  
37           be awarded under this Part.

38           **"§ 116-209.118. Report on scholarships.**

39           By January 1 of each year, the Authority shall report the following information related to  
40           scholarships awarded under this Part to the Joint Legislative Education Oversight Committee and  
41           the Fiscal Research Division:

- 42           (1) A description of the Program by year, including statutory establishment,  
43           purpose, and eligibility.
- 44           (2) The number of scholarships awarded in the prior academic year, disaggregated  
45           on the basis of at least the following:
  - 46           a. Number of full-time students receiving scholarships, grouped by  
47           public, private, and community colleges.
  - 48           b. Number of new applicants for scholarships.
  - 49           c. Number of new scholarship awards offered, denied, and accepted.
  - 50           d. Range and average amount of scholarships awarded.
  - 51           e. Actual amount of award provided by eligible institution.



1                   f.     Total expenditures for scholarship awards classified by source,  
2                             including State funds and Escheat Fund.

3                   g.     Total costs of administering the Program.

4           (3)     The amount of funds held in reserve by the Authority for the award of  
5                     scholarships under the Program at the end of the prior fiscal year."

6           **SECTION 8A.6.(e)** G.S. 116-204 reads as rewritten:

7     "**§ 116-204. Powers of Authority.**

8         The Authority is hereby authorized and empowered:

9             ...

10          (11a) ~~To be responsible for the disbursement and accounting of funds for the State's~~  
11                 ~~Scholarships for Children of Wartime Veterans established by Part 2 of Article~~  
12                 ~~14 of Chapter 143B of the General Statutes; administer the Children of~~  
13                 Wartime Veterans Scholarship established by Part 8 of Article 23 of this  
14                 Chapter.

15             ...."

16          **SECTION 8A.6.(f)** G.S. 116-209.23 reads as rewritten:

17     "**§ 116-209.23. Inconsistent laws inapplicable.**

18         Insofar as the provisions of this Article are inconsistent with the provisions of any general or  
19         special laws, or parts thereof, the provisions of this Article shall be ~~controlling, except that no~~  
20         ~~provision of the 1971 amendments to this Article shall apply to scholarships for children of war~~  
21         ~~veterans as set forth in Part 2 of Article 14 of Chapter 143B of the General Statutes, as~~  
22         ~~amended;controlling."~~

23          **SECTION 8A.6.(g)** G.S. 116B-7(b) reads as rewritten:

24         "(b) An amount specified in the Current Operations Appropriations Act shall be  
25         transferred annually from the Escheat Fund to the Board of Governors of The University of North  
26         Carolina to be allocated to the State Education Assistance Authority to partially fund the ~~program~~  
27         ~~of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B~~  
28         ~~of the General Statutes. Children of Wartime Veterans Scholarship established by Part 8 of~~  
29         Article 23 of Chapter 116 of the General Statutes. Those funds may be used only for residents of  
30         this State who (i) are worthy and needy as determined by the ~~Department of Military and Veterans~~  
31         ~~Affairs Authority~~ and (ii) are enrolled in public institutions of higher education of this State."

32          **SECTION 8A.6.(h)** G.S. 116-209.124(4), as enacted by Section 8A.9 of this act,  
33         reads as rewritten:

34         "(4) Eligible postsecondary institution. – Any of the following postsecondary  
35         educational institutions:

36             a.     A constituent institution of The University of North Carolina.

37             b.     A community college under the jurisdiction of the State Board of  
38                     Community Colleges.

39             c.     ~~A private educational institution as defined in G.S. 143B-1224. An~~  
40                 eligible private postsecondary institution that meets the criteria of  
41                 G.S. 116-280(3), except for G.S. 116-280(3)a.3. if applicable.

42             d.     A private vocational institution, including Federal Aviation  
43                     Administration certificated aviation training programs."

44          **SECTION 8A.6.(i)** Notwithstanding Part 8 of Article 23 of Chapter 116 of the  
45         General Statutes, as enacted by this section, the following shall apply for any student who  
46         received an award of scholarship funds under Part 2 of Article 14 of Chapter 143B of the General  
47         Statutes in a previous academic year who would be eligible to receive funds under Part 2 of  
48         Article 14 of Chapter 143B of the General Statutes, as that Part existed immediately prior to its  
49         repeal, beginning in the 2026-2027 academic year:

50         (1) The student shall be considered an "eligible child" under G.S. 116-209.112(4).

- 1 (2) The student shall receive at least the amount of scholarship funds the student  
2 received under Part 2 of Article 14 of Chapter 143B of the General Statutes.

3 **SECTION 8A.6.(j)** Subsections (c), (d), (e), (f), (g), (h), and (i) of this section  
4 become effective July 1, 2026, and apply beginning with the award of scholarship funds in the  
5 2026-2027 academic year. Except as otherwise provided, this section becomes effective July 1,  
6 2025.

7  
8 **SEAA MAY REALLOCATE UNENCUMBERED FUNDS FROM PRIVATE**  
9 **NEED-BASED SCHOLARSHIPS TO PROVIDE FUNDS FOR SPRING 2025**  
10 **AWARDS FOR CHILDREN OF WARTIME VETERANS SCHOLARSHIPS**

11 **SECTION 8A.7.** Notwithstanding G.S. 116-283(c), of the funds appropriated to the  
12 Board of Governors of The University of North Carolina and allocated to the State Education  
13 Assistance Authority for need-based scholarships for students attending private institutions of  
14 higher education in accordance with Article 34 of Chapter 116 of the General Statutes that are  
15 unexpended at the end of the 2024-2025 fiscal year, the Authority may reallocate up to two  
16 million one hundred thousand dollars (\$2,100,000) in nonrecurring funds for the 2025-2026  
17 fiscal year to instead support scholarships for children of wartime veterans that were awarded in  
18 the spring 2025 academic semester in accordance with Part 2 of Article 14 of Chapter 143B of  
19 the General Statutes.

20  
21 **REQUIRE SEAA TO PROVIDE TESTING COSTS FOR PESA RECIPIENTS**

22 **SECTION 8A.8.** G.S. 115C-592 is amended by adding the following new subsection  
23 to read:

24 "(c1) Test Costs. – In addition to the amount of the scholarship award, for any student  
25 receiving a scholarship award in grades three, eight, or 11 and upon the request of the parent of  
26 that student, the Authority shall provide for the student an amount equal to the cost of the  
27 nationally standardized test required to be administered as provided in G.S. 115C-562.5."

28  
29 **CODIFY NORTH CAROLINA PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

30 **SECTION 8A.9.(a)** Article 23 of Chapter 116 of the General Statutes is amended by  
31 adding the following new Part to read:

32 "Part 9. North Carolina Patriot Star Family Scholarship Program.

33 "**§ 116-209.120. Program established.**

34 The Board of Governors of The University of North Carolina shall establish the North  
35 Carolina Patriot Star Family Scholarship Program. To the extent funds are made available for the  
36 Program, the Board shall award funds for the purpose of administering scholarships under the  
37 Program to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps  
38 Scholarship Foundation, Inc., a nonprofit corporation.

39 "**§ 116-209.122. Purpose of the Program.**

40 The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively,  
41 shall provide for scholarships to eligible children and eligible spouses of certain veterans, eligible  
42 children of certain currently serving members of the Armed Forces, and eligible disabled veterans  
43 to attend eligible postsecondary institutions in accordance with the requirements of this Part.

44 "**§ 116-209.124. Definitions.**

45 For the purposes of this Part, the following definitions shall apply:

- 46 (1) Armed Forces. – A component of the United States Army, Navy, Marine  
47 Corps, Air Force, Space Force, and Coast Guard, including their reserve  
48 components.  
49 (2) Eligible child or eligible children. – Any person who meets all of the following  
50 requirements:

- 1           a.     Is attending or has been accepted to enroll in an eligible postsecondary  
2           institution.
- 3           b.     Is a legal resident of North Carolina when scholarship documentation  
4           is completed, provided that if a child is claimed as a dependent by the  
5           child's parent, residency may be established based on a parent meeting  
6           the requirements of sub-sub-sub-subdivision IV. of  
7           sub-sub-subdivision 1. of sub-subdivision d. of this subdivision.
- 8           c.     Has complied with the requirements of the Selective Service System,  
9           if applicable.
- 10          d.     The parent of the person is a veteran or a currently serving member of  
11          the Armed Forces that meets all of the following criteria:
- 12           1.     One of the following residency conditions:
- 13            I.     Is a resident of North Carolina at the time of  
14            scholarship documentation completion.
- 15            II.    Was a resident of North Carolina at the time of entrance  
16            into service in the Armed Forces.
- 17            III.   Was permanently stationed in North Carolina at the  
18            time of his or her death.
- 19            IV.   Is an active duty service member permanently stationed  
20            in North Carolina at the time of documentation  
21            completion.
- 22           2.     One of the following service conditions:
- 23            I.     Was a member of the Armed Forces who was killed in  
24            action or in the line of duty or died of wounds or other  
25            causes not due to the service member's willful  
26            misconduct during a period of war, national  
27            emergency, or training in preparation for future  
28            conflicts and is a direct result of service in the line of  
29            duty.
- 30            II.    Was a member of the Armed Forces who died of  
31            service-connected injuries, wounds, illness, or other  
32            causes incurred or aggravated while a member of the  
33            Armed Forces during a period of war, national  
34            emergency, or training in preparation for future  
35            conflicts and is a direct result of service in the line of  
36            duty. Standard documentation of the parent's death,  
37            wounds, injury, or illness shall be supplied by a  
38            scholarship recipient at the time of scholarship request.
- 39            III.   Is a veteran of the Armed Forces who meets both of the  
40            following criteria:
- 41              A.    Incurred traumatic injuries or wounds or  
42              sustained a major illness while a member of the  
43              Armed Forces during a period of war, national  
44              emergency, or training in preparation for future  
45              conflicts, and the injuries, wounds, or illness are  
46              a direct result of service in the line of duty.
- 47              B.    Is receiving compensation of at least fifty  
48              percent (50%) as rated by the U.S. Department  
49              of Veterans Affairs for a disability connected to  
50              the injuries, wounds, or illness identified in

- 1 accordance with sub-sub-sub-subdivision I. of  
 2 this sub-sub-subdivision.  
 3 IV. Is a current member of the Armed Forces who incurred  
 4 traumatic injuries or wounds or sustained a major  
 5 illness while a member of the Armed Forces during a  
 6 period of war, national emergency, or training in  
 7 preparation for future conflicts, and the injuries,  
 8 wounds, or illness are a direct result of service in the  
 9 line of duty. The parent's traumatic wounds, injury, or  
 10 major illness must be documented by the member's  
 11 Unit Commander.
- 12 (3) Eligible disabled veteran. – Any person who meets all of the following  
 13 criteria:  
 14 a. Is a parent of an eligible child pursuant to sub-sub-sub-subdivision III.  
 15 of sub-sub-subdivision 2. of sub-subdivision d. of subdivision (2) of  
 16 this subsection.  
 17 b. Is a resident of North Carolina when scholarship documentation is  
 18 completed.  
 19 c. Is attending or has been accepted to enroll in an eligible postsecondary  
 20 institution.
- 21 (4) Eligible postsecondary institution. – Any of the following postsecondary  
 22 educational institutions:  
 23 a. A constituent institution of The University of North Carolina.  
 24 b. A community college under the jurisdiction of the State Board of  
 25 Community Colleges.  
 26 c. A private educational institution as defined in G.S. 143B-1224.  
 27 d. A private vocational institution, including Federal Aviation  
 28 Administration certificated aviation training programs.
- 29 (5) Eligible spouse. – Any person who meets all of the following criteria:  
 30 a. Is attending or has been accepted to enroll in an eligible postsecondary  
 31 institution.  
 32 b. Is a legal resident of North Carolina when scholarship documentation  
 33 is completed.  
 34 c. Has complied with the requirements of the Selective Service System,  
 35 if applicable.  
 36 d. Meets one of the conditions set forth in sub-sub-sub-subdivisions I.  
 37 through III. of sub-sub-subdivision 2. of sub-subdivision d. of  
 38 subdivision (2) of this subsection.
- 39 (6) Program. – The North Carolina Patriot Star Family Scholarship Program  
 40 established pursuant to G.S. 116-209.122.
- 41 (7) Veteran. – An individual who has served and is no longer serving in the Armed  
 42 Forces of the United States. For the purposes of this subdivision, the veteran  
 43 shall have separated from the Armed Forces under honorable conditions or  
 44 whose death or disability of at least fifty percent (50%) or more was incurred  
 45 as a direct result of service in the line of duty.

46 **"§ 116-209.126. Administration; awards.**

47 (a) To the extent funds are made available for the Program, the Patriot Foundation and  
 48 the Marine Corps Scholarship Foundation, Inc., shall each separately administer and award  
 49 scholarships to eligible applicants in accordance with the requirements of the Program. In  
 50 administering the Program, each nonprofit corporation shall be responsible for oversight for the

1 scholarships awarded through its organization under the Program to ensure compliance with the  
 2 provisions of this Part.

3 (b) Each nonprofit corporation shall, at a minimum, establish criteria and procedures  
 4 related to scholarship documentation completion, the amount of individual scholarships, the  
 5 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the  
 6 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its  
 7 administration of the Program.

8 (c) If an eligible child or eligible spouse receives a scholarship or other grant covering  
 9 the costs of attendance at an eligible postsecondary institution for which the scholarship is  
 10 awarded, then the amount of a scholarship awarded under this Part shall be reduced so that the  
 11 sum of all grants and scholarships covering the costs of attendance received by the eligible child  
 12 or eligible spouse does not exceed the costs of attendance for the institution. For the purposes of  
 13 this section, costs of attendance shall include monies for tuition, fees, books, supplies, and  
 14 school-related expenses, including laptops, equipment, tutoring support, as well as room and  
 15 board, as long as the scholarship recipient is enrolled as at least a half-time student at the  
 16 institution. Off-campus housing costs for room and board are also included to the extent the  
 17 eligible postsecondary institution includes it in its costs of attendance.

18 **"§ 116-209.128. Reporting.**

19 (a) The Patriot Foundation shall submit a report by April 1 of each year in which the  
 20 Patriot Foundation spends State funds made available for the Program to the Joint Legislative  
 21 Education Oversight Committee and the Fiscal Research Division on the activities related to the  
 22 Program and the use of the State funds.

23 (b) The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of  
 24 each year in which the Marine Corps Scholarship Foundation, Inc., spends State funds made  
 25 available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal  
 26 Research Division on the activities related to the Program and the use of the State funds."

27 **SECTION 8A.9.(b)** Notwithstanding any other provision of law or the Committee  
 28 Report described in Section 43.2 of S.L. 2021-180, the recurring funds appropriated to the Board  
 29 of Governors of The University of North Carolina and allocated to the Patriot Foundation and  
 30 the Marine Corps Scholarship Foundation, Inc., to administer the North Carolina Patriot Star  
 31 Family Scholarship Program pursuant to Section 8.3 of S.L. 2021-180, as amended by Section  
 32 2.8 of S.L. 2022-6, shall instead be used to administer the North Carolina Patriot Star Family  
 33 Scholarship Program pursuant to Part 9 of Article 23 of Chapter 116 of the General Statutes, as  
 34 enacted by this section.

35 **SECTION 8A.9.(c)** Section 8.3 of S.L. 2021-180, as amended by Section 2.8(a) of  
 36 S.L. 2022-6, is repealed.

37 **SECTION 8A.9.(d)** Subsections (a) and (b) of this section apply beginning with the  
 38 2025-2026 academic year.

39  
 40 **REVISE NEED-BASED SCHOLARSHIP FOR PRIVATE COLLEGES AND**  
 41 **UNIVERSITIES**

42 **SECTION 8A.10.(a)** G.S. 116-280 reads as rewritten:

43 **"§ 116-280. Definitions.**

44 The following definitions apply to this Article:

45 ...

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

48 a. A nonprofit postsecondary educational institution with a main  
 49 permanent campus located in this State that is not owned or operated  
 50 by the State of North Carolina or by an agency or political subdivision

of the State or by any combination thereof that satisfies all of the following:

1. Is either (i) accredited by a regional accrediting agency, as defined in G.S. 115D-6.2 and G.S. 116-11.4, or the Transnational Association of Christian Colleges and Schools or (ii) was accredited by SACSCOC on January 1, 2021, and, beginning January 1, 2021, was a member of the Transnational Association of Christian Colleges and Schools.
2. Awards a postsecondary degree as defined in G.S. 116-15.
3. Held institutional endowment funds with a total value of equal to or less than the sum of one billion dollars (\$1,000,000,000) on August 1, 2022.

a1. A postsecondary educational institution with a physical location in this State that is not owned or operated by the State of North Carolina or an agency or political subdivision of the State or by any combination thereof that satisfies all of the following:

1. Is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and designated by the SACSCOC as a level VI degree-granting institution.
2. Awards a postsecondary degree as defined in G.S. 116-15.

b. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary educational institution as defined in sub-subdivision a. of this subsection.

(4) Main permanent campus. – A campus owned by the eligible private postsecondary institution that provides permanent on-premises housing, food services, and classrooms with full-time faculty members and administration that engages in postsecondary degree activity as defined in G.S. 116-15.

...

(5a) Physical location. – A facility or campus owned by an eligible private postsecondary institution that provides permanent classrooms with full-time faculty members and administration that engages in postsecondary degree activity as defined in G.S. 116-15.

...."

**SECTION 8A.10.(b)** G.S. 116-283 reads as rewritten:

**"§ 116-283. Administration; some unexpended scholarship funds do not revert.**

...

(c) ~~Scholarship~~ Up to five million dollars (\$5,000,000) in scholarship funds unexpended at the end of each fiscal year shall remain available for future scholarships to be awarded under this Article."

**SECTION 8A.10.(c)** G.S. 116-209.100(1)c. reads as rewritten:

"c. ~~A nonprofit~~ An eligible private postsecondary institution as defined in G.S. 116-280(3)."

**SECTION 8A.10.(d)** G.S. 116-209.45(b)(1a)g. reads as rewritten:

"g. ~~An eligible private postsecondary institution as defined in G.S. 116-280(3).~~ An eligible private postsecondary institution that meets the criteria of G.S. 116-280(3), except for G.S. 116-280(3)a.3. if applicable."

**SECTION 8A.10.(e)** G.S. 116-209.100(1)c. reads as rewritten:

"c. ~~A nonprofit postsecondary institution as defined in G.S. 116-280(3).~~ An eligible private postsecondary institution that

1 meets the criteria of G.S. 116-280(3), except for G.S. 116-280(3)a.3.  
2 if applicable."

3 **SECTION 8A.10.(f)** Subsection (b) of this section becomes effective July 1, 2025.  
4 Except as otherwise provided, this section is effective when it becomes law. This section applies  
5 beginning with scholarships awarded in the 2025-2026 academic year.

6  
7 **PART IX. HEALTH AND HUMAN SERVICES**

8  
9 **PART IX-A. AGING [RESERVED]**

10  
11 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

12  
13 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

14 **SECTION 9B.1.** The Department of Health and Human Services shall submit to the  
15 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
16 Division all reports received under 9 NCAC 03M .0205 from non-State entities, as defined in  
17 G.S. 143C-1-1, that are recipients of nonrecurring funds allocated in this Part as a directed grant  
18 according to the following schedule:

- 19 (1) By November 1, 2026, all reports on the use of directed grant funds received  
20 under this Part for the 2025-2026 fiscal year.  
21 (2) By November 1, 2027, all reports on the use of directed grant funds received  
22 under this Part for the 2026-2027 fiscal year.

23  
24 **COMMUNITY HEALTH GRANT PROGRAM**

25 **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and  
26 Human Services, Division of Central Management, Office of Rural Health, for each year of the  
27 2025-2027 fiscal biennium for the Community Health Grant Program shall be used to continue  
28 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.  
29 2017-57.

30 **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about  
31 awarding grants under this Program, but no single grant award shall exceed one hundred fifty  
32 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health  
33 shall consider the availability of other funds for the applicant; the incidence of poverty in the area  
34 served by the applicant or the number of indigent clients served by the applicant; the availability  
35 of, or arrangements for, after-hours care; and collaboration between the applicant and a  
36 community hospital or other safety net organizations.

37 **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the  
38 following:

- 39 (1) Enhance or increase compensation or other benefits of personnel,  
40 administrators, directors, consultants, or any other persons receiving funds for  
41 program administration; provided, however, funds may be used to hire or  
42 retain health care providers. The use of grant funds for this purpose does not  
43 obligate the Department of Health and Human Services to continue to fund  
44 compensation beyond the grant period.  
45 (2) Supplant existing funds, including federal funds traditionally received by  
46 federally qualified community health centers. However, grant funds may be  
47 used to supplement existing programs that serve the purposes described in  
48 subsection (a) of this section.  
49 (3) Finance or satisfy any existing debt.

1           **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand  
2 dollars (\$200,000) of these recurring funds for each year of the 2025-2027 fiscal biennium for  
3 administrative purposes.

4           **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall  
5 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
6 community health grants that includes at least all of the following information:

- 7           (1) The identity and a brief description of each grantee and each program or  
8 service offered by the grantee.
- 9           (2) The amount of funding awarded to each grantee.
- 10          (3) The number of individuals served by each grantee and, for the individuals  
11 served, the types of services provided to each.
- 12          (4) Any other information requested by the Office of Rural Health as necessary  
13 for evaluating the success of the Community Health Grant Program.

## 14 **HEALTH INFORMATION EXCHANGE ACT REVISIONS**

15           **SECTION 9B.3.(a)** Article 29B of Chapter 90 of the General Statutes reads as  
16 rewritten:  
17

18   "Article 29B.

19   "Statewide Health Information Exchange Act.

### 20 **"§ 90-414.1. Title.**

21           This ~~act~~ Article shall be known and may be cited as the "Statewide Health Information  
22 Exchange Act."

### 23 **"§ 90-414.2. Purpose.**

24           This Article is intended to improve the quality of health care delivery within this State by  
25 facilitating and regulating the use of a voluntary, statewide health information exchange network  
26 for the secure electronic transmission of individually identifiable health information among  
27 health care providers, health plans, ~~and health care clearinghouses-clearinghouses,~~ and the State  
28 in a manner that is consistent with the Health Insurance Portability and Accountability Act,  
29 Privacy Rule and Security Rule, 45 C.F.R. §§ 160, 164.

### 30 **"§ 90-414.3. Definitions.**

31           The following definitions apply in this Article:

- 32           (1) Annual compliance report. – The annual report required by G.S. 90-414.13.
- 33           (1a) Business associate. – As defined in 45 C.F.R. § 160.103.
- 34           (2) Business associate contract. – The documentation required by 45 C.F.R. §  
35 164.502(e)(2) that meets the applicable requirements of 45 C.F.R. §  
36 164.504(e).
- 37           (3) Covered entity. – Any entity described in 45 C.F.R. § 160.103 or any other  
38 facility or practitioner licensed by the State to provide health care services.
- 39           (3a) Data transfer systems. – Electronic systems or platforms that (i) facilitate the  
40 submission of any combination of clinical, demographic, or claims data to the  
41 HIE Network and (ii) are maintained, controlled, directed, or licensed by, or  
42 on behalf of, a covered entity or hybrid entity subject to this Article. Data  
43 transfer systems may be comprised of health information technology or claims  
44 processing technology, or both, including hardware, software, integrated  
45 technologies and related licenses, or packaged solutions sold as services. Data  
46 transfer systems include, but are not limited to, electronic systems or platforms  
47 related to electronic health records, pharmacy benefits and claims, claims  
48 processing, or care management. Data transfer systems do not include any  
49 information technology systems that are directly maintained, controlled, or  
50 licensed by the State Health Plan for Teachers and State Employees.
- 51           (4) Department. – North Carolina Department of Health and Human Services.



- 1 (5) Disclose or disclosure. – The release, transfer, provision of access to, or  
2 divulging in any other manner an individual's protected health information  
3 through the HIE Network.
- 4 (6) Repealed by Session Laws 2017-57, s. 11A.5(f), effective July 1, 2017.
- 5 (7) GDAC. – The North Carolina Government Data Analytics Center.
- 6 (8) HIE Network. – The voluntary, statewide health information exchange  
7 ~~network-network~~, which is a health data utility overseen and administered by  
8 the Authority.
- 9 (9) HIPAA. – Sections 261 through 264 of the federal Health Insurance  
10 Portability and Accountability Act of 1996, P.L. 104-191, as amended, and  
11 any federal regulations adopted to implement these sections, as amended.
- 12 (10) Individual. – As defined in 45 C.F.R. § 160.103.
- 13 (11) North Carolina Health Information Exchange Advisory Board or Advisory  
14 Board. – The Advisory Board established under G.S. 90-414.8.
- 15 (12) North Carolina Health Information Exchange Authority or Authority. – The  
16 entity established pursuant to G.S. 90-414.7.
- 17 (13) Opt out. – An individual's affirmative decision communicated to the Authority  
18 in writing to disallow his or her protected health information from being  
19 disclosed by the Authority to covered entities or other persons or entities  
20 through the HIE Network.
- 21 (13a) Organization National Provider Identifier or Organization NPI. – The HIPAA  
22 Administrative Simplification Standard that utilizes a 10-position all-numeric  
23 identification number assigned by the federal National Provider System to  
24 uniquely identify a health care provider that is an entity other than an  
25 individual human being that furnishes health care.
- 26 (14) Protected health information. – As defined in 45 C.F.R. § 160.103.
- 27 (15) Public health purposes. – The public health activities and purposes described  
28 in 45 C.F.R. § 164.512(b).
- 29 (16) Qualified organization. – An entity with which the Authority has contracted  
30 for the sole purpose of facilitating the exchange of data with or through the  
31 HIE Network.
- 32 (17) Research purposes. – Research purposes referenced in and subject to the  
33 standards described in 45 C.F.R. § 164.512(i).
- 34 (18) State CIO. – The State Chief Information Officer.
- 35 (19) State-funded health care. – Means all of the following:
- 36 a. The North Carolina Medicaid program.
- 37 b. The State Health Plan for Teachers and State Employees.
- 38 c. Health care facilities and health care programs administered or  
39 operated by the Department of Health and Human Services, the  
40 Department of Public Safety, or the Department of Adult Correction,  
41 and their employees, agents, or grantees.
- 42 (20) State health care funds. – Monies paid to providers or entities for the provision  
43 of health care services to recipients of State-funded health care. The term  
44 includes both (i) direct payments from the State to providers and entities and  
45 (ii) payments that providers and entities receive from third parties, or the  
46 agents of third parties, that are retained by the State for the administration or  
47 delivery, or both, of State-funded health care, including prepaid health plans  
48 as defined in G.S. 108D-1 and claims processors as defined in G.S. 135-48.1.

49 **"§ 90-414.4. Required participation in HIE Network for some providers.**

- 50 (a) Findings. – The General Assembly makes the following findings:

- 1 (1) That controlling escalating ~~health care costs of the Medicaid program and~~  
2 ~~other State-funded health care services~~ is of significant importance to the  
3 State, its taxpayers, its Medicaid recipients, and other ~~recipients~~ beneficiaries  
4 of State-funded health ~~care services~~ care.
- 5 (2) That the State and covered entities in North Carolina need timely access to  
6 certain demographic and clinical information pertaining to services rendered  
7 to ~~Medicaid and other~~ beneficiaries of State-funded health care program  
8 ~~beneficiaries~~ and paid for with ~~Medicaid or other State-funded State~~ health  
9 care funds in order to assess performance, improve health care outcomes,  
10 pinpoint medical expense trends, identify beneficiary health risks, and  
11 evaluate how the State is spending money on Medicaid and other State-funded  
12 health ~~care services~~. ~~The care~~. To that end, the Department of Information  
13 Technology, the Department of State Treasurer, State Health Plan Division,  
14 and the Department of Health and Human Services, Division of Health  
15 Benefits, have an affirmative duty to facilitate and support participation by  
16 covered entities in the statewide health information exchange network.
- 17 (3) That making demographic and clinical information available to the State and  
18 covered entities in North Carolina by secure electronic means as set forth in  
19 subsection (b) of this section will improve care coordination within and across  
20 health systems, increase care quality for ~~such beneficiaries~~, beneficiaries of  
21 State-funded health care, enable more effective population health  
22 management, reduce duplication of medical services, augment syndromic  
23 surveillance, allow more accurate measurement of care services and  
24 outcomes, increase strategic knowledge about the health of the population,  
25 and facilitate health care cost containment.
- 26 (a1) Mandatory Connection to HIE Network. – Notwithstanding the voluntary nature of  
27 the HIE Network under G.S. 90-414.2, the following providers and entities shall be connected to  
28 the HIE Network and begin submitting data through the HIE Network pertaining to services  
29 rendered to ~~Medicaid beneficiaries and to other~~ of State-funded health care program beneficiaries  
30 and paid for with ~~Medicaid or other State-funded State~~ health care funds in accordance with the  
31 following time line:
- 32 (1) The following providers of Medicaid services licensed to operate in the State  
33 that have an electronic health record system shall begin submitting, at a  
34 minimum, demographic and clinical data by June 1, 2018:
- 35 a. Hospitals as defined in G.S. 131E-176(13).  
36 b. Physicians licensed to practice under Article 1 of ~~Chapter 90 of the~~  
37 ~~General Statutes~~, this Chapter, except for licensed physicians whose  
38 primary area of practice is psychiatry.  
39 c. Physician assistants as defined in 21 NCAC 32S.0201.  
40 d. Nurse practitioners as defined in 21 NCAC 36.0801.
- 41 (2) Except as provided in subdivisions (3), (4), and (5) of this subsection, all other  
42 providers of ~~Medicaid and State-funded health care services~~ and their  
43 affiliated entities shall begin submitting demographic and clinical data by  
44 January 1, 2023.
- 45 (3) The following entities shall submit encounter and claims data, as appropriate,  
46 in accordance with the following time line:
- 47 a. Prepaid Health Plans, as defined in G.S. 108D-1, by the  
48 commencement date of a capitated contract with the Division of  
49 Health Benefits for the delivery of Medicaid services as specified in  
50 Article 4 of Chapter 108D of the General Statutes.

1 b. Local management entities/managed care organizations, as defined in  
2 G.S. 122C-3, by June 1, 2020.

3 If authorized by the Authority in accordance with this Article, the Department  
4 of Health and Human Services may submit the data required by this subsection  
5 on behalf of the entities specified in this subdivision.

6 (4) The following entities shall begin submitting demographic and clinical data  
7 by January 1, 2023:

8 a. Physicians who perform procedures at ambulatory surgical centers as  
9 defined in G.S. 131E-146.

10 ~~b. Dentists licensed under Article 2 of Chapter 90 of the General Statutes.~~

11 c. Licensed physicians whose primary area of practice is psychiatry.

12 d. The State Laboratory of Public Health operated by the Department of  
13 Health and Human Services.

14 (5) The following entities shall begin submitting claims data by January 1, 2023:

15 a. Pharmacies registered with the North Carolina Board of Pharmacy  
16 under Article 4A of ~~Chapter 90 of the General Statutes.~~ this Chapter.

17 b. State health care facilities operated under the jurisdiction of the  
18 Secretary of the Department of Health and Human Services, including  
19 State psychiatric hospitals, developmental centers, alcohol and drug  
20 treatment centers, neuro-medical treatment centers, and residential  
21 programs for children such as ~~the Wright School and the Whitaker~~  
22 ~~Psychiatric Residential Treatment Facility.~~

23 c. Dentists licensed under Article 2 of this Chapter.

24 ~~(a2) Extensions of Time for Establishing Connection to the HIE Network.—The~~  
25 ~~Department of Information Technology, in consultation with the Department of Health and~~  
26 ~~Human Services and the State Health Plan for Teachers and State Employees, may establish a~~  
27 ~~process to grant limited extensions of the time for providers and entities to connect to the HIE~~  
28 ~~Network and begin submitting data as required by this section upon the request of a provider or~~  
29 ~~entity that demonstrates an ongoing good faith effort to take necessary steps to establish such~~  
30 ~~connection and begin data submission as required by this section. The process for granting an~~  
31 ~~extension of time must include a presentation by the provider or entity to the Department of~~  
32 ~~Information Technology, the Department of Health and Human Services, and the State Health~~  
33 ~~Plan for Teachers and State Employees on the expected time line for connecting to the HIE~~  
34 ~~Network and commencing data submission as required by this section. Neither the Department~~  
35 ~~of Information Technology, the Department of Health and Human Services, nor the State Health~~  
36 ~~Plan for Teachers and State Employees shall grant an extension of time (i) to any provider or~~  
37 ~~entity that fails to provide this information to both Departments, and the State Health Plan for~~  
38 ~~Teachers and State Employees, (ii) that would result in the provider or entity connecting to the~~  
39 ~~HIE Network and commencing data submission as required by this section later than January 1,~~  
40 ~~2023. The Department of Information Technology shall consult with the Department of Health~~  
41 ~~and Human Services and the State Health Plan for Teachers and State Employees to review and~~  
42 ~~decide upon a request for an extension of time under this section within 30 days after receiving~~  
43 ~~a request for an extension.~~

44 ~~(a3) Exemptions from Connecting to the HIE Network.—The Secretary of Health and~~  
45 ~~Human Services, or the Secretary's designee, shall have the authority to grant exemptions to~~  
46 ~~classes of providers of Medicaid and other State funded health care services for whom acquiring~~  
47 ~~and implementing an electronic health record system and connecting to the HIE Network as~~  
48 ~~required by this section would constitute an undue hardship. The Secretary, or the Secretary's~~  
49 ~~designee, shall promptly notify the Department of Information Technology of classes of~~  
50 ~~providers granted hardship exemptions under this subsection. Neither the Secretary nor the~~

1 Secretary's designee shall grant any hardship exemption that would result in any class of provider  
2 connecting to the HIE Network and submitting data later than December 31, 2022.

3 (a4) Connected Status. – A provider or entity identified in subsection (a1) of this section  
4 is deemed connected to the HIE Network when the covered entity that provides, maintains,  
5 controls, directs, or licenses that provider's or entity's data transfer system has done all of the  
6 following:

7 (1) Established an operable technical connection with the HIE Network approved  
8 by the Authority that supports the submission of required patient data  
9 generated by the provider or entity.

10 (2) Provided its Organization NPI to the Authority.

11 (3) Executed with the Authority a valid, written participation agreement pursuant  
12 to subdivision (b)(6) of G.S. 90-414.7.

13 (4) Communicated to the Authority, in writing, the identity of all providers and  
14 entities on whose behalf it maintains a data transfer system.

15 (5) Either has met or is making reasonable efforts to meet data quality standards  
16 established by the Authority that are published on its website.

17 (b) Mandatory Submission of Demographic and Clinical Data. – Notwithstanding the  
18 voluntary nature of the HIE Network under G.S. 90-414.2 and, except as otherwise provided in  
19 ~~subsection subsections (c) and (c1) of this section, as a condition of receiving State funds,~~  
20 ~~including Medicaid funds,~~ the following entities shall submit at least twice daily, through the  
21 HIE network, demographic and clinical information pertaining to services rendered to Medicaid  
22 ~~and other beneficiaries of State-funded health care program beneficiaries and paid for with~~  
23 ~~Medicaid or other State-funded State~~ health care funds, solely for the purposes set forth in  
24 subsection (a) of this section:

25 (1) Each hospital, as defined in G.S. 131E-176(13) that has an electronic health  
26 record system.

27 (2) Each Medicaid provider, unless the provider is an ambulatory surgical center  
28 as defined in G.S. 131E-146; however, a physician who performs a procedure  
29 at the ambulatory surgical center must be connected to the HIE Network.

30 (3) Each provider that receives State health care funds for the provision of health  
31 ~~services, State-funded health care,~~ unless the provider is an ambulatory  
32 surgical center as defined in G.S. 131E-146; however, a physician who  
33 performs a procedure at the ambulatory surgical center must be connected to  
34 the HIE Network.

35 (4) Each prepaid health plan, as defined in G.S. 58-93-5, that is under a capitated  
36 contract with the Department for the delivery of Medicaid services, or a local  
37 management entity/managed care organization, as defined in  
38 G.S. 122C-3.G.S. 122C-3, that is under a capitated prepaid health plan  
39 contract with the Department.

40 (b1) Balance Billing Prohibition. – An in-network provider or entity ~~who~~ that (i) renders  
41 health care services, including prescription drugs and durable medical equipment, under a  
42 contract with the State Health Plan for Teachers and State Employees and ~~who~~ (ii) is not  
43 connected to the HIE Network in accordance with this Article, is prohibited from billing the State  
44 Health Plan or a Plan member more than either party would be billed if the entity or provider was  
45 connected to the HIE Network. Balance billing because the provider or entity did not connect to  
46 the HIE Network is prohibited.

47 (c) Exemption for Certain Records. – ~~Providers with patient records that are subject to~~  
48 ~~the disclosure restrictions of 42 C.F.R. § 2 are exempt from the requirements of subsection (b)~~  
49 ~~of this section but only with respect to the patient records subject to these disclosure restrictions.~~  
50 ~~Providers shall comply with the requirements of subsection (b) of this section with respect to all~~  
51 ~~other patient records. A pharmacy shall only be Pharmacies registered with the North Carolina~~

1 Board of Pharmacy under Article 4A of this Chapter and dentists licensed under Article 2 of this  
2 Chapter are only required to submit claims data pertaining to services rendered to Medicaid and  
3 other State-funded health care program beneficiaries of State-funded health care and paid for  
4 with Medicaid or other State-funded State health care funds.

5 (c1) Exemption from Twice Daily Submission. – A pharmacy shall only be The following  
6 entities are required to submit claims data only once daily through the HIE Network Network:

7 (1) Pharmacies registered with the North Carolina Board of Pharmacy under  
8 Article 4A of this Chapter, using pharmacy industry standardized formats.

9 (2) Dentists licensed under Article 2 of this Chapter.

10 (c2) 42 C.F.R. § 2 Records. – Notwithstanding subsection (b) of this section, patient  
11 records protected by 42 C.F.R. § 2 shall be disclosed through the HIE Network only if the  
12 Authority has provided written notice to the participating entity that data protected by 42 C.F.R.  
13 § 2 can be disclosed for a specific purpose.

14 (d) Method of Data Submissions. – The Any provider or entity required to submit data  
15 submissions required under this section shall be make the submission by connection to the HIE  
16 Network periodic asynchronous secure structured file transfer or any other secure electronic  
17 means commonly used in the industry and consistent with document exchange and data  
18 submission standards established by the Office Assistant Secretary for Technology Policy/Office  
19 of the National Coordinator for Information Technology within the U.S. Department of Health  
20 and Human Services.

21 (e) Voluntary Connection for Certain Providers. – Notwithstanding the mandatory  
22 connection and data submission requirements in of subsections (a1) and (b) of this section, the  
23 following providers of Medicaid services or other State-funded health care services are not  
24 required to connect to the HIE Network or submit data but may connect to the HIE Network and  
25 submit data voluntarily:

26 (1) Community-based long-term services and supports providers, including  
27 personal care services, private duty nursing, home health, and hospice care  
28 providers.

29 (2) Intellectual and developmental disability services and supports providers,  
30 such as day supports and supported living providers.

31 (3) Community Alternatives Program waiver services (including CAP/DA,  
32 CAP/C, and Innovations) providers.

33 (4) Eye and vision services providers.

34 (5) Speech, language, and hearing services providers.

35 (6) Occupational and physical therapy providers.

36 (7) Durable medical equipment providers.

37 (8) Nonemergency medical transportation service providers.

38 (9) Ambulance (emergency medical transportation service) providers.

39 (10) Local education agencies and agencies, school-based health  
40 providers, providers, and student health centers that primarily serve students  
41 matriculating at public or private institutions of higher education in this State.

42 (11) Chiropractors licensed under Article 8 of this Chapter.

43 (12) Dentists licensed under Article 2 of this Chapter.

44 Connection to the HIE Network by any other covered entities that are not required by  
45 subsections (a1) and (b) of this section to connect to the HIE Network or submit data is voluntary.

46 (e1) Mandatory and Voluntary Connection and Submissions by the Same Covered Entity.  
47 – A covered entity that provides, maintains, controls, directs, or licenses a data transfer system  
48 on behalf of providers and entities that are required to connect to, and submit data through, the  
49 HIE Network under this Article, as well as on behalf of providers and entities that voluntarily  
50 connect to, and submit data through, the HIE Network may elect not to submit through the HIE  
51 Network clinical, demographic, or claims data generated by the providers and entities that

1 voluntarily connect to, and submit data through, the HIE Network. However, the covered entity  
2 is required to submit through the HIE Network clinical, demographic, or claims data generated  
3 by providers and entities that are required to connect to, and submit data through, the HIE  
4 Network.

5 (f) Confidentiality of Data. – All data submitted to or through the HIE Network  
6 containing protected health information, personally identifying information, or a combination of  
7 these, that are in the possession of the Department of Information Technology or any other  
8 agency of the State are confidential and shall not be defined as public records under G.S. 132-1.  
9 This subsection shall not be construed to prohibit the disclosure of any such data as otherwise  
10 permitted under federal law.

11 (g) Time-Limited Exceptions for Connecting to, and Submitting Data Through, the HIE  
12 Network. – All of the following apply to any exception granted by the Authority for connecting  
13 to, and submitting data through, the HIE Network:

14 (1) A covered entity that provides, maintains, controls, directs, or licenses a data  
15 transfer system on behalf of providers or entities identified in subsection (a1)  
16 of this section may seek to obtain from the Authority a time-limited exception  
17 for those providers or entities to connect to, and begin submitting required  
18 data through, the HIE Network.

19 (2) The Authority shall administer the process by which a covered entity seeks a  
20 time-limited exception for providers or entities to connect to, and begin  
21 submitting required data through, the HIE Network. The Authority shall make  
22 the final determination about whether to grant or deny requests for a  
23 time-limited exception. Any exception authorized by the Authority may not  
24 exceed a one-year period. However, a covered entity may seek to renew an  
25 exception.

26 (3) In order for a covered entity to obtain a time-limited exception for the  
27 providers and entities on whose behalf it provides, maintains, controls, directs,  
28 or licenses a data transfer system, the covered entity must demonstrate  
29 eligibility for the exception by meeting at least one of the following criteria:

30 a. During the previous year, the covered entity and the providers and  
31 entities on whose behalf it maintained, controlled, directed, or licensed  
32 a data transfer system received in the aggregate less than one million  
33 dollars (\$1,000,000) in State health care funds for providing health  
34 care services to beneficiaries of State-funded health care.

35 b. The covered entity and the providers and entities on whose behalf it  
36 provides, maintains, controls, directs, or licenses a data transfer system  
37 operated in whole or in part in a geographic area with limited or  
38 emergent broadband availability. The Department of Information  
39 Technology, Division of Broadband, shall identify these geographic  
40 areas and the Authority shall publish a list of the identified geographic  
41 areas to its website. Alternatively, the Authority, after consultation  
42 with the Department of Information Technology, Division of  
43 Broadband, may, in its discretion, grant a time-limited exception after  
44 evaluating materials provided by a covered entity regarding its level  
45 of broadband connectivity.

46 c. The covered entity will close, dissolve, or be acquired by another  
47 entity within the next 12 months.

48 d. The provider or entity has not yet implemented or is in the process of  
49 implementing a data transfer system.

50 (4) To request a time-limited exception under this subsection, the covered entity  
51 shall submit to the Authority an application and attestation form, which shall

- 1            both be created by the Authority and made available on its website, containing
- 2            at least all of the following information:
- 3            a.        Date of request and application period.
- 4            b.        Name, Organization NPI, and location.
- 5            c.        Names of providers and entities on whose behalf the covered entity is
- 6            applying, as well as their respective Organization NPIs.
- 7            d.        Technical information regarding its data transfer system and vendor,
- 8            if applicable.
- 9            e.        Provider network information for the State Health Plan for Teachers
- 10           and State Employees and the North Carolina Medicaid program, as
- 11           applicable.
- 12           f.        Identification of the bases criterion, or criteria, in subdivision (g)(3) of
- 13           this section for which the covered entity seeks a time-limited
- 14           exception.
- 15           g.        Supporting documents and materials determined by the Authority to
- 16           be necessary to substantiate the covered entity's eligibility for the
- 17           exception.
- 18           h.        An attestation executed by an authorized representative of the covered
- 19           entity regarding the validity, truth, and completeness of the application
- 20           and attestation form submitted by the covered entity to the Authority.

21        ...

22        **"§ 90-414.6. State ownership of HIE Network data.**

23        Any data pertaining to services rendered to ~~Medicaid and other beneficiaries~~ of State-funded  
 24        health care ~~program beneficiaries~~ that is submitted through and stored by the HIE Network  
 25        pursuant to G.S. 90-414.4 or any other provision of this Article shall be and will remain the sole  
 26        property of the State. Any data or product derived from the aggregated, de-identified data  
 27        submitted to and stored by the HIE Network pursuant to G.S. 90-414.4 or any other provision of  
 28        this Article, shall be and will remain the sole property of the State. The Authority shall not allow  
 29        data it receives pursuant to G.S. 90-414.4 or any other provision of this Article to be used or  
 30        disclosed by or to any person or entity for commercial purposes or for any other purpose other  
 31        than those set forth in G.S. 90-414.4(a) or G.S. 90-414.2. To the extent the Authority receives  
 32        requests for electronic health information as the term is defined in 45 C.F.R. § 171.102, or other  
 33        medical records from an individual, an individual's personal representative, or an individual or  
 34        entity purporting to act on an individual's behalf, the Authority (i) shall not fulfill the request and  
 35        (ii) shall make available to the requester and the public, via the Authority's website, educational  
 36        materials about how to access such information from other sources. If the Authority participates  
 37        in the Trusted Exchange Framework and Common Agreement, then it may provide individual  
 38        access services through the Trusted Exchange Framework and Common Agreement. Patient  
 39        identifiers created and utilized by the Authority to integrate identity data in the HIE Network,  
 40        along with the minimum necessary required demographic information related to those patients,  
 41        shall be released to the GDAC and the Department by the Authority for purposes of entity  
 42        resolution and master data management. These identifiers shall not be considered public records  
 43        pursuant to Chapter 132 of the General Statutes.

44        **"§ 90-414.7. North Carolina Health Information Exchange Authority.**

45        ...

46        (b)       Powers and Duties. – The Authority has the following powers and duties:

47        ...

- 48        (8)       Following consultation with the Advisory Board, enter into, directly or
- 49        through qualified organizations acting under the authority of the Authority, a
- 50        HIPAA compliant business associate agreement with each of the persons or
- 51        entities participating in or granted access or user rights to the HIE

~~Network.~~Network, except for federal agencies that access the HIE Network solely to review patient data for treatment purposes and exchanges made through eHealth Exchange or the Trusted Exchange Framework and Common Agreement so long as the Authority enters into the agreements that are required to participate in each of these respective national networks.

...

...

(10) Facilitate and promote use of the HIE Network by covered ~~entities.~~entities and business associates acting on their behalf.

...

(18) Enforce the provisions of this Article.

(19) Provide data related services, as allowed by G.S. 90-414.16.

(20) Adopt rules as needed to implement the appeal process established by G.S. 90-414.15.

**"§ 90-414.8. North Carolina Health Information Exchange Advisory Board.**

(a) Creation and Membership. – There is hereby established the North Carolina Health Information Exchange Advisory Board within the Department of Information Technology. The Advisory Board shall consist of the following ~~12~~13 members:

(1) The following four members appointed by the President Pro Tempore of the Senate:

- a. A licensed physician in good standing and actively practicing in this State.
- b. A patient representative.
- c. An individual with technical expertise in health data analytics.
- d. A representative of a behavioral health provider.

(2) The following four members appointed by the Speaker of the House of Representatives:

- a. A representative of a critical access hospital.
- b. A representative of a federally qualified health center.
- c. An individual with technical expertise in health information technology.
- d. A representative of a health system or integrated delivery network.

(3) The following three ex officio, nonvoting members:

- a. The State Chief Information Officer or a designee.
- b. The Director of GDAC or a designee.
- c. The Secretary of Health and Human Services, or a designee.

(4) The following ex officio, voting ~~member~~members:

- a. The Executive Administrator of the State Health Plan for Teachers and State Employees, or a designee.
- b. The Deputy Secretary for the State's Medicaid program, or a designee.

....

**"§ 90-414.9. Participation by covered entities.**

(a) ~~Each~~Except for federal agencies that access the HIE Network solely to review patient data for treatment purposes, all covered ~~entity that participates~~entities that participate in the HIE Network shall enter into a HIPAA compliant business associate agreement described in G.S. 90-414.7(b)(8) and a written participation agreement described in G.S. 90-414.7(b)(6) with the Authority or qualified organization prior to submitting data through or in the HIE Network. Notwithstanding this subsection, the Authority may exchange data in the HIE Network through the national eHealth Exchange and the Trusted Exchange Framework and Common Agreement so long as the Authority enters into the agreements that are necessary to participate in each of these national networks.



1 (b) Each covered entity that participates in the HIE Network may authorize its business  
2 associates on behalf of the covered entity to submit data through, or access data stored in, the  
3 HIE Network in accordance with this Article and at the discretion of the Authority, as provided  
4 in G.S. 90-414.7(b)(8).

5 (c) Notwithstanding any federal or State law or regulation to the contrary, each covered  
6 entity that participates in the HIE Network may disclose an individual's protected health  
7 information through the HIE Network to other covered entities for any purpose permitted by  
8 HIPAA.

9 ...

10 **"§ 90-414.12. Penalties and remedies; immunity for covered entities and business associates**  
11 **for good faith participation.**

12 (a) Except as provided in subsection (b) of this section, a covered entity that discloses  
13 protected health information in violation of this Article is subject to the following:

14 (1) Any civil penalty or criminal penalty, or both, that may be imposed on the  
15 covered entity pursuant to ~~the Health Information Technology for Economic~~  
16 ~~and Clinical Health (HITECH) Act, P.L. 111-5, Div. A, Title XIII, section~~  
17 ~~13001, as amended, and any regulations adopted under the HITECH~~  
18 ~~Act.~~federal law or regulation.

19 (2) Any civil remedy ~~available under the HITECH Act or any regulations adopted~~  
20 ~~under the HITECH Act that is available to the Attorney General or to an~~  
21 ~~individual who has been harmed by a violation of this Article, including~~  
22 ~~damages, penalties, attorneys' fees, and costs.~~federal law or regulation.

23 (3) Disciplinary action by the respective licensing board or regulatory agency  
24 with jurisdiction over the covered entity.

25 (4) Any penalty authorized under Article 2A of Chapter 75 of the General Statutes  
26 if the violation of this Article is also a violation of Article 2A of Chapter 75  
27 of the General Statutes.

28 (5) Any other civil or administrative remedy available to a plaintiff by State or  
29 federal law or equity.

30 (a1) In connection with the submission of the annual compliance report required by  
31 G.S. 90-414.13, it is unlawful for any person or entity to knowingly present or cause to be  
32 presented to the Authority a false record to avoid full payment of the State health data assessment  
33 under G.S. 90-414.4. The Authority may assess against any person or entity that violates this  
34 subsection a civil penalty of not less than five thousand dollars (\$5,000) and not more than ten  
35 thousand dollars (\$10,000), plus three times the amount of damages sustained by the Authority  
36 as a result of that person's or entity's actions. The clear proceeds of civil penalties provided for  
37 in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with  
38 G.S. 115C-457.2.

39 (a2) The Authority may assess a civil penalty not to exceed fifty dollars (\$50.00) for each  
40 day after the required reporting period or deadline that the annual compliance report remains out  
41 of compliance with the requirements prescribed by G.S. 90-414.13.

42 (b) To the extent permitted under or consistent with federal law, a covered entity or its  
43 business associate that in good faith submits data through, accesses, uses, discloses, or relies  
44 upon data submitted through the HIE Network shall not be subject to criminal prosecution or  
45 civil liability for damages caused by such submission, access, use, disclosure, or reliance.

46 **"§ 90-414.13. Annual compliance report.**

47 (a) Reporting Requirement. – Each covered entity that provides, maintains, controls,  
48 directs, or licenses the data transfer system of a provider or entity subject to G.S. 90-414.4(a1)  
49 that provides health care services to beneficiaries of State-funded health care shall submit an  
50 annual compliance report to the Authority on a form created by the Authority that meets the  
51 requirements of this section.

1        (b) The Authority shall develop and make available to covered entities an annual  
2 compliance report form, which the Authority may update from time to time after consultation  
3 with the Advisory Board. The annual compliance report form shall include fields for at least all  
4 of the following information:

- 5            (1) Name of the covered entity, its location, and the Organization NPI.
- 6            (2) Names of providers and entities on whose behalf the covered entity is  
7 submitting the annual compliance report, as well as their respective  
8 Organization NPIs.
- 9            (3) Acknowledgment of the provision of health care services to beneficiaries of  
10 State-funded health care.
- 11            (4) Status of technical connection to the HIE Network, as determined under  
12 G.S. 90-414.4(a4).
- 13            (5) The status of data submission through the HIE Network that is in compliance  
14 with G.S. 90-414.4.
- 15            (6) Representations regarding each of the following, as applicable:
  - 16            a. For a covered entity that has executed an agreement with the  
17 Authority, a representation regarding that entity's compliance with  
18 such agreement.
  - 19            b. For a covered entity that has received a time-limited exception from  
20 the Authority, a representation regarding its present intent to connect  
21 to, and begin submitting data through, the HIE Network.
  - 22            c. For a covered entity that is required to pay the State health data  
23 assessment fee authorized by G.S. 90-414.14, a representation  
24 regarding the amount of the fee owed to the State, an explanation of  
25 how the fee amount was calculated, and whether the fee was submitted  
26 contemporaneously with the annual compliance report as required by  
27 G.S. 90-414.14.
  - 28            d. For a covered entity that asserts it is exempt from paying the annual  
29 State health data assessment fee, representations regarding why it is  
30 eligible to claim the exemption allowed by G.S. 90-414.14(e).
- 31            (7) Attestation to the completeness and validity of the annual compliance report  
32 form and all representations contained on the form.

33        (c) Covered entities shall submit to the Authority all reports and related statements,  
34 documents, and payments required by this section by the first of May each year. Covered entities  
35 shall be deemed to have submitted timely annual compliance reports if complete reports are  
36 postmarked or digitally time-stamped on or before the day the reports are due to the Authority.  
37 If an annual compliance report or any related statements, documents, or payments are submitted  
38 in a manner that does not comply with this section, the Authority may assess a civil penalty not  
39 to exceed fifty dollars (\$50.00) for each day after the first of May that the report remains out of  
40 compliance with the requirements of this section. The clear proceeds of civil penalties provided  
41 for in this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance  
42 with G.S. 115C-457.2.

43        (d) A covered entity that provides, maintains, controls, directs, or licenses a data transfer  
44 system solely on behalf of a provider or entity that voluntarily connects to the HIE Network  
45 pursuant to G.S. 90-414.4(e) is not required to submit an annual compliance report.

46        (e) State agencies are required to submit an abbreviated annual compliance report, on a  
47 form provided by the Authority, that shall be made available only to State agencies.

48        (f) At the request of a covered entity, the Authority may waive any requirement in this  
49 section for good cause if the covered entity demonstrates to the satisfaction of the Authority that  
50 complying with a requirement in this section would cause an undue hardship.

1       (g) The Department's Division of Health Benefits shall assist in administering the annual  
2 compliance report process as it pertains to the State's Medicaid providers, as determined  
3 necessary by the Authority. At a minimum, the Division of Health Benefits shall annually provide  
4 the Authority with a current list of enrolled Medicaid providers, assist with notifying those  
5 Medicaid providers about the annual compliance report requirement and reporting deadline  
6 established by this section, and provide available information requested by the Authority that is  
7 necessary for the Authority to audit or verify the completeness and accuracy of an enrolled  
8 Medicaid provider's annual compliance report and related materials submitted to the Authority  
9 by or on behalf of that provider.

10 **"§ 90-414.14. Annual State health data assessment fee.**

11       (a) Annual Fee Requirement. – Each covered entity that provides, maintains, controls,  
12 directs, or licenses a data transfer system on behalf of a provider or entity subject to the  
13 mandatory connection and data submission requirements of G.S. 90-414.4 shall pay an annual  
14 State health data assessment fee each year if the covered entity meets any of the following  
15 criteria:

16           (1) Is not connected to the HIE Network, as determined pursuant to subsection  
17 (a4) of G.S. 90-414.4.

18           (2) Is connected to the HIE Network, as determined pursuant to subsection (a4)  
19 of G.S. 90-414.4 but is not submitting required data through the HIE Network.

20       (b) Amount of Annual Fee. – The General Assembly shall determine the State health data  
21 assessment fee schedules for annual compliance report periods.

22       (c) Fee Due Date. – A covered entity shall pay any required State health data assessment  
23 fee contemporaneously with the submission of the annual compliance report required by  
24 G.S. 90-414.13.

25       (d) HIE Network Data and Participation Fund; Use of Proceeds. – The HIE Network Data  
26 and Participation Fund (Fund) is established as a special fund in the Department of Information  
27 Technology under the management and control of the Authority. The Fund shall consist of the  
28 fees collected by the Authority pursuant to this section and all other funds received by the  
29 Authority pursuant to this Article, except for the clear proceeds of civil penalties collected  
30 pursuant to G.S. 90-414.12, 90-414.13, 90-414.16, and subsection (g) of this section. The Fund  
31 shall be placed in an interest-bearing account, and any interest or other income derived from the  
32 Fund shall be credited to the Fund. The Authority shall not use monies in this Fund for any  
33 purpose other than to pay for expenses incurred by the Authority in carrying out its powers and  
34 duties as set forth in this Article. Monies in the Fund shall only be available for expenditure upon  
35 an act of appropriation of the General Assembly. The Fund is subject to the provisions of the  
36 State Budget Act, except that no unexpended surplus of the Fund shall revert to the General Fund.

37       (e) Fee Exemption. – A covered entity that provides, maintains, controls, directs, or  
38 licenses a data transfer system for providers or entities subject to the HIE Network connection  
39 and data submission requirements of this Article may claim an exemption from the State health  
40 data assessment fee during a reporting period by demonstrating to the satisfaction of the  
41 Authority that one or more of the following is true:

42           (1) The covered entity has secured a time-limited exception from the Authority  
43 under G.S. 90-414.4(g) for the applicable State health data assessment fee  
44 reporting period.

45           (2) The covered entity attests, in writing, that it and the providers and entities on  
46 whose behalf it provides, maintains, controls, directs, or licenses a data  
47 transfer system received less than five hundred thousand dollars (\$500,000)  
48 in State health care funds for providing health care services to beneficiaries of  
49 State-funded health care.

50           (3) The covered entity is acting in good faith to comply with the Statewide Health  
51 Information Exchange Act as evidenced by all of the following:

1           a.     Has entered into a participation agreement with the Authority.  
2           b.     Maintains contact with the Authority.  
3           c.     Timely responds to direct communications from the Authority  
4                 regarding matters such as connection status, onboarding, training, and  
5                 data submission.

6           (4)    The covered entity is in its first year of existence, as evidenced by filings with  
7                 the Office of the Secretary of State.

8           (5)    The covered entity attests, in writing, that it is actively transitioning between  
9                 data transfer systems.

10          (6)    The covered entity is a prepaid health plan, as defined in G.S. 108D-1.

11          (f)    Revocation of Exempt Status. – The Authority may revoke a covered entity's  
12                 exemption from payment of the State health data assessment fee if the covered entity is  
13                 unresponsive to communications from the Authority or if the covered entity fails to maintain  
14                 contact with the Authority. The Authority may revoke an exemption from the payment of the  
15                 State health data assessment fee for good cause after giving the covered entity 30 days' written  
16                 notice and an opportunity to cure any unresponsiveness to, or failure to maintain contact with,  
17                 the Authority.

18          (g)    Civil Penalty for Submitting a False Record to Avoid the Fee. – It is unlawful for any  
19                 person or entity to knowingly present or cause to be presented to the Authority a false record to  
20                 avoid full payment of the State health data assessment fee due under this section. The Authority  
21                 shall assess against any person or entity that violates this section a civil penalty of not less than  
22                 five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), plus three times  
23                 the amount of damages sustained by the Authority as a result of that person's or entity's actions.  
24                 The clear proceeds of civil penalties provided for in this subsection shall be remitted to the Civil  
25                 Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

26          **"§ 90-414.15. Appeal of Authority's determinations.**

27          (a)    Determinations and Appeals. – The Authority shall make the following  
28                 determinations regarding providers' and entities' obligations: (i) grant or deny requests for  
29                 time-limited exceptions under G.S. 90-414.4 and (ii) assess penalties under G.S. 90-414.14. The  
30                 Authority shall send these determinations, in writing, to providers and entities via certified mail,  
31                 return receipt requested, and via email, if known to the Authority. If a provider or entity disagrees  
32                 with the Authority's determination, it shall deliver a petition for appeal to the Department of  
33                 Information Technology's registered agent via certified mail, return receipt requested, within 30  
34                 calendar days after receipt of the Authority's written determination. The petition for appeal shall  
35                 include an explanation of the specific reasons the provider or entity disagrees with the Authority's  
36                 determination and shall be supported by documentation and affidavits regarding the petitioner's  
37                 compliance with this Article along with any other supporting documentation the petitioner deems  
38                 relevant to the appeal. The Authority shall develop and make available on its website the form to  
39                 be used by any provider or entity seeking to appeal the Authority's determination.

40          (b)    Untimely Appeals. – A petitioner's failure to submit a timely petition for appeal shall  
41                 result in the dismissal of the appeal with prejudice. The Department of Information Technology  
42                 shall notify the provider or entity of such dismissal in writing.

43          (c)    Review by the State CIO or the State CIO's Designee. – The State CIO or the State  
44                 CIO's designee shall review all timely petitions for appeal under this section. The State CIO or  
45                 the State CIO's designee may render a decision on the petition without meeting with the  
46                 petitioner. If the State CIO or State CIO's designee renders a decision without meeting with the  
47                 petitioner, then the State CIO or the State CIO's designee shall notify the petitioner of his or her  
48                 decision, in writing, within 30 calendar days after the date the petition was received by the  
49                 Department of Information Technology. If the State CIO or the State CIO's designee determines  
50                 it is necessary to meet with the petitioner prior to rendering a decision, the State CIO or the State  
51                 CIO's designee and petitioner shall schedule a meeting within 30 calendar days after the date the

petition was received by the Department of Information Technology, or as soon as reasonably practical thereafter, or as agreed upon by the parties. Within 30 calendar days after the date of the meeting, the State CIO or the State CIO's designee shall submit a decision, in writing, to the petitioner by certified mail, return receipt requested, and via email, if known.

(d) Administrative Review. – If the petitioner disagrees with the decision of the State CIO or the State CIO's designee, the petitioner may commence a contested case under Article 3A of Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 calendar days after the earlier of either the date the decision of the State CIO or the State CIO's designee is mailed to the petitioner or the date the decision of the State CIO or the State CIO's designee is emailed to the petitioner. Except as otherwise provided by this Article, no other disputes between the Authority and providers or entities, including disputes involving the terms or conditions of any agreement described in G.S. 90-414.7(b), or a party's performance under any such agreement, are subject to the contested case provisions of Chapter 150B of the General Statutes.

**"§ 90-414.16. Data related services.**

(a) Data Related Services. – The Authority may provide data related services to a covered entity participating in the HIE Network or to a business associate of the participating covered entity that is using the service to perform a function for the participating covered entity. Only covered entities participating in the HIE Network may make a request to the Authority for data related services. Nothing in this section shall be construed to require the Authority to provide data related services to covered entities or their business associates. Data disclosed or used in the Authority's provision of these services to any person or entity shall not be used for commercial purposes.

(b) Cost Recovery. – If the Authority voluntarily elects to provide a data related service to a covered entity, then it may charge a reasonable fee that may not exceed the actual cost incurred for the service. The cost recovery shall be based on generally accepted accounting principles and may include labor costs of the personnel providing the service, any information technology expense, and any other administrative expense."

**SECTION 9B.3.(b)** The deadline for submitting the first report due under G.S. 90-414.13 and the accompanying State health data assessment fee, if applicable, is May 1, 2028.

**SECTION 9B.3.(c)** Pursuant to G.S. 90-414.14(b), the initial State health data assessment fee schedules for annual compliance report periods beginning in 2028, 2029, and 2030 are as follows:

(1) For the annual compliance report period beginning in 2028:

<b>Amount of State Health Care Funds received in 2024</b>	<b>State Health Data Assessment Fee: Amount Due</b>
\$1,000,000 +	1.6% of State health care funds received in 2027
\$750,001 – \$1,000,000	\$9,000
\$500,001 – \$750,000	\$6,000
\$250,001 – \$500,000	\$3,000
Less than \$250,000	(No fee)

(2) For the annual compliance report period beginning in 2029:

<b>Amount of State Health Care Funds received in 2025</b>	<b>State Health Data Assessment Fee: Amount Due</b>
\$1,000,000 +	1.6% of State health care funds received in 2028
\$750,001 – \$1,000,000	\$12,000
\$500,001 – \$750,000	\$8,000
\$250,001 – \$500,000	\$4,000
Less than \$250,000	(No fee)

(3) For the annual compliance report period beginning in 2030:

1	<b>Amount of State Health Care Funds</b>	<b>State Health Data Assessment Fee: Amount</b>
2	<b>received in 2026</b>	<b>Due</b>
3	\$1,000,000 +	1.6% of State health care funds received in 2029
4	\$750,001 – \$1,000,000	\$15,000
5	\$500,001 – \$750,000	\$9,000
6	\$250,001 – \$500,000	\$4,500
7	Less than \$250,000	(No fee)

8           **SECTION 9B.3.(d)** This section becomes effective December 1, 2025.

9  
10 **CLARIFICATION RELATED TO EXPANSION OF THE NC LOAN REPAYMENT**  
11 **PROGRAM**

12           **SECTION 9B.4.** Section 9B.4(b)(1) of S.L. 2023-134 reads as rewritten:

13           "(1) For eligible providers with educational loan debt, the total amount of loan  
14           repayment incentives awarded shall not exceed the ~~maximum amounts~~  
15           ~~otherwise allowed under the current NC LRP.~~following amounts:

- 16           a. For the primary care physicians initiative, the total amount of loan  
17           repayment incentives awarded to each eligible primary care physician  
18           shall not exceed the maximum amount otherwise allowed under the  
19           current NC LRP.
- 20           b. For the behavioral health providers initiative, the total amount of loan  
21           repayment incentives awarded to each eligible provider shall not  
22           exceed fifty thousand dollars (\$50,000).
- 23           c. For the nurse initiative, the total amount of loan repayment incentives  
24           awarded to each eligible provider shall not exceed fifty thousand  
25           dollars (\$50,000)."

26  
27 **MANAGEMENT FLEXIBILITY FOR THE DEPARTMENT OF HEALTH AND**  
28 **HUMAN SERVICES TO EXPEND CERTAIN ARPA TEMPORARY SAVINGS**  
29 **FUND APPROPRIATIONS FOR PURPOSES RELATED TO CHILD AND FAMILY**  
30 **WELL-BEING**

31           **SECTION 9B.5.** The Department of Health and Human Services (DHHS) may  
32 allocate any unexpended funds remaining from the appropriations described in Section 9B.9(a)  
33 of S.L. 2023-134 to the Division of Child Welfare and Family Well-Being; the Division of  
34 Mental Health, Developmental Disabilities, and Substance Use Services; and the Division of  
35 Social Services in the amounts and for the programs and initiatives the DHHS deems necessary,  
36 as long as the programs and initiatives are consistent with the purposes described in subdivisions  
37 (a)(1) and (a)(2) of Section 9B.9 of S.L. 2023-134.

38  
39 **PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]**

40  
41 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**

42  
43 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED**  
44 **FACILITIES**

45           **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,  
46 Division of Child Development and Early Education, shall continue implementing the  
47 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
48 years of age on or before August 31 of the program year. In determining eligibility, the Division  
49 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
50 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
51 family incomes in excess of seventy-five percent (75%) of median income if those children have

1 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
2 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
3 United States, including the North Carolina National Guard, State military forces, or a reserve  
4 component of the Armed Forces who was ordered to active duty by the proper authority within  
5 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
6 Armed Forces of the United States, including the North Carolina National Guard, State military  
7 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
8 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
9 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

10 Other than developmental disabilities or other chronic health issues, the Division shall  
11 not consider the health of a child as a factor in determining eligibility for participation in the NC  
12 Pre-K program.

13 **SECTION 9D.1.(a1) Staff-To-Child Ratio and Class Size.** – The classroom shall not  
14 exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children,  
15 with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or  
16 less shall have at least one teacher. The Child Care Commission shall adopt any rules and the  
17 Division of Child Development and Early Education shall revise any rules or policies necessary  
18 to implement the provisions of this subsection.

19 **SECTION 9D.1.(b) Multiyear Contracts.** – The Division of Child Development and  
20 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
21 private child care centers providing NC Pre-K classrooms.

22 **SECTION 9D.1.(c) Building Standards.** – Notwithstanding G.S. 110-91(4), private  
23 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
24 standards for preschool students as provided in G.S. 115C-521.1.

25 **SECTION 9D.1.(d) Programmatic Standards.** – Except as provided in subsection (c)  
26 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
27 prescribed by the Division of Child Development and Early Education regarding programmatic  
28 standards and classroom requirements.

29 **SECTION 9D.1.(e) NC Pre-K Committees.** – Local NC Pre-K committees shall use  
30 the standard decision-making process developed by the Division of Child Development and Early  
31 Education in awarding NC Pre-K classroom slots and student selection.

32 **SECTION 9D.1.(f) Reporting.** – The Division of Child Development and Early  
33 Education shall submit an annual report no later than March 15 of each year to the Joint  
34 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
35 Management, and the Fiscal Research Division. The report shall include the following:

- 36 (1) The number of children participating in the NC Pre-K program by county.
- 37 (2) The number of children participating in the NC Pre-K program who have  
38 never been served in other early education programs such as child care, public  
39 or private preschool, Head Start, Early Head Start, or early intervention  
40 programs.
- 41 (3) The expected NC Pre-K expenditures for the programs and the source of the  
42 local contributions.
- 43 (4) The results of an annual evaluation of the NC Pre-K program.

44 **SECTION 9D.1.(g) Audits.** – The administration of the NC Pre-K program by local  
45 partnerships shall be subject to the financial and compliance audits authorized under  
46 G.S. 143B-168.14(b).

## 47 **NC PRE-K/REPORT ON REALLOCATION OF UNUSED SLOTS**

48 **SECTION 9D.2.** The Department of Health and Human Services, Division of Child  
49 Development and Early Education (Division), shall submit a report to the Joint Legislative  
50 Oversight Committee on Health and Human Services and the Fiscal Research Division by March  
51

1, 2026, on how unused slots are reallocated in the NC Prekindergarten (NC Pre-K) program. The report shall include, at a minimum, the following:

- (1) A description of the number of unused slots following the 2022-2023 program year.
- (2) Options for changes to the administration of the program that would allow unused slots to be used by counties that have waiting lists of eligible children and sufficient providers to use those slots that program year.
- (3) Any other information the Division deems relevant to the issue of chronically unused NC Pre-K slots.

**CHILD CARE SUBSIDY RATES**

**SECTION 9D.3.(a)** The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

**SECTION 9D.3.(b)** The fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. Effective August 1, 2026, the fees for families who are required to share in the cost of care are established based on seven percent (7%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

**SECTION 9D.3.(c)** Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents unless prohibited by subsection (f) of this section.
- (2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group unless prohibited by subsection (g) of this section.
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

**SECTION 9D.3.(d)** Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

- (1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower



1 than the county market rate and would inhibit the ability of the county to  
2 purchase child care for low-income children, then the county market rate may  
3 be applied.

4 **SECTION 9D.3.(e)** A market rate shall be calculated for child care centers and  
5 homes at each rated license level for each county and for each age group or age category of  
6 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
7 within the county. The Division of Child Development and Early Education shall also calculate  
8 a statewide rate and regional market rate for each rated license level for each age category.

9 **SECTION 9D.3.(f)** The Division of Child Development and Early Education shall  
10 continue implementing policies that improve the quality of child care for subsidized children,  
11 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
12 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
13 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate  
14 number of four- and five-star-rated facilities, the Division shall continue a transition period that  
15 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
16 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
17 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

18 **SECTION 9D.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
19 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
20 that provides for the purchase of care in child care facilities for minor children of needy families.  
21 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
22 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
23 any additional applicable requirements of federal law or regulations. Child care arrangements  
24 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
25 meet the requirements established by other State law and by the Social Services Commission.

26 County departments of social services or other local contracting agencies shall not  
27 use a provider's failure to comply with requirements in addition to those specified in this  
28 subsection as a condition for reducing the provider's subsidized child care rate.

29 **SECTION 9D.3.(h)** Payment for subsidized child care services provided with  
30 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
31 and policies issued by the Division of Child Development and Early Education for the subsidized  
32 child care program.

33 **SECTION 9D.3.(i)** Noncitizen families who reside in this State legally shall be  
34 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
35 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
36 child care subsidies only if at least one of the following conditions is met:

- 37 (1) The child for whom a child care subsidy is sought is receiving child protective  
38 services or foster care services.
- 39 (2) The child for whom a child care subsidy is sought is developmentally delayed  
40 or at risk of being developmentally delayed.
- 41 (3) The child for whom a child care subsidy is sought is a citizen of the United  
42 States.

43 **SECTION 9D.3.(j)** The Department of Health and Human Services, Division of  
44 Child Development and Early Education, shall require all county departments of social services  
45 to include on any forms used to determine eligibility for child care subsidy whether the family  
46 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

47 **SECTION 9D.3.(k)** Department of Defense-certified child care facilities licensed  
48 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
49 provides for the purchase of care in child care facilities for minor children in needy families,  
50 provided that funds allocated from the State-subsidized child care program to Department of  
51 Defense-certified child care facilities shall supplement and not supplant funds allocated in

1 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
2 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
3 child care shall be as set forth in this section.  
4

#### 5 **CHILD CARE ALLOCATION FORMULA**

6 **SECTION 9D.4.(a)** The Department of Health and Human Services, Division of  
7 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
8 funds to pay the costs of necessary child care for minor children of needy families. The  
9 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
10 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
11 allocation. The Department of Health and Human Services shall use the following method when  
12 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
13 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 14 (1) Funds shall be allocated to a county based upon the projected cost of serving  
15 children under age 11 in families with all parents working who earn less than  
16 the applicable federal poverty level percentage set forth in Section 9D.3(a) of  
17 this act.
- 18 (2) The Division may withhold up to two percent (2%) of available funds from  
19 the allocation formula for (i) preventing termination of services throughout  
20 the fiscal year and (ii) repayment of any federal funds identified by counties  
21 as overpayments, including overpayments due to fraud. The Division shall  
22 allocate to counties any funds withheld before the end of the fiscal year when  
23 the Division determines the funds are not needed for the purposes described  
24 in this subdivision. The Division shall submit a report to the Joint Legislative  
25 Oversight Committee on Health and Human Services and the Fiscal Research  
26 Division, which report shall include each of the following:
  - 27 a. The amount of funds used for preventing termination of services and  
28 the repayment of any federal funds.
  - 29 b. The date the remaining funds were distributed to counties.
  - 30 c. As a result of funds withheld under this subdivision and after funds  
31 have been distributed, any counties that did not receive at least the  
32 amount the counties received the previous year and the amount by  
33 which funds were decreased.

34 The Division shall submit a report in each year of the 2025-2027 fiscal  
35 biennium 30 days after the funds withheld pursuant to this subdivision are  
36 distributed but no later than April 1 of each respective year.

- 37 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
38 for vulnerable populations, which include a child identified as having special  
39 needs and a child whose application for assistance indicates that the child and  
40 the child's family is experiencing homelessness or is in a temporary living  
41 situation. A child identified by this subdivision shall be given priority for  
42 receiving services until such time as set-aside allocations for vulnerable  
43 populations are exhausted.

44 **SECTION 9D.4.(b)** The Division may reallocate unused child care subsidy voucher  
45 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
46 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
47 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
48 levels within the funds allocated to the counties. A county with a spending coefficient over one  
49 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
50 before receiving any reallocated funds.

1           **SECTION 9D.4.(c)** When implementing the formula under subsection (a) of this  
2 section, the Division shall include the market rate increase in the formula process rather than  
3 calculate the increases outside of the formula process. Additionally, the Department shall do the  
4 following:

- 5           (1) Deem a county's initial allocation as the county's expenditure in the previous  
6 fiscal year or a prorated share of the county's previous fiscal year expenditures  
7 if sufficient funds are not available.
- 8           (2) Effective immediately following the next new decennial census data release,  
9 implement (i) one-third of the change in a county's allocation in the year  
10 following the data release, (ii) an additional one-third of the change in a  
11 county's allocation beginning two years after the initial change under this  
12 subdivision, and (iii) the final one-third change in a county's allocation  
13 beginning the following two years thereafter.

#### 14 15 **SMART START INITIATIVES**

16           **SECTION 9D.5.(a)** Policies. – The North Carolina Partnership for Children, Inc.,  
17 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s,  
18 mission of improving child care quality in North Carolina for children from birth to 5 years of  
19 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child  
20 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated  
21 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State  
22 funding for local partnerships shall also be used for evidence-based or evidence-informed  
23 programs for children from birth to 5 years of age that do the following:

- 24           (1) Increase children's literacy.
- 25           (2) Increase the parents' ability to raise healthy, successful children.
- 26           (3) Improve children's health.
- 27           (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

28           **SECTION 9D.5.(b)** Administration. – Administrative costs shall be equivalent to,  
29 on an average statewide basis for all local partnerships, not more than ten percent (10%) of the  
30 total statewide allocation to all local partnerships. For purposes of this subsection, administrative  
31 costs shall include costs associated with partnership oversight, business and financial  
32 management, general accounting, human resources, budgeting, purchasing, contracting, and  
33 information systems management. The North Carolina Partnership for Children, Inc., shall  
34 continue using a single statewide contract management system that incorporates features of the  
35 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local  
36 partnerships are required to participate in the contract management system and, directed by the  
37 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with  
38 other local partnerships to increase efficiency and effectiveness.

39           **SECTION 9D.5.(c)** Salaries. – The salary schedule developed and implemented by  
40 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds  
41 that may be used for the salary of the Executive Director of the North Carolina Partnership for  
42 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for  
43 Children, Inc., shall base the schedule on the following criteria:

- 44           (1) The population of the area serviced by a local partnership.
- 45           (2) The amount of State funds administered.
- 46           (3) The amount of total funds administered.
- 47           (4) The professional experience of the individual to be compensated.
- 48           (5) Any other relevant factors pertaining to salary, as determined by the North  
49 Carolina Partnership for Children, Inc.

50           The salary schedule shall be used only to determine the maximum amount of State  
51 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit

1 a local partnership from using non-State funds to supplement an individual's salary in excess of  
2 the amount set by the salary schedule established under this subsection.

3 **SECTION 9D.5.(d) Match Requirements.** – The North Carolina Partnership for  
4 Children, Inc., and all local partnerships shall, in the aggregate, be required to apply the match  
5 percentages specified in this section to the total amount budgeted for the program in each fiscal  
6 year of the 2025-2027 biennium. Of the funds that the North Carolina Partnership for Children,  
7 Inc., and the local partnerships are required to match, contributions of cash shall be equal to at  
8 least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six  
9 percent (6%) for a total match requirement of nineteen percent (19%) for each year of the  
10 2025-2027 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward  
11 any amount in excess of the required match for a fiscal year in order to meet the match  
12 requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall  
13 be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind  
14 contribution for the purpose of the match requirement of this subsection. Volunteer services that  
15 qualify as professional services shall be valued at the fair market value of those services. All  
16 other volunteer service hours shall be valued at the statewide average wage rate as calculated  
17 from data compiled by the Division of Employment Security of the Department of Commerce in  
18 the Employment and Wages in North Carolina Annual Report for the most recent period for  
19 which data are available. Expenses, including both those paid by cash and in-kind contributions,  
20 incurred by other participating non-State entities contracting with the North Carolina Partnership  
21 for Children, Inc., or the local partnerships also may be considered resources available to meet  
22 the required private match. In order to qualify to meet the required private match, the expenses  
23 shall:

- 24 (1) Be verifiable from the contractor's records.
- 25 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
26 generally accepted accounting principles for nonprofit organizations.
- 27 (3) Not include expenses funded by State funds.
- 28 (4) Be supplemental to and not supplant preexisting resources for related program  
29 activities.
- 30 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
31 be necessary and reasonable for the proper and efficient accomplishment of  
32 the Program's objectives.
- 33 (6) Be otherwise allowable under federal or State law.
- 34 (7) Be required and described in the contractual agreements approved by the  
35 North Carolina Partnership for Children, Inc., or the local partnership.
- 36 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
37 partnership by the contractor in the same manner as reimbursable expenses.

38 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
39 2025-2027 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
40 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
41 responsible for compiling information on the private cash and in-kind contributions into a report,  
42 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
43 verification by the Department of Revenue. The North Carolina Partnership for Children, Inc.,  
44 shall provide a copy of the annual report to the Department of Health and Human Services,  
45 Division of Child Development and Early Education. The same match requirements shall apply  
46 to any expansion funds appropriated by the General Assembly.

47 **SECTION 9D.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,  
48 and all local partnerships shall use competitive bidding practices in contracting for goods and  
49 services on contract amounts as follows:

- 1 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
- 2 by a written policy as developed by the Board of Directors of the North
- 3 Carolina Partnership for Children, Inc.
- 4 (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen
- 5 thousand dollars (\$15,000), three written quotes.
- 6 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty
- 7 thousand dollars (\$40,000), a request for proposal process.
- 8 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
- 9 proposal process and advertising in a major newspaper.

10 **SECTION 9D.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,  
11 shall not reduce the allocation for counties with less than 35,000 in population below the  
12 2012-2013 funding level.

13 **SECTION 9D.5.(g)** Performance-Based Evaluation. – The Department of Health  
14 and Human Services shall continue to implement the performance-based evaluation system.

15 **SECTION 9D.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)  
16 of this section, the Department of Health and Human Services and the North Carolina Partnership  
17 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
18 Development Initiatives for the 2025-2027 fiscal biennium shall be administered and distributed  
19 in the following manner:

- 20 (1) Capital expenditures are prohibited for the 2025-2027 fiscal biennium. For the
- 21 purposes of this section, "capital expenditures" means expenditures for capital
- 22 improvements as defined in G.S. 143C-1-1(d)(5).
- 23 (2) Expenditures of State funds for advertising and promotional activities are
- 24 prohibited for the 2025-2027 fiscal biennium.

25 For the 2025-2027 fiscal biennium, local partnerships shall not spend any State funds  
26 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
27 any private funds the local partnerships receive on those activities.

28 **SECTION 9D.5.(i)** Notwithstanding subsection (h) of this section, the North  
29 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
30 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall  
31 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
32 for fundraising. The report shall include the following:

- 33 (1) The amount of funds expended on fundraising.
- 34 (2) Any return on fundraising investments.
- 35 (3) Any other information deemed relevant.

### 36 37 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 38 **LIBRARY**

39 **SECTION 9D.6.(a)** A portion of the funds allocated in this act to the North Carolina  
40 Partnership for Children, Inc., from the Department of Health and Human Services, shall  
41 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy  
42 program that mails age-appropriate books on a monthly basis to children registered for the  
43 program.

44 **SECTION 9D.6.(b)** The North Carolina Partnership for Children, Inc., may use up  
45 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
46 of the funds for program evaluation. Funds allocated under this section shall not be subject to  
47 administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be  
48 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
49 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
50 Section 9D.5(d) this act.

**INCREASE CHILD CARE SUBSIDY REIMBURSEMENT RATES**

**SECTION 9D.7.** Beginning July 1, 2025, 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.

**PART IX-E. HEALTH BENEFITS****CONTINUE MEDICAID ANNUAL REPORT**

**SECTION 9E.1.** The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and accompanying tables. DHB shall publish the report and tables on its website no later than December 31 following each State fiscal year.

**VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

**SECTION 9E.2.** The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

**DURATION OF MEDICAID PROGRAM MODIFICATIONS**

**SECTION 9E.3.(a)** Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2027, any modifications to the Medicaid program required by this Subpart.

**SECTION 9E.3.(b)** Consistent with the duration of Medicaid program modifications established in subsection (a) of this section, the Department of Health and Human Services shall not be required to maintain, after June 30, 2027, any modifications to the Medicaid program required by Section 15 of S.L. 2023-129.

**ADMINISTRATIVE HEARINGS FUNDING**

**SECTION 9E.4.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars (\$1,000,000) for the 2025-2026 fiscal year and the sum of one million dollars (\$1,000,000) for the 2026-2027 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

**ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

**SECTION 9E.5.(a)** The Department of Health and Human Services, Division of Health Benefits (DHB), receivables reserved at the end of the 2025-2026 and 2026-2027 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

**SECTION 9E.5.(b)** For the 2025-2026 fiscal year, the Department of Health and Human Services shall deposit from its revenue one hundred seven million seven hundred

1 thousand dollars (\$107,700,000) with the Department of State Treasurer to be accounted for as  
 2 nontax revenue. For the 2026-2027 fiscal year, the Department of Health and Human Services  
 3 shall deposit from its revenues one hundred nine million dollars (\$109,000,000) with the  
 4 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall  
 5 represent the return of advanced General Fund appropriations, nonfederal revenue, fund  
 6 balances, or other resources from State-owned and State-operated hospitals that are used to  
 7 provide indigent and nonindigent care services. The return from State-owned and State-operated  
 8 hospitals to the Department of Health and Human Services shall be made from nonfederal  
 9 resources in the following manner:

- 10 (1) The University of North Carolina Hospitals at Chapel Hill shall make the  
 11 following deposits:
  - 12 a. For the 2025-2026 fiscal year, the amount of thirty-one million three  
 13 hundred sixty-five thousand three hundred five dollars (\$31,365,305).
  - 14 b. For the 2026-2027 fiscal year, the amount of thirty-one million three  
 15 hundred sixty-five thousand three hundred five dollars (\$31,365,305).
- 16 (2) All State-owned and State-operated hospitals, other than the University of  
 17 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care  
 18 shall annually deposit an amount equal to the amount of the payments from  
 19 DHB for uncompensated care.  
 20

**LME/MCO INTERGOVERNMENTAL TRANSFERS**

22 **SECTION 9E.6.(a)** The local management entities/managed care organizations  
 23 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human  
 24 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million  
 25 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2025-2026 fiscal year  
 26 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen  
 27 dollars (\$18,028,217) for the 2026-2027 fiscal year. The due date and frequency of the  
 28 intergovernmental transfer required by this section shall be determined by DHB. The amount of  
 29 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal  
 30 year shall be as follows:

	<b>2025-2026</b>	<b>2026-2027</b>
31 Alliance Behavioral Healthcare	\$4,508,857	\$4,508,857
32 Partners Health Management	\$3,544,348	\$3,544,348
33 Trillium Health Resources	\$6,448,693	\$6,448,693
34 Vaya Health	\$3,526,319	\$3,526,319

36 **SECTION 9E.6.(b)** In the event that a county disengages from an LME/MCO and  
 37 realigns with another LME/MCO during the 2025-2027 fiscal biennium, DHB shall have the  
 38 authority to reallocate the amount of the intergovernmental transfer that each affected  
 39 LME/MCO is required to make under subsection (a) of this section, taking into consideration the  
 40 change in catchment area and covered population, provided that the aggregate amount of the  
 41 transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.  
 42

**CHILDREN AND FAMILIES SPECIALTY PLAN**

44 **SECTION 9E.7.(a)** Section 9E.22(a) of S.L. 2023-134 reads as rewritten:  
 45 **"SECTION 9E.22.(a)** The Department of Health and Human Services (DHHS) shall issue  
 46 an initial request for proposals (RFP) to procure a single statewide children and families (CAF)  
 47 specialty plan contract with services to begin to individuals described in G.S. 108D-40(a)(14) no  
 48 later than December 1, ~~2024.~~2025. The RFP shall be subject to the requirements in  
 49 G.S. 108D-62, as enacted by subsection (k) of this section. DHHS shall define the services  
 50 available under the CAF specialty plan and the Medicaid beneficiaries who are eligible to enroll  
 51 in the CAF specialty plan, except as otherwise specified in this act or in law. For the purposes of

1 this section, the CAF specialty plan shall be as defined under G.S. 108D-1, as amended by  
2 subsection (c) of this section."

3 **SECTION 9E.7.(b)** G.S. 108D-40(a)(14) reads as rewritten:

4 "(14) Until the CAF specialty plan becomes operational, recipients who are (i)  
5 children enrolled in foster care in this State, (ii) receiving adoption assistance,  
6 or (iii) former foster care youth ~~until they reach the age of 26, who are eligible~~  
7 for Medicaid under G.S. 108A-54.3A(a)(8). When the CAF specialty plan  
8 becomes operational, recipients described in this subdivision will be enrolled  
9 in accordance with G.S. 108D-62."

10 **SECTION 9E.7.(c)** This section is effective when it becomes law.

## 11 12 **MEDICAID WORK REQUIREMENTS**

13 **SECTION 9E.8.(a)** Section 2.4 of S.L. 2023-7 reads as rewritten:

14 "**SECTION 2.4.** If there is any indication that work requirements as a condition of  
15 participation in the Medicaid program may be authorized by the Centers for Medicare and  
16 Medicaid Services (CMS), then the Department of Health and Human Services, Division of  
17 Health Benefits (DHB), shall enter into negotiations with CMS to develop a plan for those work  
18 requirements and to obtain approval of that plan. Within 30 days of entering into negotiations  
19 with CMS pursuant to this section, DHB shall notify, in writing, the Joint Legislative Oversight  
20 Committee on Medicaid (JLOC) and the Fiscal Research Division (FRD) of these negotiations.  
21 Within 30 days of approval by CMS of a plan for work requirements as a condition of  
22 participation in the Medicaid program, DHB shall submit a report to JLOC and FRD containing  
23 the full details of the approved work requirements, including the approved date of  
24 implementation of the requirements and any funding necessary to implement or maintain the  
25 requirements. Notwithstanding any provision of G.S. 108A-54.3A to the contrary, the  
26 Department of Health and Human Services shall implement any work requirements as a condition  
27 of participation in the Medicaid program approved by the Centers for Medicare and Medicaid  
28 Services in accordance with this section."

29 **SECTION 9E.8.(b)** This section is effective when it becomes law.

## 30 31 **TEMPORARILY EXTEND OPTION TO DECREASE MEDICAID ENROLLMENT** 32 **BURDEN ON COUNTY DEPARTMENTS OF SOCIAL SERVICES**

33 **SECTION 9E.9.(a)** Section 1.8(a) of S.L. 2023-7, as amended by Section 9(a) of  
34 S.L. 2024-34, reads as rewritten:

35 "**SECTION 1.8.(a)** Notwithstanding G.S. 108A-54(d) and in accordance with  
36 G.S. 143B-24(b), the Department of Health and Human Services (DHHS) is authorized, on a  
37 temporary basis to conclude by June 30, ~~2025, 2028,~~ to utilize the federally facilitated  
38 marketplace (Marketplace), also known as the federal health benefit exchange, to make Medicaid  
39 eligibility determinations. In accordance with ~~G.S. 108A-54(b), G.S. 108A-54(f),~~ these  
40 eligibility determinations shall be in compliance with all eligibility categories, resource limits,  
41 and income thresholds set by the General Assembly."

42 **SECTION 9E.9.(b)** This section is effective when it becomes law.

## 43 44 **EXTEND PHARMACY REIMBURSEMENT RATES IN MEDICAID MANAGED CARE**

45 **SECTION 9E.10.** Section 9D.19A of S.L. 2021-180, as amended by Section 9D.8  
46 of S.L. 2022-74, reads as rewritten:

47 "**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan  
48 capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the  
49 reimbursement for the ingredient cost for covered outpatient drugs and the professional drug  
50 dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy  
51 fee-for-service reimbursement methodologies in Attachment 4.19-B of section 12 of the



1 Medicaid State Plan under Title XIX of the Social Security Act Medicaid Assistance Program,  
 2 as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National  
 3 Average Drug Acquisition Cost (NADAC), when applicable and as allowed under the Medicaid  
 4 State Plan, plus a professional dispensing fee based on the cost of the dispensing study conducted  
 5 on behalf of the North Carolina Department of Health and Human Services, Division of Health  
 6 Benefits, will serve as the primary method utilized for reimbursement for retail community  
 7 pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B  
 8 drug discount program established under 42 U.S.C. § 256b. All claims utilizing drugs acquired  
 9 through the 340B drug discount program shall be reimbursed in accordance with the  
 10 CMS-approved Medicaid State Plan.

11 "SECTION 9D.19A.(b) This section is effective when it becomes law and expires June 30,  
 12 ~~2026-2031.~~"

### 13 GROSS PREMIUM TAX OFFSET CHANGES

14 SECTION 9E.11.(a) Article 8B of Chapter 105 of the General Statutes is amended  
 15 by adding a new section to read:

#### 16 "§ 105-228.10A. Transfer to Health Advancement Receipts Special Fund.

17 Each fiscal year, the Secretary of Revenue shall transfer at the beginning of each quarter from  
 18 the State insurance tax net collections received by the Department of Revenue under this Article  
 19 to the State Treasurer for the Health Advancement Receipts Special Fund, the gross premiums  
 20 tax offset amount, as defined in G.S. 108A-147.12. The Office of State Budget and Management  
 21 shall calculate the amount of the gross premiums tax offset as defined in G.S. 108A-147.12 and  
 22 certify the amount for the Secretary of Revenue that is required to transfer each quarter using  
 23 data in the North Carolina Financial System."

24 SECTION 9E.11.(b) G.S. 108A-147.11 reads as rewritten:

#### 25 "§ 108A-147.11. **Health advancement reconciliation adjustment component.**

26 (a) The health advancement reconciliation adjustment component is a positive or  
 27 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two  
 28 quarters prior to the current quarter minus the sum of the following specified amounts:

- 29 (1) The presumptive service cost component calculated under G.S. 108A-147.5  
 30 for the quarter that is two quarters prior to the current quarter.
- 31 (2) The positive or negative ~~gross premiums tax offset amount calculated under~~  
 32 ~~G.S. 108A-147.12(b) amount transferred during the current quarter by the~~  
 33 Department of Revenue to the State Treasurer for the Health Advancement  
 34 Receipts Special Fund under G.S. 105-228.10A.
- 35 (3) The HASP health advancement component calculated under G.S. 108A-147.6  
 36 for the quarter that is two quarters prior to the current quarter.

37 ...."

38 SECTION 9E.11.(c) G.S. 143C-9-10 reads as rewritten:

#### 39 "§ 143C-9-10. **Health Advancement Receipts Special Fund.**

40 (a) Creation. – The Health Advancement Receipts Special Fund is established as a  
 41 nonreverting special fund in the Department of Health and Human Services.

42 (b) Source of Funds. – Each State fiscal quarter, the Department of Health and Human  
 43 Services shall deposit in the Health Advancement Receipts Special Fund an amount of funds  
 44 equal to the total nonfederal receipts for health advancement calculated under  
 45 G.S. 108A-147.3(b) for that quarter, minus the State retention component under G.S. 108A-147.8  
 46 for that quarter, and plus the positive or negative ~~gross premiums tax offset amount calculated~~  
 47 ~~under G.S. 108A-147.12(b) for that quarter transferred by the Department of Revenue to the State~~  
 48 Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.10A.  
 49

1 (c) Use of Funds. – The Department of Health and Human Services shall use funds in the  
2 Health Advancement Receipts Special Fund only for the purposes described in  
3 G.S. 108A-147.13."

4 **SECTION 9E.11.(d)** Section 1.6(d) of S.L. 2023-7 expires on June 30, 2025.  
5

6 **CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE**  
7 **MONTHS POSTPARTUM**

8 **SECTION 9E.12.(a)** Section 9D.13(c) of S.L. 2021-180 is repealed.

9 **SECTION 9E.12.(b)** G.S. 108A-146.5 reads as rewritten:

10 **"§ 108A-146.5. Aggregate modernized assessment collection amount.**

11 (a) The aggregate modernized assessment collection amount is an amount of money that  
12 is calculated by subtracting the modernized intergovernmental transfer adjustment component  
13 under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of  
14 this section and then adding the positive or negative amount of the modernized IGT actual  
15 receipts adjustment component under G.S. 108A-146.14.

16 (b) The total modernized nonfederal receipts is the sum of all of the following:

17 (1) One-fourth of the State's annual Medicaid payment.

18 (2) The managed care component under G.S. 108A-146.7.

19 (3) The fee-for-service component under G.S. 108A-146.9.

20 (3a) The modernized HASP component under G.S. 108A-146.10.

21 (4) The GME component under G.S. 108A-146.11.

22 (5) Beginning April 1, 2022, ~~and ending March 31, 2027,~~ the postpartum  
23 coverage component under G.S. 108A-146.12.

24 (6) Beginning April 1, 2024, the home and community-based services component  
25 under G.S. 108A-146.12A."

26 **SECTION 9E.12.(c)** This section is effective when it becomes law.  
27

28 **ENSURE MEDICAID RECEIPTS FOR NC HEALTH WORKS IMPLEMENTATION**  
29 **COSTS**

30 **SECTION 9E.13.(a)** For purposes of calculating the public hospital health  
31 advancement assessments and the private hospital health advancement assessments under Part 3  
32 of Article 7B of Chapter 108A of the General Statutes, for the assessment quarter in which this  
33 subsection becomes effective, any reference to "total nonfederal receipts for health advancement"  
34 in that Part shall be to the calculation in this subsection, notwithstanding the calculation under  
35 G.S. 108A-147.3(b). The amount of the total nonfederal receipts for health advancement shall be  
36 calculated by adding all of the following:

37 (1) The presumptive service cost component calculated under G.S. 108A-147.5.

38 (2) The HASP health advancement component calculated under  
39 G.S. 108A-147.6.

40 (3) The administration component calculated under G.S. 108A-147.7.

41 (4) The State retention component under G.S. 108A-147.9.

42 (5) The positive or negative health advancement reconciliation adjustment  
43 component calculated under G.S. 108A-147.11(a).

44 (6) Twelve million eight hundred thousand dollars (\$12,800,000).

45 **SECTION 9E.13.(b)** Notwithstanding the limitation on the use of funds under  
46 G.S. 108A-147.13(a), DHHS may use twelve million eight hundred thousand dollars  
47 (\$12,800,000) of the receipts collected under Part 3 of Article 7B of Chapter 108A of the General  
48 Statutes during the 2025-2026 fiscal year for the Medicaid program.

49 **SECTION 9E.13.(c)** No later than September 1, 2025, DHHS shall submit to the  
50 Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division a report  
51 that details the amount of funds that DHHS provided to each county department of social services

1 from funding sources other than the proceeds of the health advancement assessments during the  
 2 2023-2024 fiscal year and the 2024-2025 fiscal year for the implementation of NC Health Works  
 3 under Section 1.1 of S.L. 2023-7 and the date that those amounts were provided to each county  
 4 department of social services.

5 **SECTION 9E.13.(d)** Subsections (a) and (b) of this section are effective on the first  
 6 day of the next assessment quarter after this act becomes law.

#### 8 **ENSURE CERTAIN MEDICAID RECEIPTS**

9 **SECTION 9E.14.(a)** For purposes of calculating the public hospital modernized  
 10 assessments and the private hospital modernized assessments under Part 2 of Article 7B of  
 11 Chapter 108A of the General Statutes, for the assessment quarter in which this subsection  
 12 becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be  
 13 to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b).  
 14 The amount of the total modernized nonfederal receipts shall be calculated by adding all of the  
 15 following:

- 16 (1) One-fourth of the State's annual Medicaid payment as defined in  
 17 G.S. 108A-145.3.
- 18 (2) The managed care component under G.S. 108A-146.7.
- 19 (3) The fee-for-service component under G.S. 108A-146.9.
- 20 (4) The modernized HASP component under G.S. 108A-146.10.
- 21 (5) The GME component under G.S. 108A-146.11.
- 22 (6) The postpartum coverage component under G.S. 108A-146.12.
- 23 (7) Ten million seven hundred fifty thousand dollars (\$10,750,000).

24 **SECTION 9E.14.(b)** Notwithstanding the limitation on the use of funds under  
 25 G.S. 108A-146.15, the Department of Health and Human Services may use up to ten million  
 26 seven hundred fifty thousand dollars (\$10,750,000) of the receipts collected under Part 2 of  
 27 Article 7B of Chapter 108A of the General Statutes during the 2025-2026 fiscal year for the  
 28 Medicaid program.

29 **SECTION 9E.14.(c)** Subsections (a) and (b) of this section are effective on the first  
 30 day of the next assessment quarter after this act becomes law.

#### 32 **INCREASE STATE RETENTION ON HOSPITAL ASSESSMENTS**

33 **SECTION 9E.15.(a)** G.S. 108A-145.3 reads as rewritten:

##### 34 **"§ 108A-145.3. Definitions.**

35 The following definitions apply in this Article:

36 ...

- 37 (23) State's annual Medicaid payment. – An annual amount equal to one hundred  
 38 ten million dollars (\$110,000,000) for the period July 1, 2021, through June  
 39 30, 2022, increased each year over the prior year's payment by the market  
 40 basket ~~percentage~~percentage, through June 30, 2026. Beginning July 1, 2026,  
 41 the State's annual Medicaid payment is an annual amount equal to one hundred  
 42 fifty-four million six hundred thirty-six thousand seven hundred eighty-three  
 43 dollars (\$154,636,783), increased by the market basket percentage, for the  
 44 period July 1, 2026, through June 30, 2027, and increased each year thereafter  
 45 over the prior year's payment by the market basket percentage.

46 ...."

47 **SECTION 9E.15.(b)** Subsection (a) of this section is effective July 1, 2026, and  
 48 applies to assessments imposed on or after that date.

49 **SECTION 9E.15.(c)** For purposes of calculating the public hospital modernized  
 50 assessments and the private hospital modernized assessments under Part 2 of Article 7B of  
 51 Chapter 108A of the General Statutes, for the assessment quarter in which this subsection

1 becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be  
 2 to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b).  
 3 The amount of the total modernized nonfederal receipts shall be calculated by adding all of the  
 4 following:

- 5 (1) One-fourth of the State's annual Medicaid payment as defined in  
 6 G.S. 108A-145.3.
- 7 (2) The managed care component under G.S. 108A-146.7.
- 8 (3) The fee-for-service component under G.S. 108A-146.9.
- 9 (4) The modernized HASP component under G.S. 108A-146.10.
- 10 (5) The GME component under G.S. 108A-146.11.
- 11 (6) The postpartum coverage component under G.S. 108A-146.12.
- 12 (7) Thirty million dollars (\$30,000,000).

13 **SECTION 9E.15.(d)** Notwithstanding the limitation on the use of funds under  
 14 G.S. 108A-146.15, the Department of Health and Human Services may use up to thirty million  
 15 dollars (\$30,000,000) of the receipts collected under Part 2 of Article 7B of Chapter 108A of the  
 16 General Statutes, in addition to the receipts described in Section 9E.14(b) of this act, during the  
 17 2025-2026 fiscal year for the Medicaid program.

18 **SECTION 9E.15.(e)** Subsections (c) and (d) of this section are effective on the first  
 19 day of the second assessment quarter after this act becomes law.

## 20 **MEDICAID HASP REIMBURSEMENT FOR PSYCHIATRIC HOSPITALS**

21 **SECTION 9E.16.(a)** G.S. 108A-148.1(a) reads as rewritten:

22 "(a) The healthcare access and stabilization program is a directed payment program that  
 23 provides acute care hospitals with increased reimbursements funded through hospital  
 24 assessments in accordance with this section. Upon the approval of CMS, the healthcare access  
 25 and stabilization program directed payment program shall additionally provide qualifying  
 26 freestanding psychiatric hospitals with increased reimbursements funded through hospital  
 27 assessments. A qualifying freestanding psychiatric hospital is a freestanding psychiatric hospital  
 28 as defined in G.S. 108A-145.3 that is Medicare-certified and submits Hospital Cost Report  
 29 Information System cost report data to CMS."

30 **SECTION 9E.16.(b)** The Department of Health and Human Services shall submit a  
 31 42 C.F.R. § 438.6(c) preprint requesting approval to include freestanding psychiatric hospitals in  
 32 the healthcare access and stabilization program (HASP) authorized under G.S. 108A-148.1, as  
 33 amended by subsection (a) of this section.

34 **SECTION 9E.16.(c)** G.S. 108A-145.3 reads as rewritten:

### 35 **"§ 108A-145.3. Definitions.**

36 The following definitions apply in this Article:

37 ...

38 (6c) Freestanding psychiatric hospital. – A hospital facility that is (i) licensed  
 39 under Article 2 of Chapter 122C of the General Statutes, (ii) primarily engaged  
 40 in providing to inpatients, by or under the supervision of a physician,  
 41 psychiatric services for the diagnosis and treatment of individuals with mental  
 42 illnesses, and (iii) not State-owned and State-operated.

43 (6d) HASP directed payments. – Payments made by the Department to prepaid  
 44 health plans to be used for (i) increased reimbursements to hospitals under the  
 45 HASP program and (ii) the costs to prepaid health plans from the gross  
 46 premiums tax under G.S. 105-228.5 and the insurance regulatory charge under  
 47 G.S. 58-6-25 associated with those hospital reimbursements.

48 ~~(6e)~~(6e) Healthcare access and stabilization program (HASP). – The directed  
 49 payment program providing increased reimbursements to acute care hospitals  
 50

1 and freestanding psychiatric hospitals as approved by CMS and authorized by  
2 G.S. 108A-148.1.

3 ...."

4 **SECTION 9E.16.(d)** G.S. 108A-146.1 reads as rewritten:

5 **"§ 108A-146.1. Public hospital modernized assessment.**

6 (a) The public hospital modernized assessment imposed under this Part shall apply to all  
7 public acute care hospitals.

8 (b) The public hospital modernized assessment shall be assessed as a percentage of each  
9 public acute care hospital's hospital costs. The assessment percentage shall be calculated  
10 quarterly by the Department of Health and Human Services in accordance with this Part. The  
11 percentage for each quarter shall equal the aggregate acute care hospital modernized assessment  
12 collection amount under G.S. 108A-146.5 multiplied by the public hospital historical assessment  
13 share and divided by the total hospital costs for all public acute care hospitals holding a license  
14 on the first day of the assessment quarter."

15 **SECTION 9E.16.(e)** G.S. 108A-146.3 reads as rewritten:

16 **"§ 108A-146.3. Private hospital modernized assessment.**

17 (a) The private hospital modernized assessment imposed under this Part shall apply to all  
18 private acute care hospitals.

19 (b) The private hospital modernized assessment shall be assessed as a percentage of each  
20 private acute care hospital's hospital costs. The assessment percentage shall be calculated  
21 quarterly by the Department of Health and Human Services in accordance with this Part. The  
22 percentage for each quarter shall equal the aggregate acute care hospital modernized assessment  
23 collection amount under G.S. 108A-146.5 multiplied by the private hospital historical assessment  
24 share and divided by the total hospital costs for all private acute care hospitals holding a license  
25 on the first day of the assessment quarter."

26 **SECTION 9E.16.(f)** Part 2 of Article 7B of Chapter 108A of the General Statutes is  
27 amended by adding a new section to read:

28 **"§ 108A-146.4. Freestanding psychiatric hospital modernized assessment.**

29 (a) The freestanding psychiatric hospital modernized assessment imposed under this Part  
30 shall apply to all freestanding psychiatric hospitals.

31 (b) The freestanding psychiatric hospital modernized assessment shall be assessed as a  
32 percentage of each freestanding psychiatric hospital's hospital costs. The assessment percentage  
33 shall be calculated quarterly by the Department of Health and Human Services in accordance  
34 with this Part. The percentage for each quarter shall equal the modernized freestanding  
35 psychiatric hospital HASP component under G.S. 108A-146.10A divided by the total hospital  
36 costs for all freestanding psychiatric hospitals holding a license on the first day of the assessment  
37 quarter."

38 **SECTION 9E.16.(g)** G.S. 108A-146.5 reads as rewritten:

39 **"§ 108A-146.5. Aggregate acute care hospital modernized assessment collection amount.**

40 (a) The aggregate modernized assessment collection amount is an amount of money that  
41 is calculated by subtracting the modernized intergovernmental transfer adjustment component  
42 under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of  
43 this section and then adding the positive or negative amount of the modernized IGT actual  
44 receipts adjustment component under G.S. 108A-146.14.

45 (b) The total modernized nonfederal receipts is the sum of all of the following:

46 (1) One-fourth of the State's annual Medicaid payment.

47 (2) The managed care component under G.S. 108A-146.7.

48 (3) The fee-for-service component under G.S. 108A-146.9.

49 (3a) The modernized acute care hospital HASP component under  
50 G.S. 108A-146.10.

- 1           (3b) The modernized freestanding psychiatric hospital HASP component under  
 2           G.S. 108A-146.10A.  
 3           (4) The GME component under G.S. 108A-146.11.  
 4           (5) Beginning April 1, 2022, and ending March 31, 2027, the postpartum  
 5           coverage component under G.S. 108A-146.12.  
 6           (6) Beginning April 1, 2024, the home and community-based services component  
 7           under G.S. 108A-146.12A.

8           (c) The aggregate acute care hospital modernized assessment collection amount is an  
 9           amount of money equal to the aggregate modernized assessment collection amount under  
 10           subsection (a) of this section minus the modernized freestanding psychiatric hospital HASP  
 11           component under G.S. 108A-146.10A."

12           **SECTION 9E.16.(h)** G.S. 108A-146.10 reads as rewritten:

13           "**§ 108A-146.10. Modernized acute care hospital HASP component.**

14           The modernized acute care hospital HASP component is an amount of money that is  
 15           calculated each quarter by multiplying the aggregate amount of HASP directed payments due to  
 16           PHPs in the current quarter for ~~hospital~~-reimbursements to acute care hospitals that are not  
 17           attributable to newly eligible individuals by the nonfederal share for not newly eligible  
 18           individuals."

19           **SECTION 9E.16.(i)** Part 2 of Article 7B of Chapter 108A of the General Statutes is  
 20           amended by adding a new section to read:

21           "**§ 108A-146.10A. Modernized freestanding psychiatric hospital HASP component.**

22           The modernized freestanding psychiatric hospital HASP component is an amount of money  
 23           that is calculated each quarter by multiplying the aggregate amount of HASP directed payments  
 24           due to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals that  
 25           are not attributable to newly eligible individuals by the nonfederal share for not newly eligible  
 26           individuals."

27           **SECTION 9E.16.(j)** G.S. 108A-146.13 reads as rewritten:

28           "**§ 108A-146.13. Modernized presumptive IGT adjustment component.**

29           ...

30           (c) The modernized presumptive IGT adjustment component is an amount of money  
 31           equal to the sum of all of the following subcomponents:

- 32           (1) The public hospital IGT subcomponent is the total of the following amounts:  
 33           a. Sixteen and forty-three hundredths percent (16.43%) of the amount of  
 34           money that is equal to the total modernized nonfederal receipts under  
 35           G.S. 108A-146.5(b) for the current quarter minus the modernized  
 36           acute care hospital HASP component under G.S. 108A-146.10 for the  
 37           current quarter and minus the modernized freestanding psychiatric  
 38           hospital HASP component under G.S. 108A-146.10A for the current  
 39           quarter.  
 40           b. Sixty percent (60%) of the nonfederal share for not newly eligible  
 41           individuals of the aggregate amount of HASP directed payments due  
 42           to PHPs in the current quarter for reimbursements to public acute care  
 43           hospitals and that are not attributable to newly eligible individuals.  
 44           (2) The UNC Health Care System IGT subcomponent is the total of the following  
 45           amounts:  
 46           a. Four and sixty-two hundredths percent (4.62%) of the ~~difference of~~  
 47           amount of money that is equal to the total modernized nonfederal  
 48           receipts under G.S. 108A-146.5(b) for the current quarter minus the  
 49           modernized acute care hospital HASP component under  
 50           G.S. 108A-146.10 for the current quarter and minus the modernized

1 freestanding psychiatric hospital HASP component under  
2 G.S. 108A-146.10A for the current quarter.

3 b. The nonfederal share for not newly eligible individuals of the  
4 aggregate amount of HASP directed payments due to PHPs in the  
5 current quarter for reimbursements to UNC Health Care System  
6 hospitals that are not attributable to newly eligible individuals.

7 (3) The East Carolina University IGT subcomponent is the total of the following  
8 amounts:

9 a. One and four hundredths percent (1.04%) of the ~~difference of amount~~  
10 of money that is equal to the total modernized nonfederal receipts  
11 under G.S. 108A-146.5(b) for the current quarter minus the  
12 modernized acute care hospital HASP component under  
13 G.S. 108A-146.10 for the current quarter and minus the modernized  
14 freestanding psychiatric hospital HASP component under  
15 G.S. 108A-146.10A for the current quarter.

16 b. The nonfederal share for not newly eligible individuals of the  
17 aggregate amount of HASP directed payments due to PHPs in the  
18 current quarter for reimbursements to the primary affiliated teaching  
19 hospital for the East Carolina University Brody School of Medicine  
20 that are not attributable to newly eligible individuals."

21 **SECTION 9E.16.(k)** G.S. 108A-147.1 reads as rewritten:

22 **"§ 108A-147.1. Public hospital health advancement assessment.**

23 (a) The public hospital health advancement assessment imposed under this Part shall  
24 apply to all public acute care hospitals.

25 (b) The public hospital health advancement assessment shall be assessed as a percentage  
26 of each public acute care hospital's hospital costs. The assessment percentage shall be calculated  
27 quarterly by the Department in accordance with this Part. The percentage for each quarter shall  
28 equal the aggregate acute care hospital health advancement assessment collection amount  
29 calculated under G.S. 108A-147.3 multiplied by the public hospital historical assessment share  
30 and divided by the total hospital costs for all public acute care hospitals holding a license on the  
31 first day of the assessment quarter."

32 **SECTION 9E.16.(l)** G.S. 108A-147.2 reads as rewritten:

33 **"§ 108A-147.2. Private hospital health advancement assessment.**

34 (a) The private hospital health advancement assessment imposed under this Part shall  
35 apply to all private acute care hospitals.

36 (b) The private hospital health advancement assessment shall be assessed as a percentage  
37 of each private acute care hospital's hospital costs. The assessment percentage shall be calculated  
38 quarterly by the Department in accordance with this Part. The percentage for each quarter shall  
39 equal the aggregate acute care hospital health advancement assessment collection amount  
40 calculated under G.S. 108A-147.3 multiplied by the private hospital historical assessment share  
41 and divided by the total hospital costs for all private acute care hospitals holding a license on the  
42 first day of the assessment quarter."

43 **SECTION 9E.16.(m)** Part 3 of Article 7B of Chapter 108A of the General Statutes  
44 is amended by adding a new section to read:

45 **"§ 108A-147.2A. Freestanding psychiatric hospital health advancement assessment.**

46 (a) The freestanding psychiatric hospital health advancement assessment imposed under  
47 this Part shall apply to all freestanding psychiatric hospitals.

48 (b) The freestanding psychiatric hospital health advancement assessment shall be  
49 assessed as a percentage of each freestanding psychiatric hospital's hospital costs. The assessment  
50 percentage shall be calculated quarterly by the Department in accordance with this Part. The  
51 percentage for each quarter shall equal the health advancement freestanding psychiatric hospital

1 HASP component calculated under G.S. 108A-147.6A divided by the total hospital costs for all  
2 freestanding psychiatric hospitals holding a license on the first day of the assessment quarter."

3 **SECTION 9E.16.(n)** G.S. 108A-147.3 reads as rewritten:

4 "**§ 108A-147.3. Aggregate acute care hospital health advancement assessment collection**  
5 **amount.**

6 (a) The aggregate health advancement assessment collection amount is an amount of  
7 money that is calculated quarterly by adjusting the total nonfederal receipts for health  
8 advancement calculated under subsection (b) of this section by (i) subtracting the health  
9 advancement presumptive IGT adjustment component calculated under G.S. 108A-147.9, (ii)  
10 adding the positive or negative health advancement IGT actual receipts adjustment component  
11 calculated under G.S. 108A-147.10, and (iii) subtracting the positive or negative IGT share of  
12 the reconciliation adjustment component calculated under G.S. 108A-147.11(b).

13 (b) The total nonfederal receipts for health advancement is an amount of money that is  
14 calculated quarterly by adding all of the following:

15 (1) The presumptive service cost component calculated under G.S. 108A-147.5.

16 (2) The ~~HASP~~ health advancement acute care hospital HASP component  
17 calculated under G.S. 108A-147.6.

18 (2a) The health advancement freestanding psychiatric hospital HASP component  
19 calculated under G.S. 108A-147.6A.

20 (3) The administration component calculated under G.S. 108A-147.7.

21 (4) The State retention component under G.S. 108A-147.9.

22 (5) The positive or negative health advancement reconciliation adjustment  
23 component calculated under G.S. 108A-147.11(a).

24 (c) The aggregate acute care hospital health advancement assessment collection amount  
25 is an amount of money equal to the aggregate health advancement assessment collection amount  
26 under subsection (a) of this section minus the health advancement freestanding psychiatric  
27 hospital HASP component under G.S. 108A-147.6A."

28 **SECTION 9E.16.(o)** G.S. 108A-147.5 reads as rewritten:

29 "**§ 108A-147.5. Presumptive service cost component.**

30 (a) For every State fiscal quarter prior to the fiscal quarter in which G.S. 108A-54.3A(24)  
31 becomes effective, the presumptive service cost component is zero.

32 (b) For the State fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, the  
33 presumptive service cost component is the product of forty-eight million seven hundred fifty  
34 thousand dollars (\$48,750,000) multiplied by the number of months in that State fiscal quarter in  
35 which G.S. 108A-54.3A(24) is effective during any part of the month.

36 (c) For the first State fiscal quarter after the State fiscal quarter in which  
37 G.S. 108A-54.3A(24) becomes effective, the presumptive service cost component is one hundred  
38 forty-six million two hundred fifty thousand dollars (\$146,250,000).

39 (d) For the second State fiscal quarter after the State fiscal quarter in which  
40 G.S. 108A-54.3A(24) becomes effective, and for each State fiscal quarter thereafter, the  
41 presumptive service cost component is an amount of money that is the greatest of the following:

42 (1) The prior quarter's presumptive service cost component amount.

43 (2) The prior quarter's presumptive service cost component amount increased by  
44 a percentage that is the sum of each monthly percentage change in the  
45 Consumer Price Index: Medical Care for the most recent three months  
46 available on the first day of the current quarter.

47 (3) The prior quarter's presumptive service cost component amount increased by  
48 the percentage change in the weighted average of the base capitation rates for  
49 standard benefit plans for all rating groups associated with newly eligible  
50 individuals compared to the prior quarter. The weight for each rating group



1 shall be calculated using member months documented in the Medicaid  
2 managed care capitation rate certification for standard benefit plans.

3 (4) The prior quarter's presumptive service cost component amount increased by  
4 the percentage change in the weighted average of the base capitation rates for  
5 BH IDD tailored plans for all rating groups associated with newly eligible  
6 individuals compared to the prior quarter. The weight for each rating group  
7 shall be calculated using member months documented in the Medicaid  
8 managed care capitation rate certification for BH IDD tailored plans.

9 (5) The amount produced from multiplying 1.15 by the highest amount produced  
10 when calculating, for each quarter that is at least two and not more than five  
11 quarters prior to the current quarter, the actual nonfederal expenditures for the  
12 applicable quarter minus the ~~HASP~~health advancement acute care hospital  
13 HASP component calculated under G.S. 108A-147.6 for the applicable  
14 quarter and minus the health advancement freestanding psychiatric hospital  
15 HASP component calculated under G.S. 108A-147.6A for the applicable  
16 quarter."

17 **SECTION 9E.16.(p)** G.S. 108A-147.6 reads as rewritten:

18 "**§ 108A-147.6. ~~HASP~~health ~~Health~~ advancement acute care hospital HASP component.**

19 The ~~HASP~~health advancement acute care hospital HASP component is an amount of money  
20 that is calculated by multiplying the aggregate amount of HASP directed payments due to PHPs  
21 in the current quarter for ~~hospital~~reimbursements to acute care hospitals attributable to newly  
22 eligible individuals by the nonfederal share for newly eligible individuals."

23 **SECTION 9E.16.(q)** Part 3 of Article 7B of Chapter 108A of the General Statutes  
24 is amended by adding a new section to read:

25 "**§ 108A-147.6A. Health advancement freestanding psychiatric hospital HASP component.**

26 The health advancement freestanding psychiatric hospital HASP component is an amount of  
27 money that is calculated by multiplying the aggregate amount of HASP directed payments due  
28 to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals  
29 attributable to newly eligible individuals by the nonfederal share for newly eligible individuals."

30 **SECTION 9E.16.(r)** G.S. 108A-147.11 reads as rewritten:

31 "**§ 108A-147.11. Health advancement reconciliation adjustment component.**

32 (a) The health advancement reconciliation adjustment component is a positive or  
33 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two  
34 quarters prior to the current quarter minus the sum of the following specified amounts:

35 (1) The presumptive service cost component calculated under G.S. 108A-147.5  
36 for the quarter that is two quarters prior to the current quarter.

37 (2) The positive or negative gross premiums tax offset amount calculated under  
38 G.S. 108A-147.12(b).

39 (3) The ~~HASP~~health advancement acute care hospital HASP component  
40 calculated under G.S. 108A-147.6 for the quarter that is two quarters prior to  
41 the current quarter.

42 (4) The health advancement freestanding psychiatric hospital HASP component  
43 calculated under G.S. 108A-147.6A for the quarter that is two quarters prior  
44 to the current quarter.

45 (b) The IGT share of the reconciliation adjustment component is a positive or negative  
46 dollar amount that is calculated by multiplying the health advancement reconciliation adjustment  
47 component calculated under subsection (a) of this section by the share of public hospital costs  
48 calculated under subsection (c) of this section.

49 (c) The share of public hospital costs is calculated by adding total hospital costs for the  
50 UNC Health Care System, total hospital costs for the primary affiliated teaching hospital for the  
51 East Carolina University Brody School of Medicine, and sixty percent (60%) of the total hospital

1 costs for all public acute care hospitals and dividing that sum by the total hospital costs for all  
2 acute care hospitals except for critical access hospitals."

3 **SECTION 9E.16.(s)** Subsections (c) through (r) of this section are effective on the  
4 first day of the third assessment quarter after the date this act becomes law and apply to  
5 assessments imposed on or after that date. The remainder of this section is effective when it  
6 becomes law.

## 7 8 **EXTEND PRIMARY CARE TASK FORCE**

9 **SECTION 9E.17.(a)** Section 9E.28 of S.L. 2023-134 reads as rewritten:

10 **"SECTION 9E.28.(a)** There is established the North Carolina Primary Care Payment  
11 Reform Task Force (Task Force) within the Department of Health and Human Services, Division  
12 of Health Benefits, for budgetary purposes only.

13 ...

14 **"SECTION 9E.28.(b)** The Task Force established under subsection (a) of this section shall  
15 have the following duties:

- 16 (1) Establish a definition of primary care to be utilized by the Task Force. This  
17 term should be applicable to services and care provided under the NC  
18 Medicaid program, the State Health Plan, and commercial insurance.
- 19 (2) Conduct an actuarial evaluation of the current healthcare spend on primary  
20 care services, both as it relates to the NC Medicaid program and the  
21 commercial market, including Medicare Advantage plans.
- 22 (3) Determine the adequacy of the primary care delivery system in North  
23 Carolina, including the impact this system has on the supply of the primary  
24 care providers in this State.
- 25 (4) Study the primary care payment landscape in other states, specifically  
26 considering states that have implemented a minimum primary care spend.
- 27 (5) Identify data collection and measurement systems to inform creation of a  
28 primary care investment target for the NC Medicaid program, the State Health  
29 Plan, and commercial insurance. This includes a method by which to measure  
30 improvements made toward that target.
- 31 (5a) Collect and compile data and other information related to healthcare spend on  
32 primary care services in a manner that is compliant with the Health Insurance  
33 Portability and Accountability Act of 1996 (HIPAA). Within 45 days of a  
34 request for data or information from the Task Force, all entities shall comply  
35 with the Task Force's request.
- 36 (6) Evaluate the need for a permanent Primary Care Payment Reform Task Force,  
37 or other similar entity, including which State agency or body is best suited to  
38 oversee the work of that group.
- 39 (7) Perform any other studies, evaluations, or determinations the Task Force  
40 considers necessary.

41 **"SECTION 9E.28.(b1)** The Department of Health and Human Services shall develop, and  
42 the Task Force and the Department of Health and Human Services shall implement, a detailed  
43 data security and safeguarding plan for the data requested pursuant to subsection (b) of this  
44 section that includes all of the following:

- 45 (1) Guidelines for authorizing access to the data, including guidelines for  
46 authentication of authorized access.
- 47 (2) Privacy compliance standards.
- 48 (3) Privacy and security audits.
- 49 (4) Breach planning, notification, and procedures.
- 50 (5) Data retention and disposition policies.

(6) Data security policies, including electronic, physical, and administrative safeguards such as data encryption and training of employees.

**"SECTION 9E.28.(b2)** The data collected by the Task Force under subsection (b) of this section, regardless of where it is housed, shall be used only for the purposes of this task force and shall not be considered a public record within the meaning of Chapter 132 of the General Statutes.

**"SECTION 9E.28.(c)** No later than April 1, 2024, and April 1, 2026, the Task Force shall submit a report with its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid. These findings and recommendations shall include specific, concrete, and actionable steps to be undertaken by the State and upon which the General Assembly could act.

**"SECTION 9E.28.(d)** This section shall expire on ~~May 1, 2024.~~December 31, 2026."

**SECTION 9E.17.(b)** This section is effective retroactively to July 1, 2023.

## NUMBER OF MEDICAID STANDARD PLAN CONTRACTS

**SECTION 9E.18.(a)** G.S. 108D-1 reads as rewritten:

### "§ 108D-1. Definitions.

The following definitions apply in this Chapter:

...

(31e) Provider-led entity or PLE. – As defined in G.S. 58-93-5.

...."

**SECTION 9E.18.(b)** G.S. 108D-45 reads as rewritten:

### "§ 108D-45. Number and nature of contracts for standard benefit plans.

(a) ~~The~~ For the initial standard benefit plan contracts required under G.S. 108D-65(6), the number and nature of the contracts for standard benefit plans required under G.S. 108D-65(6) those contracts shall be as follows:

(1) Four contracts between the Division of Health Benefits and PHPs to provide coverage to Medicaid recipients statewide.

(2) Up to 12 contracts between the Division of Health Benefits and PLEs for coverage of regions specified by the Division of Health Benefits pursuant to G.S. 108D-65(2). Regional contracts shall be in addition to the four statewide contracts required under subdivision (1) of this section. Each regional contract shall provide coverage throughout the entire region for the Medicaid services required by G.S. 108D-35. A PLE may bid for more than one regional contract, provided that the regions are contiguous.

(3) Repealed by Session Laws 2023-134, s. 9E.22(i), effective October 3, 2023.

(4) Initial capitated PHP contracts may be awarded on staggered terms of three to five years in duration to ensure against gaps in coverage that may result from termination of a contract by the PHP or the State.

(b) For any standard benefit plan contracts required under G.S. 108D-65(6) that are awarded subsequent to the initial standard benefit plan contracts, the number and nature of those contracts shall be as follows:

(1) Four contracts between the Division of Health Benefits and PHPs to provide coverage to Medicaid recipients statewide.

(2) Up to two contracts between the Division of Health Benefits and PLEs for coverage of regions specified by the Division of Health Benefits pursuant to G.S. 108D-65(2) in accordance with all of the following:

a. The contracts under this subdivision shall be in addition to the four statewide contracts required under subdivision (1) of this subsection.

- b. Each regional contract under this subdivision shall provide coverage throughout the entire region for the Medicaid services required by G.S. 108D-35.
- c. A regional contract may cover more than one region provided that the regions are contiguous.
- d. If less than two PLEs submit a timely response meeting the requirements, as determined by the Division of Health Benefits, of the RFP to procure a standard benefit plan contract under this subdivision, then all PLEs that submitted a timely response meeting the requirements of the RFP shall be awarded a standard benefit plan contract based on the area proposed to be served in the RFP response.
- e. If two or more PLEs submit a timely response meeting the requirements, as determined by the Division of Health Benefits, of the RFP to procure a standard benefit plan contract under this subdivision, then the Division of Health Benefits shall award two standard benefit plan contracts to PLEs based on the area proposed to be served in the RFP response."

**SECTION 9E.18.(c)** This section is effective when it becomes law.

**ACCREDITATION FOR MEDICAID MANAGED CARE ENTITIES**

**SECTION 9E.19.(a)** G.S. 108D-65(6) reads as rewritten:

**"§ 108D-65. Role of the Department.**

The role and responsibility of the Department during Medicaid transformation shall include the following activities and functions:

- ...
- (6) Enter into capitated PHP contracts for the delivery of the Medicaid services described in G.S. 108D-35. All contracts shall be the result of requests for proposals (RFPs) issued by the Department and the submission of competitive bids by PHPs. The Department shall develop standardized contract terms, to include at a minimum, the following:

- ...
- h. A requirement that managed care entities attain and maintain accreditation from a nationally recognized managed care accrediting organization, including the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations, URAC, or another organization approved by the Division, chosen by the managed care entity."

**SECTION 9E.19.(b)** This section is effective when it becomes law and applies to contracts entered into on or after that date.

**REDUCING USE OF INAPPROPRIATE SETTINGS FOR DELIVERY OF BEHAVIORAL HEALTH SERVICES**

**SECTION 9E.20.(a)** Section 9D.22 of S.L. 2021-180, as amended by Section 9D.9 of S.L. 2022-74 and Section 9E.19 of S.L. 2023-134, expires July 1, 2025.

**SECTION 9E.20.(b)** No later than October 1, 2025, the Department of Health and Human Services (DHHS) shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid on DHHS's recent efforts to address the issue of the inappropriate use of acute care hospital settings for the delivery of behavioral health services. The report shall include all of the following:

- (1) Actions DHHS has taken since July 1, 2023, and plans to take through June 30, 2027, to address this issue.

- 1 (2) An analysis of any gaps that will remain once current plans are implemented,  
 2 as well as any additional authority, resources, and funding needed to address  
 3 those gaps.  
 4 (3) Any impact, or anticipated impact, from the implementation of behavioral  
 5 health and intellectual/developmental disabilities tailored plans on this issue.  
 6 (4) The metrics DHHS uses and will use to measure the effectiveness of actions  
 7 taken to address this issue.  
 8 (5) Any measurable progress toward addressing this issue.  
 9

## 10 PART IX-F. HEALTH SERVICE REGULATION

### 11 CHARITY CARE EXEMPTION FOR CERTAIN QUALIFIED URBAN AMBULATORY 12 SURGICAL FACILITIES

13 SECTION 9F.1.(a) G.S. 131E-147.5, as enacted by Section 3.2(c) of S.L. 2023-7,  
 14 reads as rewritten:

15 "§ 131E-147.5. Charity care requirement for qualified urban ambulatory surgical  
 16 facilities; annual report.  
 17

18 (a) The percentage of each qualified urban ambulatory surgical facility's total earned  
 19 revenue that is attributed to self-pay and Medicaid revenue shall be equivalent to at least four  
 20 percent (4%), calculated as follows: the Medicare allowable amount for self-pay and Medicaid  
 21 surgical cases minus all revenue earned from self-pay and Medicaid cases, divided by the total  
 22 earned revenues for all surgical cases, divided by the total earned revenues for all surgical cases  
 23 performed in the facility for procedures for which there is a Medicare allowable fee.

24 (b) Each qualified urban ambulatory surgical facility shall annually report to the  
 25 Department in the manner prescribed by the Department the percentage of the facility's earned  
 26 revenue that is attributed to self-pay and Medicaid revenue, as calculated in accordance with  
 27 subsection (a) of this section.

28 (c) Qualified ambulatory surgical facilities in counties with a population greater than  
 29 125,000 that were licensed prior to November 21, 2025, are exempt from these requirements."

30 SECTION 9F.1.(b) This section becomes effective November 1, 2025.  
 31

### 32 REPEAL CERTIFICATE OF NEED LAWS

33 SECTION 9F.2.(a) G.S. 6-19.1(a) reads as rewritten:

34 "(a) In any civil action, other than an adjudication for the purpose of establishing or fixing  
 35 a rate, or a disciplinary action by a licensing board, brought by the State or brought by a party  
 36 who is contesting State action pursuant to G.S. 150B-43 or any other appropriate provisions of  
 37 law, unless the prevailing party is the State, the court may, in its discretion, allow the prevailing  
 38 party to recover reasonable attorney's fees, including attorney's fees applicable to the  
 39 administrative review portion of the case, in contested cases arising under Article 3 of Chapter  
 40 150B, to be taxed as court costs against the appropriate agency if:

- 41 (1) The court finds that the agency acted without substantial justification in  
 42 pressing its claim against the party; and  
 43 (2) The court finds that there are no special circumstances that would make the  
 44 award of attorney's fees unjust. The party shall petition for the attorney's fees  
 45 within 30 days following final disposition of the case. The petition shall be  
 46 supported by an affidavit setting forth the basis for the request.

47 ~~Nothing in this section shall be deemed to authorize the assessment of attorney's fees for the~~  
 48 ~~administrative review portion of the case in contested cases arising under Article 9 of Chapter~~  
 49 ~~131E of the General Statutes.~~

1 Nothing in this section grants permission to bring an action against an agency otherwise  
 2 immune from suit or gives a right to bring an action to a party who otherwise lacks standing to  
 3 bring the action.

4 Any attorney's fees assessed against an agency under this section shall be charged against the  
 5 operating expenses of the agency and shall not be reimbursed from any other source."

6 **SECTION 9F.2.(b)** Subsection (a) of this section applies to contested cases arising  
 7 on or after January 1, 2026.

8 **SECTION 9F.2.(c)** G.S. 7A-29(a) reads as rewritten:

9 "(a) From any final order or decision of the North Carolina Utilities Commission not  
 10 governed by subsection (b) of this section, ~~the Department of Health and Human Services under~~  
 11 ~~G.S. 131E-188(b)~~, the North Carolina Industrial Commission, the North Carolina State Bar under  
 12 G.S. 84-28, the Property Tax Commission under G.S. 105-290 and G.S. 105-342, the  
 13 Commissioner of Insurance under G.S. 58-2-80, the State Board of Elections under  
 14 G.S. 163-127.6, the Office of Administrative Hearings under G.S. 126-34.02, or the Secretary of  
 15 Environmental Quality under G.S. 104E-6.2 or G.S. 130A-293, appeal as of right lies directly to  
 16 the Court of Appeals."

17 **SECTION 9F.2.(d)** Subsection (c) of this section applies to appeals arising on or  
 18 after January 1, 2026.

19 **SECTION 9F.2.(e)** G.S. 58-50-61(a) reads as rewritten:

20 "(a) Definitions. – As used in this section, in G.S. 58-50-62, and in Part 4 of this Article,  
 21 the term:

22 ...

23 (7a) "Health care facility" means a hospital; long-term care hospital; psychiatric  
 24 facility; rehabilitation facility; nursing home facility; adult care home; kidney  
 25 disease treatment center, including freestanding hemodialysis units;  
 26 intermediate care facility for individuals with intellectual disabilities; home  
 27 health agency office; chemical dependency treatment facility; diagnostic  
 28 center; hospice office, hospice inpatient facility, or hospice residential care  
 29 facility; or ambulatory surgical facility.

30 (8) "Health care provider" means any person who is licensed, registered, or  
 31 certified under Chapter 90 of the General Statutes or the laws of another state  
 32 to provide health care services in the ordinary care of business or practice or  
 33 a profession or in an approved education or training program; a health care  
 34 facility as defined in ~~G.S. 131E-176(9b)~~ this section or the laws of another  
 35 state to operate as a health care facility; or a pharmacy.

36 ...."

37 **SECTION 9F.2.(f)** G.S. 58-55-35(a) reads as rewritten:

38 "(a) Whenever long-term care insurance provides coverage for the facilities, services, or  
 39 physical or mental conditions listed below, unless otherwise defined in the policy and certificate,  
 40 and approved by the Commissioner, the facilities, services, or conditions have the following  
 41 definitions:

42 ...

43 (10) ~~Hospice. – As defined in G.S. 131E-176(13a).~~ Any coordinated program of  
 44 home care with provision for inpatient care for terminally ill patients and their  
 45 families. This care is provided by a medically directed interdisciplinary team  
 46 directly or through an agreement under the direction of an identifiable hospice  
 47 administration. A hospice program of care provides palliative and supportive  
 48 medical and other health services to meet the physical, psychological, social,  
 49 spiritual, and special needs of patients and their families, which are  
 50 experienced during the final stages of terminal illness and during dying and  
 51 bereavement.

(11) Intermediate care facility for individuals with intellectual disabilities. – ~~As defined in G.S. 131E-176(14a).~~ Facilities licensed pursuant to Article 2 of Chapter 122C of the General Statutes for the purpose of providing health and habilitative services based on the developmental model and principles of normalization for individuals with intellectual disabilities, autism, cerebral palsy, epilepsy, or related conditions.

...."

**SECTION 9F.2.(g)** G.S. 90-21.82A(a) reads as rewritten:

"(a) The following definitions apply in this section:

- (1) Abortion clinic. – As defined in G.S. 131E-153.1.
- (2) Ambulatory surgical facility. – ~~As defined in G.S. 131E-176.~~ A facility licensed under Part 4 of Article 6 of Chapter 131E of the General Statutes.
- (3) Hospital. – ~~As defined in G.S. 131E-176.~~ A facility licensed under Article 5 of Chapter 131E of the General Statutes."

**SECTION 9F.2.(h)** G.S. 90-414.4(a1)(1) reads as rewritten:

"(1) The following providers of Medicaid services licensed to operate in the State that have an electronic health record system shall begin submitting, at a minimum, demographic and clinical data by June 1, 2018:

- a. ~~Hospitals as defined in G.S. 131E-176(13).~~ Hospitals, defined for the purposes of this section as public or private institutions which are primarily engaged in providing to inpatients, by or under supervision of physicians, diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or rehabilitation services for the rehabilitation of injured, disabled, or sick persons. The term includes all facilities licensed pursuant to G.S. 131E-77, except long-term care hospitals.
- b. Physicians licensed to practice under Article 1 of Chapter 90 of the General Statutes, except for licensed physicians whose primary area of practice is psychiatry.
- c. Physician assistants as defined in ~~21 NCAC 32S.0201.~~ 21 NCAC 32S .0201.
- d. Nurse practitioners as defined in ~~21 NCAC 36.0801.~~ 21 NCAC 36 .0801."

**SECTION 9F.2.(i)** G.S. 90-414.4(b)(1) reads as rewritten:

"(1) ~~Each hospital, as defined in G.S. 131E-176(13) that has an electronic health record system.~~ hospital."

**SECTION 9F.2.(j)** G.S. 113A-12(3)e. reads as rewritten:

- "e. A health care facility financed pursuant to Article 1 of Chapter 131A of the General Statutes ~~or receiving a certificate of need under Article 9 of Chapter 131E of the General Statutes.~~"

**SECTION 9F.2.(k)** G.S. 122C-23.1(e) reads as rewritten:

"(e) As used in this section, "residential treatment facility" means a "residential facility" as defined in and licensed under this Chapter, ~~but not subject to Certificate of Need requirements under Article 9 of Chapter 131E of the General Statutes.~~ Chapter."

**SECTION 9F.2.(l)** G.S. 131D-2.4(a) reads as rewritten:

"(a) Licensure. – Except for those facilities exempt under G.S. 131D-2.3, the Department of Health and Human Services shall inspect and license all adult care homes. The Department shall issue a license for a facility not currently licensed as an adult care home for a period of six months. If the licensee demonstrates substantial compliance with Articles 1 and 3 of this Chapter and rules adopted thereunder, the Department shall issue a license for the balance of the calendar year. ~~A facility not currently licensed as an adult care home that was licensed as an adult care~~

1 home within the preceding 12 months is considered an existing health service facility for the  
 2 purposes of G.S. 131E-184(a)(8)."

3 **SECTION 9F.2.(m)** G.S. 131E-13(a)(1) reads as rewritten:

4 "(1) The corporation shall continue to provide the same or similar clinical hospital  
 5 services to its patients in medical-surgery, obstetrics, pediatrics, outpatient  
 6 and emergency treatment, including emergency services for the indigent, that  
 7 the hospital facility provided prior to the lease, sale, or conveyance. These  
 8 services may be terminated only as prescribed by ~~Certificate of Need Law~~  
 9 ~~prescribed in Article 9 of Chapter 131E of the General Statutes, or, if~~  
 10 ~~Certificate of Need Law is inapplicable,~~ by review procedure designed to  
 11 guarantee public participation pursuant to rules adopted by the Secretary of  
 12 the Department of Health and Human Services."

13 **SECTION 9F.2.(n)** G.S. 131E-84(a1) reads as rewritten:

14 "(a1) In the event of a declaration of a state of emergency by the Governor in accordance  
 15 with Article 1A of Chapter 166A of the General Statutes, a declaration of a national emergency  
 16 by the President of the United States, a declaration of a public health emergency by the Secretary  
 17 of the United States Department of Health and Human Services; or to the extent necessary to  
 18 allow for consistency with any temporary waiver or modification issued by the Secretary of the  
 19 United States Department of Health and Human Services or the Centers for Medicare and  
 20 Medicaid Services under section 1135 or 1812(f) of the Social Security Act; or when the Division  
 21 of Health Service Regulation determines the existence of an emergency that poses a risk to the  
 22 health or safety of patients, the Division of Health Service Regulation may ~~do either or both of~~  
 23 ~~the following:~~

- 24 (1) ~~Temporarily temporarily~~ waive any rules of the Commission pertaining to  
 25 hospitals.  
 26 (2) ~~Notwithstanding G.S. 131E-183, allow a hospital to temporarily increase its~~  
 27 ~~bed capacity."~~

28 **SECTION 9F.2.(o)** G.S. 131E-136(4) reads as rewritten:

29 "(4) "Home health agency" means a home care agency which is certified to receive  
 30 Medicare and Medicaid reimbursement for providing nursing care, therapy,  
 31 medical social services, and home health aide services on a part-time,  
 32 intermittent basis as set out in G.S. 131E-176(12), and is thereby also subject  
 33 ~~to Article 9 of Chapter 131E.basis."~~

34 **SECTION 9F.2.(p)** The following laws are repealed:

- 35 (1) Article 9 of Chapter 131E of the General Statutes.  
 36 (2) G.S. 130A-45.02(i).  
 37 (3) G.S. 131E-78.3(c).  
 38 (4) G.S. 131E-146(3), as enacted by Section 3.2(b) of S.L. 2023-7.  
 39 (5) G.S. 131E-147.5, as enacted by Section 3.2(c) of S.L. 2023-7.  
 40 (6) G.S. 143B-1292.  
 41 (7) G.S. 150B-2(8a)k.  
 42 (8) G.S. 150B-21.1(a)(6).

43 **SECTION 9F.2.(q)** This section becomes effective January 1, 2026.  
 44

## 45 **PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE** 46 **USE SERVICES**

### 47 **SINGLE-STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES**

48 **SECTION 9G.1.(a)** For the purpose of mitigating cash flow problems that many  
 49 local management entities/managed care organizations (LME/MCOs) experience at the  
 50 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
 51



1 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
2 Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base  
3 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
4 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
5 after July, DMH/DD/SUS shall distribute, on the third working day of the month, one-eleventh  
6 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the  
7 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

8 **SECTION 9G.1.(b)** DMH/DD/SUS is directed to reduce its allocation for  
9 single-stream funding by thirty million dollars (\$30,000,000) in recurring funds for each year of  
10 the 2025-2027 fiscal biennium. DMH/DD/SUS shall allocate these recurring reductions for  
11 single-stream funding among the LME/MCOs proportional to each LME/MCO's unrestricted  
12 fund balance. This allocation will be determined at the beginning of each fiscal year and will be  
13 based on the most recent unrestricted fund balance reported as of the first day of the fiscal year.  
14 In the event that a county disengages from an LME/MCO and realigns with another LME/MCO  
15 during the 2025-2027 fiscal biennium, DMH/DD/SUS shall have the authority to reallocate the  
16 recurring reduction to each LME/MCO, taking into consideration the change in unrestricted fund  
17 balance.

18 **SECTION 9G.1.(c)** During each year of the 2025-2027 fiscal biennium, each  
19 LME/MCO shall offer at least the same level of service utilization as during the 2024-2025 fiscal  
20 year across the LME/MCO's catchment area. This requirement shall not be construed to require  
21 LME/MCOs to authorize or maintain the same level of services for any specific individual whose  
22 services were paid for with single-stream funding. Further, this requirement shall not be  
23 construed to create a private right of action for any person or entity against the State of North  
24 Carolina or the Department of Health and Human Services or any of its divisions, agents, or  
25 contractors and shall not be used as authority in any contested case brought pursuant to Chapter  
26 108C or 108D of the General Statutes.

27 **SECTION 9G.1.(d)** If, on or after June 1, 2025, the Office of State Budget and  
28 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code  
29 14445 to meet total obligations for the 2024-2025 fiscal year, then DHB shall transfer to  
30 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
31 (\$30,000,000), whichever is less, to be used for single-stream funding.

32 **SECTION 9G.1.(e)** If, on or after June 1, 2026, the Office of State Budget and  
33 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code  
34 14445 to meet total obligations for the 2025-2026 fiscal year, then DHB shall transfer to  
35 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
36 (\$30,000,000), whichever is less, to be used for single-stream funding.

37 **SECTION 9G.1.(f)** If, on or after June 1, 2027, the Office of State Budget and  
38 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code  
39 14445 to meet total obligations for the 2026-2027 fiscal year, then DHB shall transfer to  
40 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
41 (\$30,000,000), whichever is less, to be used for single-stream funding.

42 **SECTION 9G.1.(g)** Subsection (d) of this section is effective June 30, 2025. The  
43 remainder of this section is effective July 1, 2025.

44  
45 **REPEAL THE MENTAL HEALTH AND SUBSTANCE USE TASK FORCE RESERVE**  
46 **FUND**

47 **SECTION 9G.2.(a)** Notwithstanding Section 12F.3 of S.L. 2016-94, the Department  
48 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
49 Substance Use Services, shall not expend any funds deposited into the Mental Health and  
50 Substance Use Task Force Reserve Fund, established pursuant to Section 12F.3(b) of S.L.  
51 2016-94.

1           **SECTION 9G.2.(b)** Effective July 1, 2026, Section 12F.3(b) of S.L. 2016-94 is  
2 repealed.

3  
4 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

5           **SECTION 9G.3.(a)** Use of Funds. – Funds appropriated in this act to the Department  
6 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
7 Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric  
8 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to  
9 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds  
10 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds  
11 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of  
12 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall  
13 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In  
14 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated  
15 to LME/MCOs for community-based mental health, developmental disabilities, and substance  
16 use disorder services may be used to purchase additional local inpatient psychiatric beds or bed  
17 days. DHHS may allocate funding to the LME/MCOs for the purchase of facility-based crisis,  
18 nonhospital detoxification services, and peer respite services to support individuals that do not  
19 meet the medical necessity for inpatient treatment and can be diverted from an inpatient hospital  
20 stay.

21           **SECTION 9G.3.(b)** Distribution and Management of Beds or Bed Days. – DHHS  
22 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
23 with this section are utilized solely for individuals who are medically indigent, except that DHHS  
24 may use up to forty percent (40%) of the funds appropriated in this act to the Department of  
25 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
26 Substance Use Services, for the purchase of local inpatient psychiatric beds or bed days to pay  
27 for facility-based crisis services, nonhospital detoxification services, and peer respite services for  
28 individuals in need of these services, regardless of whether the individuals are medically indigent.  
29 For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i)  
30 are financially unable to obtain private insurance coverage, as determined by DHHS, and (ii) are  
31 not eligible for government-funded health coverage such as Medicare or Medicaid.

32           In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
33 bed days purchased in accordance with this section are distributed across the State and according  
34 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
35 higher acuity levels are distributed across the State and according to greatest need based on  
36 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
37 hospitals for the purchase and management of the local inpatient psychiatric beds or bed days  
38 and allocate up to forty percent (40%) of the total funding to the LME/MCOs for the purpose of  
39 facility-based crisis services, nonhospital detoxification services, and peer respite services.  
40 DHHS shall work to ensure that these contracts are awarded equitably around all regions of the  
41 State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days,  
42 including the determination of the specific local hospital or State psychiatric hospital to which  
43 an individual should be admitted pursuant to an involuntary commitment order.

44           DHHS shall prioritize use of local inpatient psychiatric beds or bed days funded by  
45 the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1).

46           **SECTION 9G.3.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in  
47 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be  
48 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
49 Developmental Disabilities, and Substance Use Services to pay for services authorized by the  
50 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims

1 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
2 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

3 **SECTION 9G.3.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
4 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for  
5 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
6 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the  
7 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may  
8 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other  
9 provision of law to the contrary, may pay the hospital directly.

10 **SECTION 9G.3.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to  
11 report to DHHS regarding the utilization of these beds or bed days.

12 **SECTION 9G.3.(f)** Reporting by DHHS. – By no later than December 1, 2025, and  
13 by no later than December 1, 2026, DHHS shall report to the Joint Legislative Oversight  
14 Committee on Health and Human Services and the Fiscal Research Division on all of the  
15 following:

- 16 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
17 year from (i) existing State appropriations and (ii) local funds.
- 18 (2) An explanation of the process used by DHHS to ensure that, except as  
19 otherwise provided in subsection (a) of this section, local inpatient psychiatric  
20 beds or bed days purchased in accordance with this section are utilized solely  
21 for individuals who are medically indigent, along with the number of  
22 medically indigent individuals served by the purchase of these beds or bed  
23 days.
- 24 (3) The amount of funds used to pay for facility-based crisis services, along with  
25 the number of individuals who received these services and the outcomes for  
26 each individual.
- 27 (4) The amount of funds used to pay for nonhospital detoxification services, along  
28 with the number of individuals who received these services and the outcomes  
29 for each individual.
- 30 (5) Other DHHS initiatives funded by State appropriations to reduce State  
31 psychiatric hospital use.

### 32 **FUNDS TO PURCHASE OPIOID ANTAGONIST**

33 **SECTION 9G.4.** Of the funds appropriated in this act to the Department of Health  
34 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
35 Services, the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2025-2026  
36 fiscal year shall be used to purchase 8-milligram intranasal opioid antagonist, to reverse the  
37 effects of opioid overdose. For the purpose of this section, "opioid antagonist" has the same  
38 meaning as in G.S. 90-12.7.  
39  
40

### 41 **REPLACEMENT FOR CRITICAL IT SYSTEMS THAT SUPPORT SUBSTANCE USE** 42 **DISORDER PREVENTION AND TREATMENT**

43 **SECTION 9G.5.** The Department of Health and Human Services, Division of  
44 Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), shall  
45 develop and implement a replacement project for outdated data systems supporting substance use  
46 prevention and treatment goals, specifically the Driving While Impaired Services, the Drug  
47 Education School, and the Drug Control Unit programs. This replacement project for outdated  
48 data systems shall be designed to prevent progression of misuse of substances through education  
49 and regulatory supports. The DMH/DD/SUS shall not proceed with this replacement project until  
50 the business case has been approved by the Office of State Budget and Management and the State  
51 Chief Information Officer in the Enterprise Project Management Office's Touchdown System.

1 Upon approval of the business case, for each year of the 2025-2027 fiscal biennium, the  
2 DMH/DD/SUS may budget up to one million two hundred thousand dollars (\$1,200,000) of  
3 mixed beverage tax receipts available in Budget Code 14460, Budget Fund 134603 for transfer  
4 to Budget Code 24410 to implement the replacement project for outdated data systems developed  
5 pursuant to this section. Beginning in the fiscal year following project completion, the  
6 DMH/DD/SUS may use up to one million two hundred thousand dollars (\$1,200,000) of mixed  
7 beverage tax receipts each fiscal year to cover operations and maintenance costs for the  
8 replacement system.  
9

## 10 USE OF OPIOID SETTLEMENT FUNDS

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

- 12 (1) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L.  
13 2021-180, as amended by Section 9F.1 of S.L. 2022-74.
- 14 (2) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L.  
15 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

16 **SECTION 9G.6.(b)** Section 9F.2 of S.L. 2022-74 is repealed.

17 **SECTION 9G.6.(c)** The State Controller shall transfer the sum of one million eight  
18 hundred fifty thousand dollars (\$1,850,000) in nonrecurring funds for the 2025-2026 fiscal year  
19 from funds available in the Opioid Abatement Fund (as a result of the repeal of the Prescription  
20 Digital Therapeutics Pilot Program authorized by Section 9F.2 of S.L. 2022-74) to the Opioid  
21 Abatement Reserve.

22 **SECTION 9G.6.(d)** The State Controller shall transfer the sum of fourteen million  
23 dollars (\$14,000,000) in recurring funds for each year of the 2025-2027 fiscal biennium from  
24 funds available in the Opioid Abatement Reserve to the Division of Mental Health,  
25 Developmental Disabilities, and Substance Use Services to increase appropriations for Single  
26 Stream Funding. The funds transferred pursuant to this section are appropriated for the fiscal year  
27 in which they are transferred.  
28

## 29 PART IX-H. PUBLIC HEALTH

### 30 31 LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO 32 IMPROVE MATERNAL AND CHILD HEALTH

33 **SECTION 9H.1.(a)** Funds appropriated in this act to the Department of Health and  
34 Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium to  
35 award competitive grants to local health departments for the improvement of maternal and child  
36 health shall be used to continue administering a competitive grant process for local health  
37 departments based on maternal and infant health indicators and the county's detailed proposal to  
38 invest in evidence-based programs to achieve the following goals:

- 39 (1) Improve North Carolina's birth outcomes.
- 40 (2) Improve the overall health status of children in this State from birth to age 5.
- 41 (3) Lower the State's infant mortality rate.

42 **SECTION 9H.1.(b)** The plan for administering the competitive grant process shall  
43 include at least all of the following components:

- 44 (1) A request for application (RFA) process to allow local health departments to  
45 apply for and receive State funds on a competitive basis. The Department shall  
46 require local health departments to include in the application a plan to evaluate  
47 the effectiveness, including measurable impact or outcomes, of the activities,  
48 services, and programs for which the funds are being requested.
- 49 (2) A requirement that the Secretary prioritize grant awards to those local health  
50 departments that are able to leverage non-State funds in addition to the grant  
51 award.

1 (3) Ensures that funds received by the Department to implement the plan  
2 supplement and do not supplant existing funds for maternal and child health  
3 initiatives.

4 (4) Allows grants to be awarded to local health departments for up to three years.

5 **SECTION 9H.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
6 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
7 recipients for the respective grant period. After awards have been granted, the Secretary shall  
8 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
9 the grant awards that includes at least all of the following:

10 (1) The identity and a brief description of each grantee and each program or  
11 initiative offered by the grantee.

12 (2) The amount of funding awarded to each grantee.

13 (3) The number of persons served by each grantee, broken down by program or  
14 initiative.

15 **SECTION 9H.1.(d)** No later than February 1 of each fiscal year, each local health  
16 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
17 the Division of Public Health a written report of all activities funded by State appropriations. The  
18 report shall include the following information about the fiscal year preceding the year in which  
19 the report is due:

20 (1) A description of the types of programs, services, and activities funded by State  
21 appropriations.

22 (2) Statistical and demographical information on the number of persons served by  
23 these programs, services, and activities, including the counties in which  
24 services are provided.

25 (3) Outcome measures that demonstrate the impact and effectiveness of the  
26 programs, services, and activities based on the evaluation protocols developed  
27 by the Division, in collaboration with the University of North Carolina  
28 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
29 2015-241, and reported to the Joint Legislative Oversight Committee on  
30 Health and Human Services on April 1, 2016.

31 (4) A detailed program budget and list of expenditures, including all positions  
32 funded, matching expenditures, and funding sources.

### 33 34 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 35 **ASSISTANCE PROGRAM**

36 **SECTION 9H.2.** Upon a determination by the Department of Health and Human  
37 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
38 operate the health insurance premium assistance program implemented within the North Carolina  
39 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
40 savings to the State, the Department shall submit a report to the Joint Legislative Oversight  
41 Committee on Health and Human Services notifying the Committee of this determination along  
42 with supporting documentation and a proposed course of action with respect to health insurance  
43 premium assistance program participants.

### 44 45 **INCREASE TO MEDICAL EXAMINER FEE**

46 **SECTION 9H.3.** G.S. 130A-387 reads as rewritten:

47 "**§ 130A-387. Fees.**

48 For each investigation and prompt filing of the required report, the medical examiner shall  
49 receive a fee paid by the State. However, if the deceased is a resident of the county in which the  
50 death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~two~~four hundred  
51 dollars (~~\$200.00~~)-(\$400.00)."

1  
2 **REPORT ON RECOMMENDATIONS FOR A PLAN TO IMPROVE MATERNAL AND**  
3 **INFANT LEVELS OF CARE IN NORTH CAROLINA**

4 **SECTION 9H.4.** By April 1, 2026, the Department of Health and Human Services,  
5 Division of Public Health, shall report to the Joint Legislative Oversight Committee on Health  
6 and Human Services and the Fiscal Research Division on recommendations for a plan to establish  
7 maternal levels of care and to update neonatal levels of care to reduce maternal and infant  
8 mortality rates within the State. The plan recommendations shall be consistent with guidelines  
9 endorsed by the American College of Obstetricians and Gynecologists, the Society for  
10 Maternal-Fetal Medicine, the American Academy of Pediatrics, the United States Centers for  
11 Disease Control and Prevention, and the Association of Women's Health, Obstetric and Neonatal  
12 Nurses. In developing these plan recommendations, the Department of Health and Human  
13 Services, Division of Public Health, shall consult with maternal and infant health stakeholders in  
14 North Carolina, including the North Carolina Healthcare Association, the North Carolina  
15 Obstetrical and Gynecological Society, the North Carolina Pediatric Society, the North Carolina  
16 Academy of Family Physicians, the North Carolina Institute of Medicine, other organizations  
17 with expertise in this area, and individuals with lived experience.

18  
19 **CAROLINA PREGNANCY CARE FELLOWSHIP**

20 **SECTION 9H.5.(a)** Funds appropriated in this act to the Department of Health and  
21 Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium for  
22 Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, shall continue to be  
23 allocated and used as specified in subdivisions (a)(1) through (a)(4) of Section 9H.11 of S.L.  
24 2023-134.

25 **SECTION 9H.5.(b)** The CPCF shall establish an application process for the grants  
26 authorized by subdivisions (a)(1) through (a)(3) of Section 9H.11 of S.L. 2023-134, and any  
27 pregnancy center located in this State that applies for these grant funds through the established  
28 application process is eligible to receive these grant funds.

29 **SECTION 9H.5.(c)** The CPCF shall not use more than ten percent (10%) of the total  
30 amount of funds allocated for each year of the 2025-2027 fiscal biennium for administrative  
31 purposes.

32 **SECTION 9H.5.(d)** The CPCF shall use these allocated funds for nonsectarian,  
33 nonreligious purposes only.

34 **SECTION 9H.5.(e)** By July 1, 2025, and July 1 of each odd-numbered year  
35 thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and  
36 Human Services and the Fiscal Research Division on its use of these allocated funds. The report  
37 shall include at least all of the following:

- 38 (1) The identity and a brief description of each grantee and the amount of funding  
39 awarded to each grantee.  
40 (2) The number of persons served by each grantee.  
41 (3) The number of persons served by the Circle of Care Program.  
42 (4) The amount of funds used for administrative purposes.

43  
44 **PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**

45  
46 **PART IX-J. SOCIAL SERVICES**

47  
48 **TANF BENEFIT IMPLEMENTATION PLAN**

49 **SECTION 9J.1.(a)** Beginning October 1, 2025, the General Assembly approves the  
50 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2025-2028,"  
51 prepared by the Department of Health and Human Services and presented to the General

1 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the  
2 period of October 1, 2025, through September 30, 2028. The Department shall submit the State  
3 Plan, as revised in accordance with subsection (b) of this section, to the United States Department  
4 of Health and Human Services.

5 **SECTION 9J.1.(b)** The counties approved as Electing Counties in the North  
6 Carolina Temporary Assistance for Needy Families State Plan FY 2025-2028, as approved by  
7 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

8 **SECTION 9J.1.(c)** Counties that submitted the letter of intent to remain as an  
9 Electing County or to be redesignated as an Electing County and the accompanying county plan  
10 for years 2025 through 2028, pursuant to G.S. 108A-27(e), shall operate under the Electing  
11 County budget requirements effective July 1, 2025. For programmatic purposes, all counties  
12 referred to in this subsection shall remain under their current county designation through  
13 September 30, 2028.

14 **SECTION 9J.1.(d)** For each year of the 2025-2027 fiscal biennium, Electing  
15 Counties shall be held harmless to their Work First Family Assistance allocations for the  
16 2024-2025 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
17 and Work First Diversion Assistance are sufficient for payments made by the Department on  
18 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

19 **SECTION 9J.1.(e)** In the event that departmental projections of Work First Family  
20 Assistance and Work First Diversion Assistance for the 2025-2026 fiscal year or the 2026-2027  
21 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
22 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
23 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
24 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
25 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
26 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
27 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
28 Oversight Committee on Health and Human Services and the Fiscal Research Division.

## 29 30 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE** 31 **ENHANCEMENTS, AND REPORT**

32 **SECTION 9J.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
33 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
34 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
35 risk of removal from the home and to children and families in cases of abuse where a child is not  
36 at imminent risk of removal. The IFPS shall be implemented statewide on a regional basis. The  
37 IFPS shall ensure the application of standardized assessment criteria for determining imminent  
38 risk and clear criteria for determining out-of-home placement.

39 **SECTION 9J.2.(b)** The Department of Health and Human Services shall require that  
40 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
41 provide information and data that allows for the following:

- 42 (1) An established follow-up system with a minimum of six months of follow-up  
43 services.
- 44 (2) Detailed information on the specific interventions applied, including  
45 utilization indicators and performance measurements.
- 46 (3) Cost-benefit data.
- 47 (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
48 by tracking families through the intervention process.
- 49 (5) The number of families remaining intact and the associated interventions  
50 while in IFPS and 12 months thereafter.

1 (6) The number and percentage, by race, of children who received IFPS compared  
2 to the ratio of their distribution in the general population involved with Child  
3 Protective Services.

4 **SECTION 9J.2.(c)** The Department shall continue implementing a  
5 performance-based funding protocol and shall only provide funding to those programs and  
6 entities providing the required information specified in subsection (b) of this section. The amount  
7 of funding shall be based on the individual performance of each program.

8 **SECTION 9J.2.(d)** The Department shall submit an annual report to the Joint  
9 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
10 Division by December 1 of each year that provides the information and data collected pursuant  
11 to subsection (b) of this section.

### 12 **CHILD CARING INSTITUTIONS**

13 **SECTION 9J.3.** Until the Social Services Commission adopts rules setting  
14 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
15 maximum reimbursement for child caring institutions shall not exceed the rate established for the  
16 specific child caring institution by the Department of Health and Human Services, Office of the  
17 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
18 reimbursements.

### 19 **USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

20 **SECTION 9J.4.** Of the funds available for the provision of foster care services, the  
21 Department of Health and Human Services, Division of Social Services, may continue to provide  
22 for the financial support of children who are deemed to be (i) in a permanent family placement  
23 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
24 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
25 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
26 provisions for extending guardianship services for individuals and youth who exited foster care  
27 through the Guardianship Assistance Program after 14 years of age or who have attained the age  
28 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
29 the individual is (i) completing secondary education or a program leading to an equivalent  
30 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
31 participating in a program or activity designed to promote, or remove barriers to, employment,  
32 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
33 employment requirements of this section due to a medical condition or disability. The  
34 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
35 and be set at the same rate as the foster care room and board rates in accordance with rates  
36 established under G.S. 108A-49.1.

### 37 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

38 **SECTION 9J.5.(a)** Funds appropriated in this act from the General Fund to the  
39 Department of Health and Human Services for the child welfare postsecondary support program  
40 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
41 in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system,  
42 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
43 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
44 allocated by the State Education Assistance Authority.

45 **SECTION 9J.5.(b)** Of the funds appropriated in this act from the General Fund to  
46 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for  
47 each year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina State  
48 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
49  
50  
51



1 administrative functions necessary to manage and distribute scholarship funds under the child  
2 welfare postsecondary support program.

3 **SECTION 9J.5.(c)** Of the funds appropriated in this act from the General Fund to  
4 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand  
5 four hundred ninety-three dollars (\$339,493) for each year of the 2025-2027 fiscal biennium shall  
6 be used to contract with an entity to administer the child welfare postsecondary support program  
7 described under subsection (a) of this section, which administration shall include the performance  
8 of case management services.

9 **SECTION 9J.5.(d)** Funds appropriated in this act to the Department of Health and  
10 Human Services for the child welfare postsecondary support program shall be used only for  
11 students attending public institutions of higher education in this State.

## 12 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

13 **SECTION 9J.6.(a)** Centralized Services. – The North Carolina Child Support  
14 Services (NCCSS) Section of the Department of Health and Human Services, Division of Social  
15 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it  
16 receives from the federal government to enhance centralized child support services. To  
17 accomplish this requirement, NCCSS shall do the following:

- 18 (1) In consultation with representatives from county child support services  
19 programs, identify how federal incentive funding could improve centralized  
20 services.
- 21 (2) Use federal incentive funds to improve the effectiveness of the State's  
22 centralized child support services by supplementing and not supplanting State  
23 expenditures for those services.
- 24 (3) Continue to develop and implement rules that explain the State process for  
25 calculating and distributing federal incentive funding to county child support  
26 services programs.

27 **SECTION 9J.6.(b)** County Child Support Services Programs. – NCCSS shall  
28 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
29 receives from the federal government to county child support services programs to improve  
30 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
31 do the following:

- 32 (1) In consultation with representatives from county child support services  
33 programs, examine the current methodology for distributing federal incentive  
34 funding to the county programs and determine whether an alternative formula  
35 would be appropriate. NCCSS shall use its current formula for distributing  
36 federal incentive funding until an alternative formula is adopted.
- 37 (2) Upon adopting an alternative formula, develop a process to phase in the  
38 alternative formula for distributing federal incentive funding over a four-year  
39 period.

40 **SECTION 9J.6.(c)** Reporting by County Child Support Services Programs. –  
41 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
42 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
43 child support services programs to comply with each of the following:

- 44 (1) Submit an annual plan describing how federal incentive funding would  
45 improve program effectiveness and efficiency as a condition of receiving  
46 federal incentive funding.
- 47 (2) Report annually on the following: (i) how federal incentive funding has  
48 improved program effectiveness and efficiency and been reinvested into their  
49 programs, (ii) documentation that the funds were spent according to their  
50 annual plans, and (iii) any deviations from their plans.

1           **SECTION 9J.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
2 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
3 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
4 describe how federal incentive funds enhanced centralized child support services to benefit  
5 county child support services programs and improved the effectiveness and efficiency of county  
6 child support services programs. The report shall further include any changes to the State process  
7 that NCCSS used in calculating and distributing federal incentive funding to county child support  
8 services programs and any recommendations for further changes.  
9

## 10 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

11           **SECTION 9J.7.** The Foster Care Transitional Living Initiative Fund shall continue  
12 to fund and support transitional living services that demonstrate positive outcomes for youth,  
13 attract significant private sector funding, and lead to the development of evidence-based  
14 programs to serve the at-risk population described in this section. The Fund shall continue to  
15 support a demonstration project with services provided by Youth Villages to (i) improve  
16 outcomes for youth ages 17-21 years who transition from foster care through implementation of  
17 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
18 juvenile and adult correction services associated with the provision of Transitional Living  
19 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
20 evidence-based transitional living program available to all youth aging out of foster care. In  
21 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
22 support the following strategies:

- 23           (1) Transitional Living Services, which is an outcome-based program that follows  
24 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
25 participants have been tracked since the program's inception. The program has  
26 been evaluated through an independent randomized controlled trial. Results  
27 indicate that the Youth Villages Transitional Living Model had positive  
28 impacts in a variety of areas, including housing stability, earnings, economic  
29 hardship, mental health, and intimate partner violence in comparison to the  
30 control population.
- 31           (2) Public-Private Partnership, which is a commitment by private-sector funding  
32 partners to match at least twenty-five percent (25%) of the funds appropriated  
33 to the Foster Care Transitional Living Initiative Fund for the 2025-2027 fiscal  
34 biennium for the purposes of providing Transitional Living Services through  
35 the Youth Villages Transitional Living Model to youth aging out of foster  
36 care.
- 37           (3) Impact Measurement and Evaluation, which are services funded through  
38 private partners to provide independent measurement and evaluation of the  
39 impact the Youth Villages Transitional Living Model has on the youth served,  
40 the foster care system, and on other programs and services provided by the  
41 State which are utilized by former foster care youth.
- 42           (4) Advancement of Evidence-Based Process, which is the implementation and  
43 ongoing evaluation of the Youth Villages Transitional Living Model for the  
44 purposes of establishing the first evidence-based transitional living program  
45 in the nation. To establish the evidence-based program, additional randomized  
46 controlled trials may be conducted to advance the model.

## 47 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

48           **SECTION 9J.8.(a)** Funds appropriated in this act to the Department of Health and  
49 Human Services, Division of Social Services (Division), for each year of the 2025-2027 fiscal  
50 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and  
51

1 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
2 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
3 data to be submitted to the Division that includes, at a minimum, each of the following:

- 4 (1) The dollar amount and number of transactions accessed or expended  
5 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 6 (2) The amount of benefits expended out-of-state, by state, from active cases for  
7 both SNAP and TANF.
- 8 (3) The dollar amount and number of transactions of benefits accessed or  
9 expended in this State, by types of retailers or institutions, for both SNAP and  
10 TANF.

11 **SECTION 9J.8.(b)** Upon receiving the expenditures data for SNAP and TANF from  
12 the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the  
13 Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
14 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
15 Research Division. The Division shall post its report required by this subsection on its website  
16 and otherwise make the data available by June 30 and December 31 of each year. In the first  
17 report required by this section, the Division shall report how this data is used to investigate fraud  
18 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
19 how that data is utilized in the detection of fraud and abuse.

20 **SECTION 9J.8.(c)** The Division shall maintain the confidentiality of information  
21 not public under Chapter 132 of the General Statutes. The Division shall properly redact any  
22 information subject to reporting under this section to prevent identification of individual  
23 recipients of SNAP or TANF benefits.

## 24 **CHILD ADVOCACY CENTER FUNDS**

25 **SECTION 9J.9.** At least seventy-five percent (75%) of the funds appropriated in  
26 this act to the Department of Health and Human Services, Division of Social Services, for  
27 Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization, for  
28 each year of the 2025-2027 fiscal biennium shall be distributed to child advocacy centers in this  
29 State that are in good standing with CACNC in accordance with the requirements of  
30 G.S. 108A-75.2.

## 31 **REQUIRE STATUS REPORT ON FOSTER CARE TRAUMA-INFORMED 32 ASSESSMENT**

33 **SECTION 9J.10.** The Department of Health and Human Services, Division of Social  
34 Services, shall provide a report to the Joint Legislative Oversight Committee on Health and  
35 Human Services and the Fiscal Research Division on the status of the foster care trauma-informed  
36 assessment (assessment) required under Section 9J.12 of S.L. 2023-134, as amended by Section  
37 7 of S.L. 2024-34, by September 1, 2025, and every six months thereafter until the assessment is  
38 fully implemented statewide.

## 39 **PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH 40 DISABILITIES [RESERVED]**

## 41 **PART IX-L. HHS MISCELLANEOUS**

### 42 **LOWER HEALTHCARE COSTS**

### 43 **GREATER TRANSPARENCY IN HOSPITAL AND AMBULATORY SURGICAL 44 FACILITY HEALTHCARE COSTS**

1           SECTION 9L.1.(a) Article 11B of Chapter 131E of the General Statutes reads as  
2 rewritten:

3   "Article 11B.

4   "Transparency in Health Care Costs.

5   "Part 1. Health Care Cost Reduction and Transparency Act of 2013.

6 **"§ 131E-214.11. Title.**

7         This ~~article-Part~~ shall be known as the Health Care Cost Reduction and Transparency Act of  
8 2013.

9 ...  
10 **"§ 131E-214.13. Disclosure of prices for most frequently reported DRGs, CPTs, and  
11 HCPCSs.**

12         (a) Definitions. – The following definitions apply in this ~~Article:Part~~:

- 13         (1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6 of  
14         this Chapter.
- 15         (2) Commission. – The North Carolina Medical Care Commission.
- 16         (2a) CPT. – Current Procedural Terminology.
- 17         (2b) DRG. – Diagnostic Related Group.
- 18         (2c) HCPCS. – The Healthcare Common Procedure Coding System.
- 19         (3) Health insurer. – An entity that writes a health benefit plan and is one of the  
20         following:
  - 21             a. An insurance company under Article 3 of Chapter 58 of the General  
22             Statutes.
  - 23             b. A service corporation under Article 65 of Chapter 58 of the General  
24             Statutes.
  - 25             c. A health maintenance organization under Article 67 of Chapter 58 of  
26             the General Statutes.
  - 27             d. A third-party administrator of one or more group health plans, as  
28             defined in section 607(1) of the Employee Retirement Income Security  
29             Act of 1974 (29 U.S.C. § 1167(1)).
- 30         (4) Hospital. – A medical care facility licensed under Article 5 of this Chapter or  
31         under Article 2 of Chapter 122C of the General Statutes.
- 32         (5) Public or private third party. – Includes the State, the federal government,  
33         employers, health insurers, third-party administrators, and managed care  
34         organizations.
- 35         (6) Statewide data processor. – As defined in G.S. 131E-214.1.

36         (b) ~~Beginning with the reporting period ending September 30, 2015, and annually~~  
37 ~~thereafter,~~ Quarterly Report on Most Frequently Reported DRGs for Inpatients. – On a quarterly  
38 basis, each hospital shall provide to the Department of Health and Human Services statewide  
39 data processor, utilizing electronic health records software, the following information about the  
40 100 most frequently reported admissions by DRG for inpatients as established by the  
41 Department:

- 42         (1) The amount that will be charged to a patient for each DRG if all charges are  
43         paid in full without a public or private third party paying for any portion of  
44         the charges. In calculating this amount, each hospital shall include charges for  
45         each billable item and service associated with the DRG regardless of whether  
46         the health service is performed by a physician or nonphysician practitioner  
47         employed by the hospital.
- 48         (2) The average negotiated settlement on the amount that will be charged to a  
49         patient required to be provided in subdivision (1) of this subsection.
- 50         (3) The amount of Medicaid reimbursement for each DRG, including claims and  
51         pro rata supplemental payments.

1 (4) The amount of Medicare reimbursement for each DRG.

2 (5) For each of the five largest health insurers providing payment to the hospital  
3 on behalf of insureds and teachers and State employees, the range and the  
4 average of the amount of payment made for each DRG. Prior to providing this  
5 information to the ~~Department statewide data processor~~, each hospital shall  
6 redact the names of the health insurers and any other information that would  
7 otherwise identify the health insurers.

8 A hospital shall not be required to report the information required by this subsection for any  
9 of the 100 most frequently reported admissions where the reporting of that information  
10 reasonably could lead to the identification of the person or persons admitted to the hospital in  
11 violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or  
12 other federal law.

13 ~~(e) The Commission shall adopt rules on or before March 1, 2016, to ensure that~~  
14 ~~subsection (b) of this section is properly implemented and that hospitals report this information~~  
15 ~~to the Department in a uniform manner. The rules shall include all of the following:~~

16 (1) ~~The method by which the Department shall determine the 100 most frequently~~  
17 ~~reported DRGs for inpatients for which hospitals must provide the data set out~~  
18 ~~in subsection (b) of this section.~~

19 (2) ~~Specific categories by which hospitals shall be grouped for the purpose of~~  
20 ~~disclosing this information to the public on the Department's Internet Web~~  
21 ~~site.~~

22 (d) ~~Beginning with the reporting period ending September 30, 2015, and annually~~  
23 ~~thereafter, Quarterly Report on Total Costs for the Most Common Surgical and Imaging~~  
24 ~~Procedures. – On a quarterly basis, each hospital and ambulatory surgical facility shall provide~~  
25 ~~to the Department, statewide data processor, utilizing electronic health records software,~~  
26 ~~information on the total costs for the 20 most common surgical procedures and the 20 most~~  
27 ~~common imaging procedures, by volume, performed in hospital outpatient settings or in~~  
28 ~~ambulatory surgical facilities, along with the related CPT and HCPCS codes. In providing~~  
29 ~~information on total costs, each hospital and ambulatory surgical facility shall include the costs~~  
30 ~~for each billable item and service associated with the procedure regardless of whether the health~~  
31 ~~service is performed by a physician or nonphysician practitioner employed by the hospital or~~  
32 ~~ambulatory surgical facility. Hospitals and ambulatory surgical facilities shall report this~~  
33 ~~information in the same manner as required by subdivisions (b)(1) through (5) of this section,~~  
34 ~~provided that hospitals and ambulatory surgical facilities shall not be required to report the~~  
35 ~~information required by this subsection where the reporting of that information reasonably could~~  
36 ~~lead to the identification of the person or persons admitted to the hospital in violation of the~~  
37 ~~federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal~~  
38 ~~law.~~

39 ~~(e) The Commission shall adopt rules on or before March 1, 2016, to ensure that~~  
40 ~~subsection (d) of this section is properly implemented and that hospitals and ambulatory surgical~~  
41 ~~facilities report this information to the Department in a uniform manner. The rules shall include~~  
42 ~~the method by which the Department shall determine the 20 most common surgical procedures~~  
43 ~~and the 20 most common imaging procedures for which the hospitals and ambulatory surgical~~  
44 ~~facilities must provide the data set out in subsection (d) of this section.~~

45 ~~(e1) The Commission shall adopt rules to establish and define no fewer than 10 quality~~  
46 ~~measures for licensed hospitals and licensed ambulatory surgical facilities.~~

47 (f) Upon request of a patient for a particular DRG, imaging procedure, or surgery  
48 procedure reported in this section, a hospital or ambulatory surgical facility shall provide the  
49 information required by subsection (b) or subsection (d) of this section to the patient in writing,  
50 either electronically or by mail, within three business days after receiving the request.

(f1) Commission Rules. – The Commission shall adopt rules to accomplish all of the following:

- (1) To ensure that subsection (b) of this section is properly implemented and that hospitals report this information to the statewide data processor in a uniform manner. The rules shall include the method by which the statewide data processor shall determine the 100 most frequently reported DRGs for inpatients for which hospitals must provide the data set out in subsection (b) of this section and the specific categories by which hospitals shall be grouped for the purpose of disclosing this information to the public on the Department's website.
- (2) To ensure that subsection (d) of this section is properly implemented and that hospitals and ambulatory surgical facilities report this information to the statewide data processor in a uniform manner. The rules shall include the method by which the statewide data processor shall determine the 20 most common surgical procedures and the 20 most common imaging procedures for which the hospitals and ambulatory surgical facilities must provide the data set out in subsection (d) of this section.
- (3) To establish and define no fewer than 10 quality measures for licensed hospitals and licensed ambulatory surgical facilities.
- (4) To establish procedures for the statewide data processor to receive the data required by subsections (b) and (d) of this section and submit that data to the Department for publication on the Department's website.

(g) G.S. 150B-21.3 does not apply to rules adopted under subsections (c) and (e) subdivision (f1)(1) or subdivision (f1)(2) of this section. A rule adopted under subsections (c) and (e) subdivision (f1)(1) or subdivision (f1)(2) of this section becomes effective on the last day of the month following the month in which the rule is approved by the Rules Review Commission.

...

**"§ 131E-214.18. Penalty for noncompliance.**

The Department may impose a civil penalty on any hospital or ambulatory surgical facility that fails to comply with the requirements of this Part. For each day of violation, the amount of the civil penalty shall not be (i) less than one hundredth of one percent (.01%) of the annual salary of the chief executive officer of the noncompliant hospital or ambulatory surgical facility or (ii) greater than two thousand dollars (\$2,000). This civil penalty shall be in addition to any fine or civil penalty that the Centers for Medicare and Medicaid Services or other federal agency may choose to impose on the facility. The Department shall remit the clear proceeds of civil penalties assessed pursuant to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

**SECTION 9L.1.(b)** G.S. 131E-214.4(a) reads as rewritten:

"(a) A statewide data processor shall perform the following duties:

...

- (8) Receive data required to be submitted by hospitals under G.S. 131E-214.13(b) and by hospitals and ambulatory surgical facilities under G.S. 131E-214.13(d) and submit that data to the Department of Health and Human Services (Department) for publication on the Department's website."

**SECTION 9L.1.(c)** Subsections (a) and (b) of this section become effective on the later of January 1, 2026, or the date the rules adopted by the North Carolina Medical Care Commission under subdivisions (1), (2), and (4) of subsection (f1) of G.S. 131E-214.13 take effect. G.S. 131E-214.18, as enacted by subsection (a) of this section, applies to acts occurring on or after that date. The Commission shall notify the Revisor of Statutes when the rules required under subdivisions (1), (2), and (4) of subsection (f1) of G.S. 131E-214.13 take effect.

**GREATER TRANSPARENCY IN HEALTHCARE PROVIDER BILLING PRACTICES**

**SECTION 9L.1.(d)** Article 11B of Chapter 131E of the General Statutes, as amended by Part I of this act, is amended by adding a new Part to read:

"Part 2. Transparency in Healthcare Provider Billing Practices.

**"§ 131E-214.25. Definitions.**

The following definitions apply in this Part:

- (1) Health benefit plan. – As defined in G.S. 58-3-167, or under the laws of another state or the federal government.
- (2) Healthcare provider. – As defined in G.S. 90-410.
- (3) Insurer. – As defined in G.S. 58-3-167.

**"§ 131E-214.30. Fair notice requirements; health service facilities.**

(a) Services Provided at a Participating Health Service Facility. – At the time a health service facility participating in an insurer's healthcare provider network (i) treats an insured individual for anything other than screening and stabilization in accordance with G.S. 58-3-190, (ii) admits an insured individual to receive emergency services, (iii) schedules a procedure for nonemergency services for an insured individual, or (iv) seeks prior authorization from an insurer for the provision of nonemergency services to an insured individual, the health service facility shall provide the insured individual with a written disclosure containing all of the following information:

- (1) Services may be provided at the health service facility for which the insured individual may receive a separate bill.
- (2) Certain healthcare providers may be called upon to render care to the insured individual during the course of treatment and those healthcare providers may not have contracts with the insured's insurer and are considered to be nonparticipating healthcare providers in the insurer's healthcare provider network. Any nonparticipating healthcare providers shall be identified in the written disclosure using the individual's healthcare provider's name and practice name as used on the applicable health service facility's or healthcare provider's credentials or name badge.
- (3) Text, using a bold or other distinguishable font, that states that certain consumer protections available to the insured individual when services are rendered by a health service facility or healthcare provider participating in the insurer's healthcare provider network may not be applicable when services are rendered by a nonparticipating healthcare provider.

(b) Emergency Services Provided at Nonparticipating Health Service Facilities. – As soon as practicable after a health service facility begins the provision of emergency services to an insured individual, if the facility does not have a contract with the applicable insurer, then the health service facility shall provide the insured individual with a written disclosure containing all of the following:

- (1) A statement that the health service facility does not have a provider network contract with the applicable insurer and is considered to be a nonparticipating provider.
- (2) Text, using a bold or other distinguishable font, that states that certain consumer protections available to the insured individual when services are rendered by a health service facility or healthcare provider participating in the insurer's healthcare provider network may not be applicable when services are rendered by a nonparticipating health service facility.

**"§ 131E-214.31. Fair notice requirements; healthcare providers.**

At the time a healthcare provider not participating in an insurer's healthcare provider network (i) treats an insured individual for anything other than screening and stabilization in accordance

1 with G.S. 58-3-190, (ii) schedules an appointment or procedure for nonemergency services for  
 2 an insured individual, or (iii) seeks prior authorization from an insurer for the provision of  
 3 nonemergency services to an insured individual, the healthcare provider shall provide the insured  
 4 individual with a written disclosure containing all of the following information:

5 (1) A statement that the healthcare provider is not in the insurer's healthcare  
 6 provider network applicable to the individual.

7 (2) Text, using a bold or other distinguishable font, that states that certain  
 8 consumer protections available to the insured individual when services are  
 9 rendered by a healthcare provider participating in the insurer's healthcare  
 10 provider network may not be applicable when services are rendered by a  
 11 nonparticipating healthcare provider.

12 **§ 131E-214.35. Penalties.**

13 A healthcare provider's repeated failure to comply with this Article shall indicate a general  
 14 business practice that is deemed an unfair and deceptive trade practice and is actionable under  
 15 Chapter 75 of the General Statutes. Nothing in this Article forecloses other remedies available  
 16 under law or equity."

17 **SECTION 9L.1.(e)** G.S. 58-3-200(a)(1) and G.S. 58-3-200(a)(2) are repealed.

18 **SECTION 9L.1.(f)** G.S. 58-3-200(a), as amended by subsection (e) of this section,  
 19 reads as rewritten:

20 "(a) **Definitions.** – ~~As used~~ The following definitions apply in this section:

21 ...

22 (3) Clinical laboratory. – An entity in which services are performed to provide  
 23 information or materials for use in the diagnosis, prevention, or treatment of  
 24 disease or assessment of a medical or physical condition.

25 (4) Healthcare provider. – As defined in G.S. 90-410."

26 **SECTION 9L.1.(g)** G.S. 58-3-200(d) reads as rewritten:

27 "(d) **Services Outside Provider Networks.** – No insurer shall penalize an insured or subject  
 28 an insured to the out-of-network benefit levels offered under the insured's approved health benefit  
 29 plan, including an insured receiving an extended or standing referral under G.S. 58-3-223, unless  
 30 contracting ~~health care~~ healthcare providers able to meet health needs of the insured are  
 31 reasonably available to the insured without unreasonable delay. Upon notice or request from the  
 32 insured, the insurer shall determine whether a healthcare provider able to meet the needs of the  
 33 insured is available to the insured without unreasonable delay by reference to the insured's  
 34 location and the specific medical needs of the insured."

35 **SECTION 9L.1.(h)** Subsections (d) through (g) of this section become effective  
 36 October 1, 2026, and apply to healthcare services provided on or after that date and to contracts  
 37 issued, renewed, or amended on or after that date.

38  
 39 **GREATER FAIRNESS IN BILLING AND COLLECTIONS PRACTICES FOR**  
 40 **HOSPITALS AND AMBULATORY SURGICAL FACILITIES**

41 **SECTION 9L.1.(i)** Chapter 131E of the General Statutes is amended by adding a  
 42 new Article 11C to be entitled "Fair Billing and Collections Practices for Hospitals and  
 43 Ambulatory Surgical Facilities."

44 **SECTION 9L.1.(j)** G.S. 131E-91 is recodified as G.S. 131E-214.50 under Article  
 45 11C of Chapter 131E of the General Statutes, as created by subsection (i) of this section.

46 **SECTION 9L.1.(k)** G.S. 131E-214.50(d) reads as rewritten:

47 "(d) **Hospitals and ambulatory surgical facilities** shall abide by the following reasonable  
 48 collections practices:

49 ...

50 (1a) A hospital or ambulatory surgical facility shall not refer a patient's unpaid bill  
 51 to a collections agency, entity, or other assignee unless it has first presented



1 an itemized list of charges to the patient detailing, in language comprehensible  
2 to an ordinary layperson, the specific nature of the charges or expenses  
3 incurred by the patient.

4 ...."

5 **SECTION 9L.1.(I)** Article 11C of Chapter 131E of the General Statutes, as created  
6 by subsection (i) of this section, is amended by adding a new section to read:

7 **"§ 131E-214.52. Patient's right to a good-faith estimate.**

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

9 (1) CMS. – The federal Centers for Medicare and Medicaid Services.

10 (2) Facility. – A hospital or ambulatory surgical facility licensed under this  
11 Chapter.

12 (3) Items and services. – All items and services, including individual items and  
13 services and service packages, that could be provided by a facility to a patient  
14 in connection with an inpatient admission or an outpatient visit for which the  
15 facility has established a standard charge. Examples include, but are not  
16 limited to, all of the following:

17 a. Supplies and procedures.

18 b. Room and board.

19 c. Fees for use of the facility or other items.

20 d. Professional charges for services of physicians and nonphysician  
21 practitioners who are employed by the facility.

22 e. Professional charges for services of physicians and nonphysician  
23 practitioners who are not employed by the facility.

24 f. Any other items or services for which a facility has established a  
25 standard charge.

26 (4) Service package. – An aggregation of individual items and services into a  
27 single service with a single charge.

28 (5) Shoppable service. – A non-urgent service that can be scheduled by a patient  
29 in advance. The term includes all CMS-specified shoppable services plus as  
30 many additional facility-selected shoppable services as are necessary for a  
31 combined total of at least 300 shoppable services.

32 (b) Good-Faith Estimate. – Upon request of any patient for a good-faith estimate for a  
33 shoppable service, the facility shall provide to the patient, in writing, at least three business days  
34 prior to the date the patient schedules the shoppable service, an itemized list of expected charges,  
35 in language comprehensible to an ordinary layperson, that the patient will be obligated to pay for  
36 all items and services related to the shoppable service. The good-faith estimate shall include the  
37 Diagnostic Related Group (DRG), Current Procedural Terminology (CPT), or Healthcare  
38 Common Procedure Coding System (HCPCS) code for each expected charge.

39 (c) In any case in which a patient has requested a good-faith estimate from a facility for  
40 a shoppable service, the patient's final bill for that shoppable service shall not exceed more than  
41 five percent (5%) of the good-faith estimate provided to the patient pursuant to this section.

42 (d) The Department shall adopt rules to implement this section."

43 **SECTION 9L.1.(m)** Subsections (i) through (l) of this section become effective on  
44 the later of January 1, 2026, or the date the rules adopted by the Department under  
45 G.S. 131E-214.52 take effect and apply to acts occurring on or after that date. The Department  
46 shall notify the Revisor of Statutes when the rules required under G.S. 131E-214.52 take effect.

47  
48 **GREATER PROTECTION FOR HEALTHCARE CONSUMERS FROM FACILITY**  
49 **FEES**

50 **SECTION 9L.1.(n)** Article 11C of Chapter 131E of the General Statutes, as created  
51 by subsection (i) of this section, is amended by adding a new section to read:

1 **"§ 131E-214.54. Facility fees.**

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

3 (1) Ambulatory surgical facility. – As defined in G.S. 131E-176.

4 (2) Campus. – Any of the following:

5 a. The main building of a hospital.

6 b. The physical area immediately adjacent to a hospital's main building.

7 c. Other structures not contiguous to the main building of a hospital that  
8 are within 250 yards of the main building.

9 d. Any other area that has been determined to be part of a hospital's  
10 campus by the Centers for Medicare and Medicaid Services.

11 (3) Facility fee. – Any fee charged or billed by a health care provider for  
12 outpatient services provided in a hospital-based facility that is (i) intended to  
13 compensate the health care provider for the operational expenses of the health  
14 care provider, (ii) separate and distinct from a professional fee, and (iii)  
15 charged regardless of the modality through which the health care services  
16 were provided.

17 (4) Health care provider. – As defined in G.S. 90-410.

18 (5) Health systems. – A parent corporation of one or more hospitals and any entity  
19 affiliated with that parent corporation through ownership, governance,  
20 membership, or other means, or a hospital and any entity affiliated with that  
21 hospital through ownership, governance, membership, or other means.

22 (6) Hospital. – Any hospital as defined in G.S. 90-176(13) and any facility  
23 licensed under Chapter 122C of the General Statutes.

24 (7) Hospital-based facility. – A facility that is owned or operated, in whole or in  
25 part, by a hospital and at which hospital or professional medical services are  
26 provided.

27 (8) Professional fee. – Any fee charged or billed by a provider for hospital or  
28 professional medical services provided in a hospital-based facility.

29 (9) Remote location of a hospital. – A hospital-based facility that is created,  
30 acquired, or purchased by a hospital or health system for the purpose of  
31 furnishing inpatient services under the name, ownership, and financial and  
32 administrative control of the hospital.

33 (b) Limits on Facility Fees. – The following limitations are applicable to facility fees:

34 (1) No health care provider shall charge, bill, or collect a facility fee unless the  
35 services are provided on a hospital's main campus, at a remote location of a  
36 hospital, at a facility that includes an emergency department, or at an  
37 ambulatory surgical facility.

38 (2) Regardless of where the services are provided, no health care provider shall  
39 charge, bill, or collect a facility fee for outpatient evaluation and management  
40 services, or any other outpatient, diagnostic, or imaging services identified by  
41 the Department.

42 (c) Identification of Services. – The Department shall annually identify services subject  
43 to the limitations on facility fees provided in subdivision (2) of subsection (b) of this section that  
44 may reliably be provided safely and effectively in non-hospital settings.

45 (d) Reporting Requirements. – Each hospital and health system shall submit a report to  
46 the Department annually on July 1. The report shall be published on the Department's website  
47 and shall contain the following:

48 (1) The name and full address of each facility owned or operated by the hospital  
49 or health system that provides services for which a facility fee is charged or  
50 billed.

- 1           (2)    The number of patient visits at each such hospital-based facility for which a  
2                    facility fee was charged or billed.
- 3           (3)    The number, total amount, and range of allowable facility fees paid at each  
4                    facility by Medicare, Medicaid, and private insurance.
- 5           (4)    For each hospital-based facility and for the hospital or health system as a  
6                    whole, the total amount billed, and the total revenue received from facility  
7                    fees.
- 8           (5)    The top 10 procedures or services, identified by Current Procedural  
9                    Terminology (CPT) category I codes, provided by the hospital or health  
10                   system that generated the greatest amount of facility fee gross revenue; the  
11                   number of each of these 10 procedures or services provided; the gross and net  
12                   revenue totals for each such procedure or service; and the total net amount of  
13                   revenue received by the hospital or health system derived from facility fees  
14                   for each procedure or service.
- 15           (6)    Any other information the Department may require.
- 16   (e)    Enforcement. – This section shall be enforced as follows:
  - 17           (1)    Any violation of this section constitutes an unfair or deceptive trade practice  
18                   in violation of G.S. 75-1.1 and is subject to all of the enforcement and penalty  
19                   provisions of an unfair or deceptive trade practice under Article 1 of Chapter  
20                   75 of the General Statutes.
  - 21           (2)    In addition to the remedies described in subdivision (1) of this subsection, any  
22                   health care provider who violates any provision of this section shall be subject  
23                   to an administrative penalty of not more than one thousand dollars (\$1,000)  
24                   per occurrence."

25           **SECTION 9L.1.(o)** No later than January 1, 2026, the Department of Health and  
26 Human Services shall adopt rules necessary to implement G.S. 131E-214.54, as enacted by  
27 subsection (n) of this section.

28           **SECTION 9L.1.(p)** G.S. 131E-214.54, as enacted by subsection (n) of this section,  
29 becomes effective January 1, 2026, or on the date the rules adopted by the Department of Health  
30 and Human Services pursuant to subsection (o) of this section become effective, whichever is  
31 later, and applies to healthcare services provided on or after that date. The Department shall  
32 notify the Revisor of Statutes when the rules required under subsection (o) of this section become  
33 effective.

34  
35 **STATE AUDITOR REVIEW OF HEALTH SERVICE FACILITY PRICES**

36           **SECTION 9L.1.(q)** G.S. 147-64.6(c) reads as rewritten:

- 37           (c)    Responsibilities. – The Auditor is responsible for the following acts and activities:
- 38                    ...
- 39           (24)   The Auditor shall periodically examine (i) health service facilities, as defined  
40                   in G.S. 131E-176, that are recipients of State funds and (ii) facilities licensed  
41                   under Chapter 122C of the General Statutes that are recipients of State funds  
42                   and report findings to the Joint Legislative Oversight Committee on Health  
43                   and Human Services on April 1, 2026, and periodically thereafter. The report  
44                   must include at least the following:
  - 45                   a.    The prices that the health service facility charges patients whose  
46                        insurance is out-of-network or who are uninsured.
  - 47                   b.    To what extent the health service facility is transparent about the prices  
48                        described in sub-subdivision a. of this subdivision."

1 **ENHANCEMENTS TO EMPLOYEE SAFETY BY ALLOWING FOR THE REMOVAL**  
 2 **OF CERTAIN EMPLOYEE DETAILS FROM HEALTH INSURANCE APPEALS**  
 3 **AND GRIEVANCE REVIEWS**

4 **SECTION 9L.1.(r)** G.S. 58-50-61(k) reads as rewritten:

5 "(k) Nonexpedited Appeals. – Within three business days after receiving a request for a  
 6 standard, nonexpedited appeal, the insurer or its URO shall provide the covered person with ~~the~~  
 7 ~~name, address, and telephone number of the coordinator and~~ information on how and where to  
 8 submit written ~~material.~~ material for the appeal, including contact information for the insurer.  
 9 For standard, nonexpedited appeals, the insurer or its URO shall give written notification of the  
 10 decision, in clear terms, to the covered person and the covered person's provider within 30 days  
 11 after the insurer receives the request for an appeal. If the decision is not in favor of the covered  
 12 person, the written decision shall ~~contain~~ contain all of the following information:

- 13 (1) The professional qualifications and licensure of the person or persons  
 14 reviewing the appeal.  
 15 (2) A statement of the ~~reviewers' understanding of the reason for the covered~~  
 16 ~~person's basis of the~~ appeal.  
 17 (3) The ~~reviewers' insurer's or URO's~~ decision in clear terms and the medical  
 18 rationale in sufficient detail for the covered person to respond further to the  
 19 insurer's position.

20 ...."

21 **SECTION 9L.1.(s)** G.S. 58-50-62(e) reads as rewritten:

22 "(e) First-Level Grievance Review. – A covered person or a covered person's provider  
 23 acting on the covered person's behalf may submit a grievance. All of the following shall apply to  
 24 a first-level grievance review:

- 25 (1) The insurer ~~does not have~~ is not required to allow a covered person to attend  
 26 the first-level grievance review. A covered person may submit written  
 27 material. Except as provided in subdivision (3) of this subsection, within three  
 28 business days after receiving a grievance, the insurer shall provide the covered  
 29 person with ~~the name, address, and telephone number of the coordinator and~~  
 30 information on where and how to submit written ~~material.~~ material for the  
 31 first-level grievance review, including contact information for the insurer.  
 32 (2) An insurer shall issue a written decision, in clear terms, to the covered person  
 33 and, if applicable, to the covered person's provider, within 30 days after  
 34 receiving a grievance. The person or persons reviewing the grievance shall not  
 35 be the same person or persons who initially handled the matter that is the  
 36 subject of the grievance and, if the issue is a clinical one, at least one of whom  
 37 shall be a medical doctor with appropriate expertise to evaluate the matter.  
 38 Except as provided in subdivision (3) of this subsection, if the decision is not  
 39 in favor of the covered person, the written decision issued in a first-level  
 40 grievance review shall ~~contain~~ contain all of the following information:  
 41 a. The professional qualifications and licensure of the person or persons  
 42 reviewing the grievance.  
 43 b. A statement of the ~~reviewers' understanding~~ basis of the grievance.  
 44 c. The ~~reviewers' insurer's~~ decision in clear terms and the contractual  
 45 basis or medical rationale in sufficient detail for the covered person to  
 46 respond further to the insurer's position.

47 ...."

48 **SECTION 9L.1.(t)** G.S. 58-50-62(f) reads as rewritten:

49 "(f) Second-Level Grievance Review. – An insurer shall establish a second-level  
 50 grievance review process for covered persons who are dissatisfied with the first-level grievance  
 51 review decision or a utilization review appeal decision. A covered person or the covered person's

1 provider acting on the covered person's behalf may submit a second-level grievance. All of the  
 2 following shall apply to a second-level grievance review:

- 3 (1) An insurer shall, within 10 business days after receiving a request for a  
 4 second-level grievance review, ~~make known to provide~~ the covered  
 5 ~~person;~~ person all of the following information:
- 6 a. ~~The name, address, and telephone number of a person designated to~~  
 7 ~~coordinate the grievance review for the insurer.~~ Information on how  
 8 and where to submit written material for the second-level grievance  
 9 review, including contact information for the insurer.

10 ...."

11 **SECTION 9L.1.(u)** Subsections (r) through (t) of this section are effective when  
 12 they become law.

13  
 14 **UPDATED HEALTH INSURER PRIOR AUTHORIZATION REQUIREMENTS**

15 **SECTION 9L.1.(v)** G.S. 58-50-61 reads as rewritten:

16 **"§ 58-50-61. Utilization review.**

17 (a) Definitions. – ~~As used~~ The following definitions apply in this section, in  
 18 G.S. 58-50-62, and in Part 4 of this Article, the term: Article:

- 19 ...
- 20 (2a) Course of treatment. – A prescribed order or ordered treatment protocol for a  
 21 specific covered person with a specific condition that is outlined and decided  
 22 upon ahead of time with the covered person and healthcare provider and  
 23 approved by the insurer or utilization review organization when prospective  
 24 review is applicable.

- 25 ...
- 26 (8) ~~"Health care provider" means any person who is licensed, registered, or~~  
 27 ~~certified under Chapter 90 of the General Statutes or the laws of another state~~  
 28 ~~to provide health care services in the ordinary care of business or practice or~~  
 29 ~~a profession or in an approved education or training program; a health care~~  
 30 ~~facility as defined in G.S. 131E-176(9b) or the laws of another state to operate~~  
 31 ~~as a health care facility; or a pharmacy.~~ Healthcare provider. – As defined in  
 32 G.S. 90-410.

- 33 ...
- 34 (14a) Prior authorization. – The process by which insurers and UROs determine  
 35 coverage on the basis of medical necessity and/or covered benefits prior to the  
 36 rendering of those services.

- 37 ...
- 38 (16a) Urgent health care service. – A health care service, including mental and  
 39 behavioral health care services, with respect to which the application of the  
 40 time periods for making an urgent care determination that, in the opinion of a  
 41 healthcare provider with knowledge of the covered person's medical  
 42 condition, meets either of the following criteria:
- 43 a. Could seriously jeopardize the life or health of the covered person or  
 44 the ability of the covered person to regain maximum function.
- 45 b. Would subject the covered person to severe pain that cannot be  
 46 adequately managed without the care or treatment that is the subject  
 47 of the utilization review.

48 ...

49 (f) Time Lines for Prospective and Concurrent Utilization Reviews Based Upon Type of  
 50 Health Care Service. – As used in this subsection, the term "necessary information" includes the  
 51 results of any patient examination, clinical evaluation, or second opinion that may be required.

1 ~~Prospective and concurrent determinations shall be communicated to~~ The time line for  
2 completion of a prospective or concurrent utilization review is as follows:

3 (1) Non-urgent health care services. – If an insurer requires a prior authorization  
4 review of a healthcare service, then the insurer or its URO shall both render a  
5 prior authorization review determination or noncertification and notify the  
6 covered person and the covered person's provider within three business days  
7 after the insurer obtains all necessary information about the admission,  
8 procedure, or health care service. to make the prior authorization review  
9 determination or noncertification.

10 (2) Urgent health care services. – An insurer or its URO shall both render a  
11 utilization review determination or noncertification concerning urgent health  
12 care services and notify the covered person and the covered person's provider  
13 of that utilization review determination or noncertification not later than 24  
14 hours after receiving all necessary information needed to complete the review  
15 of the requested health care services. If the covered person's provider or the  
16 insurer, or the entity conducting the review on behalf of the insurer, do not  
17 both have access to the electronic health records of the covered person, then  
18 this subdivision shall not apply and the utilization review will be subject to  
19 the time line under subdivision (1) of this subsection.

20 (f1) Prior Authorization Determination Notifications. – If an insurer or its URO certifies  
21 a health care service, the insurer shall notify notification shall be sent to the covered person's  
22 provider. For If an insurer or its URO issues a noncertification, the insurer shall notify the covered  
23 person's provider and send then written or electronic confirmation of the noncertification to the  
24 covered person's provider and covered person. In person that is in compliance with subsection  
25 (h) of this section.

26 (f2) Concurrent Review Liability. – For concurrent reviews, the insurer shall remain liable  
27 for health care healthcare services until the covered person has been notified of the  
28 noncertification.

29 ...

30 (j1) Requirements Applicable to Appeals Reviews. – All of the following requirements  
31 apply to an appeals review:

32 (1) Except as otherwise provided, appeals shall be reviewed by a licensed  
33 physician who meets all of the following criteria:

34 a. Possesses a current and valid non-restricted license to practice  
35 medicine in any United States jurisdiction.

36 b. Has practiced for a period of at least three consecutive years in the  
37 same or similar specialty as a medical doctor who typically manages  
38 the medical condition or disease for which prior authorization review  
39 is required or whose training and experience meets all of the following  
40 criteria:

41 1. Includes treatment of the same condition as the condition of  
42 the covered person.

43 2. Includes treatment of complications that may result from the  
44 service or procedure that is the subject of the appeal.

45 3. Is sufficient for the medical doctor to determine if the service  
46 or procedure is medically necessary or clinically appropriate.

47 c. Had no direct involvement in making the prior adverse determination  
48 or noncertification that is the subject of the appeal.

49 d. Has no financial interest, or other conflict of interest, in the outcome  
50 of the appeal.

1           (2) Appeals initiated by a licensed mental health professional for a service  
 2 provided by a licensed mental health professional may be reviewed by a  
 3 licensed mental health professional rather than a medical doctor. The  
 4 requirements of subdivision (1) of this subsection shall apply to the reviewing  
 5 licensed mental health professional in the same manner that they apply to a  
 6 medical doctor.

7           (3) The medical doctor or licensed mental health professional shall consider all  
 8 known clinical aspects of the healthcare service under review, including all  
 9 pertinent medical records and any medical literature that have been provided  
 10 by the covered person's provider or by a health care facility.

11       ...

12       (m) Disclosure of Utilization Review Requirements. – All of the following apply to an  
 13 insurer's responsibility to disclose any utilization review procedures:

14           (1) Coverage and member handbook. – In the certificate of coverage and member  
 15 handbook provided to covered persons, an insurer shall include a clear and  
 16 comprehensive description of its utilization review procedures, including the  
 17 procedures for appealing noncertifications and a statement of the rights and  
 18 responsibilities of covered persons, including the voluntary nature of the  
 19 appeal process, with respect to those procedures. An insurer shall also include  
 20 in the certificate of coverage and the member handbook information about the  
 21 availability of assistance from the Department's Health Insurance Smart NC,  
 22 including the telephone number and address of the ~~Program~~-program.

23           (2) Prospective materials. – An insurer shall include a summary of its utilization  
 24 review procedures in materials intended for prospective covered persons.

25           (3) Membership cards. – An insurer shall print on its membership cards a toll-free  
 26 telephone number to call for utilization review purposes.

27           (4) Website. – An insurer shall make any current prior authorization requirements  
 28 and restrictions readily accessible on its website.

29       (m1) Changes to Prior Authorization. – If an insurer intends either to implement a new  
 30 prior authorization review requirement or restriction or to amend an existing requirement or  
 31 restriction, then the new or amended requirement shall not be in effect unless and until the  
 32 insurer's website has been updated to reflect the new or amended requirement or restriction. A  
 33 claim shall not be denied for failure to obtain a prior authorization if the prior authorization  
 34 requirement or amended requirement was not in effect on the date of service of the claim.

35       ...

36       (n1) Prior Authorization Determination Validity. – All of the following apply to the length  
 37 of time an approved prior authorization shall remain valid under certain circumstances:

38           (1) If a covered person enrolls in a new health benefit plan offered by the same  
 39 insurer under which the prior authorization was approved, then the previously  
 40 approved prior authorization remains valid for the initial 90 days of coverage  
 41 under the new health benefit plan. This section does not require coverage of a  
 42 service if it is not a covered service under the new health benefit plan.

43           (2) If a healthcare service, other than for in-patient care, requires prior  
 44 authorization and is for the treatment of a covered person's chronic condition,  
 45 then the prior authorization shall remain valid for no less than six months from  
 46 the date the healthcare provider receives notification of the prior authorization  
 47 approval.

48       ...

49       (o) Violation. – ~~A~~In accordance with this Chapter, a violation of this section subjects an  
 50 insurer and an agent of the insurer to G.S. 58-2-70.

1        (p) Federal Rule Alignment. – No later than January 1, 2028, an insurer offering a health  
2 benefit plan or a utilization review agent acting on behalf of an insurer offering a health benefit  
3 plan, shall implement and maintain a prior authorization application programming interface  
4 meeting the requirements under 45 C.F.R. § 156.223(b) as it existed on January 1, 2025.

5        (q) Reserved for future codification purposes.

6        (r) Reserved for future codification purposes.

7        (s) Artificial Intelligence. – An artificial intelligence-based algorithm shall not be used  
8 as the sole basis to deny a utilization review determination."

9        **SECTION 9L.1.(w)** In accordance with G.S. 135-48.24(b) and G.S. 135-48.30(a)(7)  
10 which require the State Treasurer to implement procedures that are substantially similar to the  
11 provisions of G.S. 58-50-61 for the North Carolina State Health Plan for Teachers and State  
12 Employees (State Health Plan), the State Treasurer and the Executive Administrator of the State  
13 Health Plan shall review all practices of the State Health Plan and all contracts with, and practices  
14 of, any third party conducting any utilization review on behalf of the State Health Plan to ensure  
15 compliance with subsection (v) of this section no later than the start of the next plan year.

16        **SECTION 9L.1.(x)** Subsection (v) of this section becomes effective October 1,  
17 2026, and applies to insurance contracts, including contracts with utilization review  
18 organizations, issued, renewed, or amended on or after that date.

#### 19 **EFFECTIVE DATE**

20        **SECTION 9L.1.(y)** Except as otherwise provided, this section is effective when it  
21 becomes law.

#### 22 **THE NINJA'S LAW**

23        **SECTION 9L.2.(a)** Article 2 of Chapter 90 of the General Statutes is amended by  
24 adding a new section to read:

#### 25 **"§ 90-30.3. Reports of adverse events.**

26        (a) A dentist who holds a permit to administer general anesthesia or sedation shall submit  
27 an adverse event report to the Board within 72 hours after each adverse event if the patient dies  
28 or has permanent organic brain dysfunction within 24 hours after the administration of general  
29 anesthesia or sedation. Sedation permit holders shall cease administration of sedation until the  
30 Board has investigated the death or permanent organic brain dysfunction and approved  
31 resumption of permit privileges. General anesthesia permit holders shall cease administration of  
32 general anesthesia and sedation until the Board has reviewed the adverse event report and  
33 approved resumption of permit privileges.

34        (b) A dentist who holds a permit to administer general anesthesia or sedation shall submit  
35 an adverse event report to the Board within 30 days after each adverse event if the patient is  
36 admitted to a hospital on inpatient status for a medical emergency or physical injury within 24  
37 hours after the administration of general anesthesia or sedation.

38        (c) A dentist who holds a permit to administer general anesthesia or sedation shall submit  
39 an adverse event report to the Board within 30 days after each adverse event.

40        (d) The adverse event report shall be in writing and shall include, at a minimum, all of  
41 the following:

42            (1) Dentist's name, license number, and permit number.

43            (2) Date and time of the occurrence.

44            (3) Facility where the occurrence took place.

45            (4) Name and address of the patient.

46            (5) Surgical procedure involved.

47            (6) Type and dosage of sedation or anesthesia utilized in the procedure.

48            (7) Circumstances involved in the occurrence.

49            (8) The entire patient treatment record, including anesthesia records.



(e) Upon receipt of an adverse event report under this section, the Board shall investigate and shall take disciplinary action if the evidence demonstrates that a licensee has violated this Article.

(f) For the purposes of this section, the term "adverse event" means any of the following clinical emergencies: anaphylaxis, aspiration, cardiac arrest, or unplanned advanced airway placement."

**SECTION 9L.2.(b)** The North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall conduct a study to evaluate whether a second health care provider who is qualified to provide anesthesia services is needed when utilizing drugs that can lead to deep sedation, such as propofol. The Collaboratory shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services by April 1, 2026, with any legislative recommendations addressing this issue.

**SECTION 9L.2.(c)** Subsection (a) of this section becomes effective October 1, 2025. The remainder of this section is effective when it becomes law.

**CLARIFICATION OF PARTNERSHIPS REGARDING THE PRACTICE OF DENTISTRY**

**SECTION 9L.3.** G.S. 90-29(c) reads as rewritten:

"(c) The following acts, practices, or operations, however, shall not constitute the unlawful practice of dentistry:

- ...
- (15) The mechanism by which a "management company," as that term is defined in G.S. 90-40.2(a)(4), and a licensee establish the fee in a "management arrangement," as that term is defined in G.S. 90-40.2(a)(3). A management fee established under this exception is a private business contract and shall not be construed to be evidence of a partnership under Chapter 59 of the General Statutes."

**PART IX-M. DHHS BLOCK GRANTS**

**DHHS BLOCK GRANTS**

**SECTION 9M.1.(a)** Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according to the following schedule:

<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
<b>Local Program Expenditures</b>		
<b>Division of Social Services</b>		
01. Work First Family Assistance	\$23,259,794	\$23,259,794
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	4,001,676	4,001,676

1	05. Child Protective Services – Child Welfare		
2	Workers for Local DSS	13,219,619	13,219,619
3			
4	06. Child Welfare Program Improvement Plan	775,176	775,176
5			
6	07. Child Welfare Collaborative	400,000	400,000
7			
8	08. Child Welfare Initiatives	1,400,000	1,400,000
9			
10	09. Kinship Care Assistance	4,000,000	4,000,000
11			
12	<b>Division of Child Development and Early Education</b>		
13			
14	10. Subsidized Child Care Program	62,413,694	62,413,694
15			
16	11. NC Pre-K Services	68,300,000	68,300,000
17			
18	<b>Division of Public Health</b>		
19			
20	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
21			
22	<b>DHHS Administration</b>		
23			
24	13. Division of Social Services	2,478,284	2,478,284
25			
26	14. Division of Child and Family Well-Being	3,976	3,976
27			
28	15. Office of the Secretary	34,042	34,042
29			
30	16. Eligibility Systems – Operations and		
31	Maintenance	431,733	431,733
32			
33	17. NC FAST Implementation	428,239	428,239
34			
35	18. Division of Social Services – Workforce		
36	Innovation & Opportunity Act (WIOA)	93,216	93,216
37			
38	19. Division of Social Services TANF Modernization	1,667,571	1,667,571
39			
40	<b>Transfers to Other Block Grants</b>		
41			
42	<b>Division of Child Development and Early Education</b>		
43			
44	20. Transfer to the Child Care and		
45	Development Fund	21,773,001	21,773,001
46			
47	<b>Division of Social Services</b>		
48			
49	21. Transfer to Social Services Block		
50	Grant for Child Protective Services –		
51	Training	285,612	285,612

1			
2	22. Transfer to Social Services Block		
3	Grant for Child Protective Services	5,040,000	5,040,000
4			
5	23. Transfer to Social Services Block		
6	Grant for County Departments of		
7	Social Services for Children's Services	13,166,244	13,166,244
8			
9	24. Transfer to Social Services Block		
10	Grant – Foster Care Services	3,422,219	3,422,219
11			
12	25. Transfer to Social Services Block	1,582,000	1,582,000
13	Grant – Child Advocacy Centers		
14			
15	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
16	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$314,186,416</b>	<b>\$314,186,416</b>
17			
18	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		
19	<b>EMERGENCY CONTINGENCY FUNDS</b>		
20			
21	<b>Local Program Expenditures</b>		
22			
23	<b>Division of Child Development and Early Education</b>		
24			
25	01. Subsidized Child Care	\$34,337,395	\$34,337,395
26			
27	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
28	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
29	<b>CONTINGENCY FUNDS</b>	<b>\$34,337,395</b>	<b>\$34,337,395</b>
30			
31	<b>SOCIAL SERVICES BLOCK GRANT</b>		
32			
33	<b>Local Program Expenditures</b>		
34			
35	<b>Divisions of Social Services and Aging</b>		
36			
37	01. County Departments of Social Services	\$19,837,388	\$19,837,388
38			
39	02. County Departments of Social Services		
40	(Transfer From TANF)	13,166,244	13,166,244
41			
42	03. EBCI Tribal Public Health and Human Services	244,740	244,740
43			
44	04. Child Protective Services		
45	(Transfer From TANF)	5,040,000	5,040,000
46			
47	05. State In-Home Services Fund	1,943,950	1,943,950
48			
49	06. Adult Protective Services	3,864,547	2,138,404
50			
51	07. State Adult Day Care Fund	1,994,084	1,994,084

1			
2	08. Child Protective Services/CPS		
3	Investigative Services – Child Medical		
4	Evaluation Program	901,868	901,868
5			
6	09. Special Children Adoption Incentive Fund	462,600	462,600
7			
8	10. Child Protective Services – Child		
9	Welfare Training for Counties		
10	(Transfer From TANF)	285,612	285,612
11			
12	11. Home and Community Care Block		
13	Grant (HCCBG)	2,696,888	2,696,888
14			
15	12. Child Advocacy Centers		
16	(Transfer From TANF)	1,582,000	1,582,000
17			
18	13. Guardianship – Division of Social Services	1,802,671	1,802,671
19			
20	14. Foster Care Services		
21	(Transfer From TANF)	3,422,219	3,422,219
22			
23	14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000
24			
25	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
26			
27	15. Mental Health Services – Adult and		
28	Child/Developmental Disabilities Program/		
29	Substance Use Services – Adult	4,149,595	4,149,595
30			
31	15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
32			
33	15B. The Arc of North Carolina, Inc.	271,074	271,074
34			
35	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
36			
37	<b>DHHS Program Expenditures</b>		
38			
39	<b>Division of Services for the Blind</b>		
40			
41	16. Independent Living Program & Program		
42	Oversight	4,237,849	4,237,849
43			
44	<b>Division of Health Service Regulation</b>		
45			
46	17. Adult Care Licensure Program	891,520	891,520
47			
48	18. Mental Health Licensure and		
49	Certification Program	266,158	266,158
50			
51	<b>Division of Aging</b>		

1			
2	19. Guardianship	3,825,443	3,825,443
3			
4	<b>DHHS Administration</b>		
5			
6	20. Division of Aging	188,787	188,787
7			
8	21. Division of Social Services	1,724,551	1,724,551
9			
10	22. Office of the Secretary/Controller's Office	673,990	673,990
11			
12	23. Legislative Increases/Fringe Benefits	293,655	587,310
13			
14	24. Division of Child Development and		
15	Early Education	13,878	13,878
16			
17	25. Division of Mental Health, Developmental		
18	Disabilities, and Substance Use Services	29,966	29,966
19			
20	26. Division of Health Service Regulation	592,882	592,882
21			
22	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$78,907,610</b>	<b>\$77,475,122</b>
23			
24	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
25			
26	<b>Local Program Expenditures</b>		
27			
28	<b>Division of Social Services</b>		
29			
30	01. Low-Income Energy Assistance		
31	Program (LIEAP)	\$56,369,281	\$56,369,281
32			
33	02. Crisis Intervention Program (CIP)	44,804,354	44,804,354
34			
35	<b>Local Administration</b>		
36			
37	<b>Division of Social Services</b>		
38			
39	03. County DSS Administration	8,037,889	8,037,889
40			
41	<b>DHHS Administration</b>		
42			
43	<b>Division of Social Services</b>		
44			
45	04. Administration	10,000	10,000
46			
47	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
48			
49	<b>Division of Central Management and Support</b>		
50			
51	06. Office of the Secretary/Division of Information Resource		

1	Management (DIRM) (Accountable Results for		
2	Community Action (AR4CA) Replacement System)	166,750	166,750
3			
4	07. Office of the Secretary/DIRM	278,954	278,954
5			
6	08. Office of the Secretary/Controller's Office	18,378	18,378
7			
8	09. NC FAST Development	627,869	627,869
9			
10	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
11			
12	<b>Transfers to Other State Agencies</b>		
13			
14	<b>Department of Environmental Quality</b>		
15			
16	11. Weatherization Program	10,356,943	10,356,943
17			
18	12. Heating Air Repair and Replacement		
19	Program (HARRP)	5,898,508	5,898,508
20			
21	13. Local Residential Energy Efficiency Service		
22	Providers – Weatherization	574,945	574,945
23			
24	14. Local Residential Energy Efficiency Service		
25	Providers – HARRP	319,414	319,414
26			
27	15. DEQ – Weatherization Administration	628,180	628,180
28			
29	16. DEQ – HARRP Administration	393,944	393,944
30			
31	<b>Department of Administration</b>		
32			
33	17. N.C. Commission on Indian Affairs	87,736	87,736
34			
35	<b>TOTAL LOW-INCOME ENERGY</b>		
36	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$129,928,468</b>	<b>\$129,928,468</b>
37			
38	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
39			
40	<b>Local Program Expenditures</b>		
41			
42	<b>Division of Child Development and Early Education</b>		
43			
44	01. Child Care Services	\$332,089,929	\$332,089,929
45			
46	02. Smart Start Subsidy	7,392,654	7,392,654
47			
48	03. Transfer from TANF Block Grant		
49	for Child Care Subsidies	21,773,001	21,773,001
50			
51	04. Quality and Availability Initiatives		

1	(TEACH Program \$3,800,000;		
2	Family Child Care Home Direct Support		
3	Pilot Program \$3,000,000)	77,480,526	67,780,527
4			
5	<b>DHHS Administration</b>		
6			
7	<b>Division of Child Development and Early Education</b>		
8			
9	05. DCDEE Administrative Expenses	9,710,886	9,710,886
10			
11	06. Indirect Cost	7,346	7,346
12			
13	<b>Division of Social Services</b>		
14			
15	07. Direct Deposit for Child Care Payments	5,000	5,000
16			
17	08. Local Subsidized Child Care		
18	Services Support	18,780,355	18,780,355
19			
20	<b>Division of Central Management and Support</b>		
21			
22	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
23			
24	10. DHHS Central Administration – DIRM		
25	Technical Services	1,029,762	1,029,762
26			
27	11. DHHS Central Administration	118,000	118,000
28			
29	<b>Division of Child and Family Well-Being</b>		
30			
31	12. Child Care Health Consultation Contracts	62,205	62,205
32			
33	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
34	<b>FUND BLOCK GRANT</b>	<b>\$469,899,980</b>	<b>\$469,199,981</b>
35			
36	<b>COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT</b>		
37			
38	<b>Local Program Expenditures</b>		
39			
40	01. Mental Health Services – Child	\$2,477,666	\$2,477,666
41			
42	02. Mental Health Services – Adult/Child	19,443,833	19,443,833
43			
44	03. Mental Health Services – First		
45	Psychotic Symptom Treatment	4,208,378	4,208,378
46			
47	04. Child Behavioral Health (Division of Child		
48	and Family Well-Being)	5,246,350	5,246,350
49			
50	<b>DHHS Administration</b>		
51			

1	<b>Division of Child and Family Well-Being</b>		
2			
3	05. Administration	140,000	140,000
4			
5	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
6			
7	06. Crisis Services	2,377,047	2,377,047
8			
9	07. Administration	332,351	332,351
10			
11	08. Adult/Child Mental Health Services	350,150	350,150
12			
13	<b>Division of Public Health</b>		
14			
15	09. NC Detect – Behavioral Health ER	35,000	35,000
16			
17	<b>TOTAL COMMUNITY MENTAL HEALTH SERVICES</b>		
18	<b>BLOCK GRANT</b>	<b>\$34,610,775</b>	<b>\$34,610,775</b>
19			
20	<b>SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES</b>		
21	<b>BLOCK GRANT</b>		
22			
23	<b>Local Program Expenditures</b>		
24			
25	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
26			
27	01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
28			
29	02. Substance Abuse Prevention	13,351,864	13,351,864
30			
31	03. Substance Use Services – Treatment for		
32	Children/Adults		
33	(Healing Transitions, Inc. \$200,000;		
34	Triangle Residential Options for Substance		
35	Abusers, Inc., (TROSAs) \$3,225,000;		
36	First Step Farm of WNC, Inc. \$100,000;		
37	Addiction Recovery Care Association, Inc.,		
38	(ARCA) \$2,000,000)	40,038,949	40,038,949
39			
40	<b>DHHS Program Expenditures</b>		
41			
42	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
43			
44	04. Crisis Solutions Initiatives – Collegiate		
45	Wellness/Addiction Recovery	1,545,205	1,545,205
46			
47	05. Veterans Initiatives	250,000	250,000
48			
49	<b>DHHS Administration</b>		
50			
51	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		



1			
2	07. Administration	2,297,852	2,297,852
3			
4	08. Controlled Substance Reporting System	675,000	675,000
5			
6	<b>TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY</b>		
7	<b>SERVICES BLOCK GRANT</b>	<b>\$60,158,870</b>	<b>\$60,158,870</b>
8			
9	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
10			
11	<b>Local Program Expenditures</b>		
12			
13	<b>Division of Child and Family Well-Being</b>		
14			
15	01. Children's Health Services		
16	(Prevent Blindness \$575,000;		
17	Nurse-Family Partnership \$1,102,308)	\$11,646,618	\$11,646,618
18			
19	<b>Division of Public Health</b>		
20			
21	02. Women's and Children's Health Services		
22	(March of Dimes \$350,000; Sickle Cell		
23	Centers \$100,000; Teen Pregnancy Prevention		
24	Initiatives \$650,000; Perinatal & Neonatal Outreach		
25	Coordinator Contracts \$440,000; Mountain Area		
26	Pregnancy Services \$50,000)	5,453,930	5,453,930
27			
28	03. Oral Health	58,413	58,413
29			
30	04. Evidence-Based Programs in Counties		
31	With the Highest Infant Mortality Rates	1,727,307	1,727,307
32			
33	<b>DHHS Program Expenditures</b>		
34			
35	05. Children's Health Services	1,287,619	1,287,619
36			
37	06. Women's Health – Maternal Health	489,568	489,568
38			
39	07. Women's and Children's Health – Perinatal		
40	Strategic Plan Support Position	81,112	81,112
41			
42	08. State Center for Health Statistics	158,583	158,583
43			
44	09. Health Promotion – Injury and		
45	Violence Prevention	87,271	87,271
46			
47	<b>DHHS Administration</b>		
48			
49	10. Division of Public Health Administration	340,646	340,646
50			
51	11. Division of Child and Family Well-Being		

1	Administration	211,925	211,925
2			
3	<b>TOTAL MATERNAL AND CHILD</b>		
4	<b>HEALTH BLOCK GRANT</b>	<b>\$21,542,992</b>	<b>\$21,542,992</b>
5			
6	<b>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT</b>		
7			
8	<b>Local Program Expenditures</b>		
9			
10	01. Physical Activity and Prevention	\$3,081,442	\$3,081,442
11			
12	<b>DHHS Program Expenditures</b>		
13			
14	<b>Division of Public Health</b>		
15			
16	02. HIV/STD Prevention and		
17	Community Planning	135,063	135,063
18			
19	03. Oral Health Preventive Services	150,000	150,000
20			
21	04. Injury and Violence Prevention		
22	(Services to Rape Victims – Set-Aside)	217,935	217,935
23			
24	05. Performance Improvement and		
25	Accountability	1,384,421	1,199,557
26			
27	06. State Center for Health Statistics	48,000	48,000
28			
29	<b>DHHS Administration</b>		
30			
31	<b>Division of Public Health</b>		
32			
33	07. Division of Public Health	65,000	65,000
34			
35	<b>TOTAL PREVENTIVE HEALTH AND HEALTH</b>		
36	<b>SERVICES BLOCK GRANT</b>	<b>\$5,081,861</b>	<b>\$4,896,997</b>
37			
38	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
39			
40	01. Community Action Agencies	\$22,370,334	\$21,483,238
41			
42	02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
43			
44	03. Office of Economic Opportunity	1,070,001	1,024,351
45			
46	04. Office of the Secretary/DIRM (Accountable Results for		
47	Community Action (AR4CA) Replacement System)	394,964	414,713
48			
49	05. Office of Economic Opportunity – Workforce		
50	Investment Opportunities Act (WIOA)	60,000	60,000
51			

1 **TOTAL COMMUNITY SERVICES**

2 **BLOCK GRANT**

\$24,400,017

\$23,487,020

3  
4 **GENERAL PROVISIONS**

5 **SECTION 9M.1.(b)** Information to be Included in Block Grant Plans. – The  
6 Department of Health and Human Services shall submit a separate plan for each Block Grant  
7 received and administered by the Department, and each plan shall include the following:

- 8 (1) A delineation of the proposed allocations by program or activity, including  
9 State and federal match requirements.
- 10 (2) A delineation of the proposed State and local administrative expenditures.
- 11 (3) An identification of all new positions to be established through the Block  
12 Grant, including permanent, temporary, and time-limited positions.
- 13 (4) A comparison of the proposed allocations by program or activity with two  
14 prior years' program and activity budgets and two prior years' actual program  
15 or activity expenditures.
- 16 (5) A projection of current year expenditures by program or activity.
- 17 (6) A projection of federal Block Grant funds available, including unspent federal  
18 funds from the current and prior fiscal years.
- 19 (7) The required amount of maintenance of effort and the amount of funds  
20 qualifying for maintenance of effort in the previous year delineated by  
21 program or activity.

22 **SECTION 9M.1.(c)** Changes in Federal Fund Availability. – If the Congress of the  
23 United States increases the federal fund availability for any of the Block Grants or contingency  
24 funds and other grants related to existing Block Grants administered by the Department of Health  
25 and Human Services from the amounts appropriated in this act, the Department shall allocate the  
26 increase proportionally across the program and activity appropriations identified for that Block  
27 Grant in this section. In allocating an increase in federal fund availability, the Office of State  
28 Budget and Management shall not approve funding for new programs or activities not  
29 appropriated in this act.

30 If the Congress of the United States decreases the federal fund availability for any of  
31 the Block Grants or contingency funds and other grants related to existing Block Grants  
32 administered by the Department of Health and Human Services from the amounts appropriated  
33 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced  
34 federal funding.

35 Notwithstanding the provisions of this subsection, for fiscal years 2025-2026 and  
36 2026-2027, increases in the federal fund availability for the Temporary Assistance to Needy  
37 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
38 program to pay for child care and shall not be used to supplant State funds.

39 Prior to allocating the change in federal fund availability, the proposed allocation  
40 must be approved by the Office of State Budget and Management. If the Department adjusts the  
41 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
42 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
43 Research Division.

44 **SECTION 9M.1.(d)** Except as otherwise provided, appropriations from federal  
45 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according  
46 to the schedule enacted for State fiscal years 2025-2026 and 2026-2027, or until a new schedule  
47 is enacted by the General Assembly.

48 **SECTION 9M.1.(e)** Except as otherwise provided in subsection (e1) of this section,  
49 all changes to the budgeted allocations to the Block Grants or contingency funds and other grants  
50 related to existing Block Grants administered by the Department of Health and Human Services  
51 that are not specifically addressed in this section shall be approved by the Office of State Budget

1 and Management. The Office of State Budget and Management shall not approve funding for  
2 new programs or activities not appropriated in this section. Additionally, if budgeted allocations  
3 are decreased, the Office of State Budget and Management shall not approve any reduction of  
4 funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the  
5 Substance Use Prevention, Treatment, and Recovery Services Block Grant or (ii) Item 01 or 02  
6 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall  
7 consult with the Joint Legislative Oversight Committee on Health and Human Services for  
8 review prior to implementing any changes. In consulting, the report shall include an itemized  
9 listing of affected programs, including associated changes in budgeted allocations. All changes  
10 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint  
11 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
12 Division. This subsection does not apply to Block Grant changes caused by legislative salary  
13 increases and benefit adjustments.

14 **SECTION 9M.1.(e1)** The Department of Health and Human Services shall have the  
15 authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in  
16 the Maternal and Child Health Block Grant to maintain federal compliance and programmatic  
17 alignment, so long as the realignment does not result in a reduction of funds designated for  
18 subrecipients under subsection (a) of this section. The Department of Health and Human Services  
19 is authorized to realign appropriated funds between the Maternal and Child Health Block Grant  
20 categories as provided in this subsection without prior consultation with the Joint Legislative  
21 Oversight Committee on Health and Human Services or without exceeding the total amount  
22 appropriated for the items.

23 **SECTION 9M.1.(f)** Except as otherwise provided, the Department of Health and  
24 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
25 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
26 so long as the total allocation for the line items within those Block Grants remains the same.  
27

## 28 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

29 **SECTION 9M.1.(g)** The sum of eighty million ninety-three thousand five hundred  
30 sixty-six dollars (\$80,093,566) for each year of the 2025-2027 fiscal biennium appropriated in  
31 this act in TANF funds to the Department of Health and Human Services, Division of Social  
32 Services, shall be used for Work First County Block Grants. The Division shall certify these  
33 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
34 has the authority to realign the authorized budget for these funds among the State-level services  
35 based on current year actual expenditures. The Division shall also have the authority to realign  
36 appropriated funds from Work First Family Assistance for electing counties to the Work First  
37 County Block Grant for electing counties based on current year expenditures so long as the  
38 electing counties meet Maintenance of Effort requirements.

39 **SECTION 9M.1.(h)** The sum of thirteen million two hundred nineteen thousand six  
40 hundred nineteen dollars (\$13,219,619) for each year of the 2025-2027 fiscal biennium  
41 appropriated in this act to the Department of Health and Human Services, Division of Social  
42 Services, in TANF funds for child welfare improvements shall be allocated to the county  
43 departments of social services for hiring or contracting staff to investigate and provide services  
44 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
45 license, and support prospective foster and adoptive families; and to provide interstate and  
46 post-adoption services for eligible families.

47 Counties shall maintain their level of expenditures in local funds for Child Protective  
48 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
49 the total expenditures from State and local funds for fiscal years 2025-2026 and 2026-2027 shall  
50 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

1           **SECTION 9M.1.(i)** The sum of four million one thousand six hundred seventy-six  
2 dollars (\$4,001,676) for each year of the 2025-2027 fiscal biennium appropriated in this act in  
3 TANF funds to the Department of Health and Human Services, Special Children Adoption Fund,  
4 shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation  
5 with the North Carolina Association of County Directors of Social Services and representatives  
6 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to  
7 licensed public and private adoption agencies upon the adoption of children described in  
8 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund  
9 by participating agencies shall be used exclusively to enhance the adoption services program. No  
10 local match shall be required as a condition for receipt of these funds.

11           **SECTION 9M.1.(j)** The sum of one million four hundred thousand dollars  
12 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
13 Services, Division of Social Services, for each fiscal year of the 2025-2027 fiscal biennium shall  
14 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
15 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
16 services to families in their homes in the least restrictive setting.

17           **SECTION 9M.1.(k)** Of the three million five hundred thirty-eight thousand five  
18 hundred forty-one dollars (\$3,538,541) allocated in this section in TANF funds to the Department  
19 of Health and Human Services, Division of Public Health, for each year of the 2025-2027 fiscal  
20 biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars  
21 (\$500,000) in each year of the 2025-2027 fiscal biennium shall be used to provide services for  
22 youth in foster care or the juvenile justice system.

## 23 24 **SOCIAL SERVICES BLOCK GRANT**

25           **SECTION 9M.1.(l)** The sum of nineteen million eight hundred thirty-seven  
26 thousand three hundred eighty-eight dollars (\$19,837,388) for each year of the 2025-2027 fiscal  
27 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
28 and Human Services, Division of Social Services, and the sum of thirteen million one hundred  
29 sixty-six thousand two hundred forty-four dollars (\$13,166,244) for each year of the 2025-2027  
30 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for  
31 county Block Grants. The Division shall certify these funds in the appropriate State-level services  
32 based on prior year actual expenditures. The Division has the authority to realign the authorized  
33 budget for these funds, as well as State Social Services Block Grant funds, among the State-level  
34 services based on current year actual expenditures.

35           **SECTION 9M.1.(m)** The sum of two hundred eighty-five thousand six hundred  
36 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the  
37 Department of Health and Human Services, Division of Social Services, for each fiscal year of  
38 the 2025-2027 fiscal biennium shall be used to support various child welfare training projects as  
39 follows:

- 40           (1) Provide a regional training center in southeastern North Carolina.
- 41           (2) Provide training for residential child caring facilities.
- 42           (3) Provide for various other child welfare training initiatives.

43           **SECTION 9M.1.(n)** The Department of Health and Human Services is authorized,  
44 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
45 Block Grant funding allocated for departmental administration between divisions that have  
46 received administrative allocations from the Social Services Block Grant.

47           **SECTION 9M.1.(o)** Social Services Block Grant funds appropriated for the Special  
48 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

49           **SECTION 9M.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
50 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027  
51 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated

1 to the Department of Health and Human Services, Division of Social Services. The Division shall  
2 allocate these funds to local departments of social services to replace the loss of Child Protective  
3 Services State funds that are currently used by county governments to pay for Child Protective  
4 Services staff at the local level. These funds shall be used to maintain the number of Child  
5 Protective Services workers throughout the State. These Social Services Block Grant funds shall  
6 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R  
7 .0201(3) requiring a local match of twenty-five percent (25%).

8 **SECTION 9M.1.(q)** The sum of one million five hundred eighty-two thousand  
9 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
10 year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division  
11 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
12 are exempt from the provisions of 10A NCAC 71R .0201(3).

13 **SECTION 9M.1.(r)** The sum of three million eight hundred twenty-five thousand  
14 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2025-2027 fiscal  
15 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
16 and Human Services, Division of Aging, shall be used for guardianship services pursuant to  
17 Chapter 35A of the General Statutes. The Department may expend funds allocated in this section  
18 to support existing corporate guardianship contracts during the 2025-2026 and 2026-2027 fiscal  
19 years.

20 **SECTION 9M.1.(s)** Of the three million eight hundred sixty-four thousand five  
21 hundred forty-seven dollars (\$3,864,547) appropriated in this act in the Social Services Block  
22 Grant for the 2025-2026 fiscal year and the two million one hundred thirty-eight thousand four  
23 hundred four dollars (\$2,138,404) for the 2026-2027 fiscal year to the Division of Aging for  
24 Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars  
25 (\$893,041) for each year of the 2025-2027 fiscal biennium shall be used to increase the number  
26 of Adult Protective Services workers where these funds can be the most effective. These funds  
27 shall be used to pay for salaries and related expenses and shall not be used to supplant any other  
28 source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring  
29 a local match of twenty-five percent (25%).

30 **SECTION 9M.1.(s1)** The following amounts appropriated in this act in the Social  
31 Services Block Grant for each fiscal year of the 2025-2027 fiscal biennium to the Department of  
32 Health and Human Services, Division of Social Services or Division of Mental Health,  
33 Developmental Disabilities, and Substance Use Services, for the nonprofit organizations  
34 described in this subsection shall be exempt from the provisions of 10A NCAC 71R .0201(3):

- 35 (1) The sum of three hundred fifty thousand dollars (\$350,000) for each fiscal  
36 year of the 2025-2027 fiscal biennium for Big Brothers Big Sisters of the  
37 Triangle, Inc.
- 38 (2) The sum of two million five hundred forty-one thousand three hundred  
39 ninety-two dollars (\$2,541,392) for each fiscal year of the 2025-2027 fiscal  
40 biennium for Autism Society of North Carolina, Inc.
- 41 (3) The sum of two hundred seventy-one thousand seventy-four dollars  
42 (\$271,074) for each fiscal year of the 2025-2027 fiscal biennium for The Arc  
43 of North Carolina, Inc.
- 44 (4) The sum of one million six hundred twelve thousand fifty-nine dollars  
45 (\$1,612,059) for each fiscal year of the 2025-2027 fiscal biennium for  
46 Easterseals UCP of North Carolina & Virginia, Inc.

#### 47 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

48 **SECTION 9M.1.(t)** The Division of Social Services shall have the authority to  
49 realign appropriated funds between the State-level services Low-Income Energy Assistance  
50 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative  
51

Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

**SECTION 9M.1.(u)** The sum of fifty-six million three hundred sixty-nine thousand two hundred eighty-one dollars (\$56,369,281) for each year of the 2025-2027 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

- (1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging.
- (2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
- (3) Be approved by the local board of social services or human services board prior to submission.

#### **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 9M.1.(v)** Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

**SECTION 9M.1.(w)** If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

#### **COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

**SECTION 9M.1.(x)** The sum of four million two hundred eight thousand three hundred seventy-eight dollars (\$4,208,378) for each year of the 2025-2027 fiscal biennium appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom Treatment.

#### **MATERNAL AND CHILD HEALTH BLOCK GRANT**

**SECTION 9M.1.(y)** If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42

1 U.S.C. § 710), for the 2025-2026 fiscal year or the 2026-2027 fiscal year, then those funds shall  
2 be transferred to the State Board of Education to be administered by the Department of Public  
3 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
4 until marriage education program consistent with G.S. 115C-81.30. The Department of Public  
5 Instruction shall carefully and strictly follow federal guidelines in implementing and  
6 administering the abstinence education grant funds.

7 **SECTION 9M.1.(z)** The sum of one million seven hundred twenty-seven thousand  
8 three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child  
9 Health Block Grant to the Department of Health and Human Services, Division of Public Health,  
10 for each year of the 2025-2027 fiscal biennium shall be used for evidence-based programs in  
11 counties with the highest infant mortality rates. The Division shall report on (i) the counties  
12 selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the  
13 number of women served, and (iv) any impact on the counties' infant mortality rate. The Division  
14 shall report its findings to the House of Representatives Appropriations Committee on Health  
15 and Human Services, the Senate Appropriations Committee on Health and Human Services, and  
16 the Fiscal Research Division no later than December 31 of each year.

17 **SECTION 9M.1.(aa)** The sum of eighty-one thousand one hundred twelve dollars  
18 (\$81,112) allocated in this section in the Maternal and Child Health Block Grant to the  
19 Department of Health and Human Services, Division of Public Health, Women and Children's  
20 Health Section, for each fiscal year of the 2025-2027 fiscal biennium shall not be used to supplant  
21 existing State or federal funds. This allocation shall be used for a Public Health Program  
22 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
23 Plan and provide staff support for the stakeholder work group.

24 **SECTION 9M.1.(bb)** At least ninety percent (90%) of the funds allocated for  
25 Mountain Area Pregnancy Services, a nonprofit organization, in the Maternal and Child Health  
26 Block Grant for each year of the 2025-2027 fiscal biennium shall be used for direct services.

27 **SECTION 9M.1.(cc)** Notwithstanding any provision of law to the contrary, the  
28 Department of Health and Human Services, Division of Public Health, shall have the authority  
29 to realign appropriated funds between the Maternal and Child Health Block Grant categories to  
30 maintain federal compliance and programmatic alignment without exceeding the total amount  
31 appropriated for the Maternal and Child Health Block Grant.

### 32 33 **USE OF CHILD CARE AND DEVELOPMENT BLOCK GRANT FUNDS/FAMILY** 34 **CHILD CARE HOME DIRECT SUPPORT PILOT**

35 **SECTION 9M.2.(a)** Of the funds appropriated in this act from the federal Child Care  
36 and Development Block Grant under Section 9M.1 of this act to the Department of Health and  
37 Human Services, Division of Child Development and Early Education, for quality and  
38 availability initiatives, the sum of three million dollars (\$3,000,000) for each year of the  
39 2025-2027 fiscal biennium shall be allocated in equal amounts to the councils of governments in  
40 Alamance, Harnett, and Johnston Counties to establish a two-year pilot program coordinated by  
41 those councils of governments to build child care capacity in those counties. Each designated  
42 council of governments shall issue a request for application (RFA) for a vendor to contract with  
43 the respective council of governments to administer the pilot program, and each vendor selected  
44 shall have experience providing support and assistance to early child care providers. To receive  
45 funds, the vendor shall partner with the councils of governments in the respective county to (i)  
46 increase the supply of child care programs by recruiting and coaching prospective child care  
47 providers through the initial business planning and implementation process and (ii) ensure  
48 sustainability by executing a two-year mentorship program for the new child care programs  
49 created pursuant to this section.

50 **SECTION 9M.2.(b)** The councils of governments participating in the pilot program  
51 may use (i) a portion of these funds for additional solutions provided by the vendor within the



1 early childhood education space to meet localized needs and in support of recovery,  
2 rehabilitation, and ongoing needs of their member communities and (ii) up to five percent (5%)  
3 of the funds allocated to the respective councils of governments under this act for administrative  
4 costs.

5 **SECTION 9M.2.(c)** The councils of governments participating in the pilot program  
6 shall select a vendor that has all of the following qualifications:

- 7 (1) Experience and active or successful contracts to establish new family child  
8 care homes in at least three other states.
- 9 (2) Technology to operate a substitute teacher pool that matches teachers with  
10 providers and facilitates payments and quality control, and experience in  
11 creating an active substitute teacher pool in one state.
- 12 (3) Experience successfully establishing family child care homes in rural  
13 communities and addressing child care access in underserved areas.
- 14 (4) Technology that (i) allows for the recruitment of child care providers via  
15 microsites, (ii) allows the onboarding of child care providers via a licensing  
16 checklist, (iii) allows coaches to interface with and communicate with child  
17 care providers, (iv) supports child care providers with enrollments via a  
18 website and enrollment marketplace, (v) supports the recruitment of teachers  
19 for the programs, (vi) provides billing for the programs, (vii) provides ongoing  
20 business coaching, and (viii) allows all such technology to be connected and  
21 communicate seamlessly.
- 22 (5) Demonstrated successful experience establishing new family child care homes  
23 at scale on time lines of six months or less.

24 **SECTION 9M.2.(d)** Each vendor selected to participate in the pilot program shall  
25 do each of the following:

- 26 (1) Perform a child care needs analysis to determine where child care providers  
27 and substitute teachers are needed.
- 28 (2) Recruit new potential child care providers and substitutes and plan, staff, and  
29 execute in-person and virtual recruitment events for new child care providers  
30 in areas of need.
- 31 (3) Implement technology that meets the requirements of subdivision (c)(4) of  
32 this section.
- 33 (4) Implement technology to operate a substitute teacher pool that matches  
34 teachers with providers and facilitates payments and quality control.
- 35 (5) Develop informational materials that assist in-home family child care  
36 providers with marketing, advertising, and parental outreach.
- 37 (6) Create child care slots and implement a substitute teacher pool available to  
38 child care providers in the councils of governments' respective counties.
- 39 (7) Craft an implementation strategy to meet community and workforce needs,  
40 including establishing child care for nontraditional hours and days, as needed.
- 41 (8) Provide a dashboard that allows for government leaders to track vendor  
42 progress and get feedback from child care providers along with real-time  
43 reporting.
- 44 (9) Provide support and resources and offer in-home family child care providers  
45 coaching and training that includes in-person group training sessions, on-site  
46 coaching visits, community forums, and events for a minimum of two years.
- 47 (10) Report all necessary information as required by this section.

48 **SECTION 9M.2.(e)** The councils of governments participating in the pilot program  
49 shall submit an initial progress report by March 1, 2026, and additional progress reports every  
50 six months thereafter for the duration of the pilot program to the Joint Legislative Oversight

1 Committee on Health and Human Services, the Fiscal Research Division, and the Division of  
2 Child Development and Early Education. The reports shall include, at a minimum, the following:

- 3 (1) The number of child care programs created through the pilot program, by  
4 county.
- 5 (2) The number of child care programs created that are child care centers and the  
6 number that are family child care homes.
- 7 (3) The number of new child care slots created by the pilot program.
- 8 (4) The costs associated with creating the child care programs, including any  
9 administrative costs.

## 10 11 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 12 13 **ADDITIONAL 2024 AGRICULTURAL DISASTER CROP LOSS PROGRAM FUNDING**

14 **SECTION 10.1.(a)** Of the funds appropriated from the Stabilization and Inflation  
15 Reserve in this act, the nonrecurring sum of two hundred fifty million dollars (\$250,000,000) for  
16 the 2025-2026 fiscal year shall be allocated to the Department of Agriculture and Consumer  
17 Services (Department) for the Agricultural Disaster Crop Loss Program (Program), established  
18 in Section 2D.2(a) of S.L. 2025-2, for verifiable losses from an agricultural disaster in 2024,  
19 excluding Hurricane Helene.

20 **SECTION 10.1.(b)** Funds allocated to the Program under this section shall be subject  
21 to all requirements of Section 2D.2 of S.L. 2025-2. The Department shall include these funds in  
22 the reporting requirements set forth in Section 2D.2(i) of S.L. 2025-2. Section 2D.2(h) of S.L.  
23 2025-2 does not apply to these funds.

24 **SECTION 10.1.(c)** Funds allocated to the Program under this section that are not  
25 expended or encumbered on the date the Program expires shall revert to the General Fund.

### 26 27 **CONTINUATION OF AGRICULTURE MANUFACTURING AND PROCESSING** 28 **INITIATIVE**

29 **SECTION 10.2.(a)** Findings and Purpose. – The General Assembly finds that the  
30 lack of capacity for value-added processing of agricultural commodities near the farms where  
31 those commodities are produced in the State creates competitive disadvantages to North Carolina  
32 farmers by imposing increased transportation costs to remote commodity processing facilities  
33 and presenting economic barriers to farmers who wish to participate in the market for higher  
34 profit margin processed food products. The General Assembly further finds that grants to increase  
35 agricultural processing opportunities in the State will create jobs and increase local property tax  
36 bases in this State, will benefit agricultural and farming operations in the State with decreased  
37 costs and increased profit options, and are consistent with promoting agricultural operations, a  
38 vital sector of the State's economy. The purpose of this section is to fund and promote the  
39 establishment of value-adding agricultural manufacturing and food processing facilities across  
40 the State to fill existing gaps in the processing of agricultural products and to create a diverse and  
41 economically competitive array of high value-added goods and products manufactured in this  
42 State from agricultural products grown or produced in this State.

43 **SECTION 10.2.(b)** Funding. – Funds appropriated in this act to the Department of  
44 Agriculture and Consumer Services (Department) for the North Carolina Agricultural  
45 Manufacturing and Processing Initiative (NCAMPI) shall be used to provide grants to agriculture  
46 manufacturing facilities for site development, infrastructure (including water, wastewater, or  
47 transportation improvements), building construction or rehabilitation costs, or equipment. As a  
48 part of the application, applicants must demonstrate in a manner determined by the Department  
49 that they have applied for or otherwise sought other sources of applicable funding for the  
50 proposed project. New facilities and expansions of existing facilities will be eligible for grants  
51 under this subdivision. Shared-use facilities and incubators are ineligible for grants under this

1 subdivision. Before entering into a grant agreement, the Department must find that the total  
2 benefits of the project to the State outweigh its anticipated costs and render the grant appropriate  
3 for the project.

4 **SECTION 10.2.(c)** Administration of Initiative. – In consultation with the nonprofit  
5 corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b),  
6 the Department shall develop guidelines related to the administration of NCAMPI. The  
7 guidelines shall require a finding that a grant under this section is necessary for the construction  
8 or expansion of a facility to be used by a business entity (as that term is defined in G.S. 55-1-40)  
9 that will engage in agricultural manufacturing or processing activities in this State. At least 20  
10 days before the effective date of any guidelines or nontechnical amendments to the guidelines,  
11 the Department shall publish the proposed guidelines on its website and provide notice to persons  
12 who have requested notice of proposed guidelines. In addition, the Department shall accept oral  
13 and written comments on the proposed guidelines and shall, in its discretion, consider those  
14 comments before finalizing the guidelines. Guidelines adopted under this section shall not be  
15 subject to the requirements of Article 2A of Chapter 150B of the General Statutes and shall  
16 include all of the following:

- 17 (1) Criteria for evaluating grant applicants, including job creation, concentration  
18 of production of the agricultural product the facility will process in proximity  
19 to the proposed location, and reductions in (i) transportation costs and (ii)  
20 estimated damage rates for agricultural products created as a result of greater  
21 geographical proximity to the proposed manufacturing or processing facility.
- 22 (2) Criteria for determining grant eligibility, the amounts of awards, not to exceed  
23 five million dollars (\$5,000,000) per facility, and the required cost-share for  
24 grant recipients. The Department may consider the economic development tier  
25 of the county of a grant recipient under G.S. 143B-437.08 in setting cost-share  
26 amounts.

27 **SECTION 10.2.(d)** Report. – Until all funds allocated by this section have been  
28 expended, the Department shall annually report no later than October 1 on NCAMPI activities  
29 during the prior fiscal year to the chairs of the Joint Legislative Oversight Committee on  
30 Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report  
31 shall include, at a minimum, all of the following:

- 32 (1) Total amount of grants awarded.
- 33 (2) A list of award recipients and the amount awarded to each recipient.
- 34 (3) Matching funds required and provided by grant recipients.
- 35 (4) Activities to ready sites and associated costs.
- 36 (5) Any major employers located at an improved or acquired site.
- 37 (6) Any unallocated amount for grants remaining in the NCAMPI Fund.
- 38 (7) Assessment of additional remaining needs for agricultural manufacturing and  
39 processing facilities in the State.

40 **SECTION 10.2.(e)** Availability of Funds and Administrative Expenses. –  
41 Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, these funds shall not revert  
42 at the end of the fiscal year in which they are appropriated but shall remain available for the  
43 purposes set forth in this section. The Department may use up to three percent (3%) of the funds  
44 allocated by this section for administrative costs.

## 45 **PART XI. COMMERCE**

### 46 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

47 **SECTION 11.1.(a)** Allocations. – Of the funds appropriated in this act for federal  
48 block grant funds, the following allocations are made for the fiscal years ending June 30, 2026,  
49 and June 30, 2027, according to the following schedule:  
50  
51

**COMMUNITY DEVELOPMENT BLOCK GRANT**

1.	State Administration	\$1,559,093
2.	Neighborhood Revitalization	7,516,037
3.	Economic Development	13,472,376
4.	Infrastructure	18,980,379
5.	Rural Community Development	4,745,094

**TOTAL COMMUNITY DEVELOPMENT  
BLOCK GRANT – 2026 Program Year  
2027 Program Year**

**\$46,272,979  
\$46,272,979.**

**SECTION 11.1.(b)** Availability Reduction. – If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 11.1.(c)** Availability Increase. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

**SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exists:

- (1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

**SECTION 11.1.(e)** Report. – By October 1, 2025, and September 1, 2026, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding, including information on the statewide need in each category.

- 1 (2) Information on the number of applications that were received in each category
- 2 and the total dollar amount requested in each category.
- 3 (3) A list of grantees, including the grantee's name, county, category under which
- 4 the grant was funded, the amount awarded, and a narrative description of the
- 5 project.

6 **SECTION 11.1.(f)** Neighborhood Revitalization. – Funds allocated to the  
7 Neighborhood Revitalization Category in subsection (a) of this section shall be made available  
8 as grants for eligible activities listed in this subsection. The funds available for grants under this  
9 category may be used for all of the following, subject to the national objectives and eligible  
10 activities allowed under guidance issued by the United States Department of Housing and Urban  
11 Development (HUD):

- 12 (1) Essential repairs to prevent abandonment and deterioration of housing in
- 13 low- and moderate-income neighborhoods.
- 14 (2) Demolition and rehabilitation of buildings and improvements.
- 15 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
- 16 lines.

17 **SECTION 11.1.(g)** Economic Development. – Funds allocated to the Economic  
18 Development Category in subsection (a) of this section shall be made available as grants for  
19 eligible activities listed in this subsection. The funds available for grants under this category may  
20 be used for all of the following, subject to the national objectives and eligible activities allowed  
21 under guidance issued by HUD:

- 22 (1) Acquisition of real property.
- 23 (2) Demolition and rehabilitation of buildings and improvements.
- 24 (3) Removal of material and architectural barriers.
- 25 (4) Public improvements, including parks, streets, sidewalks, and water and sewer
- 26 lines.
- 27 (5) Loans and grants to public or private nonprofit entities for construction and
- 28 rehabilitation activities.
- 29 (6) Assistance to private, for-profit entities for economic development.
- 30 (7) Technical assistance to public or nonprofit entities for neighborhood
- 31 revitalization or economic development activities.
- 32 (8) Assistance to for-profit and nonprofit entities to facilitate economic
- 33 development activities.

34 **SECTION 11.1.(h)** Infrastructure. – For purposes of this section, eligible activities  
35 under the Infrastructure Category in subsection (a) of this section shall be defined as provided in  
36 the HUD State Administered Community Development Block Grant definition of the term  
37 "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated  
38 to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other  
39 category.

40 **SECTION 11.1.(i)** Rural Community Development. – Funds allocated for the Rural  
41 Community Development Category in subsection (a) of this section shall be made available as  
42 grants for eligible activities listed in this subsection. These funds shall provide grants that support  
43 community development and comprehensive growth projects to be awarded by the Department  
44 of Commerce. The Rural Community Development Category will provide grants to units of local  
45 government in development tier one and development tier two areas, as defined in  
46 G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other  
47 area to support projects that promote broad-based community development activities, increased  
48 local investment and economic growth, and stronger and more viable rural neighborhoods. In  
49 awarding grants under this section, preference shall be given to projects in development tier one  
50 areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be

1 used for all of the following, subject to the national objectives and eligible activities allowed  
2 under guidance issued by HUD:

- 3 (1) Essential repairs to prevent abandonment and deterioration of housing in  
4 low- and moderate-income neighborhoods.
- 5 (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
6 lines.
- 7 (3) Public facilities, including neighborhood and community facilities and  
8 facilities for individuals with special needs.
- 9 (4) Public services, including employment, crime prevention, and energy  
10 conservation.
- 11 (5) Assistance to private, for-profit entities for economic development.
- 12 (6) Technical assistance to public or nonprofit entities for neighborhood  
13 revitalization or economic development activities.
- 14 (7) Assistance to for-profit and nonprofit entities to facilitate economic  
15 development activities.

16 **SECTION 11.1.(j)** Deobligated Funds. – Throughout each year, deobligated funds  
17 arise in the various funding categories and program years of the Community Development Block  
18 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being  
19 canceled, or (iii) projects being required to repay funds. Surplus federal administrative funds in  
20 the CDBG program may vary from year to year based upon the amount of State-appropriated  
21 funds allocated and the amount of eligible in-kind funds identified. To allow the Department of  
22 Commerce and the Department of Environmental Quality to quickly deploy deobligated and  
23 surplus federal administrative funds as they are identified throughout the program year, the  
24 following shall apply to the use of deobligated CDBG funds and surplus federal administrative  
25 funds:

- 26 (1) All surplus federal administrative funds shall be divided proportionally  
27 between the Departments of Commerce and Environmental Quality and shall  
28 be used as provided in subdivisions (2) and (3) of this subsection.
- 29 (2) All deobligated funds allocated to the Department of Commerce and any  
30 surplus federal administrative funds, as provided for in subdivision (1) of this  
31 subsection, may be used by the Department for all of the following:
  - 32 a. To issue grants in the CDBG Economic Development or  
33 Neighborhood Revitalization Program Category.
  - 34 b. For providing training and guidance to local governments relative to  
35 the CDBG program, its management, and administrative requirements.
  - 36 c. For any other purpose consistent with the Department's administration  
37 of the CDBG program if an equal amount of State matching funds is  
38 available.
- 39 (3) All deobligated funds allocated to the Department of Environmental Quality  
40 and any surplus federal administrative funds, as provided for in subdivision  
41 (1) of this subsection, may be used by the Department for all of the following:
  - 42 a. To issue grants in the CDBG Infrastructure Category.
  - 43 b. For any other purpose consistent with the Department's administration  
44 of the CDBG program if an equal amount of State matching funds is  
45 available.

## 46 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

47 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the  
48 following for each year that State funds are expended:

- 49 (1) By September 1 of each year, and more frequently as requested, report to the  
50 chairs of the Joint Legislative Oversight Committee on Agriculture and  
51

1 Natural and Economic Resources; the chairs of the House of Representatives  
2 Appropriations Committee on Agriculture and Natural and Economic  
3 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
4 Natural, and Economic Resources; and the Fiscal Research Division on prior  
5 State fiscal year program activities, objectives, and accomplishments and prior  
6 State fiscal year itemized expenditures and fund sources. If State funds are  
7 used to provide matching funds for competitive grants from the federal  
8 government or a nongovernmental entity, the report should include a list and  
9 description of the grants that are awarded.

- 10 (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
11 Agriculture and Natural and Economic Resources; the chairs of the House of  
12 Representatives Appropriations Committee on Agriculture and Natural and  
13 Economic Resources; the chairs of the Senate Appropriations Committee on  
14 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
15 Division a copy of the entity's annual audited financial statement within 30  
16 days of issuance of the statement.

17 **SECTION 11.2.(b)** The following entities shall comply with the requirements of  
18 subsection (a) of this section:

- 19 (1) North Carolina Biotechnology Center.  
20 (2) High Point Market Authority.  
21 (3) RTI International.  
22

## 23 NC BIOTECHNOLOGY CENTER

24 **SECTION 11.3.(a)** Except for the funds appropriated in subsection (b) of this  
25 section, funds appropriated in this act to the Department of Commerce for the North Carolina  
26 Biotechnology Center (Center) for each fiscal year in the 2025-2027 biennium shall be allocated  
27 for the following purposes in the following proportions:

- 28 (1) Twenty-one percent (21%) for job creation, including funding for the  
29 AgBiotech Initiative, economic and industrial development, and related  
30 activities.  
31 (2) Sixty-five percent (65%) for science and commercialization, including  
32 science and technology development, Centers of Innovation, business and  
33 technology development, education and training, and related activities.  
34 (3) Fourteen percent (14%) for Center operations, including administration,  
35 professional and technical assistance and oversight, corporate  
36 communications, human resource management, financial and grant  
37 administration, legal, and accounting.

38 **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of  
39 Commerce for the Center, one million dollars (\$1,000,000) of recurring funds in each fiscal year  
40 of the biennium shall be used to support funding for early stage loans to North Carolina  
41 agricultural technology companies.

42 **SECTION 11.3.(c)** The Center shall not use any of the recurring funds allocated in  
43 subsection (b) of this section for administrative costs and shall report on the expenditure of those  
44 funds each year pursuant to Section 11.2 of this act.

45 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over  
46 funding and distribution of grants.

47 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in  
48 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
49 section if, in the judgment of Center management, the reallocation will advance the mission of  
50 the Center.  
51

1 **MICRO-BUDGET PRODUCTIONS ACCOUNT AND FILM GRANT CHANGES**2 **SECTION 11.3A.(a)** G.S. 143B-437.02A reads as rewritten:3 **"§ 143B-437.02A. The Film and Entertainment Grant Fund.**

4 (a) Creation and Purpose of Fund. – There is created in the Department of Commerce a  
 5 special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide  
 6 funds to encourage the production of motion pictures, television shows, movies for television,  
 7 productions intended for on-line distribution, and commercials and to develop the filmmaking  
 8 industry within the State. The Department of Commerce shall adopt guidelines providing for the  
 9 administration of the program. Those guidelines may provide for the Secretary to award the grant  
 10 proceeds over a period of time, not to exceed three years. Those guidelines shall include the  
 11 following provisions, which shall apply to each grant from the account:

12 (1) The funds are reserved for a production on which the production company has  
 13 qualifying expenses of at least the following:

14 ...

15 b. For a production consisting of a series of episodes intended for on-line  
 16 distribution or a television series, five hundred thousand dollars  
 17 (\$500,000) per episode.

18 ...

19 (2) The funds are not used to provide a grant in excess of any of the following:

20 a. An amount more than twenty-five percent (25%) of the qualifying  
 21 expenses for the production.

22 b. An amount more than ~~seven million dollars (\$7,000,000)~~ twenty  
 23 million dollars (\$20,000,000) for a feature-length ~~film, film or a single~~  
 24 season of a production consisting of a series of episodes intended for  
 25 on-line distribution, more than fifteen million dollars (\$15,000,000)  
 26 twenty-five million dollars (\$25,000,000) for a single season of a  
 27 television series, or two hundred fifty thousand dollars (\$250,000) for  
 28 a commercial for theatrical or television viewing or on-line  
 29 distribution. The amount of a grant for the first season of a series, when  
 30 added to any grant awarded for the pilot episode of that series, may not  
 31 exceed twenty-five million dollars (\$25,000,000).

32 (3) The funds are not used to provide a grant to more than one production  
 33 company for a single production.

34 (4) The funds are not used to provide a grant for a production that meets one or  
 35 more of the following:

36 ...

37 f. It is a ~~talk, game, talk show, recorded concert or other live performance~~  
 38 event for theatrical or other release, or awards show or other gala  
 39 event. For purposes of this exception, an awards show is television  
 40 programming involving the filming of a ceremony in which  
 41 individuals, groups, or organizations are given an award.

42 ...

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

44 ...

45 (3) Highly compensated individual. – An individual who directly or indirectly  
 46 receives compensation in excess of ~~one million dollars (\$1,000,000)~~ four  
 47 million dollars (\$4,000,000) for personal services with respect to a single  
 48 production. An individual receives compensation indirectly when a  
 49 production company pays a personal service company or an employee leasing  
 50 company that pays the individual.

51 ...



- 1 (5) Production. – Any of the following:
- 2 a. A motion picture intended for commercial distribution to a motion
- 3 picture theater or directly to the consumer viewing market that has a
- 4 running time of at least 75 minutes.
- 5 b. A television series or a commercial for theatrical or television viewing,
- 6 made-for-television movie, or production intended for on-line
- 7 distribution. ~~For video and a television series, a production is all of the~~
- 8 episodes of the series produced for a single season. For a production
- 9 intended for on-line distribution, the production is all the episodes
- 10 produced for a single calendar year, provided there are at least six
- 11 episodes with an average running time of at least 20 minutes.
- 12 (6) Production company. – ~~Defined in G.S. 105-164.3: A person engaged in the~~
- 13 business of making original motion pictures or video content for theatrical,
- 14 commercial, advertising, or educational purposes.
- 15 (7) Qualifying expenses. – The sum of the amounts listed in this subdivision,
- 16 substantiated pursuant to subsection (d) of this section, and spent in this State
- 17 by a production company in connection with a production, less the amount
- 18 paid in excess of ~~one million dollars (\$1,000,000) four million dollars~~
- 19 (\$4,000,000) to a highly compensated individual:
- 20 a. Goods and services leased or purchased. For goods with a purchase
- 21 price of twenty-five thousand dollars (\$25,000) or more, the amount
- 22 included in qualifying expenses is the purchase price less the fair
- 23 market value of the good at the time the production is completed.
- 24 Goods and services includes the costs of tangible and intangible
- 25 property used for, and services performed primarily and customarily
- 26 in, production, including preproduction and postproduction and other
- 27 direct costs of producing the project in accordance with generally
- 28 accepted entertainment industry practices. Goods and services exclude
- 29 ~~costs the following:~~
- 30 1. Costs for development, marketing, and distribution; costs
- 31 distribution.
- 32 2. Costs of financing for the production, of bonding related to the
- 33 production, of production-related insurance coverage obtained
- 34 on the production; and expenses production.
- 35 3. Expenses for insurance coverage purchased from a related
- 36 member.
- 37 4. For game shows and productions that document purportedly
- 38 unscripted real life situations primarily using unfamiliar people
- 39 in lieu of professional actors, (i) costs for and value of prizes
- 40 awarded and (ii) the fair market value of any item in the show
- 41 intentionally or negligently used or destroyed for
- 42 entertainment purposes immediately prior to its destruction or
- 43 use.
- 44 ...
- 45 (h) Micro-Budget Productions Account. – There is created in the Film and Entertainment
- 46 Grant Fund a special, nonreverting account to be known as the Micro-Budget Productions
- 47 Account to provide funds to encourage smaller productions to develop the filmmaking industry
- 48 within the State. The Department of Commerce shall adopt guidelines providing for the
- 49 administration of the program. Those guidelines shall apply to each grant from the account and
- 50 shall adhere to the provisions in this section, with the following modifications:

- 1           (1)   The funds are reserved for a production on which the production company has  
2           qualifying expenses of at least fifty thousand dollars (\$50,000) in the State but  
3           not more than one million four hundred ninety-nine thousand dollars  
4           (\$1,499,000) for the production.
- 5           (2)   The funds are not used to provide a grant in excess of (i) a base amount equal  
6           to the lesser of twenty percent (20%) of the qualifying expenses for the  
7           production or one hundred thousand dollars (\$100,000) plus (ii) any of the  
8           following:
- 9           a.     A bonus amount equal to five percent (5%) of the base amount if the  
10           production company provides qualified accounting showing at least  
11           seventy-five percent (75%) of the compensation and wages paid for  
12           the production was paid to North Carolina residents. For purposes of  
13           this sub-subdivision, "qualified accounting" by the production  
14           company includes both (i) withholding payments remitted to the  
15           Department of Revenue under Article 4A of Chapter 105 of the  
16           General Statutes and (ii) payments for compensation to independent  
17           contractors reported using a Form 1099. In calculating whether the  
18           required percentage has been met, the following shall be included in  
19           compensation and wages: employee fringe contributions, including  
20           health, pension, and welfare contributions; per diems, stipends, and  
21           living allowances paid for work being performed in this State; and  
22           payments made to a loan out company for services provided in the  
23           State.
- 24           b.     A bonus amount equal to (i) three percent (3%) if at least seventy-five  
25           percent (75%) of the filming occurred in development tier two and one  
26           areas or (ii) five percent (5%) if at least seventy-five percent (75%) of  
27           the filming occurred in a development tier one area. For purposes of  
28           this sub-subdivision, a "development tier area" is as defined in  
29           G.S. 143B-437.08.
- 30           (3)   The funds are reserved for a production for which at least seventy-five percent  
31           (75%) of the filming occurred in the State by or with a production company  
32           with company headquarters, as defined in G.S. 143B-437.01, in this State.
- 33           (4)   The funds are not contingent on the existence, proof, or guarantee of a  
34           distribution agreement.
- 35           (5)   A production is not limited to feature-length films, television series, or  
36           commercials but can consist of short films, documentaries, or other similar  
37           audiovisual works intended for distribution that meet the requirements of this  
38           subsection.
- 39           (6)   No grant may be awarded that, when considered together with other grants  
40           awarded during a single calendar year, could cause the State's potential total  
41           annual liability for grants awarded in a single calendar year to exceed the  
42           amount available in the Account."

43           **SECTION 11.3A.(b)** Of the funds appropriated to the Department of Commerce in  
44 this act, the Department shall allocate the sum of one million five hundred thousand dollars  
45 (\$1,500,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium to the  
46 Micro-Budget Productions Account established in subsection (a) of this section for purposes  
47 consistent with that Account.

48           **SECTION 11.3A.(c)** This section becomes effective July 1, 2025, and applies to  
49 grants made on or after that date.

50  
51 **TRANSFORMATIVE PROJECT BASE PERIOD FLEXIBILITY**

1           **SECTION 11.4.(a)** Notwithstanding G.S. 143B-437.56, G.S. 143B-437.59, or any  
2 other provision of law, a qualifying business may request the resetting of, and the Committee  
3 may agree to reset, the base period applicable to the transformative project. For purposes of this  
4 section, the definitions in G.S. 143B-437.51 apply, and a qualifying business is a business that  
5 (i) has entered into an agreement for a transformative project, (ii) is not more than 48 months  
6 into the base period, (iii) is not currently in default, and (iv) has not received any grant payments.

7           **SECTION 11.4.(b)** This section is effective when it becomes law and expires June  
8 30, 2026.

#### 9 10 **INCREASE ONE NC COMMITMENT AUTHORITY**

11           **SECTION 11.5.(a)** G.S. 143B-437.71(b1) reads as rewritten:

12           "(b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal year  
13 may not exceed ~~seventeen million dollars (\$17,000,000)~~ twenty million dollars (\$20,000,000).  
14 Of the amount authorized in this subsection, three million dollars (\$3,000,000) is reserved for  
15 agreements with local governments located in development tier three areas, as defined in  
16 G.S. 143B-437.08, with total employment of 115,000 or less, using the data specified in  
17 G.S. 143B-437.52(c)(3)."

18           **SECTION 11.5.(b)** This section becomes effective July 1, 2025.

#### 19 20 **INCREASE UI MAX BENEFIT**

21           **SECTION 11.6.(a)** To maintain the rule of law with respect to State and federal  
22 relations pertaining to employment security laws in North Carolina, any executive order issued  
23 by the Governor that purports to expand unemployment insurance benefits, whether those  
24 benefits will be paid from federal or State funds, is void ab initio unless the executive order is  
25 issued upon authority that is conferred expressly by an act enacted by the General Assembly or  
26 granted specifically to the Governor by the Congress of the United States.

27           **SECTION 11.6.(b)** Sections 1, 2, 3, and 4 of Executive Order No. 322, issued by  
28 the Governor on October 16, 2024, and concurred to by the Council of State, are ratified and  
29 shall terminate on March 1, 2025.

30           **SECTION 11.6.(c)** G.S. 96-14.2(a) reads as rewritten:

31           "(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally  
32 unemployed is an amount equal to the wages paid to the individual in the last two completed  
33 quarters of the individual's base period divided by 52 and rounded to the next lower whole dollar.  
34 If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The  
35 weekly benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ four hundred dollars  
36 (\$400.00)."

37           **SECTION 11.6.(d)** Subsection (c) of this section becomes effective July 6, 2025,  
38 and applies to claims for benefits filed on or after July 6, 2025. The remainder of this section is  
39 effective when it becomes law.

#### 40 41 **ENERGY SECURITY AND AFFORDABILITY**

42           **SECTION 11.7.(a)** G.S. 62-110.9 reads as rewritten:

43           "**§ 62-110.9. Requirements concerning reductions in emissions of carbon dioxide from**  
44           **electric public utilities.**

45           The Utilities Commission shall take all reasonable steps to achieve ~~a seventy percent (70%)~~  
46 reduction in emissions of carbon dioxide (CO<sub>2</sub>) emitted in the State from electric generating  
47 facilities owned or operated by electric public utilities ~~from 2005 levels by the year 2030 and that~~  
48 result in carbon neutrality by the year 2050. For purposes of this section, (i) "electric public  
49 utility" means any electric public utility as defined in G.S. 62-3(23) serving at least 150,000  
50 North Carolina retail jurisdictional customers as of January 1, 2021, and (ii) "carbon neutrality"  
51 means for every ton of CO<sub>2</sub> emitted in the State from electric generating facilities owned or

1 operated by or on behalf of electric public utilities, an equivalent amount of CO2 is reduced,  
2 removed, prevented, or offset, provided that the offsets are verifiable and do not exceed five  
3 percent (5%) of the authorized reduction goal. In achieving the authorized carbon reduction  
4 ~~goals, goal~~, the Utilities Commission shall:

- 5 (1) Develop a plan, no later than December 31, ~~2022, 2026~~, with the electric  
6 public utilities, including stakeholder input, for the utilities to achieve the  
7 authorized reduction ~~goals, goal~~ of carbon neutrality by the year 2050, which  
8 may, at a minimum, consider power generation, transmission and distribution,  
9 grid modernization, storage, energy efficiency measures, demand-side  
10 management, and the latest technological breakthroughs to achieve the least  
11 cost path consistent with this section to achieve compliance with the  
12 authorized carbon reduction ~~goals goal~~ (the "Carbon Plan"). The Carbon Plan  
13 shall be reviewed every two years and may be adjusted as necessary in the  
14 determination of the Commission and the electric public utilities.
- 15 (2) Comply with current law and practice with respect to the least cost planning  
16 for generation, pursuant to G.S. 62-2(a)(3a), in achieving the authorized  
17 carbon reduction ~~goals goal~~ and determining generation and resource mix for  
18 the future. Any new generation facilities or other resources selected by the  
19 Commission in order to achieve the authorized reduction ~~goals goal~~ for  
20 electric public utilities shall be owned and recovered on a cost of service basis  
21 by the applicable electric public utility except that:
  - 22 a. Existing law shall apply with respect to energy efficiency measures  
23 and demand-side management.
  - 24 b. To the extent that new solar generation is selected by the Commission,  
25 in adherence with least cost requirements, the solar generation selected  
26 shall be subject to the following: (i) forty-five percent (45%) of the  
27 total megawatts alternating current (MW AC) of any solar energy  
28 facilities established pursuant to this section shall be supplied through  
29 the execution of power purchase agreements with third parties  
30 pursuant to which the electric public utility purchases solar energy,  
31 capacity, and environmental and renewable attributes from solar  
32 energy facilities owned and operated by third parties that are 80 MW  
33 AC or less that commit to allow the procuring electric public utility  
34 rights to dispatch, operate, and control the solicited solar energy  
35 facilities in the same manner as the utility's own generating resources  
36 and (ii) fifty-five percent (55%) of the total MW AC of any solar  
37 energy facilities established pursuant to this section shall be supplied  
38 from solar energy facilities that are utility-built or purchased by the  
39 utility from third parties and owned and operated and recovered on a  
40 cost of service basis by the soliciting electric public utility. These  
41 ownership requirements shall be applicable to solar energy facilities  
42 (i) paired with energy storage and (ii) procured in connection with any  
43 voluntary customer program.
- 44 (3) Ensure any generation and resource changes maintain or improve upon the  
45 adequacy and reliability of the existing grid.
- 46 (4) Retain discretion to determine optimal timing and generation and  
47 resource-mix to achieve the least cost path to compliance with the authorized  
48 carbon reduction ~~goals, goal~~, including discretion in achieving the authorized  
49 carbon reduction ~~goals goal~~ by the ~~dates date~~ specified in order to allow for  
50 implementation of solutions that would have a more significant and material  
51 impact on carbon reduction; provided, however, the Commission shall not

1 exceed the ~~dates~~date specified to achieve the authorized carbon reduction  
 2 ~~goals~~goal by more than two years, except in the event the Commission  
 3 authorizes construction of a nuclear facility or wind energy facility that would  
 4 require additional time for completion due to technical, legal, logistical, or  
 5 other factors beyond the control of the electric public utility, or in the event  
 6 necessary to maintain the adequacy and reliability of the existing grid. In  
 7 making such determinations, the Utilities Commission shall receive and  
 8 consider stakeholder input."

9 **SECTION 11.7.(b)** G.S. 62-110.1 reads as rewritten:

10 **"§ 62-110.1. Certificate for construction of generating facility; analysis of long-range needs**  
 11 **for expansion of facilities; ongoing review of construction costs; inclusion of**  
 12 **approved construction costs in rates.**

13 ...

14 (e) As a condition for receiving a certificate, the applicant shall file an estimate of  
 15 construction costs in such detail as the Commission may require. The Commission shall hold a  
 16 public hearing on each application and no certificate shall be granted unless the Commission has  
 17 approved the estimated construction costs and made a finding that construction will be consistent  
 18 with the Commission's plan for expansion of electric generating capacity. A certificate for the  
 19 construction of generating facility by an electric public utility, as that term is defined by  
 20 G.S. 62-110.9, shall be granted only if the applicant demonstrates and the Commission finds that  
 21 the facility is part of the least cost path to achieve compliance with the authorized carbon  
 22 reduction ~~goals~~goal in G.S. 62-110.9, will maintain or improve upon the adequacy and reliability  
 23 of the existing grid, and that the construction and operation of the facility is in the public interest.  
 24 In making its determination, the Commission shall consider resource and fuel diversity and  
 25 reasonably anticipated future operating costs. Once the Commission grants a certificate, no  
 26 public utility shall cancel construction of a generating unit or facility without approval from the  
 27 Commission based upon a finding that the construction is no longer in the public interest.

28 ...."

29 **SECTION 11.7.(c)** G.S. 62-133 reads as rewritten:

30 **"§ 62-133. How rates fixed.**

31 (a) In fixing the rates for any public utility subject to the provisions of this Chapter, other  
 32 than bus companies, motor carriers and certain water and sewer utilities, the Commission shall  
 33 fix such rates as shall be fair both to the public utilities and to the consumer.

34 (b) In fixing such rates, the Commission shall:

35 (1) Ascertain the reasonable original cost or the fair value under G.S. 62-133.1A  
 36 of the public utility's property used and useful, or to be used and useful within  
 37 a reasonable time after the test period, in providing the service rendered to the  
 38 public within the State, less that portion of the cost that has been consumed  
 39 by previous use recovered by depreciation expense. In addition, construction  
 40 work in progress may be included in the cost of the public utility's property  
 41 under any of the following circumstances:

- 42 a. To the extent the Commission considers inclusion in the public interest  
 43 and necessary to the financial stability of the utility in question,  
 44 reasonable and prudent expenditures for construction work in progress  
 45 may be included, subject to the provisions of subdivision (4a) of this  
 46 subsection.
- 47 b. For baseload electric generating facilities, reasonable and prudent  
 48 expenditures shall be included pursuant to subdivisions (2) or (3) of  
 49 G.S. 62-110.1(f1), whichever applies, subject to the provisions of  
 50 subdivision (4a) of this subsection.

c. For baseload electric generating facilities, if the Commission determines there is an overall cost-savings for customers over the life of the generating facility and a baseload electric generating facility has been subject to an annual ongoing review process pursuant to G.S. 62-110.1(f), the Commission shall, upon determining through the ongoing review process that the expenditures were reasonably and prudently incurred, allow an increase in base rates outside of the rate-making processes established under this section or G.S. 62-133.16 to reflect solely the inclusion of such construction work in progress in the rate base, with the increase being effective 30 days after the Commission's order finding that the expenditures were reasonable and prudent.

...  
(4a)

Require each public utility to discontinue capitalization of the composite carrying cost of capital funds used to finance construction (allowance for funds) on the construction work in progress included in its rate based upon the effective date of the first and each subsequent general rate order issued with respect to it after the effective date of this subsection; allowance for funds may be capitalized with respect to expenditures for construction work in progress not included in the utility's property upon which the rates were fixed. In determining net operating income for return, the Commission shall not include any capitalized allowance for funds used during construction on the construction work in progress included in the utility's rate base.

...

(c) The original cost of the public utility's property, including its construction work in progress, shall be determined as of the end of the test period used in the hearing and the probable future revenues and expenses shall be based on the plant and equipment in operation at that time. If the public utility elects to establish rate base using fair value, the fair value determination of the public utility's property shall be made as provided in G.S. 62-133.1A, and the probable future revenues and expenses shall be based on the plant and equipment in operation at the end of the test period. The test period shall consist of 12 months' historical operating experience prior to the date the rates are proposed to become effective, but the Commission shall consider such relevant, material and competent evidence as may be offered by any party to the proceeding tending to show actual changes in costs, revenues or the cost of the public utility's property used and useful, or to be used and useful within a reasonable time after the test period, in providing the service rendered to the public within this State, including its construction work in progress, which is based upon circumstances and events occurring up to the time the hearing is closed.

...."

**SECTION 11.7.(d)** G.S. 62-110.1 reads as rewritten:

**"§ 62-110.1. Certificate for construction of generating facility; analysis of long-range needs for expansion of facilities; ongoing review of construction costs; inclusion of approved construction costs in rates.**

...

(f1) ~~The~~ Except as provided in G.S. 62-133(b)(1)c., the public utility shall recover through rates in a general rate case conducted pursuant to G.S. 62-133 the actual costs it has incurred in constructing a generating facility in reliance on a certificate issued under this section as provided in this subsection, unless new evidence is discovered (i) that could not have been discovered by due diligence at an earlier time and (ii) that reasonably tends to show that a previous determination by the Commission that a material item of cost was just and reasonable and prudently incurred was erroneous. If the Commission determines that evidence has been submitted that meets the requirements of this subsection, the public utility shall have the burden

1 of proof to demonstrate that the material item of cost was in fact just and reasonable and prudently  
2 incurred.

3 (1) When a facility has been completed, and the construction of the facility has  
4 been subject to ongoing review under subsection (f) of this section, the  
5 reasonable and prudent costs of construction approved by the Commission  
6 during the ongoing review shall be included in the public utility's rate base  
7 without further review by the Commission.

8 (2) If a facility has not been completed, and the construction of the facility has  
9 been subject to ongoing review under subsection (f) of this section, the  
10 reasonable and prudent costs of construction approved by the Commission  
11 during the ongoing review shall be included in the public utility's rate base  
12 without further review by the Commission.

13 (3) If a facility is under construction or has been completed and the construction  
14 of the facility has not been subject to ongoing review under subsection (f) of  
15 this section, the costs of construction shall be included in the public utility's  
16 rate base if the Commission finds that the incurrence of these costs is  
17 reasonable and prudent.

18 (f2) If the construction of a facility is cancelled, including cancellation as a result of  
19 modification or revocation of the certificate under subsection (e1) of this section, and the  
20 construction of the facility has been subject to ongoing review under subsection (f), absent newly  
21 discovered evidence (i) that could not have been discovered by due diligence at an earlier time  
22 and (ii) that reasonably tends to show that a previous determination by the Commission that a  
23 material item of cost was just and reasonable and prudently incurred was erroneous, the public  
24 utility shall recover through rates in a general rate case conducted pursuant to G.S. 62-133 or as  
25 provided in G.S. 62-133(b)(1)c., the costs of construction approved by the Commission during  
26 the ongoing review that were actually incurred prior to cancellation, amortized over a reasonable  
27 time as determined by the Commission. In the general rate ~~ease, case, or a proceeding under~~  
28 G.S. 62-133(b)(1)c., the Commission shall make any adjustment that may be required because  
29 costs of construction previously added to the utility's rate base pursuant to subsection (f1) of this  
30 section are removed from the rate base and recovered in accordance with this subsection. Any  
31 costs of construction actually incurred, but not previously approved by the Commission, shall be  
32 recovered only if they are found by the Commission to be reasonable and prudent. If the  
33 Commission determines that evidence has been submitted that meets the requirements of this  
34 subsection, the public utility shall have the burden of proof to demonstrate that the material item  
35 of cost was just and reasonable and prudently incurred.

36 ...."

37 **SECTION 11.7.(e)** G.S. 62-110.6 reads as rewritten:

38 "**§ 62-110.6. Rate recovery for construction costs of out-of-state electric generating**  
39 **facilities.**

40 (a) The Commission shall, upon petition of a public utility, determine the need for and,  
41 if need is established, approve an estimate of the construction costs and construction schedule  
42 for an electric generating facility in another state that is intended to serve retail customers in this  
43 State.

44 (b) The petition may be filed at any time after an application for a certificate or license  
45 for the construction of the facility has been filed in the state in which the facility will be sited.  
46 The petition shall contain a showing of need for the facility, an estimate of the construction costs,  
47 and the proposed construction schedule for the facility.

48 (c) The Commission shall conduct a public hearing to consider and determine the need  
49 for the facility and the reasonableness of the construction cost estimate and proposed construction  
50 schedule. If the Commission finds that the construction will be needed to assure the provision of  
51 adequate public utility service within North Carolina, the Commission shall approve a

1 construction cost estimate and a construction schedule for the facility. In making its  
2 determinations under this section, the Commission may consider whether the state in which the  
3 facility will be sited has issued a certificate or license for construction of the facility and approved  
4 a construction cost estimate and construction schedule for the facility. The Commission shall  
5 issue its order not later than 180 days after the public utility files its petition.

6 (d) G.S. 62-110.1(f) shall apply to the construction cost estimate determined by the  
7 Commission to be appropriate, and the actual costs the public utility incurs in constructing the  
8 facility shall be recoverable through rates in a general rate case pursuant to G.S. 62-133 as  
9 provided in ~~G.S. 62-110.1(f1)~~ G.S. 62-110.1(f1), or as provided in G.S. 62-133(b)(1)c.

10 (e) If the construction of a facility is cancelled, the public utility shall recover through  
11 rates in a general rate case conducted pursuant to ~~G.S. 62-133~~ G.S. 62-133, or as provided in  
12 G.S. 62-133(b)(1)c., the costs of construction that were actually incurred prior to the cancellation  
13 and are found by the Commission to be reasonable and prudent, as provided in subsections (f2)  
14 and (f3) of G.S. 62-110.1."

15 **SECTION 11.7.(f)** This section is effective when it becomes law and applies to  
16 petitions for an increase to rates based on construction work in progress filed on or after that date.

## 17 18 **PART XII. ENVIRONMENTAL QUALITY**

### 19 20 **DEQ BASE BUDGET CORRECTIONS**

21 **SECTION 12.1.(a)** To ensure the Department of Environmental Quality's budget  
22 conforms with Chapter 143C of the General Statutes, the Department and the Office of State  
23 Budget and Management, in consultation with the Fiscal Research Division, shall take all of the  
24 following actions prior to the certification of the 2025-2027 budget under G.S. 143C-6-1(c):

- 25 (1) Remove all negative appropriations from the base budget.
- 26 (2) Remove all negative full-time equivalent positions from the base budget.
- 27 (3) Budget all one-time grants on a nonrecurring basis.
- 28 (4) Remove all intergovernmental transfers from "Other Admin Expenses."
- 29 (5) Budget all intergovernmental transfers as such with the correct amount  
30 receipted to the corresponding expenditure.
- 31 (6) Correctly budget the base budget corrections enacted in the "Current  
32 Operations Appropriations Act of 2023" (S.L. 2023-134).
- 33 (7) Accurately budget all special funds to not budget the expenditure of cash  
34 balances that do not exist.

35 **SECTION 12.1.(b)** No budgetary action by the Department in accordance with  
36 subsection (a) of this section shall increase the Department's net General Fund appropriation.

37 **SECTION 12.1.(c)** The Department shall report to the Fiscal Research Division on  
38 all actions taken under this section within 30 days of the effective date of this act. This report  
39 may be in the form of a revised "Worksheet I."

### 40 41 **WATER AND WASTEWATER FUNDING DIRECTIVES**

#### 42 43 **2021 AND 2022 WATER AND WASTEWATER PROJECTS FROM STATE FISCAL 44 RECOVERY FUNDS PRIORITIZATION**

45 **SECTION 12.2.(a)** Directive. – Recipients of funding from the State Fiscal  
46 Recovery Fund for water, wastewater, and stormwater projects under Sections 12.13 and 12.14  
47 of S.L. 2021-180, as amended, or Section 12.9 of S.L. 2022-74, as amended, shall prioritize  
48 spending those funds prior to spending funds from other State or federal sources for other water,  
49 wastewater, and stormwater projects. The Department of Environmental Quality and the Office  
50 of State Budget and Management shall not approve payments or transfer funds for new water,  
51 wastewater, and stormwater project funding through State or federal sources unless the recipient



1 for funding is meeting all milestones necessary to spend their funding from the State Fiscal  
2 Recovery Fund prior to December 31, 2026.

### 4 **2023 WATER AND WASTEWATER GENERAL FUND DEADLINES**

5 **SECTION 12.2.(b)** Deadlines for Project Completions. – Recipients of funding for  
6 projects under Section 12.2(e) of S.L. 2023-134 shall comply with the following schedule:

- 7 (1) No later than December 31, 2027, provide to the Department of  
8 Environmental Quality (Department) a completed request for funding form  
9 with a project budget that describes a project that is eligible for funding under  
10 applicable State or federal law and consistent with the purposes for the  
11 funding as set forth in Section 12.2(e) of S.L. 2023-134.
- 12 (2) No later than December 31, 2029, enter into a construction contract for the  
13 project.
- 14 (3) No later than June 30, 2032, expend all funding allocated under Section  
15 12.2(e) of S.L. 2023-134.

16 **SECTION 12.2.(c)** Extension of Deadline. – The Department may extend the  
17 applicable deadline set forth in subsection (b) of this section and set a new deadline with a date  
18 certain, if the Department finds good cause for the recipient of funding failing to meet the  
19 applicable deadline.

20 **SECTION 12.2.(d)** Reversion of Unspent Funds. – If a recipient for funding under  
21 Section 12.2(e) of S.L. 2023-134 (i) fails to meet any of the deadlines set forth in subsection (b)  
22 or (c) of this section or (ii) complies with the applicable deadline but there remains unexpended  
23 or unbudgeted funds in excess of the needs of the eligible project, then unencumbered funds shall  
24 revert in accordance with Section 12.2(c) of S.L. 2023-134 on the next business day after the  
25 applicable deadline has passed.

26 **SECTION 12.2.(e)** Reallocation of Reverted Funds. – In reallocating funds reverted  
27 under subsection (d) of this section, the Department shall prioritize other projects that are  
28 allocated funds under Section 12.2(e) of S.L. 2023-134 that the State Water Infrastructure  
29 Authority finds can no longer be completed due to unavoidable cost overruns. For purposes of  
30 this subsection, an unavoidable cost overrun is an increase in the cost of a project since September  
31 1, 2023, due to increases in labor, material, or engineering costs for the project as described in  
32 the first request for funding submitted to the Department after that date. A change in project size  
33 or scope is not an unavoidable cost overrun.

34 **SECTION 12.2.(f)** Reporting Requirement. – Beginning October 30, 2025, and no  
35 later than 30 days after the end of each subsequent quarter thereafter, the Department shall report  
36 to (i) the chairs of the House Appropriations Committee on Agriculture and Natural and  
37 Economic Resources, (ii) the chairs of the Senate Appropriations Committee on Agriculture,  
38 Natural, and Economic Resources, (iii) each member who represents a district with an active  
39 project under Section 12.2(e) of S.L. 2023-134, and (iv) the Fiscal Research Division detailing,  
40 at a minimum, each project's progress and funding status. This reporting requirement expires  
41 when all funds are expended and those projects are completed.

### 43 **EXPAND ELIGIBILITY FOR TARGETED INTEREST RATE LOANS FROM** 44 **WASTEWATER AND DRINKING WATER RESERVES**

45 **SECTION 12.2.(g)** G.S. 159G-20 reads as rewritten:

#### 46 **"§ 159G-20. Definitions.**

47 The following definitions apply in this Chapter:

48 ...

- 49 (21) Targeted interest rate project. – ~~Either~~ Any of the following types of projects:
  - 50 a. A project that is awarded a loan from the Drinking Water Reserve or  
51 the Wastewater Reserve based on affordability.

- b. A project that is awarded a loan from the CWSRF or the DWSRF and is in a category for which federal law encourages a special focus.
- c. A project the Authority finds will (i) encourage owners of single or multifamily residential property to replace failing decentralized wastewater treatment systems with connection to a publicly owned treatment works, (ii) be located in a county subject to a state of emergency, as defined in G.S. 166A-19.3, with respect to projects intended to repair, ameliorate, or mitigate impacts of the disaster resulting in the state of emergency declaration, or (iii) meet requirements for federal programs that will result in the drawdown of additional federal funds.

...."

**RAISE LIMITS FOR CERTAIN GRANTS FROM WASTEWATER AND DRINKING WATER RESERVES**

**SECTION 12.2.(h)** G.S. 159G-36(c) reads as rewritten:

"(c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant types made from the Wastewater Reserve or the Drinking Water Reserve to the same local government unit or nonprofit water corporation:

- (1) The amount of loans awarded for a fiscal year may not exceed three million dollars (\$3,000,000).
- (2) The amount of loans awarded for three consecutive fiscal years for targeted interest rate projects may not exceed three million dollars (\$3,000,000).
- (3) The amount of project grants awarded for three consecutive fiscal years may not exceed three million dollars (\$3,000,000).
- (4) The amount of merger/regionalization feasibility grants awarded for three consecutive fiscal years may not exceed ~~fifty thousand dollars (\$50,000)~~ seventy-five thousand dollars (\$75,000).
- (5) The amount of asset inventory and assessment grants awarded for three consecutive fiscal years may not exceed ~~one hundred fifty thousand dollars (\$150,000)~~ two hundred twenty-five thousand dollars (\$225,000)."

**ELIGIBILITY FOR FEDERAL DECENTRALIZED WASTEWATER FUNDING**

**SECTION 12.2.(i)** The following entities are eligible to apply for a loan or grant from funds appropriated in this act to the Clean Water State Revolving Fund for decentralized wastewater treatment systems:

- (1) A local government unit or a nonprofit water corporation, as defined in G.S. 159G-20.
- (2) A Community Development Finance Institution or a nonprofit organization that provides financing assistance to homeowners to repair or replace decentralized wastewater systems in North Carolina.

**2025 WATER SAFETY ACT**

**PFAS MITIGATION GRANTS**

**SECTION 12.3.(a)** Mitigation Grants. – Article 9 of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 9. PFAS Mitigation.

**"§ 130A-310.80. Definitions.**

In addition to the definitions in G.S. 130A-2 and G.S. 130A-290, the following definitions apply in this Part:

- 1           (1) Distressed unit. – As defined in G.S. 159G-20.  
 2           (2) Fund. – The PFAS Mitigation Fund established in G.S. 130A-310.84.  
 3           (3) PFAS. – Per- and polyfluoroalkyl substances, including perfluorooctanoic  
 4           acid (PFOA), perfluorooctanesulfonate (PFOS), hexafluoropropylene oxide  
 5           dimer acid (HFPO-DA, also known as GenX), perfluorohexanesulfonic acid  
 6           (PFHxS), perfluorononanoic acid (PFNA), and perfluorobutanesulfonic acid  
 7           (PFBS).  
 8           (4) PFAS precursors. – PFAS, PAP (polyfluoroalkyl phosphate esters), FTA (fire  
 9           training area), FTS (6:2-fluorotelomersulfonic acid), and FBSA  
 10           (perfluorobutane sulfonamide).  
 11           (5) SWIA. – The State Water Infrastructure Authority established in Article 5 of  
 12           Chapter 159G of the General Statutes.

13 **"§ 130A-310.82. Purpose.**

14       The purpose of this Part is to provide funding to support the mitigation of the impacts of  
 15 PFAS on local public water and wastewater systems.

16 **"§ 130A-310.84. PFAS Mitigation Fund.**

17       (a) Fund Established. – The PFAS Mitigation Fund is established within the Department.  
 18 The purpose of the Fund is to support statewide efforts to detect, reduce, mitigate, and prevent  
 19 exposure to PFAS and PFAS precursors and to support scientific research and technology  
 20 development related to PFAS removal, treatment, monitoring, and precursor identification. The  
 21 fund consists of any funds appropriated to it by the General Assembly, and grants from federal  
 22 agencies or other non-State entities.

23       (b) Uses of Fund. – The Fund may only be used by SWIA to provide grants to units of  
 24 local government operating public water or wastewater treatment systems for any of the  
 25 following:

- 26           (1) PFAS sampling and monitoring in drinking water, wastewater, surface water,  
 27           and groundwater.  
 28           (2) Installation or upgrade of water treatment technologies for PFAS removal.

29       (c) Funding Criteria and Oversight. – SWIA shall establish criteria and application  
 30 procedures for local PFAS response grants and shall prioritize grants to public water systems and  
 31 public wastewater systems (i) for which contamination from PFAS has caused the greatest  
 32 impacts on public health and the environment and (ii) that are, or meet the criteria to be  
 33 categorized as, a distressed unit.

34       (d) Report. – SWIA shall report annually as a part of the report required by G.S. 159G-72  
 35 regarding projects funded under this section. The report shall include the project type (sampling  
 36 and monitoring, treatment technologies, or emergency response), the project recipient, a brief  
 37 description of the project, and the amount of funding provided."

38       **SECTION 12.3.(b) Conforming Change. – G.S. 159G-71 reads as rewritten:**

39 **"§ 159G-71. State Water Infrastructure Authority; powers and duties.**

40       The Authority has the following additional duties:

41       ...

- 42           (13) To award grants to mitigate the impacts of PFAS on local public water and  
 43           wastewater systems."

44       **SECTION 12.3.(c) Funding. – Funds appropriated in this act from the Stabilization**  
 45 **and Inflation Reserve (SIR) established in Section 2.2(q) of S.L. 2022-74 to the Department of**  
 46 **Environmental Quality are allocated to the PFAS Mitigation Fund established in Part 9 of Article**  
 47 **9 of Chapter 130A of the General Statutes, as enacted by subsection (a) of this section.**

49 **COLLABORATORY RESEARCH GRANTS**

50       **SECTION 12.3.(d) PFAS Research Funding. – Funds appropriated in this act from**  
 51 **the SIR to the North Carolina Collaboratory at the University of North Carolina (Collaboratory)**

1 shall be used to support scientific research on PFAS and PFAS precursors, as defined in  
2 G.S. 130A-310.80, conducted by or in collaboration with public or nonprofit academic  
3 institutions, including any of the following:

- 4 (1) Detection methods for known and emerging PFAS and PFAS precursors.
- 5 (2) Fate and transport of PFAS and PFAS precursors in environmental media.
- 6 (3) Innovative PFAS remediation, filtration, removal, and destruction  
7 technologies.
- 8 (4) Public health and toxicological impact assessments of PFAS and PFAS  
9 precursors.
- 10 (5) Evaluation of the health impacts of PFAS mixtures found in the State's  
11 drinking water to more closely model real-world public health scenarios.
- 12 (6) Replacement compounds for PFAS and PFAS precursors.

13 **SECTION 12.3.(e)** Directive. – The Collaboratory shall consult with affected  
14 stakeholders, scientific experts, and State and local officials to ensure funding is targeted to  
15 research in areas of highest environmental and public health impact.

16 **SECTION 12.3.(f)** Report. – The Collaboratory shall include in the report required  
17 by G.S. 116-256 documentation of its use of the funds allocated by this section and updates  
18 regarding the research funded by this section.

## 20 **ALGAL BLOOM PROTECTION**

21 **SECTION 12.5.(a)** Article 21 of Chapter 143 of the General Statutes is amended by  
22 adding a new Part to read:

23 "Part 8E. Algal Control Grant Program.

### 24 **"§ 143-215.73N. Algal Control Grant Program.**

25 (a) Program; Purpose. – The Department of Environmental Quality shall establish the  
26 Algal Control Grant Program (Program) to assist units of local government with the control,  
27 prevention, and abatement of harmful algal blooms caused by cyanobacteria at public watercraft  
28 launching or docking areas. The Department shall adopt rules for the disbursement of the grants  
29 pursuant to this section.

30 (b) Grants. – To the extent funds are made available for the Program, the Department  
31 shall award units of local government grants on a first-come, first-served basis, in accordance  
32 with this section. The Department shall prioritize awarding grants to units of local government  
33 that did not receive an award pursuant to the Program in the previous fiscal year. No entity shall  
34 receive more than one grant per fiscal year. The Department shall establish criteria for initial and  
35 continuing eligibility for participating entities.

36 (c) Local Match Requirement. – Units of local government shall match grant funds  
37 received under this section in accordance with this subsection. A local match may include cash,  
38 fee waivers, in-kind services, the donation of assets, the provision of infrastructure, or a  
39 combination of these. Units of local government shall provide matching contributions as follows:

- 40 (1) For a local government in a development tier one area, as defined in  
41 G.S. 143B-437.08, the State shall provide no more than three dollars (\$3.00)  
42 for every one dollar (\$1.00) provided by the local government.
- 43 (2) For a local government in a development tier two area, as defined in  
44 G.S. 143B-437.08, the State shall provide no more than two dollars (\$2.00)  
45 for every one dollar (\$1.00) provided by the local government.
- 46 (3) For a local government in a development tier three area, as defined in  
47 G.S. 143B-437.08, the State shall provide no more than one dollar (\$1.00) for  
48 every one dollar (\$1.00) provided by the local government.

49 (d) Reporting. – No later than October 1, 2026, and every year thereafter that funds are  
50 made available for the Program, the Department shall report to the Joint Legislative Oversight  
51 Committee on Agriculture and Natural and Economic Resources on the entities receiving grants

1 under the Program; the specific control, prevention, and abatement methods conducted with the  
 2 funds; and the impact of the Program on protecting the waters of the State from harmful algal  
 3 blooms in the previous fiscal year.

4 (e) Administrative Expenses. – The Department may use up to one hundred thousand  
 5 dollars (\$100,000) in each fiscal year for administrative expenses."

6 **SECTION 12.5.(b)** G.S. 143-215.73F(b) is amended by adding a new subdivision  
 7 to read:

8 "(2a) To provide funding for grants issued pursuant to the Algal Control Grant  
 9 Program under Part 8E of Article 21 of this Chapter. Funding for algal control  
 10 projects is limited to one million two hundred thousand dollars (\$1,200,000)  
 11 in each fiscal year."

## 13 BEACH AND INLET MANAGEMENT PLAN AND REPORT

14 **SECTION 12.6.(a)** Article 21 of Chapter 143 of the General Statutes is amended by  
 15 adding a new Part 8E, to be entitled "Beach and Inlet Management Planning." Section 4.9 of S.L.  
 16 2017-10 is repealed. Section 13.9 of S.L. 2000-67 is codified within Part 8E, as follows:

- 17 (1) Section 13.9(a) is codified as G.S. 143-215.73N, to be entitled "Findings."
- 18 (2) Sections 13.9(b), 13.9(c), and 13.9(d) are codified as subsections (a), (b), and  
 19 (c) of G.S. 143-215.73O, to be entitled "Beach and inlet management plan."
- 20 (3) Section 13.9(e) is repealed.
- 21 (4) Section 13.9(f) is codified as G.S. 143-215.73P, to be entitled "Federal funds;  
 22 matching."

23 **SECTION 12.6.(b)** Part 8E of Article 21 of Chapter 143 of the General Statutes, as  
 24 enacted by subsection (a) of this section, reads as rewritten:

25 "Part 8E. Beach and Inlet Management Planning.

### 26 "§ 143-215.73N. Findings.

27 The General Assembly makes the following findings:

- 28 (1) North Carolina has 320 miles of ocean beach, including some of the most  
 29 pristine and attractive beaches in the country.
- 30 (2) The balance between economic development and quality of life in North  
 31 Carolina has made our coast one of the most desirable along the Atlantic  
 32 Seaboard.
- 33 (3) North Carolina's beaches are vital to the State's tourism industry.
- 34 (4) North Carolina's beaches belong to all the State's citizens and provide  
 35 recreational and economic benefits to our residents statewide.
- 36 (5) Beach erosion can threaten the economic viability of coastal communities and  
 37 can significantly affect State tax revenues.
- 38 (6) The Atlantic Seaboard is vulnerable to hurricanes and other coastal storms,  
 39 and it is prudent to take precautions such as beach nourishment that protect  
 40 and conserve the State's beaches and reduce property damage and flooding.
- 41 (7) Beach renourishment as an erosion control method provides hurricane flood  
 42 protection, enhances the attractiveness of beaches to tourists, restores habitat  
 43 for turtles, shorebirds, and plants, and provides additional public access to  
 44 beaches.
- 45 (8) Federal policy previously favored and assisted voluntary movement of  
 46 structures threatened by erosion, but this assistance is no longer available.
- 47 (9) Relocation of structures threatened by erosion is sometimes the best available  
 48 remedy for the property owner and is in the public interest.
- 49 (10) Public parking and public access areas are needed for use by the general public  
 50 to enable their enjoyment of North Carolina's beaches.

- 1 (11) Acquisition of high erosion hazard property by local or State agencies can  
2 reduce risk to citizens and property, reduce costs to insurance policyholders,  
3 improve public access to beaches and waterways, and protect the  
4 environment.
- 5 (12) Beach nourishment projects such as those at Wrightsville Beach and Carolina  
6 Beach have been very successful and greatly reduced property damage during  
7 ~~Hurricane Fran~~ hurricanes and other coastal storms that have impacted the  
8 State's coast.
- 9 (13) Because local beach communities derive the primary benefits from the  
10 presence of adequate beaches, a program of beach management and  
11 restoration should not be accomplished without a commitment of local funds  
12 to combat the problem of beach erosion.
- 13 (14) ~~The~~ With limited exceptions, the State of North Carolina prohibits seawalls  
14 and hardening the shoreline to prevent destroying the public's beaches.
- 15 (15) Beach nourishment is encouraged by both the Coastal Resources Commission  
16 and the U.S. Army Corps of Engineers as a method to control beach erosion.
- 17 (16) The Department of ~~Environment and Natural Resources~~ Environmental  
18 Quality has statutory authority to assist local governments in financing beach  
19 nourishment projects and is the sponsor of several federal navigation projects  
20 that result in dredging beach-quality sand.
- 21 (17) It is declared to be a necessary governmental responsibility to properly  
22 manage and protect North Carolina's beaches from erosion and that good  
23 planning is needed to assure a cost-effective and equitable approach to beach  
24 management and restoration, and that as part of a comprehensive response to  
25 beach erosion, sound policies are needed to facilitate the ability of landowners  
26 to move threatened structures and to allow public acquisition of appropriate  
27 parcels of land for public beach access.

28 **"§ 143-215.730. Beach and inlet management plan.**

29 (a) The Department of ~~Environment and Natural Resources~~ Environmental Quality shall  
30 compile and evaluate information on the current conditions and erosion rates of beaches, on  
31 coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy  
32 for beach management and restoration. The Department of ~~Environment and Natural Resources~~  
33 Environmental Quality shall make this information available to local governments for use in  
34 land-use planning.

35 (b) The Department of Environment and Natural Resources shall develop a multiyear  
36 beach management and restoration strategy and plan that does all of the following:

- 37 (1) Utilizes the data and expertise available in the Divisions of Water Resources,  
38 Coastal Management, and Energy, Mineral, and Land Resources.
- 39 (2) Identifies the erosion rate at each beach community and estimates the degree  
40 of vulnerability to storm and hurricane damage.
- 41 (3) Uses the best available geological and geographical information to determine  
42 the need for and probable effectiveness of beach nourishment.
- 43 (4) Provides for coordination with the U.S. Army Corps of Engineers, the North  
44 Carolina Department of Transportation, the North Carolina Division of  
45 Emergency Management, and other State and federal agencies concerned with  
46 beach management issues.
- 47 (5) Provides a status report on all U.S. Army Corps of Engineers' beach protection  
48 projects in the planning, construction, or operational stages.
- 49 (6) Makes maximum feasible use of suitable sand dredged from navigation  
50 channels for beach nourishment to avoid the loss of this resource and to reduce  
51 equipment mobilization costs.

- 1 (7) Promotes inlet sand bypassing where needed to replicate the natural flow of
- 2 sand interrupted by inlets.
- 3 (8) Provides for geological and environmental assessments to locate suitable
- 4 materials for beach nourishment.
- 5 (9) Considers the regional context of beach communities to determine the most
- 6 cost-effective approach to beach nourishment.
- 7 (10) Provides for and requires adequate public beach access, including
- 8 handicapped access.
- 9 (11) Recommends priorities for State funding for beach nourishment projects,
- 10 based on the amount of erosion occurring, the potential damage to property
- 11 and to the economy, the benefits for recreation and tourism, the adequacy of
- 12 public access, the availability of local government matching funds, the status
- 13 of project planning, the adequacy of project engineering, the
- 14 cost-effectiveness of the project, and the environmental impacts.
- 15 (11a) Includes a four-year cycle of planned maintenance and resiliency projects for
- 16 the State's beaches and inlets.
- 17 (12) Includes recommendations on obtaining the maximum available federal
- 18 financial assistance for beach nourishment.
- 19 (13) Is subject to a public hearing to receive citizen input.

20 (c) Each plan shall be as complete as resources and available information allow. The  
 21 Department of ~~Environment and Natural Resources~~ Environmental Quality shall revise the plan  
 22 every two years and shall submit the revised plan to the General Assembly no later than March  
 23 1 of each odd-numbered year. The Department may issue a supplement to the plan in  
 24 even-numbered years if significant new information becomes available.

25 **"§ 143-215.73P. Federal funds; matching.**

26 In the event that federal funds become available for planning and developing shore protection  
 27 projects, the State shall match those funds in accordance with the funding guidelines set out in  
 28 G.S. 143-215.71."

29 **SECTION 12.6.(c)** The Department of Environmental Quality shall provide an  
 30 interim report no later than March 1, 2026, on its progress toward updating the beach and inlet  
 31 management plan and meeting the March 1, 2027, deadline set forth in G.S. 143-215.73O(c), as  
 32 enacted by subsection (b) of this section. The report shall be provided to the Environmental  
 33 Review Commission, the Joint Legislative Oversight Commission on Agriculture and Natural  
 34 and Economic Resources, and the Fiscal Research Division.

35  
 36 **DOWNSTREAM INUNDATION MAPS**

37 **SECTION 12.7.(a)** G.S. 143-215.31 reads as rewritten:

38 **"§ 143-215.31. Supervision over maintenance and operation of dams.**

39 ...  
 40 (a1) The owner of a dam classified by the Department as a high-hazard dam or an  
 41 intermediate-hazard dam shall develop an Emergency Action Plan for the dam as provided in this  
 42 subsection:

- 43 ...
- 44 (6) Information included in an Emergency Action Plan that constitutes sensitive
- 45 public security information, as provided in G.S. 132-1.7, shall be maintained
- 46 as confidential information and shall not be subject to disclosure under the
- 47 Public Records Act. For purposes of this section, "sensitive public security
- 48 information" ~~shall include~~ includes Critical Energy Infrastructure Information
- 49 protected from disclosure under rules adopted by the Federal Energy
- 50 Regulatory Commission in ~~18 C.F.R. § 388.112~~ 18 C.F.R. § 388.112, but does
- 51 not include Emergency Action Plans or downstream inundation maps

1 associated with impoundments or dams not regulated by the Federal  
2 Emergency Regulatory Commission.

3 ...."

4 **SECTION 12.7.(b)** G.S. 143-215.32A reads as rewritten:

5 **"§ 143-215.32A. Dam Safety Emergency Fund.**

6 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund  
7 within the Department, as set forth in this section. The Fund shall be used to defray expenses  
8 incurred by the Department in developing and implementing an emergency dam safety remedial  
9 plan and assessing overtopping risk for high hazard and intermediate hazard dams.

10 (b) Eligible Expenses. – The Fund may be used for the following expenses:

11 (1) Developing and implementing an emergency dam safety remedial plan that  
12 has been approved by the Department, including expenses incurred to contract  
13 with any third party for services related to plan development or  
14 implementation.

15 (2) Performing overtopping studies for dams categorized by the Department as  
16 high hazard or intermediate hazard for which the Department currently has no  
17 or inadequate overtopping risk information.

18 (3) Provision of technical assistance to dam owners or operators with downstream  
19 inundation mapping requirements for dams categorized by the Department as  
20 high hazard or intermediate hazard.

21 ...."

22 **SECTION 12.7.(c)** G.S. 66-58 reads as rewritten:

23 **"§ 66-58. Sale of merchandise or services by governmental units.**

24 (a) Except as provided in this section, it is unlawful for any unit, department, or agency  
25 of the State government, or any division or subdivision of the unit, department, or agency, or any  
26 individual employee or employees of the unit, department, or agency in his, her, or their capacity  
27 as employee or employees thereof to engage directly or indirectly in the sale of goods, wares, or  
28 merchandise in competition with citizens of the State, or to engage in the operation of restaurants,  
29 cafeterias or other eating places in any building owned by or leased in the name of the State, or  
30 to maintain service establishments for the rendering of services to the public ordinarily and  
31 customarily rendered by private enterprises, or to provide transportation services, or to contract  
32 with any person, firm, or corporation for the operation or rendering of the businesses or services  
33 on behalf of the unit, department, or agency, or to purchase for or sell to any person, firm, or  
34 corporation any article of merchandise in competition with private enterprise. The leasing or  
35 subleasing of space in any building owned, leased, or operated by any unit, department, agency,  
36 division, or subdivision of the State for the purpose of operating or rendering of any of the  
37 businesses or services referred to in this section is prohibited.

38 ...

39 (c) The provisions of subsection (a) of this section shall not prohibit:

40 ...

41 (23) Assistance with the creation of downstream inundation maps required for the  
42 preparation of Emergency Action Plans, as required by G.S. 143-215.31(a1),  
43 provided by the Department of Environmental Quality to owners or operators  
44 of high-hazard dams."

45  
46 **AUTHORIZE THE ENVIRONMENTAL MANAGEMENT COMMISSION TO**  
47 **EMPLOY INDEPENDENT STAFF**

48 **SECTION 12.8.** G.S. 143B-283 reads as rewritten:

49 **"§ 143B-283. Environmental Management Commission – members; selection; removal;**  
50 **compensation; quorum; services.**

51 ...



1 (b4) ~~Administrative Support.— All clerical and other services required by the Commission~~  
 2 ~~shall be supplied by the Secretary of Environmental Quality.~~ Commission Staff, Structure, and  
 3 Function.—

4 (1) The Commission is authorized and empowered to employ professional,  
 5 administrative, technical, and clerical personnel as the Commission may  
 6 determine to be necessary in the proper discharge of the Commission's duty  
 7 and responsibility as provided by law. The chair shall organize and direct the  
 8 work of the Commission staff.

9 (2) The salaries and compensation of all such personnel shall be fixed in the  
 10 manner provided by law for fixing and regulating salaries and compensation  
 11 by other State agencies.

12 (3) The chair, within allowed budgetary limits and as allowed by law, shall  
 13 authorize and approve travel, subsistence, and related expenses of such  
 14 personnel incurred while traveling on official business.

15 ...."

## 17 NO SECOND BITE FOR STORMWATER PERMITTING REVIEW

18 SECTION 12.9. G.S. 143-214.7(b6) reads as rewritten:

19 "(b6) Permitting under the authority granted to the Commission by this section shall comply  
 20 with the procedures and time lines set forth in this subsection. For any development necessitating  
 21 stormwater measures subject to this section, applications for new permits, permit modifications,  
 22 permit transfers, permit renewals, and decisions to deny an application for a new permit, permit  
 23 modification, transfer, or renewal shall be in writing. Where the Commission has provided a  
 24 digital submission option, such submission shall constitute a written submission. The  
 25 Commission shall act on a permit application as quickly as possible. The Commission may  
 26 conduct any inquiry or investigation it considers necessary before acting on an application and  
 27 may require an applicant to submit plans, specifications, and other information the Commission  
 28 considers necessary to evaluate the application. If the Commission fails to act on an application  
 29 for a permit or for a renewal of a permit as specified in this subsection after the applicant submits  
 30 all information required by the Commission, the application shall be deemed approved without  
 31 modification. ~~{The following provisions apply:}~~ The following provisions apply:

32 (1) The Commission shall perform an administrative review of a new application  
 33 and of a resubmittal of an application determined to be incomplete under  
 34 subdivision (3) of this subsection within 10 working days of receipt to  
 35 determine if the information is administratively complete. If complete, the  
 36 Commission shall issue a receipt letter or electronic response stating that the  
 37 application is complete and that a 70-calendar day technical review period has  
 38 started as of the original date the application was received. If required items  
 39 or information is not included, the application shall be deemed incomplete,  
 40 and the Commission shall issue an application receipt letter or electronic  
 41 response identifying the information required to complete the application  
 42 package before the technical review begins. When the required information is  
 43 received, the Commission shall then issue a receipt letter or electronic  
 44 response specifying that it is complete and that the 70-calendar day review  
 45 period has started as of the date of receipt of all required information. The  
 46 Commission shall develop an application package checklist identifying the  
 47 items and information required for an application to be considered  
 48 administratively complete. After issuing a letter or electronic response  
 49 requesting additional information under this subdivision, the Commission  
 50 shall not subsequently request additional information that was not previously

1 identified as missing or required in that additional information letter or  
2 electronic response.

3 ...."

#### 5 UST EXPRESS CERTIFICATION

6 SECTION 12.10.(a) G.S. 143-215.94U reads as rewritten:

7 "§ 143-215.94U. **Registration of petroleum commercial underground storage tanks;**  
8 **operation of petroleum underground storage tanks; operating permit required.**

9 (a) The owner or operator of each petroleum commercial underground storage tank shall  
10 annually obtain an operating permit from the Department for the facility at which the tank is  
11 located. The Department shall issue an operating permit only if the owner or operator has done  
12 all of the following:

13 (1) Notified the Department of the existence of all tanks as required by 40 Code  
14 of Federal Regulations § 280.22 (1 July 1994 Edition) or 42 U.S.C. § 6991a,  
15 if applicable, at the facility.

16 ...

17 (7) Received certification from the Department for all commercial petroleum  
18 underground storage tanks installed or replaced at the facility.

19 (8) If applicable, paid all fees related to express certification of newly installed or  
20 replaced tanks.

21 ...."

22 SECTION 12.10.(b) G.S. 143B-279.13 reads as rewritten:

23 "§ 143B-279.13. **Express permit and certification reviews.**

24 (a) The Department of Environmental Quality shall develop an express review program  
25 to provide express permit and certification reviews in all of its regional offices. Participation in  
26 the express review program is voluntary, and the program shall be supported by the fees  
27 determined pursuant to subsection (b) of this section. The Department of Environmental Quality  
28 shall determine the project applications to review under the express review program from those  
29 who request to participate in the program. The express review program may be applied to any  
30 one or all of the permits, approvals, or certifications in the following programs: the erosion and  
31 sedimentation control program, the coastal management program, and the water quality  
32 programs, including water quality certifications and stormwater management. The express  
33 review program shall focus on the following permits or certifications:

34 ...

35 (6) Underground storage tanks installation and replacement certifications under  
36 Part 2B of Article 21A of Chapter 143 of the General Statutes."

37 ...

38 (b) The Department of Environmental Quality shall set the fees for express application  
39 review under the express review program at a level sufficient to cover all program expenses.  
40 Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under  
41 subsection (a) of this section for the express review of a project application requiring all of the  
42 permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five  
43 thousand five hundred dollars (\$5,500). Notwithstanding G.S. 143-215.3D, the maximum permit  
44 application fee to be charged for the express review of a project application requiring all of the  
45 permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four  
46 thousand five hundred dollars (\$4,500). Notwithstanding G.S. 143-215.3D, the maximum permit  
47 application fee charged for the express review of a project application for any other combination  
48 of permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed  
49 four thousand dollars (\$4,000). The maximum permit application fee to be charged for the  
50 express review of a project application under subdivision (6) of subsection (a) of this section  
51 shall not exceed four thousand dollars (\$4,000).

(b1) As set forth in subsection (a1) of this section, express review of a project application involving additional permits or certifications issued by the Department of Environmental Quality other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application that includes a permit, approval, or certification designated for express review under subsection (a1) of this section shall not exceed four thousand dollars (\$4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular permit, approval, or certification.

(b2) Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications.

(b3) The Department of Environmental Quality may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program under this section.

...."

## ESTABLISH NON-TITLE V FEES IN STATUTE

**SECTION 12.11.** G.S. 143-215.3(a)(1b) reads as rewritten:

"(1b) ~~The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing an application for a permit under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B of this Chapter may not exceed five hundred dollars (\$500.00).~~ The Department shall charge permit fees pursuant to G.S. 143-215.3(a)(1a) to non-Title V facilities subject to permitting under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B of this Chapter according to the following schedule:

- a. For facilities seeking federally enforceable limits to avoid Title V permitting, application fees of eight hundred dollars (\$800.00) and annual fees of three thousand seventy dollars (\$3,070).
- b. For facilities with a potential to emit below Title V thresholds, except for general permits, application fees of one hundred dollars (\$100.00) and annual fees of four hundred dollars (\$400.00).
- c. The fee for an ownership change shall be fifty dollars (\$50.00).
- d. The Department may provide a discount of up to twenty-five percent (25%) on annual fees authorized by sub-subdivisions a. and b. of this subdivision.

The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing a registration under Part 2A of this Article or Article 38 of this Chapter may not exceed fifty dollars (\$50.00) for any single registration. An additional fee of twenty percent (20%) of the registration processing fee may be assessed for a late registration under Article 38 of this Chapter. The fee for administering and compliance monitoring under Article 21, other than Parts 1 and 1A, ~~and G.S. 143-215.108 and G.S. 143-215.109 of Article 21B~~ shall be charged on an annual basis for each year of the permit term and may not exceed one thousand five hundred dollars (\$1,500) per year. Fees for processing all permits under Article 21A ~~and all other sections of Article 21B~~ shall not exceed one hundred dollars (\$100.00) for any single permit. The total payment for fees that are set by the Commission under this subsection for all permits for any single facility shall not exceed seven thousand five hundred dollars (\$7,500) per year, which amount shall include all application fees and fees for administration and compliance monitoring. A single facility is defined to be

1 any contiguous area under one ownership and in which permitted activities  
 2 occur. For all permits issued under these Articles where a fee schedule is not  
 3 specified in the statutes, the Commission, or other commission specified by  
 4 statute shall adopt a fee schedule in a rule following the procedures established  
 5 by the Administrative Procedure Act. Fee schedules shall be established to  
 6 reflect the size of the emission or discharge, the potential impact on the  
 7 environment, the staff costs involved, relative costs of the issuance of new  
 8 permits and the reissuance of existing permits, and shall include adequate  
 9 safeguards to prevent unusual fee assessments which would result in serious  
 10 economic burden on an individual applicant. A system shall be considered to  
 11 allow consolidated annual payments for persons with multiple permits. In its  
 12 rulemaking to establish fee schedules, the Commission is also directed to  
 13 consider a method of rewarding facilities which achieve full compliance with  
 14 administrative and self-monitoring reporting requirements, and to consider, in  
 15 those cases where the cost of renewal or amendment of a permit is less than  
 16 for the original permit, a lower fee for the renewal or amendment."  
 17

18 **CLARIFY BIENNIAL FEE ADJUSTMENT REQUIREMENTS**

19 **SECTION 12.12.(a)** G.S. 143B-279.19 reads as rewritten:

20 "**§ 143B-279.19. ~~Quadriennial~~ Biennial adjustment of certain fees and rates.**

21 (a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1,  
 22 2025, and every ~~four~~two years thereafter, the Department shall adjust the fees and rates imposed  
 23 pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index  
 24 computed by the Bureau of Labor Statistics (CPI) during the prior ~~two bienniums~~biennium;  
 25 provided, however, that any increase in a fee or rate under this subsection shall not exceed the  
 26 cost of the service being provided. If a fee or rate was increased during the prior biennium by the  
 27 enactment of a general law, the adjustment under this subsection shall reflect only the change in  
 28 the CPI since that enactment. The adjustment for per transaction rates shall be rounded to the  
 29 nearest dollar (\$1.00):

- 30 (1) G.S. 74-54.1.
- 31 (2) G.S. 90A-42.
- 32 (3) G.S. 90A-47.4.
- 33 (4) G.S. 113A-54.2.
- 34 (5) G.S. 113A-119.1.
- 35 (6) G.S. 130A-291.1.
- 36 (7) G.S. 130A-294.1.
- 37 (8) G.S. 130A-295.8.
- 38 (9) G.S. 130A-310.9.
- 39 (10) G.S. 130A-310.39.
- 40 (11) G.S. 130A-310.76.
- 41 (12) G.S. 130A-328(b).
- 42 (13) G.S. 130A-328(c).
- 43 (13a) G.S. 143-215.3(1b).
- 44 (14) G.S. 143-215.3D.
- 45 (15) G.S. 143-215.10G.
- 46 (16) G.S. 143-215.28A.
- 47 (17) G.S. 143-215.94C.
- 48 (18) G.S. 143-215.119.
- 49 (19) G.S. 143-215.125A.
- 50 (20) G.S. 143B-279.13.

51 ...."

1           **SECTION 12.12.(b)** This section is effective June 30, 2025.

2  
3   **DEQ PERMITTING TRANSPARENCY**

4           **SECTION 12.13.** The Department of Environmental Quality shall track and report  
5 on the work hours, duties, and output of its employees whose job description includes permitting  
6 duties (permitting employees). On a quarterly basis, the Department of Environmental Quality  
7 shall prepare and submit a performance report of its permitting employees to the Joint Legislative  
8 Commission on Governmental Operations and the Office of the State Auditor. The report shall  
9 include all of the following information for each permitting employee:

- 10           (1)    Position title and number.  
11           (2)    If the employee has been in the position for less than six months, an indication  
12                of this fact on the report.  
13           (3)    Total hours worked during the quarter.  
14           (4)    Total hours worked on permitting-related activities.  
15           (5)    If permitting-related activities account for less than ninety percent (90%) of  
16                the employee's quarterly work hours, a brief list of other duties performed.  
17           (6)    All permit applications approved or denied, including all of the following  
18                information for each application:  
19                a.     Applicant name.  
20                b.     Type of permit.  
21                c.     Date application was received.  
22                d.     Duration of information request period.  
23                e.     Date permit was issued or denied.

24  
25   **PART XIII. LABOR [RESERVED]**

26  
27   **PART XIV. NATURAL AND CULTURAL RESOURCES**

28  
29   **NC SYMPHONY CHALLENGE GRANT**

30           **SECTION 14.1.(a)** Of the funds appropriated in this act to the Department of Natural  
31 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for each  
32 year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina Symphony as  
33 provided in this section. It is the intent of the General Assembly that the North Carolina  
34 Symphony raise at least seven million dollars (\$7,000,000) in non-State funds for the 2025-2026  
35 fiscal year and seven million dollars (\$7,000,000) in non-State funds for the 2026-2027 fiscal  
36 year. The North Carolina Symphony cannot use funds transferred from the organization's  
37 endowment to its operating budget to achieve the fundraising targets set out in subsections (b)  
38 and (c) of this section.

39           **SECTION 14.1.(b)** For the 2025-2026 fiscal year, the North Carolina Symphony  
40 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 41           (1)    Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
42                funding, the North Carolina Symphony shall receive the sum of six hundred  
43                thousand dollars (\$600,000).  
44           (2)    Upon raising an additional sum of two million dollars (\$2,000,000) in  
45                non-State funding for a total amount of four million dollars (\$4,000,000) in  
46                non-State funds, the North Carolina Symphony shall receive the sum of seven  
47                hundred thousand dollars (\$700,000).  
48           (3)    Upon raising an additional sum of three million dollars (\$3,000,000) in  
49                non-State funding for a total amount of seven million dollars (\$7,000,000) in  
50                non-State funds, the North Carolina Symphony shall receive the final sum of  
51                seven hundred thousand dollars (\$700,000) in the 2025-2026 fiscal year.

1           **SECTION 14.1.(c)** For the 2026-2027 fiscal year, the North Carolina Symphony  
2 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 3           (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
4 funding, the North Carolina Symphony shall receive the sum of six hundred  
5 thousand dollars (\$600,000).  
6           (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
7 non-State funding for a total amount of four million dollars (\$4,000,000) in  
8 non-State funds, the North Carolina Symphony shall receive the sum of seven  
9 hundred thousand dollars (\$700,000).  
10          (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
11 non-State funding for a total amount of seven million dollars (\$7,000,000) in  
12 non-State funds, the North Carolina Symphony shall receive the final sum of  
13 seven hundred thousand dollars (\$700,000) in the 2026-2027 fiscal year.  
14

### 15 **SUNDAY OPENING STATE HISTORIC SITE PILOT PROGRAM**

16           **SECTION 14.2.(a)** Program Established. – Funds appropriated in this act to the  
17 Department of Natural and Cultural Resources (Department) for the Sunday Opening State  
18 Historic Site Pilot Program (Program) shall be used by the Department to open and operate the  
19 following State Historic Sites on Sundays during each site's peak season:

- 20           (1) Bentonville Battlefield.  
21           (2) Brunswick Town/Fort Anderson.  
22           (3) CSS Neuse.  
23           (4) Charlotte Hawkins Brown Museum.  
24           (5) Fort Fisher.  
25           (6) Governor Charles B. Aycock Birthplace.  
26           (7) Historic Bath.  
27           (8) Historic Edenton.  
28           (9) Historic Halifax.  
29           (10) North Carolina State Capitol.  
30           (11) Reed Gold Mine.  
31           (12) Roanoke Island Festival Park.  
32           (13) Somerset Place.  
33           (14) Thomas Day State Historic Site.

34           **SECTION 14.2.(b)** Notice. – The Department shall publish, update, or provide  
35 notice of the new operating hours pursuant to the Program established in subsection (a) of this  
36 section.

37           **SECTION 14.2.(c)** Reports. – The Department shall submit the following reports to  
38 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources:

- 39           (1) By October 1, 2026, an interim report with (i) actual costs by site during the  
40 2025-2026 fiscal year, (ii) Sunday visitation numbers by site during the  
41 2025-2026 fiscal year, and (iii) preliminary recommendations.  
42           (2) By April 1, 2027, an interim report with any funding recommendations the  
43 Department has for the upcoming biennium.  
44           (3) By October 1, 2027, a final report on the implementation of the Program.  
45

### 46 **AQUARIUM AND ZOO REPAIR AND RENOVATION PROJECT AUTHORIZATION**

47           **SECTION 14.3.(a)** G.S. 143B-135.188 reads as rewritten:

48 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

49 ...

1 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums  
2 Fund for repair and renovation projects at the aquariums-related facilities that comply with the  
3 following:

- 4 (1) The total project cost is less than ~~five hundred thousand dollars~~  
5 ~~(\$500,000)~~ seven hundred fifty thousand dollars (\$750,000).
- 6 (2) The project meets the requirements of G.S. 143C-8-13(a).
- 7 (3) The project is paid for from funds appropriated to the Fund.
- 8 (4) The project does not obligate the State to provide increased recurring funding  
9 for operations.

10 ...."

11 **SECTION 14.3.(b)** G.S. 143B-135.209 reads as rewritten:

12 **"§ 143B-135.209. North Carolina Zoo Fund.**

13 ...

14 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for  
15 repair and renovation projects at the North Carolina Zoological Park that comply with the  
16 following:

- 17 (1) The total project cost is less than ~~five hundred thousand dollars~~  
18 ~~(\$500,000)~~ seven hundred fifty thousand dollars (\$750,000).
- 19 (2) The project meets the criteria to be classified as a repair or renovation under  
20 G.S. 143C-8-13(a).
- 21 (3) The project is paid for from funds appropriated to the Fund.
- 22 (4) The project does not obligate the State to provide increased recurring funding  
23 for operations.

24 ...."

## 25 **EXTENDED LEASE TERMS FOR STATE RECREATION AREAS**

26 **SECTION 14.4.** Pursuant to G.S. 146-29(b), the General Assembly authorizes the  
27 Department of Natural and Cultural Resources to enter into leases for a period greater than 30  
28 years, but no more than 50 years, of lands owned by the federal government and managed by the  
29 Department as the Falls Lake, Jordan Lake, and Kerr Lake State Recreation Areas.  
30

## 31 **UNDERWATER ARCHEOLOGY HOBBY LICENSE**

32 **SECTION 14.5.(a)** Article 3 of Chapter 121 of the General Statutes is amended by  
33 adding a new section to read:

34 **"§ 121-25.2. Underwater archaeology hobby license.**

35 (a) Hobby License Established. – The underwater archaeology hobby license authorizes  
36 licensees to conduct noncommercial exploration of abandoned shipwrecks and the bottoms of  
37 the navigable waters of the State and to recover by hand underwater archaeological artifacts to  
38 which the State has title under G.S. 121-22. This license shall be issued to individual State  
39 residents and nonresidents for terms of either one year or three years, at the option of the  
40 applicant.

41 (b) Restrictions. – Holders of a hobby license shall not do any of the following:

- 42 (1) Recover or remove more than 10 underwater archaeological artifacts per day.
- 43 (2) Recover or remove archaeological artifacts buried deeper than 3 inches below  
44 the upper substrate of the bottoms of navigable waters.
- 45 (3) Recover or remove underwater archaeological artifacts that are too fragile or  
46 structurally unstable to be conserved intact.
- 47 (4) Recover or remove underwater archaeological artifacts using mechanical  
48 dredging or lifting devices.
- 49 (5) Use magnetic devices to explore abandoned shipwreck sites.

- 1           (6)   Destroy, rearrange, alter, or interfere with the structural integrity of an  
2           abandoned shipwreck, including moving or removing timbers, fittings,  
3           fastenings, or machinery.
- 4           (7)   Explore, access, or recover artifacts from any of the following:  
5           a.    Sites that the Department has authorized persons to conduct  
6           exploration, recovery, or salvage operations pursuant to a permit  
7           issued under G.S. 121-25.  
8           b.    Sites listed on the National Register of Historic Places or the North  
9           Carolina Register of Historic Places.  
10          c.    Any site managed by and under the jurisdiction of a federal agency,  
11          unless the licensee has obtained prior permission from that federal  
12          agency.  
13          d.    Any site that the Department has closed to the public for the purpose  
14          of conducting or supervising the surveillance, protection, preservation,  
15          survey, or systematic underwater archaeological recovery of  
16          underwater materials defined in G.S. 121-22.
- 17       (c)   Reporting Requirements. –  
18       (1)   Post-retrieval report. – Holders of a hobby license shall submit to the  
19       Department a post-retrieval report no later than 10 days following the end of  
20       the calendar quarter in which the licensee recovered underwater  
21       archaeological artifacts. The post-retrieval report shall include a list of each  
22       artifact recovered, including a description of the artifact and the location  
23       where the artifact was removed, and any additional information required by  
24       the Department.  
25       (2)   Annual report. – Holders of a hobby license shall submit an annual report to  
26       the Department by December 31 of each year that includes a description of  
27       the exploration and recovery activities carried out by the licensee during the  
28       calendar year, and any additional information required by the Department.  
29       Licensees shall submit an annual report even if the licensee did not engage in  
30       any exploration activities during the calendar year.
- 31       (d)   Relinquishment of Title. – Notwithstanding G.S. 121-4(12) or any other law  
32       pertaining to the disposition of State property, the Department shall review each post-retrieval  
33       report submitted by a licensee and, no later than 60 days after receiving a post-retrieval report,  
34       shall relinquish title held by the State to all underwater archaeological artifacts recovered  
35       pursuant to this section and properly documented in a post-retrieval report submitted by the  
36       licensee; provided, however, that the Department may decline to relinquish title upon  
37       determining that the licensee violated any provision of this section or any rules adopted by the  
38       Department pursuant to this section.
- 39       (e)   Grounds for Suspension, Revocation, or Denial of a Hobby License. – The  
40       Department may deny, suspend, or revoke a hobby license for any of the following reasons:  
41       (1)   The employment of fraud, deceit, or misrepresentation in obtaining or  
42       attempting to obtain a license or the renewal of a license.  
43       (2)   A history of conviction of a State or federal crime that bears upon an  
44       individual's fitness to conduct activities related to the exploration,  
45       surveillance, protection, preservation, and archeological recovery of property  
46       subject to the exclusive dominion and control of the State under G.S. 121-22,  
47       as determined by the Department pursuant to G.S. 121-25.1.  
48       (3)   A history of noncompliance with this Article or any rules adopted by the  
49       Department, any conditions of a hobby license or permit issued by the  
50       Department under G.S. 121-25, or any other State or federal law pertaining to  
51       the exploration, recovery, or salvage of archeological or historic sites.



(4) Selling any underwater archaeological artifacts recovered pursuant to this section.

(f) Fees. – The Department may establish fees for issuing and renewing hobby licenses, but those fees shall not exceed the following amounts:

(1) One-year hobby license:

- a. State Residents \$20.00.
- b. Nonresidents \$30.00.

(2) Three-year hobby license:

- a. State Residents \$50.00.
- b. Nonresidents \$75.00."

**SECTION 14.5.(b)** G.S. 121-25 reads as rewritten:

**"§ 121-25. License to conduct exploration, recovery or salvage operations.**

(a) ~~Any~~ Except as provided in G.S. 121-25.2, any qualified person, firm or corporation desiring to conduct any type of exploration, recovery or salvage operations, in the course of which any part of a derelict vessel or its contents or other archaeological site may be removed, displaced or destroyed, shall first make application to the Department of Natural and Cultural Resources and obtain a permit or license to conduct such operations. If the Department of Natural and Cultural Resources shall find that the granting of such permit or license is in the best interest of the State, it may grant such applicant a permit or license for such a period of time and under such conditions as the Department may deem to be in the best interest of the State. Such permit or license may include but need not be limited to any of the following:

- (1) Payment of monetary fee to be set by the Department.
- (2) That a portion or all of the historic material or artifacts be delivered to custody and possession of the Department.
- (3) That a portion of all of such relics or artifacts may be sold or retained by the licensee.
- (4) That a portion or all of such relics or artifacts may be sold or traded by the Department.

Permits or licenses may be renewed upon or prior to expiration upon such terms as the applicant and the Department may mutually agree. Holders of permits or licenses shall be responsible for obtaining permission of any federal agencies having jurisdiction, including the United States Coast Guard, the United States Department of the Navy and the United States Army Corps of Engineers prior to conducting any salvaging operations.

...."

**SECTION 14.5.(c)** G.S. 121-25.1 reads as rewritten:

**"§ 121-25.1. Criminal record checks of applicants for permit or license.**

(a) The following definitions apply to this section:

- (1) Applicant. – A person or entity applying for a permit or license under G.S. 121-25 or G.S. 121-25.2 to conduct any type of exploration, recovery, or salvage operations of any part of a derelict vessel or its contents or other archaeological site.

...."

**SECTION 14.5.(d)** G.S. 121-26 reads as rewritten:

**"§ 121-26. Funds received by Department under ~~§ 121-25.~~Article 3.**

Any funds which may be paid to or received by the Department of Natural and Cultural Resources under the terms of G.S. 121-25 ~~hereof~~ or G.S. 121-25.2 may be allocated for use by the Department of Natural and Cultural Resources for continuing its duties under this Article, subject to the approval of the Department of Administration."

**SECTION 14.5.(e)** The Department of Natural and Cultural Resources shall adopt rules to implement this section.

**TOPSAIL ISLAND PRESERVATION FUNDS**

**SECTION 14.6.** Funds appropriated in this act to the Department of Natural and Cultural Resources (DNCR) for a directed grant to the North Carolina Coastal Land Trust (Trust) for the acquisition of land on Topsail Island are intended to supplement and not supplant funds from other sources. If the Trust obtains alternative funds from any source for the purpose described in this section, the Trust shall remit the funds to the DNCR in the same amount as the alternative funds received. The Trust is not required to remit any amount in excess of the State funds provided to it under this section. DNCR shall transfer these funds to the General Fund.

**AMERICAN BATTLEFIELD TRUST – EXPANSION**

**SECTION 14.7.** Notwithstanding the Committee Report described in Section 43.2 of S.L. 2023-134 (Committee Report), the five million dollars (\$5,000,000) in interest transferred from the State Fiscal Recovery Reserve to the American Battlefield Trust (Trust) on page D98 of the Committee Report may also be used for the preservation of historic battlefield land at any site in the State identified by the National Park Service as a preservation priority in reports to Congress in 1993, 2007, and 2010.

**PART XV. WILDLIFE RESOURCES COMMISSION****YOUTH OUTDOOR ENGAGEMENT COMMISSION**

**SECTION 15.1.(a)** G.S. 105-113.128 reads as rewritten:

**"§ 105-113.128. Use of tax proceeds.**

The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Lottery Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of administering this Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Lottery Commission shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed expenses from administering the provisions of Article 9 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Lottery Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The remainder of the net proceeds of the tax collected under this Article are to be credited in the following priority:

...

(4) One million dollars (\$1,000,000) annually to the North Carolina Youth Outdoor Engagement Commission for grants, in the discretion of the Commission, as follows: provided in sub-subdivisions a. and b. of this subdivision. The Commission may use up to three percent (3%) of the funds credited to it under this subdivision for administrative expenses and for purposes otherwise consistent with the North Carolina Youth Outdoor Engagement Commission executive director's responsibilities under G.S. 143B-344.62. The funds credited to the Commission under this subdivision shall be allocated and used for the following:

- a. Grants not to exceed five thousand dollars (\$5,000) per sporting team or group per county per year requesting grant assistance to travel to in-State or out-of-state sporting events.
- b. Incentive grants not to exceed twenty-five thousand dollars (\$25,000) to attract State, regional, area, and national sporting events, tournaments, and programs for nonprofessional sporting participants in programs administered by city, county, and local school administrative units, or appropriate nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code as

determined by the North Carolina Youth Outdoor Engagement Commission.

...."

SECTION 15.1.(b) Part 36 of Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-344.63. Commission may accept gifts.

The North Carolina Youth Outdoor Engagement Commission is hereby authorized to accept gifts, donations, or contributions from any source, which funds shall be held in a separate account within the North Carolina Youth Outdoor Engagement Fund and shall be administered by, and used solely for purposes consistent with the mission of, the North Carolina Youth Outdoor Engagement Commission."

SECTION 15.1.(c) This section becomes effective July 1, 2025, and applies to tax proceeds collected under Article 2E of Chapter 105 of the General Statutes on or after that date.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

COLLECTION OF WORTHLESS CHECKS

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2025, for the purchase or repair of office or information technology equipment during the 2025-2026 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2026, for the purchase or repair of office or information technology equipment during the 2026-2027 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

SPLIT OF DISTRICT COURT DISTRICT 43

SECTION 16.2.(a) G.S. 7A-133(a) reads as rewritten:

(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
...		
<u>43A</u>	<u>7</u>	Cherokee Clay Graham <del>Haywood</del> <del>Jackson</del> Macon <u>Swain, Swain</u>
<u>43B</u>	<u>3</u>	<u>Haywood</u> <u>Jackson.</u> "

SECTION 16.2.(b) This section becomes effective January 1, 2026, and elections conducted in 2026 shall be held accordingly.

SPLIT PROSECUTORIAL DISTRICT 43 INTO DISTRICTS 43A AND 43B

SECTION 16.2A.(a) G.S. 7A-60, as amended by Section 16.4 of this act, reads as rewritten:

"§ 7A-60. District attorneys and prosecutorial districts.

...

(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
...		
<del>43</del> <u>43A</u>	Cherokee, Clay, Graham, Haywood, Jackson, Macon, <u>Swain</u> <del>Swain.</del>	<del>16</del> <u>7</u>
<u>43B</u>	<u>Haywood, Jackson.</u>	<u>9</u>

...."

**SECTION 16.2A.(b)** This section becomes effective January 1, 2027, and elections in 2026 shall be held accordingly.

**SPLIT SUPERIOR COURT DISTRICT 5 INTO 5A AND 5B**

**SECTION 16.2B.(a)** G.S. 7A-41 reads as rewritten:

**"§ 7A-41. Superior court divisions and districts; judges.**

(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
...			
Second	<u>55A</u>	Duplin, Jones, Onslow, Sampson	<u>21</u>
<u>Second</u>	<u>5B</u>	<u>Onslow</u>	<u>1</u>
...			

~~(b1) The qualified voters of District 5 shall elect all judges established for District 5 in subsection (a) of this section, but only persons who reside in Onslow County may be candidates for one of the judgeships and only persons who reside in Duplin, Jones, or Sampson County may be candidates for the remaining judgeship.~~

...."

**SECTION 16.2B.(b)** This section becomes effective January 1, 2026, and subsequent elections for judgeships in Superior Court Districts 5A and 5B shall be held accordingly.

**INCREASE MAGISTRATES IN VARIOUS COUNTIES**

**SECTION 16.3.** G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
...		
Burke	<u>5-66</u>	
...		
Davidson	<u>910</u>	Thomasville
...		

1	Durham	<del>18</del> <u>17</u>	
2	...		
3	Forsyth	<del>20</del> <u>21</u>	Kernersville
4	...		
5	Iredell	<del>9</del> <u>10</u>	Mooresville
6	...		
7	New Hanover	<del>14</del> <u>15</u>	
8	...		
9	Wilson	<del>7</del> <u>8</u>	
10	...."		

**ADDITIONAL ASSISTANT DISTRICT ATTORNEYS IN VARIOUS COUNTIES**

**SECTION 16.4.** G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

	Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
17	...		
18	8	Edgecombe, Nash, Wilson	<del>22</del> <u>25</u>
19	9	Greene, Lenoir, Wayne	<del>16</del> <u>17</u>
20	...		
21	11	Franklin, Granville, Person	<del>18</del> <u>19</u>
22	12	Vance, Warren	
23	...		
24	14	Harnett, Lee	<del>12</del> <u>14</u>
25	...		
26	14	Cumberland	<del>25</del> <u>31</u>
27	15	Bladen, Brunswick, Columbus	<del>16</del> <u>17</u>
28	...		
29	17	Alamance	<del>12</del> <u>14</u>
30	...		
31	20	Robeson	<del>13</del> <u>19</u>
32	21	Anson, Richmond, Scotland	<del>11</del> <u>12</u>
33	22	Caswell, Rockingham	<del>9</del> <u>10</u>
34	...		
35	26	Mecklenburg	<del>61</del> <u>71</u>
36	...		
37	28	Montgomery, Stanly	<del>6</del> <u>8</u>
38	...		
39	36	Burke, Caldwell, Catawba	<del>21</del> <u>24</u>
40	...		
41	39	Cleveland,	<del>13</del> <u>15</u>
42	40	Lincoln	
43	41	Buncombe	<del>14</del> <u>17</u>
44	43	McDowell, Rutherford	<del>8</del> <u>9</u>
45	...		
46	43	Cherokee, Clay, Graham,	<del>15</del> <u>16</u>
47		Haywood, Jackson, Macon,	
48		Swain."	

**DELINEATE LOCATION OF NEW DEPUTY CLERK POSITIONS**

**SECTION 16.5.** Of the funds appropriated in this act to the Administrative Office of the Courts to be used to hire deputy clerk positions, 28 of the positions shall be allocated in accordance with the following chart:

COUNTY	NUMBER OF DEPUTY CLERKS
Bladen	1
Brunswick	1
Burke	1
Chatham	1
Columbus	1
Craven	1
Cumberland	1
Currituck	1
Franklin	1
Johnston	1
McDowell	1
Mecklenburg	1
Onslow	4
Pender	1
Robeson	1
Rockingham	1
Rutherford	1
Scotland	1
Union	1
Wake	1
Wilson	5.

**MODIFY GENERAL COURT OF JUSTICE COSTS**

**SECTION 16.6.(a)** G.S. 7A-304(a) reads as rewritten:

"(a) In every criminal case in the superior or district court, wherein the defendant is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed against the prosecuting witness, the following costs shall be assessed and collected. No costs may be assessed when a case is dismissed. Only upon entry of a written order, supported by findings of fact and conclusions of law, determining that there is just cause, the court may (i) waive costs assessed under this section or (ii) waive or reduce costs assessed under subdivision (7), (8), (8a), (11), (12), or (13) of this section. No court may waive or remit all or part of any court fines or costs without providing notice and opportunity to be heard by all government entities directly affected. The court shall provide notice to the government entities directly affected of (i) the date and time of the hearing and (ii) the right to be heard and make an objection to the remission or waiver of all or part of the order of court costs at least 15 days prior to hearing. Notice shall be made to the government entities affected by first-class mail to the address provided for receipt of court costs paid pursuant to the order. The costs referenced in this subsection are listed below:

- ...
- (4) For support of the General Court of Justice, the sum of one hundred ~~forty seven~~ seventy-seven dollars and fifty cents ~~(\$147.50)~~ (\$177.50) in the district court, including cases before a magistrate, and the sum of one hundred ~~fifty four~~ eighty-four dollars and fifty cents ~~(\$154.50)~~ (\$184.50) in the superior court, to be remitted to the State Treasurer. For a person convicted of a felony in superior court who has made a first appearance in district court, both the district court and superior court fees shall be assessed. The State

1 Treasurer shall remit the sum of ninety-five cents (\$.95) of each fee collected  
 2 under this subdivision to the North Carolina State Bar for the provision of  
 3 services described in G.S. 7A-474.19.

4 ...."

5 **SECTION 16.6.(b)** G.S. 7A-305 reads as rewritten:

6 "**§ 7A-305. Costs in civil actions.**

7 (a) In every civil action in the superior or district court, except for actions brought under  
 8 Chapter 50B of the General Statutes, shall be assessed:

9 ...

10 (2) For support of the General Court of Justice, the sum of ~~one two hundred eighty~~  
 11 ~~ten dollars (\$180.00)-(\$210.00)~~ in the superior court and the sum of one  
 12 hundred ~~thirty-sixty~~ dollars ~~(\$130.00)-(\$160.00)~~ in the district court except  
 13 that if the case is assigned to a magistrate the sum shall be ~~eighty-one hundred~~  
 14 ~~ten dollars (\$80.00)-(\$110.00)~~. If a case is designated as a mandatory complex  
 15 business case under G.S. 7A-45.4, upon assignment to a Business Court  
 16 Judge, the party filing the designation shall pay an additional one thousand  
 17 one hundred ~~thirty~~ dollars ~~(\$1,100)-(\$1,130)~~ for support of the General Court  
 18 of Justice. If a case is designated as a complex business case under Rule 2.1  
 19 and Rule 2.2 of the General Rules of Practice for the Superior and District  
 20 Courts, upon assignment to a Business Court Judge, the plaintiff shall pay an  
 21 additional one thousand one hundred ~~thirty~~ dollars ~~(\$1,100)-(\$1,130)~~ for  
 22 support of the General Court of Justice. Sums collected under this subdivision  
 23 shall be remitted to the State Treasurer. The State Treasurer shall remit the  
 24 sum of ninety-five cents (\$.95) of each fee collected under this subdivision to  
 25 the North Carolina State Bar for the provision of services described in  
 26 G.S. 7A-474.19.

27 ...

28 (a5) In every civil action in the superior or district court wherein a party files a pleading  
 29 containing one or more counterclaims, third-party complaints, or cross-claims, except for  
 30 counterclaim and cross-claim actions brought under Chapter 50B of the General Statutes for  
 31 which costs are assessed pursuant to subsection (a1) of this section, the following shall be  
 32 assessed:

33 ...

34 (3) For support of the General Court of Justice, the sum of ~~one two hundred eighty~~  
 35 ~~ten dollars (\$180.00)-(\$210.00)~~ in the superior court, except that if a case is  
 36 assigned to a special superior court judge as a complex business case under  
 37 G.S. 7A-45.3, filing fees shall be collected and disbursed in accordance with  
 38 subsection (a) of this section, and the sum of one hundred ~~thirty-sixty~~ dollars  
 39 ~~(\$130.00)-(\$160.00)~~ in the district court, except that if the case is assigned to  
 40 a magistrate, the sum shall be ~~eighty-one hundred ten~~ dollars ~~(\$80.00)-~~  
 41 ~~(\$110.00)~~. Sums collected under this subdivision shall be remitted to the State  
 42 Treasurer. The State Treasurer shall remit the sum of ninety-five cents (\$.95)  
 43 of each fee collected under this subdivision to the North Carolina State Bar  
 44 for the provision of services described in G.S. 7A-474.19.

45 ...."

46 **SECTION 16.6.(c)** This section becomes effective December 1, 2025, and applies  
 47 to costs assessed on or after that date.

48 **MODIFY CIVIL REVOCATION FEE**

49 **SECTION 16.7.(a)** G.S. 20-16.5(j) reads as rewritten:  
 50

1       "(j) Costs. – Unless the magistrate or judge orders the revocation rescinded, a person  
2 whose license is revoked under this section must pay a fee of ~~one-two~~ hundred dollars (~~\$100.00~~  
3 (\$200.00) as costs for the action before the person's license may be returned under subsection (h)  
4 of this section. Fifty percent (50%) of the costs collected under this section shall be credited to  
5 the General Fund. Twenty-five percent (25%) of the costs collected under this section shall be  
6 used to fund a statewide chemical alcohol testing program administered by the Injury Control  
7 Section of the Department of Health and Human Services. The remaining twenty-five percent  
8 (25%) of the costs collected under this section shall be remitted to the county for the sole purpose  
9 of reimbursing the county for jail expenses incurred due to enforcement of the impaired driving  
10 laws."

11               **SECTION 16.7.(b)** This section is effective December 1, 2025, and applies to fees  
12 assessed on or after that date.

### 13 **REDUCE ONE SPECIAL SUPERIOR COURT JUDGE POSITION**

14               **SECTION 16.8.(a)** G.S. 7A-45.1 is amended by adding a new subsection to read:

15               "(a14) Notwithstanding any other provision of this section, the special superior court  
16 judgeship filled by appointment of the Governor and previously held by State position number:  
17 60006166, as of December 31, 2024, is abolished."

18               **SECTION 16.8.(b)** Subsection (a) of this section is effective when it becomes law  
19 and applies to all cases and matters assigned to this judgeship on or after that date. The remainder  
20 of this section is effective when it becomes law.

### 21 **MODIFY REVERSION AND REPORTING DATES FOR CERTAIN HUMAN** 22 **TRAFFICKING COMMISSION GRANTS**

23               **SECTION 16.9.** G.S. 7A-354.1 reads as rewritten:

24               "**§ 7A-354.1. Human Trafficking Commission Competitive Grant Program.**

25               ...

26               (c) Grant ~~Maximum.~~ Maximum, Amount, and Term. – The Commission shall set the  
27 maximum amount of each grant based upon the availability of funds, provided that no grantee  
28 shall receive more than fifty thousand dollars (\$50,000) in grant funds in each State fiscal year.  
29 The term of each grant shall be for two fiscal years comprising a State budget biennium. Grant  
30 funds and any interest earned on those funds in the possession or control of a grantee that are not  
31 expended, made subject to an encumbrance, or disbursed to a subgrantee by August 31 of the  
32 fiscal year following the grant term shall revert to the State.

33               (d) Grantee Reporting. – No later than ~~February 1~~ August 31 of each year following a  
34 year in which a grantee received funds pursuant to the Grant Program created under this section,  
35 each grantee shall submit a report to the Commission that includes all of the following:

36               ...

37               (e) Commission Reporting. – No later than ~~April 1~~ October 31 of each year, the  
38 Commission shall submit a report on the grants awarded in the previous year to the Senate  
39 Appropriations Committee on Justice and Public Safety, the House of Representatives  
40 Appropriations Committee on Justice and Public Safety, the Joint Legislative Oversight  
41 Committee on Justice and Public Safety, and the Fiscal Research Division. The report shall  
42 contain all of the following:

43               ...."

### 44 **SALE OF MAINFRAME AND RELATED TECHNOLOGY COMPONENTS**

45               **SECTION 16.10.(a)** Notwithstanding Article 3A of Chapter 143 of the General  
46 Statutes, G.S. 143-49(4), or any other law pertaining to surplus State property, the Administrative  
47 Office of the Courts may sell its mainframe computing system and any related components on  
48 terms that the Administrative Office of the Courts deems to be in its best interest without  
49  
50  
51



1 involvement by the State Surplus Property Agency designated in G.S. 143-64.01 and without  
 2 being required to pay any service charge or surcharge to the State Surplus Property Agency. The  
 3 net proceeds of this sale shall be deposited in the State Treasury for transfer into the Court  
 4 Information Technology Fund established by G.S. 7A-343.2.

5 **SECTION 16.10.(b)** This section is effective when it becomes law.

6  
 7 **TEMPORARILY REVISE LAW GOVERNING ELECTRONIC SIGNATURES OF**  
 8 **COURT DOCUMENTS**

9 **SECTION 16.11.(a)** Notwithstanding any provision of law or rule to the contrary,  
 10 the chief district court judge and the senior resident superior court judge of their respective  
 11 districts may provide by rule for the court's manual signature of any orders, judgments, decrees,  
 12 or other documents to be filed by the court.

13 **SECTION 16.11.(b)** This section is effective when it becomes law and expires July  
 14 1, 2027.

15  
 16 **PRESCRIBE RULES GOVERNING TRAINING AND EDUCATIONAL MATERIAL**  
 17 **PROVIDED TO JURORS**

18 **SECTION 16.12.(a)** Chapter 9 of the General Statutes is amended by adding a new  
 19 Article to read:

20 "Article 6.

21 "Education and Training of Jurors.

22 **"§ 9-33. Training and educational material provided to jurors.**

23 The Administrative Office of the Courts shall prescribe rules governing any training or  
 24 educational material provided at any time to any jurors, including jurors under this Chapter and  
 25 grand jurors under Chapter 15A of the General Statutes, to try any cause. The court shall not  
 26 provide jurors with any training or educational material that is not otherwise allowed under rules  
 27 prescribed by the Administrative Office of the Courts."

28 **SECTION 16.12.(b)** The Administrative Office of the Courts shall adopt rules  
 29 consistent with the provisions of this section. The Administrative Office of the Courts may use  
 30 the procedure set forth in G.S. 150B-21.1 to adopt any rules as required under this section.

31 **SECTION 16.12.(c)** This section becomes effective December 1, 2025, and applies  
 32 to training or educational material provided on or after that date.

33  
 34 **NEW PUBLIC DEFENDER DISTRICT 22 TO SERVE ROCKINGHAM AND**  
 35 **CASWELL COUNTIES**

36 **SECTION 16.13.** G.S. 7A-498.7(a) reads as rewritten:

37 "(a) The following counties of the State are organized into the defender districts listed  
 38 below, and in each of those defender districts an office of public defender is established:

39  
 40 **Defender District**

**Counties**

41  
 42 ...

43 22

Caswell, Rockingham

44 ...."

45  
 46 **PART XVII. ADULT CORRECTION**

47  
 48 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

49 **SECTION 17.1.(a)** Notwithstanding any other provision of law, and except as  
 50 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
 51 shall not transfer any positions, personnel, or funds from the Department of Adult Correction to

1 any other State agency during the 2025-2027 fiscal biennium unless the transfer was included in  
2 the base budget for one or both fiscal years of the biennium.

3 **SECTION 17.1.(b)** This section shall not apply to consolidation of information  
4 technology positions into the Department of Information Technology pursuant to  
5 G.S. 143B-1325.

#### 6 7 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

8 **SECTION 17.2.** The Department of Adult Correction may continue to contract with  
9 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison  
10 beds for minimum security female inmates during the 2025-2027 fiscal biennium. The Center for  
11 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House  
12 of Representatives Appropriations Committee on Justice and Public Safety and the Senate  
13 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the  
14 average daily inmate population compared to bed capacity using the same methodology as that  
15 used by the Department of Adult Correction.

#### 16 17 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

18 **SECTION 17.3.** Of the funds appropriated in this act for the Statewide  
19 Misdemeanant Confinement Program:

- 20 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal  
21 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,  
22 to support the Program and for administrative and operating expenses of the  
23 Association and its staff.
- 24 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
25 allocated each fiscal year to the Department of Adult Correction for its  
26 administrative and operating expenses for the Program.
- 27 (3) Up to the sum of five hundred thousand dollars (\$500,000) may be used in  
28 each fiscal year of the 2025-2027 fiscal biennium to reimburse sheriffs  
29 utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L.  
30 2021-180.

#### 31 32 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 33 **EXPENSES**

34 **SECTION 17.4.** Notwithstanding G.S. 143C-6-9, the Department of Adult  
35 Correction may use funds available to the Department for the 2025-2027 fiscal biennium to  
36 reimburse counties for the cost of housing convicted inmates, parolees, and post-release  
37 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The  
38 reimbursement may not exceed forty-five dollars (\$45.00) per day per prisoner awaiting transfer.  
39 Beginning October 1, 2025, the Department shall report quarterly to the chairs of the Joint  
40 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of  
41 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
42 Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse  
43 counties for prisoners awaiting transfer.

#### 44 45 **NURSE STAFFING AT STATE PRISONS REPORT**

46 **SECTION 17.5.(a)** The Department of Adult Correction shall report the following  
47 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
48 February 1, 2026, and by February 1, 2027:

- 49 (1) The total number of permanent nursing positions allocated to the Department,  
50 the number of filled positions, the number of positions that have been vacant

1 for more than six months, and information regarding the location of both filled  
2 and vacant positions.

3 (2) The extent to which temporary contract services are being used to staff vacant  
4 nursing positions, the method for funding the contract services, and any cost  
5 differences between the use of permanent employees versus contract  
6 employees.

7 (3) A progress report on the implementation of its plan to (i) reduce the use of  
8 contract services to provide nursing in State prisons and (ii) attract and retain  
9 qualified nurses for employment in permanent positions in State prisons.

10 **SECTION 17.5.(b)** Notwithstanding any other provision of law, the Department of  
11 Adult Correction may, in its discretion and subject to the approval of the Office of State Budget  
12 and Management, convert funds appropriated for contractual nursing services to permanent  
13 nursing positions when it is determined to promote security, generate cost-savings, and improve  
14 health care quality. The Department shall report on any such conversions to the Fiscal Research  
15 Division.

### 16 17 **DOT CONTRACT OF INMATE LITTER CREW**

18 **SECTION 17.6.(a)** After the issuance of a request for information (RFI) and receipt  
19 of bids by the Department of Transportation for litter pickup on State highways and roads, the  
20 Department of Transportation shall first offer the contract to the Department of Adult Correction  
21 upon the same terms and conditions as the most favorable bid received by the Department of  
22 Transportation from a suitable contractor. The Department of Adult Correction shall have 30  
23 days to accept or decline the offered contract.

24 **SECTION 17.6.(b)** It is the policy of the General Assembly that the Department of  
25 Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as  
26 often as is necessary and practicable.

### 27 28 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 29 **EQUIPMENT PURCHASES**

30 **SECTION 17.7.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected  
31 for the Interstate Compact Fund during the 2025-2027 fiscal biennium may be used by the  
32 Department of Adult Correction during the 2025-2027 fiscal biennium to provide training  
33 programs and equipment purchases for the Division of Community Supervision and Reentry, but  
34 only to the extent sufficient funds remain available in the Fund to support the mission of the  
35 Interstate Compact Program.

36 **SECTION 17.7.(b)** No later than October 1 of each fiscal year, the Department of  
37 Adult Correction 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 **USE OF SEIZED AND FORFEITED PROPERTY**

42 **SECTION 17.8.(a)** Seized and forfeited assets transferred to the Department of  
43 Adult Correction during the 2025-2027 fiscal biennium pursuant to applicable federal law shall  
44 be credited to the budget of the Department of Adult Correction and shall result in an increase of  
45 law enforcement resources for the Department of Adult Correction. The Department of Adult  
46 Correction shall make the following reports to the chairs of the House of Representatives  
47 Appropriations Committee on Justice and Public Safety and the Senate Appropriations  
48 Committee on Justice and Public Safety:

49 (1) A report upon receipt of any assets.

50 (2) A report that shall be made prior to the use of the assets on their intended use  
51 and the departmental priorities on which the assets may be expended.

- 1 (3) A report on receipts, expenditures, encumbrances, and availability of these  
2 assets for the previous fiscal year, which shall be made no later than  
3 September 1 of each year.

4 **SECTION 17.8.(b)** The General Assembly finds that the use of seized and forfeited  
5 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
6 of real property, repair of buildings where the repair includes structural change, and construction  
7 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
8 Therefore, the Department of Adult Correction is prohibited from using these assets for such  
9 purposes without the prior approval of the General Assembly.

10 **SECTION 17.8.(c)** Nothing in this section prohibits State law enforcement agencies  
11 from receiving funds from the United States Department of Justice, the United States Department  
12 of the Treasury, and the United States Department of Health and Human Services.

13  
14 **TEMPORARILY INCREASE THE STATEWIDE MISDEMEANANT CONFINEMENT**  
15 **FUND DAILY REIMBURSEMENT AMOUNT**

16 **SECTION 17.9.(a)** Notwithstanding any provision of law to the contrary,  
17 reimbursements to counties for the costs of housing misdemeanants under the Statewide  
18 Misdemeanant Confinement Program, as authorized by G.S. 148-10.4(d), shall be paid at a daily  
19 rate of at least forty-five dollars (\$45.00) for each misdemeanant housed under the Program.

20 **SECTION 17.9.(b)** This section becomes effective July 1, 2025, and applies to  
21 misdemeanants housed on or after that date and shall expire June 30, 2027.

22  
23 **PART XVIII. JUSTICE**

24  
25 **USE OF SEIZED AND FORFEITED PROPERTY**

26 **SECTION 18.1.(a)** Seized and forfeited assets transferred to the Department of  
27 Justice during the 2025-2027 fiscal biennium pursuant to applicable federal law shall be credited  
28 to the budget of the Department of Justice and shall result in an increase of law enforcement  
29 resources for the Department of Justice. The Department of Justice shall make the following  
30 reports to the chairs of the House of Representatives Appropriations Committee on Justice and  
31 Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 32 (1) A report upon receipt of any assets.  
33 (2) A report that shall be made prior to use of the assets on their intended use and  
34 the departmental priorities on which the assets may be expended.  
35 (3) A report on receipts, expenditures, encumbrances, and availability of these  
36 assets for the previous fiscal year, which shall be made no later than  
37 September 1 of each year.

38 **SECTION 18.1.(b)** The General Assembly finds that the use of seized and forfeited  
39 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
40 of real property, repair of buildings where the repair includes structural change, and construction  
41 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
42 Therefore, the Department of Justice is prohibited from using these assets for such purposes  
43 without the prior approval of the General Assembly.

44 **SECTION 18.1.(c)** Nothing in this section prohibits State law enforcement agencies  
45 from receiving funds from the United States Department of Justice, the United States Department  
46 of the Treasury, and the United States Department of Health and Human Services.

47  
48 **PART XIX. PUBLIC SAFETY**

49  
50 **REVISE LAW PROHIBITING FINANCIAL TRANSACTION CARD FRAUD**

51 **SECTION 19.1.(a)** G.S. 14-113.13(d) reads as rewritten:

1       "(d) A cardholder is guilty of financial transaction card fraud when ~~he~~the cardholder  
2 willfully, knowingly, and with an intent to defraud the issuer, a person or organization providing  
3 money, goods, services, or anything else of value, or any other person, submits, verbally or in  
4 writing, to the issuer or any other person, any false notice or report of the theft, loss,  
5 disappearance, or nonreceipt of ~~his~~the financial transaction card, card or the money, goods,  
6 services, or other thing of value furnished after presentation of the financial transaction card or  
7 financial transaction card account number.

8       ~~Conviction~~Unless the conduct is covered under some other provision of law providing  
9 greater punishment, conviction of financial transaction card fraud as provided in this subsection  
10 is punishable as provided in G.S. 14-113.17(a)."

11       **SECTION 19.1.(b)** This section becomes effective December 1, 2025, and applies  
12 to offenses committed on or after that date.

### 13 14 **STUDY INCREASING ENERGY EFFICIENCIES**

15       **SECTION 19.2.(a)** Study. – The Department of Public Safety, in collaboration with  
16 the Department of Justice, the Department of Adult Correction and Juvenile Justice, the State  
17 Highway Patrol, and the State Bureau of Investigation, shall study what energy-saving initiatives  
18 may be implemented by each department, including any agency or division controlled by or  
19 located for administrative purposes in the department, to reduce energy costs incurred by each  
20 department. For purposes of this subsection, the term "energy-saving initiatives" includes repairs,  
21 renovations, or other improvements to any building or facility owned, controlled, or otherwise  
22 occupied by a department and any agency or division controlled by or located for administrative  
23 purposes in the department.

24       **SECTION 19.2.(b)** Report. – The Department of Public Safety shall submit a report  
25 on the findings of the study required under subsection (a) of this section, including any legislative  
26 recommendations, to the Joint Legislative Oversight Committee on Justice and Public Safety by  
27 March 1, 2026.

### 28 29 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

30       **SECTION 19.3.(a)** Notwithstanding any other provision of law, and except as  
31 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
32 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any  
33 other State agency during the 2025-2027 fiscal biennium unless the transfer was included in the  
34 base budget for one or both fiscal years of the biennium.

35       **SECTION 19.3.(b)** This section shall not apply to consolidation of information  
36 technology positions into the Department of Information Technology pursuant to  
37 G.S. 143B-1325.

### 38 39 **ADD OFFENSES FOR WHICH ORDERS FOR ELECTRONIC SURVEILLANCE MAY** 40 **BE GRANTED**

41       **SECTION 19.4.(a)** G.S. 15A-290 reads as rewritten:

42 **"§ 15A-290. Offenses for which orders for electronic surveillance may be granted.**

43       (a) Orders authorizing or approving the interception of wire, oral, or electronic  
44 communications may be granted, subject to the provisions of this Article and Chapter 119 of  
45 Title 18 of the United States Code, when the interception does any of the following:

- 46       (1) May provide or has provided evidence of the commission of, or any  
47 conspiracy to commit, any of the following:
- 48       a. Any of the drug-trafficking violations listed in G.S. 90-95(h).
  - 49       b. A continuing criminal enterprise in violation of G.S. 90-95.1.
  - 50       c. The offense of money laundering in violation of G.S. 14-118.8.

(2) May expedite the apprehension of persons indicted for the commission of, or any conspiracy to commit, an offense listed in subdivision (1) of this subsection.

...

(c) Orders authorizing or approving the interception of wire, oral, or electronic communications may be granted, subject to the provisions of this Article and Chapter 119 of Title 18 of the United States Code, when the interception may provide, or has provided, evidence of any of the following offenses, or any conspiracy to commit these offenses, or when the interception may expedite the apprehension of persons indicted for the commission of these offenses:

- (1) Any felony offense against a minor, including any violation of G.S. 14-27.31 (Sexual activity by a substitute parent or custodian), G.S. 14-27.32 (Sexual activity with a student), G.S. 14-41 (Abduction of children), G.S. 14-43.11 (Human trafficking), G.S. 14-43.12 (Involuntary servitude), G.S. 14-43.13 (Sexual servitude), G.S. 14-190.16 (First degree sexual exploitation of a minor), G.S. 14-190.17 (Second degree sexual exploitation of a minor), G.S. 14-202.1 (Taking indecent liberties with children), G.S. 14-205.2(c) or (d) (Patronizing a prostitute who is a minor or has a mental disability), or G.S. 14-205.3(b) (Promoting prostitution of a minor or a person who has a mental disability).
- (2) Any felony obstruction of a criminal investigation, including any violation of G.S. 14-221.1 (Altering, destroying, or stealing evidence of criminal conduct).
- (3) Any felony offense involving interference with, or harassment or intimidation of, jurors or witnesses, including any violation of G.S. 14-225.2 or G.S. 14-226.
- (4) Any felony offense involving assault or threats against any executive or legislative officer in violation of Article 5A of Chapter 14 of the General Statutes or assault with a firearm or other deadly weapon upon governmental officers or employees in violation of G.S. 14-34.2.
- (5) Any offense involving the manufacture, assembly, possession, storage, transportation, sale, purchase, delivery, or acquisition of weapons of mass death or destruction in violation of G.S. 14-288.8 or the adulteration or misbranding of food, drugs, cosmetics, etc., with the intent to cause serious injury in violation of G.S. 14-34.4.
- (6) Any felony offense involving human trafficking of an adult, including any violation of G.S. 14-43.11 (Human trafficking), G.S. 14-43.12 (Involuntary servitude), or G.S. 14-43.13 (Sexual servitude).

...."

**SECTION 19.4.(b)** This section becomes effective December 1, 2025, and applies to offenses committed on or after that date.

**USE OF SEIZED AND FORFEITED PROPERTY**

**SECTION 19.5.(a)** Seized and forfeited assets transferred to the Alcohol Law Enforcement Division of the Department of Public Safety (ALE) during the 2025-2027 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the ALE and shall result in an increase of law enforcement resources for the ALE. The ALE shall 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.

- 1 (2) A report that shall be made prior to use of the assets on their intended use and  
2 the departmental priorities on which the assets may be expended.
- 3 (3) A report on receipts, expenditures, encumbrances, and availability of these  
4 assets for the previous fiscal year, which shall be made no later than  
5 September 1 of each year.

6 **SECTION 19.5.(b)** The General Assembly finds that the use of seized and forfeited  
7 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
8 of real property, repair of buildings where the repair includes structural change, and construction  
9 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
10 Therefore, the ALE is prohibited from using these assets for such purposes without the prior  
11 approval of the General Assembly.

12 **SECTION 19.5.(c)** Nothing in this section prohibits State law enforcement agencies  
13 from receiving funds from the United States Department of Justice, the United States Department  
14 of the Treasury, and the United States Department of Health and Human Services.

15 **SECTION 19.5.(d)** The Joint Legislative Oversight Committee on Justice and Public  
16 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized  
17 and forfeited assets. The Committee shall report its findings and recommendations prior to the  
18 convening of the 2026 Regular Session of the 2025 General Assembly.

## 19 **EXPAND SCOPE OF RESPONDER ASSISTANCE INITIATIVE**

20 **SECTION 19.6.** In addition to the persons already allowed to utilize the service, the  
21 Division of Emergency Management of the Department of Public Safety shall allow emergency  
22 management workers responding to disaster relief and recovery efforts in an affected area, as  
23 defined in Section 1.4 of S.L. 2024-53, to utilize the services provided under the Responder  
24 Assistance Initiative. For purposes of this section, the term "emergency management worker"  
25 means any full- or part-time paid, volunteer, or auxiliary employee of the State or any political  
26 subdivision thereof who qualifies as an "emergency management worker" under  
27 G.S. 166A-19.60.  
28

## 29 **SENATE CONFIRMATION OF ADJUTANT GENERAL**

30 **SECTION 19.7.(a)** G.S. 127A-19 reads as rewritten:

### 31 **"§ 127A-19. Adjutant General.**

32 (a) The military head of the militia shall be the Adjutant General who shall hold the rank  
33 of major general with federal recognition at time of appointment or attain the rank of major  
34 general pursuant to this section. The Adjutant General shall be appointed by the Governor in the  
35 Governor's capacity as commander in chief of the militia, in consultation with the Secretary of  
36 Public ~~Safety, and~~ Safety. The appointment is subject to the process in accordance with  
37 G.S. 143B-9 as if the Adjutant General was a head of a principal State department. The Adjutant  
38 General shall serve at the pleasure of the Governor. The Adjutant General, while holding this  
39 office, shall be a member of the active North Carolina National Guard. If an appointed Adjutant  
40 General does not attain the rank of major general with federal recognition within a reasonable  
41 period of time from the date of appointment, the Governor shall replace the Adjutant General  
42 with an appointee who meets the criteria ~~in~~ in, and appointed in accordance with, this section. A  
43 "reasonable period of time" shall take into account time in grade requirements for promotion or  
44 promotions and administrative periods necessary to complete the promotion process.

45 (b) In order to be eligible for appointment as Adjutant General, a person shall be a  
46 resident of the State of North Carolina and meet all of the following requirements:

- 47 (1) The person shall have a total of at least 10 years of commissioned service in  
48 any component or components of the Armed Forces of the United States.  
49

- 1 (2) The person shall have a minimum of three years commissioned service in the  
2 Army or Air National Guard within the six-year period previous to the  
3 appointment date.
- 4 (3) The person, at the time of appointment, shall be one of the following:  
5 a. A major general with federal recognition or who is eligible for federal  
6 recognition.  
7 b. A brigadier general with federal recognition or who is eligible for  
8 federal recognition and who is eligible for promotion to major general  
9 with federal recognition.  
10 c. A colonel with federal recognition or who is eligible for federal  
11 recognition; who is eligible for promotion and federal recognition as a  
12 brigadier general; and who is eligible for promotion to major general  
13 with federal recognition.
- 14 (4) The person shall have completed all service school or other criteria for  
15 promotion to general officer with federal recognition.
- 16 (5) The person shall have a minimum of 12 months in command of either (i) an  
17 Army or Air National Guard unit or (ii) a unit in any component of the Armed  
18 Forces of the United States.
- 19 (c) Subject to the approval of the Governor and in consultation with the Secretary of  
20 Public Safety, the Adjutant General may appoint:
- 21 (1) A deputy adjutant general, who may hold the same rank as the Adjutant  
22 General.
- 23 (2) Two assistant adjutants general for the Army National Guard and an assistant  
24 adjutant general for the Air National Guard, each of whom may hold the rank  
25 of brigadier general.

26 The appointees authorized by this subsection shall serve at the pleasure of the Governor. The  
27 Adjutant General may also employ staff members and other personnel as authorized by the  
28 Secretary and funded."

29 **SECTION 19.7.(b)** This section is effective when it becomes law.

30  
31 **MILITARY JUDGES OF THE NORTH CAROLINA NATIONAL GUARD**  
32 **APPOINTMENT MODIFICATIONS**

33 **SECTION 19.8.(a)** G.S. 127A-50 reads as rewritten:

34 **"§ 127A-50. Summary courts-martial.**

35 (a) In the North Carolina National Guard, not in the service of the United States, summary  
36 courts-martial may be appointed by any of the following:

- 37 (1) Any person who may convene a general or special court-martial.  
38 (2) The commander of a battalion, comparable or higher command of the North  
39 Carolina Army National Guard, provided that the commander is an officer of  
40 the grade of major or above.  
41 (3) The commander of a detached squadron, comparable or higher command of  
42 the North Carolina Air National Guard, provided that the commander is an  
43 officer of the grade of major or above.

44 (b) The court acting under this section shall consist of one officer who shall have the  
45 power to administer oaths and try enlisted personnel of each respective command for breaches  
46 of discipline and violations of laws governing those organizations. These courts shall also have  
47 the power to impose punishments in like manner and to the extent prescribed by the Uniform  
48 Code of Military Justice and Manual for Courts Martial, United States, as shall be in use by the  
49 Armed Forces of the United States at the time of the offense, except that no officer, the State  
50 military judge, and a judge advocate detailed to the court as a hearing officer. A summary  
51 court-martial shall have the authority to impose fines of not more than five hundred dollars



1 (\$500.00), to impose forfeitures of two-thirds pay for one month, to restrict to limits, to impose  
 2 extra duty, and to reduce the rank of enlisted persons E7 and above by up to two ranks and  
 3 enlisted persons E6 and below to the rank of E1.

4 (c) No court acting under this section shall have the authority to impose confinement as  
 5 part of a sentence.

6 (d) There shall be no right during summary courts-martial to demand trial by  
 7 court-martial."

8 **SECTION 19.8.(b)** G.S. 127A-50.1 reads as rewritten:

9 **"§ 127A-50.1. Military judges.**

10 The Adjutant General shall appoint military judges to preside over courts-martial of the North  
 11 Carolina National Guard not in federal service. Minimum requirements for appointment as a  
 12 military judge ~~are~~ are the following:

13 (1) ~~Certification as a military judge by the Judge Advocate General of the United~~  
 14 ~~States Army, Air Force, Navy, Marines, or Coast Guard.~~

15 (2) Designation as a judge advocate by the Judge Advocate General of the United  
 16 States Army, Navy, Air Force, Marines, or Coast Guard.

17 (3) Membership in the North Carolina National Guard, the National Guard of  
 18 another state, or the active or reserve components of the Armed Forces of the  
 19 United States.

20 (4) A member in good standing for at least 10 years of either of the following:

21 a. The bar of the highest court of this State or any other state.

22 b. The bar of a federal court.

23 (5) Hold the rank of lieutenant colonel or above."

24 **SECTION 19.8.(c)** Subsection (a) of this section is effective when it becomes law  
 25 and applies to summary courts-martial initiated on or after that date. Subsection (b) of this section  
 26 is effective when it becomes law and applies to military judges serving on or after that date,  
 27 except the requirements of G.S. 127A-50.1, as amended by subsection (b) of this section, shall  
 28 only apply to appointments made on or after that date. The remainder of this section is effective  
 29 when it becomes law.

## 31 ENLARGE NATIONAL GUARD EMERGENCY RESPONSE ROLE

32 **SECTION 19.9.(a)** G.S. 166A-19.3 reads as rewritten:

33 **"§ 166A-19.3. Definitions.**

34 The following definitions apply in this Article:

35 (1a) Adjutant General. – The Adjutant General of the North Carolina National  
 36 Guard.

37 ...

38 (3a) Disaster recovery period. – The period following a disaster response period in  
 39 which the State Emergency Response Team provides for the rapid and orderly  
 40 rehabilitation of persons and restoration of property by focusing on restoration  
 41 of critical infrastructure, rebuilding of communities, and revitalization of  
 42 economic activity.

43 (3b) Disaster response period. – The initial 30-day period after a state of emergency  
 44 is declared in which the State Emergency Response Team is activated and  
 45 provides for the prompt and efficient rescue, care, and treatment of threatened  
 46 or affected persons in order to save lives, prevent further injury, and provide  
 47 basic life necessities to impacted persons. The disaster response period may  
 48 be extended for an additional 30 days by the Governor with the concurrence  
 49 of the Council of State. The State Emergency Response Team may also  
 50 engage in disaster recovery efforts during the disaster response period as  
 51 needed.

1 ...  
 2 (18) State Emergency Response Team. – The representative group of State agency  
 3 personnel designated to carry out the emergency management support  
 4 functions identified in the North Carolina Emergency Operations Plan. The  
 5 State Emergency Response Team leader during the disaster response period  
 6 shall be the ~~Director of the Division, Adjutant General of the North Carolina~~  
 7 National Guard, who shall have authority to manage the ~~Team pursuant to~~  
 8 G.S. 166A-19.12(1), as delegated by the Governor. Team pursuant to  
 9 G.S. 166A-19.12A. The Team shall consist of the North Carolina National  
 10 Guard and the following State agencies:  
 11 ...."

12 SECTION 19.9.(b) G.S. 166A-19.11 reads as rewritten:

13 **"§ 166A-19.11. Powers of the Secretary of Public Safety.**

14 The Secretary shall be responsible to the Governor for State emergency management  
 15 activities. The Secretary shall have the following powers and duties as delegated by the  
 16 Governor:

- 17 (1) ~~To activate the State and local plans applicable to the areas in question and to~~  
 18 ~~authorize and direct the deployment and use of any personnel and forces to~~  
 19 ~~which the plan or plans apply, and the use or distribution of any supplies,~~  
 20 ~~equipment, materials, and facilities available pursuant to this Article or any~~  
 21 ~~other provision of law.~~
- 22 (2) To adopt the rules to implement those provisions of this Article that deal with  
 23 matters other than those that are exclusively ~~local~~ local, in consultation with  
 24 the Adjutant General.

25 ...."

26 SECTION 19.9.(c) G.S. 166A-19.12 reads as rewritten:

27 **"§ 166A-19.12. Powers of the Division of Emergency Management.**

28 The Division of Emergency Management shall have the following powers and duties as  
 29 delegated by the Governor and Secretary of Public ~~Safety~~ Safety and in coordination with the  
 30 Adjutant General:

- 31 (1) Coordination of the activities of all State agencies for emergency management  
 32 within the ~~State~~ State during the disaster recovery period, including planning,  
 33 organizing, staffing, equipping, training, testing, and activating and managing  
 34 the State Emergency Response Team and emergency management programs.
- 35 (2) Preparation and maintenance of State plans for ~~emergencies~~ emergencies,  
 36 including contingency plans for emergencies. The State plans or any parts  
 37 thereof may be incorporated into department regulations and into executive  
 38 orders of the Governor.

39 ...

- 40 (8) Coordination of the use of any private facilities, services, and  
 41 ~~property~~ property during a disaster recovery period.

42 ...."

43 SECTION 19.9.(d) Part 2 of Article 1A of Chapter 166A of the General Statutes is  
 44 amended by adding a new section to read:

45 **"§ 166A-19.12A. Powers of the Adjutant General.**

46 (a) The Adjutant General shall be responsible to the Governor for execution of the North  
 47 Carolina Emergency Operations Plan during a disaster response period. The Adjutant General  
 48 shall have the following powers and duties as delegated by the Governor:

- 49 (1) Coordination of the activities of all State agencies for emergency management  
 50 within the State during the disaster response period, including planning,  
 51 organizing, staffing, equipping, training, testing, and activating and managing

1 the State Emergency Response Team, staffing and operation of the Emergency  
 2 Operations Center, emergency management programs, and the North Carolina  
 3 State and Local Aviation Plan. As part of the State and Local Aviation Plan,  
 4 the Adjutant General shall be designated the State Emergency Response Team  
 5 Air Operations Coordinator during a disaster response period.

6 (2) Activation of the State and local plans applicable to the areas in question and  
 7 authorization and direction of the deployment and use of any personnel and  
 8 forces to which the plan or plans apply during the disaster response period.

9 (3) Coordination of the use or distribution of any supplies, equipment, materials,  
 10 and facilities available pursuant to this Article or any other provision of law  
 11 during the disaster response period.

12 (4) Coordination of the activities of all State agencies in activating and managing  
 13 the State Emergency Response Team and emergency management programs  
 14 during the disaster response period.

15 (5) Coordination of the use of any private facilities, services, and property, in the  
 16 State Emergency Response Team's execution of State and local plans during  
 17 the disaster response period.

18 (b) The Adjutant General may appoint a designee within the North Carolina National  
 19 Guard to exercise the powers and duties under subsection (a) of this section if the Adjutant  
 20 General is unable to perform those powers and duties due to (i) federalization under Title 10 or  
 21 32 of the United States Code by the President of the United States or (ii) any other incapacity  
 22 preventing the Adjutant General from carrying out of those duties."

23 **SECTION 19.9.(e)** G.S. 166A-69 reads as rewritten:

24 **"§ 166A-69. North Carolina Search and Rescue Team Advisory Committee.**

25 (a) The North Carolina Search and Rescue Team Advisory Committee is created. The  
 26 Secretary shall appoint the members of the Committee and shall designate the ~~Director of the~~  
 27 ~~North Carolina Division of Emergency Management or the Director's designee~~ Adjutant General  
 28 as the chair. In making appointments, the Secretary shall take into consideration the expertise of  
 29 the appointees in the management of search and rescue or specialty response team missions. The  
 30 Secretary shall appoint one representative from each of the following:

31 (1) The Division of North Carolina Emergency Management, who shall be the  
 32 Director of the North Carolina Division of Emergency Management or the  
 33 Director's ~~designee and who shall serve as the chair.~~ designee.

34 ...

35 (5) The Adjutant General of the North Carolina National Guard, who shall  
 36 serve as chair.

37 ...."

38 **SECTION 19.9.(f)** G.S. 127A-20 reads as rewritten:

39 **"§ 127A-20. Administrative and operational relationships of the Adjutant General.**

40 ~~In~~ Except as provided in Chapter 166A of the General Statutes, in all administrative and  
 41 operational matters affecting the militia while under State control, the Adjutant General shall be  
 42 responsible to and subject to the direction and supervision of the Secretary of Public Safety."

43 **SECTION 19.9.(g)** Within 60 days of the effective date of this section, the Governor  
 44 shall update the North Carolina Emergency Operations Plan (Plan) to reflect that the Adjutant  
 45 General of the North Carolina National Guard (Adjutant General) is the leader of the State  
 46 Emergency Response Team (SERT) during the disaster response period, as defined in  
 47 G.S. 166A-19.3, as amended by this section. Within one year of the effective date of this section,  
 48 the Governor, in coordination with the Adjutant General, the Secretary of Public Safety, and the  
 49 Director of the Division of Emergency Management, shall update the Plan to implement the  
 50 provisions of this section. In updating the Plan, the Adjutant General shall account for chain of  
 51 command for the SERT if the North Carolina National Guard is federalized under Title 10 or

1 Title 32 of the United States Code by the President of the United States during the activation of  
 2 the SERT.

3 **SECTION 19.9.(h)** This section is effective when it becomes law.  
 4

5 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

6 **SECTION 19.10.(a)** Funds appropriated in this act to the Department of Public  
 7 Safety for the 2025-2027 fiscal biennium for community program contracts, that are not required  
 8 for or used for community program contracts, may be used only for the following:

- 9 (1) Other statewide residential programs that provide Level 2 intermediate  
 10 dispositional alternatives for juveniles.
- 11 (2) Statewide community programs that provide Level 2 intermediate  
 12 dispositional alternatives for juveniles.
- 13 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
 14 Prevention Councils which provide Level 2 intermediate dispositional  
 15 alternatives for juveniles.
- 16 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
 17 intermediate dispositional alternatives for juveniles listed in  
 18 G.S. 7B-2506(13) through (23).

19 **SECTION 19.10.(b)** Funds appropriated by this act to the Department of Public  
 20 Safety for the 2025-2027 fiscal biennium for community programs may not be used for staffing,  
 21 operations, maintenance, or any other expenses of youth development centers or detention  
 22 facilities.

23 **SECTION 19.10.(c)** The Department of Public Safety shall submit an electronic  
 24 report by October 1 of each year of the 2025-2027 fiscal biennium on all expenditures made in  
 25 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
 26 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
 27 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
 28 The report shall include all of the following: an itemized list of the contracts that have been  
 29 executed, the amount of each contract, the date the contract was executed, the purpose of the  
 30 contract, the number of juveniles that will be served and the manner in which they will be served,  
 31 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
 32 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.  
 33

34 **MODIFY APPOINTMENT REQUIREMENTS FOR JUVENILE FORENSIC**  
 35 **EVALUATORS**

36 **SECTION 19.11.(a)** Article 24 of Chapter 7B of the General Statutes reads as  
 37 rewritten:

38 "Article 24.

39 "Hearing Procedures.

40 ...

41 **"§ 7B-2401.1. Definitions.**

42 The following definitions apply in this Article:

43 ...

44 (5a) Local Management Entity/Managed Care Organization or LME/MCO. – As  
 45 defined in G.S. 122C-3.

46 ...

47 **"§ 7B-2401.2. Procedures to determine capacity; hearing procedures; evidence.**

48 ...

49 (b) When the capacity of the juvenile to proceed is questioned, the court may appoint one  
 50 or more local certified forensic evaluators employed by, or under contract with, a Local  
 51 Management Entity/Managed Care Organization (LME/MCO), and paid by the LME/MCO with

1 public funds, who are qualified by the Department of Health and Human Services to conduct  
2 forensic evaluations for juveniles to examine the juvenile and return a forensic evaluation report.  
3 Reports so prepared are admissible at the hearing. The court may call any expert so appointed to  
4 testify at the hearing with or without the request of either party. This subsection shall not be  
5 construed to limit the juvenile's right to retain his or her own expert or the State's right to obtain  
6 its own expert.

7 ...

8 **"§ 7B-2401.3. Juvenile forensic evaluation credentialing; conducting forensic evaluations;  
9 written reports; compensation of experts.**

10 ...

11 ~~(h) Any forensic evaluator appointed by the court to conduct a forensic evaluation,  
12 ordered pursuant to G.S. 7B-2401.2, shall receive a reasonable fee for such service. The fee shall  
13 be determined for each forensic evaluation by the appointing court, in accordance with  
14 reimbursement guidelines maintained by the North Carolina Administrative Office of the Courts.  
15 If any such forensic evaluator is required to appear as a witness in any hearing held pursuant to  
16 this section, the forensic evaluator shall receive reimbursement for expenses according to  
17 guidelines maintained by the North Carolina Administrative Office of the Courts.~~

18 ...."

19 **SECTION 19.11.(b)** This section becomes effective December 1, 2025, and applies  
20 to forensic evaluators appointed on or after that date.

## 21 **PART XX. STATE BUREAU OF INVESTIGATION**

### 22 **USE OF SEIZED AND FORFEITED PROPERTY**

23  
24 **SECTION 20.1.(a)** Seized and forfeited assets transferred to the State Bureau of  
25 Investigation (SBI) during the 2025-2027 fiscal biennium pursuant to applicable federal law shall  
26 be credited to the budget of the SBI and shall result in an increase of law enforcement resources  
27 for the SBI. The SBI shall make the following reports to the chairs of the House of  
28 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
29 Appropriations Committee on Justice and Public Safety:

- 30  
31 (1) A report upon receipt of any assets.  
32 (2) A report that shall be made prior to use of the assets on their intended use and  
33 the departmental priorities on which the assets may be expended.  
34 (3) A report on receipts, expenditures, encumbrances, and availability of these  
35 assets for the previous fiscal year, which shall be made no later than  
36 September 1 of each year.

37 **SECTION 20.1.(b)** The General Assembly finds that the use of seized and forfeited  
38 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
39 of real property, repair of buildings where the repair includes structural change, and construction  
40 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
41 Therefore, the SBI is prohibited from using these assets for such purposes without the prior  
42 approval of the General Assembly.

43 **SECTION 20.1.(c)** Nothing in this section prohibits State law enforcement agencies  
44 from receiving funds from the United States Department of Justice, the United States Department  
45 of the Treasury, and the United States Department of Health and Human Services.

### 46 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

47 **SECTION 20.2.(a)** Notwithstanding any other provision of law, and except as  
48 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
49 shall not transfer any positions, personnel, or funds from the State Bureau of Investigation to any  
50

1 other State agency during the 2025-2027 fiscal biennium unless the transfer was included in the  
2 base budget for one or both fiscal years of the biennium.

3 **SECTION 20.2.(b)** This section shall not apply to consolidation of information  
4 technology positions into the Department of Information Technology pursuant to  
5 G.S. 143B-1325.

6  
7 **TECHNICAL CORRECTIONS RELATED TO MAKING THE STATE BUREAU OF**  
8 **INVESTIGATION AN INDEPENDENT DEPARTMENT**

9 **SECTION 20.3.(a)** G.S. 18B-902(b) reads as rewritten:

10 "(b) Investigation. – Before issuing a new permit, the Commission, with the assistance of  
11 the ALE Division, shall investigate the applicant and the premises for which the permit is  
12 requested. The Commission may request the assistance of local ABC officers in investigating  
13 applications. An applicant shall cooperate fully with the investigation.

14 The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may provide a  
15 criminal record check to the ALE Division for a person who has applied for a permit through the  
16 Commission. The ALE Division shall provide to the ~~Department of Public Safety, Bureau,~~  
17 with the request, the fingerprints of the applicant, any additional information required by the  
18 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check  
19 of the criminal record and to the use of the fingerprints and other identifying information required  
20 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~  
21 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~  
22 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of  
23 Investigation for a national criminal history check. The ALE Division and the Commission shall  
24 keep all information pursuant to this subsection privileged, in accordance with applicable State  
25 law and federal guidelines, and the information shall be confidential and shall not be a public  
26 record under Chapter 132 of the General Statutes.

27 The ~~Department of Public Safety~~ Bureau may charge each applicant a fee for conducting the  
28 checks of criminal history records authorized by this subsection."

29 **SECTION 20.3.(b)** G.S. 74C-8.1(a) reads as rewritten:

30 "(a) Authorization. – Upon receipt of an application for a license, registration,  
31 certification, or permit, the Board shall conduct a background investigation to determine whether  
32 the applicant meets the requirements for a license, registration, certification, or permit set out in  
33 G.S. 74C-8(d). The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may  
34 provide a criminal record check to the Board for a person who has applied for a new or renewal  
35 license, registration, certification, or permit through the Board. The Board shall provide to the  
36 ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of a new applicant,  
37 and the ~~Department of Public Safety~~ Bureau shall provide a criminal record check based upon  
38 the applicant's fingerprints. The Board may request a criminal record check from the ~~Department~~  
39 ~~of Public Safety~~ Bureau for a renewal applicant based upon the applicant's fingerprints in  
40 accordance with policy adopted by the Board. The Board shall provide any additional information  
41 required by the ~~Department of Public Safety~~ Bureau and a form signed by the applicant  
42 consenting to the check of the criminal record and to the use of the fingerprints and other  
43 identifying information required by the State or national repositories. The applicant's fingerprints  
44 shall be ~~forwarded to the State~~ Bureau of Investigation used for a search of the State's criminal  
45 history record file, and the ~~State~~ Bureau of Investigation shall forward a set of the fingerprints to  
46 the Federal Bureau of Investigation for a national criminal history check. The ~~Department of~~  
47 ~~Public Safety~~ Bureau may charge each applicant a fee for conducting the checks of criminal  
48 history records authorized by this subsection.

49 The Board may require a new or renewal applicant to obtain a criminal record report from  
50 one or more reporting services designated by the Board to provide criminal record reports.  
51 Applicants are required to pay the designated reporting service for the cost of these reports."

1           **SECTION 20.3.(c)** G.S. 74D-2.1(a) reads as rewritten:

2           "(a) Authorization. – Upon receipt of an application for a license or registration, the Board  
3 shall conduct a background investigation to determine whether the applicant meets the  
4 requirements for a license or registration as set out in G.S. 74D-2(d). The ~~Department of Public~~  
5 ~~Safety State Bureau of Investigation (Bureau)~~ may provide a criminal record check to the Board  
6 for a person who has applied for a new or renewal license or registration through the Board. The  
7 Board shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the  
8 fingerprints of a new applicant, and the ~~Department of Public Safety Bureau~~ shall provide a  
9 criminal record check based upon the applicant's fingerprints. The Board may request a criminal  
10 record check from the ~~Department of Public Safety Bureau~~ for a renewal applicant based upon  
11 the applicant's fingerprints in accordance with policy adopted by the Board. The Board shall  
12 provide any additional information required by the ~~Department of Public Safety Bureau~~ and a  
13 form signed by the applicant consenting to the check of the criminal record and to the use of the  
14 fingerprints and other identifying information required by the State or national repositories. The  
15 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation used~~ for a search  
16 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a  
17 set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check.  
18 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
19 checks of criminal history records authorized by this subsection.

20           The Board may require a new or renewal applicant to obtain a criminal record report from  
21 one or more reporting services designated by the Board to provide criminal record reports.  
22 Applicants are required to pay the designated reporting service for the cost of these reports."

23           **SECTION 20.3.(d)** G.S. 84-24 reads as rewritten:

24           "**§ 84-24. Admission to practice.**

25           For the purpose of examining applicants and providing rules and regulations for admission  
26 to the Bar including the issuance of license therefor, there is hereby created the Board of Law  
27 Examiners, which shall consist of 11 members of the Bar, elected by the Council, who need not  
28 be members of the Council. No teacher in any law school, however, shall be eligible. The  
29 members of the Board of Law Examiners elected from the Bar shall each hold office for a term  
30 of three years.

31           The Board of Law Examiners shall elect a member of the Board as chair thereof, and the  
32 Board may employ an executive secretary and provide such assistance as may be required to  
33 enable the Board to perform its duties promptly and properly. The chair and any employees shall  
34 serve for a period of time determined by the Board.

35           The examination shall be held in the manner and at the times as the Board of Law Examiners  
36 may determine.

37           The Board of Law Examiners shall have full power and authority to make or cause to be made  
38 such examinations and investigations as may be deemed by it necessary to satisfy it that the  
39 applicants for admission to the Bar possess the qualifications of character and general fitness  
40 requisite for an attorney and counselor-at-law and to this end the Board of Law Examiners shall  
41 have the power of subpoena and to summons and examine witnesses under oath and to compel  
42 their attendance and the production of books, papers and other documents and writings deemed  
43 by it to be necessary or material to the inquiry and shall also have authority to employ and provide  
44 assistance as may be required to enable it to perform its duties promptly and properly. Records,  
45 papers, and other documents containing information collected and compiled by the Board or its  
46 members or employees as a result of investigations, inquiries, or interviews conducted in  
47 connection with examinations or licensing matters, are not public records within the meaning of  
48 Chapter 132 of the General Statutes.

49           All applicants for admission to the Bar shall be fingerprinted to determine whether the  
50 applicant has a record of criminal conviction in this State or in any other state or jurisdiction. The  
51 information obtained as a result of the fingerprinting of an applicant shall be limited to the official

1 use of the Board of Law Examiners in determining the character and general fitness of the  
2 applicant.

3 The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide a  
4 criminal record check to the Board of Law Examiners for a person who has applied for a license  
5 through the Board. The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along  
6 with the request, the fingerprints of the applicant, any additional information required by the  
7 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check  
8 of the criminal record and to the use of the fingerprints and other identifying information required  
9 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~  
10 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~  
11 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of  
12 Investigation for a national criminal history check. The Board shall keep all information pursuant  
13 to this subsection privileged, in accordance with applicable State law and federal guidelines, and  
14 the information shall be confidential and shall not be a public record under Chapter 132 of the  
15 General Statutes.

16 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
17 checks of criminal history records authorized by this section.

18 The Board of Law Examiners, subject to the approval of the Council, shall by majority vote,  
19 from time to time, make, alter, and amend such rules and regulations for admission to the Bar as  
20 in their judgment shall promote the welfare of the State and the profession: Provided, that no  
21 change in the educational requirements for admission to the Bar that establishes an additional or  
22 greater requirement shall become effective until two years after the date of the adoption of the  
23 change.

24 All rules and regulations, and modifications, alterations and amendments thereof, shall be  
25 recorded and promulgated as provided in G.S. 84-21 in relation to the certificate of organization  
26 and the rules and regulations of the Council.

27 Whenever the Council shall order the restoration of license to any person as authorized by  
28 G.S. 84-32, it shall be the duty of the Board of Law Examiners to issue a written license to the  
29 person, noting thereon that the license is issued in compliance with an order of the Council,  
30 whether the license to practice law was issued by the Board of Law Examiners or the Supreme  
31 Court in the first instance.

32 Appeals from the Board shall be had in accordance with rules or procedures as may be  
33 approved by the Supreme Court as may be submitted under G.S. 84-21 or as may be promulgated  
34 by the Supreme Court."

35 **SECTION 20.3.(e)** G.S. 90D-7(c) reads as rewritten:

36 "(c) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide  
37 a criminal record check to the Board for a person who has applied for a new, provisional, or  
38 renewal license through the Board. The Board shall provide to the ~~Department of Public Safety,~~  
39 ~~Bureau,~~ along with the request, the fingerprints of the applicant, any additional information  
40 required by the ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant  
41 consenting to the check of the criminal record and to the use of the fingerprints and other  
42 identifying information required by the State or national repositories. The applicant's fingerprints  
43 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal  
44 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of the fingerprints to  
45 the Federal Bureau of Investigation for a national criminal history check. The Board shall keep  
46 all information pursuant to this subdivision privileged, in accordance with applicable State law  
47 and federal guidelines, and the information shall be confidential and shall not be a public record  
48 under Chapter 132 of the General Statutes.

49 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
50 checks of criminal history records authorized by this subsection."

51 **SECTION 20.3.(f)** G.S. 90-11(b) reads as rewritten:



1       "(b) ~~The Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide  
2 a criminal record check to the Board for a person who has applied for a license through the Board.  
3 The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the  
4 fingerprints of the applicant, any additional information required by the ~~Department of Public~~  
5 ~~Safety, Bureau,~~ and a form signed by the applicant consenting to the check of the criminal record  
6 and to the use of the fingerprints and other identifying information required by the State or  
7 national repositories. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~  
8 ~~Investigation used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~  
9 ~~Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of Investigation for a  
10 national criminal history check. The Board shall keep all information pursuant to this subsection  
11 privileged, in accordance with applicable State law and federal guidelines, and the information  
12 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

13       The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
14 checks of criminal history records authorized by this subsection. The Board has the authority to  
15 collect this fee from each applicant and remit it to the ~~Department of Public Safety Bureau.~~"

16       **SECTION 20.3.(g)** G.S. 90-30(b) reads as rewritten:

17       "(b) ~~The Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide  
18 a criminal record check to the North Carolina State Board of Dental Examiners for a person who  
19 has applied for a license through the Board. The Board shall provide to the ~~Department of Public~~  
20 ~~Safety, Bureau,~~ along with the request, the fingerprints of the applicant, any additional  
21 information required by the ~~Department of Public Safety, Bureau,~~ and a form signed by the  
22 applicant consenting to the check of the criminal record and to the use of the fingerprints and  
23 other identifying information required by the State or national repositories. The applicant's  
24 fingerprints shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's  
25 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of the  
26 fingerprints to the Federal Bureau of Investigation for a national criminal history check. The  
27 Board shall keep all information pursuant to this subsection privileged, in accordance with  
28 applicable State law and federal guidelines, and the information shall be confidential and shall  
29 not be a public record under Chapter 132 of the General Statutes.

30       The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
31 checks of criminal history records authorized by this subsection."

32       **SECTION 20.3.(h)** G.S. 90-102.1(d) reads as rewritten:

33       "(d) Criminal Record Check. – ~~The Department of Public Safety State Bureau of~~  
34 ~~Investigation (Bureau)~~ may provide a criminal record check to the Department of Health and  
35 Human Services for a person who has applied for a new or renewal registration. The Department  
36 of Health and Human Services shall provide to the ~~Department of Public Safety, Bureau,~~ along  
37 with the request, the fingerprints of the applicant, any additional information required by the  
38 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check  
39 of the criminal record and to the use of the fingerprints and other identifying information required  
40 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~  
41 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~  
42 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of  
43 Investigation for a national criminal history check. The Department of Health and Human  
44 Services shall keep all information pursuant to this subsection privileged, in accordance with  
45 applicable State law and federal guidelines, and the information shall be confidential and shall  
46 not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public~~  
47 ~~Safety Bureau~~ may charge each applicant a fee for conducting the checks of criminal history  
48 records authorized by this subsection."

49       **SECTION 20.3.(i)** G.S. 90-210.25(a)(5)h. reads as rewritten:

50       "i. ~~The Department of Public Safety State Bureau of Investigation~~  
51 ~~(Bureau)~~ may provide a criminal record check to the Board for a

1 person who has applied for a new or renewal license, or certification  
2 through the Board. The Board shall provide to the ~~Department of~~  
3 ~~Public Safety, Bureau,~~ along with the request, the fingerprints of the  
4 applicant, any additional information required by the ~~Department of~~  
5 ~~Public Safety, Bureau,~~ and a form signed by the applicant consenting  
6 to the check of the criminal record and to the use of the fingerprints  
7 and other identifying information required by the State or national  
8 repositories. The applicant's fingerprints shall be ~~forwarded to the~~  
9 ~~State Bureau of Investigation used~~ for a search of the State's criminal  
10 history record file, and the ~~State Bureau of Investigation~~ shall forward  
11 a set of the fingerprints to the Federal Bureau of Investigation for a  
12 national criminal history check. The Board shall keep all information  
13 pursuant to this subdivision privileged, in accordance with applicable  
14 State law and federal guidelines, and the information shall be  
15 confidential and shall not be a public record under Chapter 132 of the  
16 General Statutes.

17 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee  
18 for conducting the checks of criminal history records authorized by this  
19 subdivision."

20 **SECTION 20.3.(j)** G.S. 90-224(c) reads as rewritten:

21 "(c) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide  
22 a criminal record check to the Board for a person who has applied for a new or renewal license  
23 through the Board. The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along  
24 with the request, the fingerprints of the applicant, any additional information required by the  
25 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check  
26 of the criminal record and to the use of the fingerprints and other identifying information required  
27 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~  
28 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~  
29 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of  
30 Investigation for a national criminal history check. The Board shall keep all information pursuant  
31 to this subsection privileged, in accordance with applicable State law and federal guidelines, and  
32 the information shall be confidential and shall not be a public record under Chapter 132 of the  
33 General Statutes.

34 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
35 checks of criminal history records authorized by this subsection."

36 **SECTION 20.3.(k)** G.S. 93A-4(b1) reads as rewritten:

37 "(b1) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide  
38 a criminal record check to the Commission for a person who has applied for a license through  
39 the Commission. The Commission shall provide to the ~~Department of Public Safety, Bureau,~~  
40 along with the request, the fingerprints of the applicant, any additional information required by  
41 the ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the  
42 check of the criminal record and to the use of the fingerprints and other identifying information  
43 required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~  
44 ~~the State Bureau of Investigation used~~ for a search of the State's criminal history record file, and  
45 the ~~State Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of  
46 Investigation for a national criminal history check. The Commission shall keep all information  
47 pursuant to this subsection privileged, in accordance with applicable State law and federal  
48 guidelines, and the information shall be confidential and shall not be a public record under  
49 Chapter 132 of the General Statutes.

50 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
51 checks of criminal history records authorized by this subsection."

**SECTION 20.3.(l)** G.S. 95-47.2(d)(2a) reads as rewritten:

"(2a) The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may provide a criminal record check to the Commissioner for a person or agency who has applied for a license through the Commissioner. The Commissioner shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of all applicants, any additional information required by the ~~Department of Public Safety, Bureau,~~ and a form signed by the applicants consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicants' fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Commissioner shall keep all information pursuant to this subdivision privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ Bureau may charge each applicant a fee for conducting the checks of criminal history records authorized by this subdivision."

**SECTION 20.3.(m)** G.S. 110-90.2(c) reads as rewritten:

"(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Division of Child Development, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories of any child care provider as requested by the Division.

The Division shall provide to the ~~Department of Public Safety, State Bureau of Investigation,~~ along with the request, the fingerprints of the provider to be checked, any additional information required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories signed by the child care provider to be checked. The fingerprints of the provider shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of their criminal history record file and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a federal criminal history record check.

At the time of application the child care provider whose criminal history is to be checked shall be furnished with a statement substantially similar to the following:

"NOTICE

**CHILD CARE PROVIDER MANDATORY CRIMINAL HISTORY CHECK**

**NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY RECORD CHECK BE CONDUCTED ON ALL PERSONS WHO PROVIDE CHILD CARE IN A LICENSED CHILD CARE FACILITY, AND ALL PERSONS PROVIDING CHILD CARE IN NONLICENSED CHILD CARE HOMES THAT RECEIVE STATE OR FEDERAL FUNDS.**

"Criminal history" means a county, state, or federal criminal history of conviction, pending indictment of a crime, or criminal charge, whether a misdemeanor or a felony, that bears on an individual's fitness to have responsibility for the safety and well-being of children. Such crimes include, but are not limited to, the following North Carolina crimes contained in any of the following Articles of Chapter 14 of the General Statutes: Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article

1 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article  
2 14, Burglary; Article 16, Larceny; Article 17, Robbery; Article 19, False Pretenses and Cheats;  
3 Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other  
4 Means; Article 19C, Identity Theft; Article 26, Offenses Against Public Morality and Decency;  
5 Article 27, Prostitution; Article 29, Bribery; Article 35, Offenses Against the Public Peace;  
6 Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; Article 40, Protection  
7 of the Family; and Article 59, Public Intoxication. Such crimes also include cruelty to animals in  
8 violation of Article 3 of Chapter 19A of the General Statutes, violation of the North Carolina  
9 Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related  
10 offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired  
11 in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes  
12 listed in this notice, such crimes also include similar crimes under federal law or under the laws  
13 of other states. Your fingerprints will be used to check the criminal history records of the State  
14 Bureau of Investigation (SBI) and the Federal Bureau of Investigation (FBI).

15 If it is determined, based on your criminal history, that you are unfit to have responsibility  
16 for the safety and well-being of children, you shall have the opportunity to complete, or challenge  
17 the accuracy of, the information contained in the SBI or FBI identification records.

18 If you disagree with the determination of the North Carolina Department of Health and  
19 Human Services on your fitness to provide child care, you may file a civil lawsuit within 60 days  
20 after receiving written notification of disqualification in the district court in the county where  
21 you live.

22 Any child care provider who intentionally falsifies any information required to be  
23 furnished to conduct the criminal history record check shall be guilty of a Class 2 misdemeanor."

24 Refusal to consent to a criminal history record check or intentional falsification of any  
25 information required to be furnished to conduct a criminal history record check is grounds for  
26 the Department to prohibit the child care provider from providing child care. Any child care  
27 provider who intentionally falsifies any information required to be furnished to conduct the  
28 criminal history shall be guilty of a Class 2 misdemeanor."

29 **SECTION 20.3.(n)** G.S. 160A-304(a) reads as rewritten:

30 "(a) A city may by ordinance license and regulate all vehicles operated for hire in the city.  
31 The ordinance may require that the drivers and operators of taxicabs engaged in the business of  
32 transporting passengers for hire over the public streets shall obtain a license or permit from the  
33 city; provided, however, that the license or permit fee for taxicab drivers shall not exceed fifteen  
34 dollars (\$15.00). As a condition of licensure, the city may require an applicant for licensure to  
35 pass a controlled substance examination. The ordinances may also specify the types of taxicab  
36 services that are legal in the municipality; provided, that in all cases shared-ride services as well  
37 as exclusive-ride services shall be legal. Shared-ride service is defined as a taxi service in which  
38 two or more persons with either different origins or with different destinations, or both, occupy  
39 a taxicab at one time. Exclusive-ride service is defined as a taxi service in which the first  
40 passenger or party requests exclusive use of the taxicab. In the event the applicant is to be  
41 subjected to a national criminal history background check, the ordinance shall specifically  
42 authorize the use of FBI records. The ordinance shall require any applicant who is subjected to a  
43 national criminal history background check to be fingerprinted.

44 ~~The Department of Public Safety State Bureau of Investigation (Bureau) may provide a~~  
45 ~~criminal record check to the city for a person who has applied for a license or permit through the~~  
46 ~~city. The city shall provide to the Department of Public Safety, Bureau, along with the request,~~  
47 ~~the fingerprints of the applicant, any additional information required by the Department of Public~~  
48 ~~Safety, Bureau, and a form signed by the applicant consenting to the check of the criminal record~~  
49 ~~and to the use of the fingerprints and other identifying information required by the State or~~  
50 ~~national repositories. The applicant's fingerprints shall be forwarded to the State Bureau of~~  
51 ~~Investigation used for a search of the State's criminal history record file, and the State Bureau of~~

1 ~~Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of Investigation for a  
2 national criminal history check. The city shall keep all information pursuant to this subsection  
3 privileged, in accordance with applicable State law and federal guidelines, and the information  
4 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

5 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the  
6 checks of criminal history records authorized by this subsection.

7 ~~The~~ Any of the following factors shall be deemed sufficient grounds for refusing to issue a  
8 permit or for revoking a permit already issued:

- 9 (1) Conviction of a felony against this State, or conviction of any offense against  
10 another state which would have been a felony if committed in this ~~State;~~ State.
- 11 (2) Violation of any federal or State law relating to the use, possession, or sale of  
12 alcoholic beverages or narcotic or barbiturate ~~drugs;~~ drugs.
- 13 (3) Addiction to or habitual use of alcoholic beverages or narcotic or barbiturate  
14 ~~drugs;~~ drugs.
- 15 (4) Violation of any federal or State law relating to ~~prostitution;~~ prostitution.
- 16 (5) Noncitizenship in the United ~~States;~~ States.
- 17 (6) Habitual violation of traffic laws or ordinances.

18 The ordinance may also require operators and drivers of taxicabs to display prominently in each  
19 taxicab, so as to be visible to the passengers, the city taxi permit, the schedule of fares, a  
20 photograph of the driver, and any other identifying matter that the council may deem proper and  
21 advisable. The ordinance may also establish rates that may be charged by taxicab operators, may  
22 limit the number of taxis that may operate in the city, and may grant franchises to taxicab  
23 operators on any terms that the council may deem advisable."

24 **SECTION 20.3.(o)** Article 27A of Chapter 14 of the General Statutes reads as  
25 rewritten:

26 "Article 27A.

27 "Sex Offender and Public Protection Registration Programs.

28 "Part 1. Registration Programs, Purpose and Definitions Generally.

29 ...

30 "**§ 14-208.6. Definitions.**

31 The following definitions apply in this Article:

- 32 (1a) Aggravated offense. – Any criminal offense that includes either of the  
33 following: (i) engaging in a sexual act involving vaginal, anal, or oral  
34 penetration with a victim of any age through the use of force or the threat of  
35 serious violence; or (ii) engaging in a sexual act involving vaginal, anal, or  
36 oral penetration with a victim who is less than 12 years old.
- 37 (1b) Bureau. – The State Bureau of Investigation.
- 38 ~~(1b)~~ (1c) County registry. – The information compiled by the sheriff of a county in  
39 compliance with this Article.
- 40 ~~(1e) Department.~~ ~~The Department of Public Safety.~~
- 41 ...
- 42 (8) Statewide registry. – The central registry compiled by the ~~Department~~ Bureau  
43 in accordance with G.S. 14-208.14.
- 44 (9) Student. – A person who is enrolled on a full-time or part-time basis, in any  
45 postsecondary public or private educational institution, including any trade or  
46 professional institution, or other institution of higher education.

47 ...

48 "**§ 14-208.7. Registration.**

49 ...

1 (b) The ~~Department of Public Safety Bureau~~ shall provide each sheriff with forms for  
2 registering persons as required by this Article. The registration form shall require all of the  
3 following:

- 4 (1) The person's full name, each alias, date of birth, sex, race, height, weight, eye  
5 color, hair color, drivers license number, and home address.
- 6 (1a) A statement indicating what the person's name was at the time of the  
7 conviction for the offense that requires registration; what alias, if any, the  
8 person was using at the time of the conviction of that offense; and the name  
9 of the person as it appears on the judgment imposing the sentence on the  
10 person for the conviction of the offense.
- 11 (2) The type of offense for which the person was convicted, the date of conviction,  
12 and the sentence imposed.
- 13 (3) A current photograph taken by the sheriff, without charge, at the time of  
14 registration.
- 15 (4) The person's fingerprints taken by the sheriff, without charge, at the time of  
16 registration.
- 17 (5) A statement indicating whether the person is a student or expects to enroll as  
18 a student within a year of registering. If the person is a student or expects to  
19 enroll as a student within a year of registration, then the registration form shall  
20 also require the name and address of the educational institution at which the  
21 person is a student or expects to enroll as a student.
- 22 (6) A statement indicating whether the person is employed or expects to be  
23 employed at an institution of higher education within a year of registering. If  
24 the person is employed or expects to be employed at an institution of higher  
25 education within a year of registration, then the registration form shall also  
26 require the name and address of the educational institution at which the person  
27 is or expects to be employed.
- 28 (7) Any online identifier that the person uses or intends to use.

29 (c) When a person registers, the sheriff with whom the person registered shall  
30 immediately send the registration information to the ~~Department of Public Safety Bureau~~ in a  
31 manner determined by the ~~Department of Public Safety Bureau~~. The sheriff shall retain the  
32 original registration form and other information collected and shall compile the information that  
33 is a public record under this Part into a county registry.

34 ...

35 **"§ 14-208.8. Prerelease notification.**

36 (a) At least 10 days, but not earlier than 30 days, before a person who will be subject to  
37 registration under this Article is due to be released from a penal institution, an official of the  
38 penal institution shall do all of the following:

- 39 (1) Inform the person of the person's duty to register under this Article and require  
40 the person to sign a written statement that the person was so informed or, if  
41 the person refuses to sign the statement, certify that the person was so  
42 informed.
- 43 (2) Obtain the registration information required under G.S. 14-208.7(b)(1), (2),  
44 (5), (6), and (7), as well as the address where the person expects to reside upon  
45 the person's release.
- 46 (3) Send the ~~Department of Public Safety Bureau~~ and the sheriff of the county in  
47 which the person expects to reside the information collected in accordance  
48 with subdivision (2) of this subsection.

49 ...

50 **"§ 14-208.8A. Notification requirement for out-of-county employment if temporary  
51 residence established.**

1 ...  
2 (c) Notice to ~~Department of Public Safety, the Bureau.~~ – Upon receiving the notice  
3 required under subsection (a) of this section, the sheriff shall immediately forward the  
4 information to the ~~Department of Public Safety, Bureau.~~ The ~~Department of Public Safety Bureau~~  
5 shall notify the sheriff of the county where the person is working and maintaining a temporary  
6 residence of the person's place of employment and temporary address in that county.

7 **"§ 14-208.9. Change of address; change of academic status or educational employment**  
8 **status; change of online identifier; change of name.**

9 (a) If a person required to register changes address, the person shall report in person and  
10 provide written notice of the new address not later than the third business day after the change to  
11 the sheriff of the county with whom the person had last registered. If the person moves to another  
12 county, the person shall also report in person to the sheriff of the new county and provide written  
13 notice of the person's address not later than the tenth day after the change of address. Upon receipt  
14 of the notice, the sheriff shall immediately forward this information to the ~~Department of Public~~  
15 ~~Safety, Bureau.~~ When the ~~Department of Public Safety, Bureau~~ receives notice from a sheriff that  
16 a person required to register is moving to another county in the State, the ~~Department of Public~~  
17 ~~Safety, Bureau~~ shall inform the sheriff of the new county of the person's new residence.

18 (b) If a person required to register intends to move to another state, the person shall report  
19 in person to the sheriff of the county of current residence at least three business days before the  
20 date the person intends to leave this State to establish residence in another state or jurisdiction.  
21 The person shall provide to the sheriff a written notification that includes all of the following  
22 information: the address, municipality, county, and state of intended residence.

23 (1) If it appears to the sheriff that the record photograph of the sex offender no  
24 longer provides a true and accurate likeness of the sex offender, then the  
25 sheriff shall take a photograph of the offender to update the registration.

26 (2) The sheriff shall inform the person that the person must comply with the  
27 registration requirements in the new state of residence. The sheriff shall also  
28 immediately forward the information included in the notification to the  
29 ~~Department of Public Safety, Bureau,~~ and the ~~Department of Public Safety~~  
30 ~~Bureau~~ shall inform the appropriate state official in the state to which the  
31 registrant moves of the person's notification and new address.

32 (b1) A person who indicates his or her intent to reside in another state or jurisdiction and  
33 later decides to remain in this State shall, within three business days after the date upon which  
34 the person indicated he or she would leave this State, report in person to the sheriff's office to  
35 which the person reported the intended change of residence, of his or her intent to remain in this  
36 State. If the sheriff is notified by the sexual offender that he or she intends to remain in this State,  
37 the sheriff shall promptly report this information to the ~~Department of Public Safety, Bureau.~~

38 (c) If a person required to register changes his or her academic status either by enrolling  
39 as a student or by terminating enrollment as a student, then the person shall, within three business  
40 days, report in person to the sheriff of the county with whom the person registered and provide  
41 written notice of the person's new status. The written notice shall include the name and address  
42 of the institution of higher education at which the student is or was enrolled. The sheriff shall  
43 immediately forward this information to the ~~Department of Public Safety, Bureau.~~

44 (d) If a person required to register changes his or her employment status either by  
45 obtaining employment at an institution of higher education or by terminating employment at an  
46 institution of higher education, then the person shall, within three business days, report in person  
47 to the sheriff of the county with whom the person registered and provide written notice of the  
48 person's new status not later than the tenth day after the change to the sheriff of the county with  
49 whom the person registered. The written notice shall include the name and address of the  
50 institution of higher education at which the person is or was employed. The sheriff shall  
51 immediately forward this information to the ~~Department of Public Safety, Bureau.~~

1 (e) If a person required to register changes an online identifier, or obtains a new online  
2 identifier, then the person shall, within 10 days, report in person to the sheriff of the county with  
3 whom the person registered to provide the new or changed online identifier information to the  
4 sheriff. The sheriff shall immediately forward this information to the ~~Department of Public~~  
5 ~~Safety Bureau.~~

6 (f) If a person required to register changes his or her name pursuant to Chapter 101 of  
7 the General Statutes or by any other method, then the person shall, within three business days,  
8 report in person to the sheriff of the county with whom the person registered to provide the name  
9 change to the sheriff. The sheriff shall immediately forward this information to the ~~Department~~  
10 ~~of Public Safety Bureau.~~

11 **"§ 14-208.9A. Verification of registration information.**

12 (a) The information in the county registry shall be verified semiannually for each  
13 registrant as follows:

- 14 (1) Every year on the anniversary of a person's initial registration date, and again  
15 six months after that date, the ~~Department of Public Safety Bureau~~ shall mail  
16 a nonforwardable verification form to the last reported address of the person.  
17 ...

18 **"§ 14-208.12A. Request for termination of registration requirement.**

19 ...  
20 (a3) If the court denies the petition, the person may again petition the court for relief in  
21 accordance with this section one year from the date of the denial of the original petition to  
22 terminate the registration requirement. If the court grants the petition to terminate the registration  
23 requirement, the clerk of court shall forward a certified copy of the order to the ~~Department of~~  
24 ~~Public Safety Bureau~~ to have the person's name removed from the registry.  
25 ...

26 **"§ 14-208.12B. Registration requirement review.**

27 ...  
28 (i) No sheriff, or employee of a sheriffs' office, district attorney's office, or the ~~North~~  
29 ~~Carolina State Bureau of Investigation~~ shall incur any civil or criminal liability under North  
30 Carolina law as the result of the performance of official duties under this Article.

31 **"§ 14-208.13. File with Criminal Information Network.**

32 (a) The ~~Department of Public Safety Bureau~~ shall include the registration information in  
33 the ~~Criminal Information Network~~ Division of Criminal Information as set forth in  
34 ~~G.S. 143B-905~~ G.S. 143B-1208.19.

35 (b) The ~~Department of Public Safety Bureau~~ shall maintain the registration information  
36 permanently even after the registrant's reporting requirement expires.

37 **"§ 14-208.14. Statewide registry; ~~Department of Public Safety~~ State Bureau of**  
38 **Investigation designated custodian of statewide registry.**

39 (a) The ~~Department of Public Safety Bureau~~ shall compile and keep current a central  
40 statewide sex offender registry. The ~~Department Bureau~~ is the State agency designated as the  
41 custodian of the statewide registry. As custodian the ~~Department Bureau~~ has the following  
42 responsibilities:

- 43 (1) To receive from the sheriff or any other law enforcement agency or penal  
44 institution all sex offender registrations, changes of address, changes of  
45 academic or educational employment status, and prerelease notifications  
46 required under this Article or under federal law. The ~~Department Bureau~~ shall  
47 also receive notices of any violation of this Article, including a failure to  
48 register or a failure to report a change of address.  
49 (2) To provide all need-to-know law enforcement agencies (local, State, campus,  
50 federal, and those located in other states) immediately upon receipt by the  
51 ~~Department Bureau~~ of any of the following: registration information, a



1 prerule notification, a change of address, a change of academic or  
2 educational employment status, or notice of a violation of this Article.

3 (2a) To notify the appropriate law enforcement unit at an institution of higher  
4 education as soon as possible upon receipt by the ~~Department~~ Bureau of  
5 relevant information based on registration information or notice of a change  
6 of academic or educational employment status. If an institution of higher  
7 education does not have a law enforcement unit, then the ~~Department~~ Bureau  
8 shall provide the information to the local law enforcement agency that has  
9 jurisdiction for the campus.

10 ...

11 **"§ 14-208.15. Certain statewide registry information is public record: access to statewide**  
12 **registry.**

13 (a) The information in the statewide registry that is public record is the same as in  
14 G.S. 14-208.10. The ~~Department of Public Safety~~ Bureau shall release any other relevant  
15 information that is necessary to protect the public concerning a specific person, but shall not  
16 release the identity of the victim of the offense that required registration under this Article.

17 (b) The ~~Department of Public Safety~~ Bureau shall provide free public access to automated  
18 data from the statewide registry, including photographs provided by the registering sheriffs, via  
19 the Internet. The public will be able to access the statewide registry to view an individual  
20 registration record, a part of the statewide registry, or all of the statewide registry. The  
21 ~~Department of Public Safety~~ Bureau may also provide copies of registry information to the public  
22 upon written request and may charge a reasonable fee for duplicating costs and mailings costs.

23 (c) Upon request of an institution of higher education, the Sheriff of the county in which  
24 the educational institution is located shall provide a report containing the registry information for  
25 any registrant who has stated that the registrant is a student or employee, or expects to become a  
26 student or employee, of that institution of higher education. The ~~Department of Public Safety~~  
27 Bureau shall provide each sheriff with the ability to generate the report from the statewide  
28 registry. The report shall be provided electronically without charge. The institution of higher  
29 education may receive a written report upon payment of reasonable duplicating costs and mailing  
30 costs.

31 **"§ 14-208.15A. Release of online identifiers to entity; fee.**

32 (a) The ~~Department of Public Safety~~ Bureau may release registry information regarding  
33 a registered offender's online identifier to an entity for the purpose of allowing the entity to  
34 prescreen users or to compare the online identifier information with information held by the entity  
35 as provided by this section.

36 (b) An entity desiring to prescreen its users or compare its database of registered users to  
37 the list of online identifiers of persons in the statewide registry may apply to the ~~Department of~~  
38 ~~Public Safety~~ Bureau to access the information. An entity that complies with the criteria  
39 developed by the ~~Department of Public Safety~~ Bureau regarding the release and use of the online  
40 identifier information and pays the fee may screen new users or compare its database of registered  
41 users to the list of online identifiers of persons in the statewide registry as frequently as the  
42 ~~Department of Public Safety~~ Bureau may allow for the purpose of identifying a registered user  
43 associated with an online identifier contained in the statewide registry.

44 (c) The ~~Department of Public Safety~~ Bureau may charge an entity that submits a request  
45 for the online identifiers of persons in the statewide registry an annual fee of one hundred dollars  
46 (\$100.00). Fees collected under this section shall be credited to the ~~Department of Public Safety~~  
47 Bureau and applied to the cost of providing this service.

48 (d) The ~~Department of Public Safety~~ Bureau shall develop standards regarding the release  
49 and use of online identifier information. The standards shall include a requirement that the  
50 information obtained from the statewide registry shall not be disclosed for any purpose other than

1 for prescreening its users or comparing the database of registered users of the entity against the  
 2 list of online identifiers of persons in the statewide registry.

3 ...  
 4 **"§ 14-208.22. Additional registration information required.**

5 ...  
 6 (b) ~~The Department of Public Safety Bureau~~ shall provide each sheriff with forms for  
 7 registering persons as required by this Article.

8 ...  
 9 **"§ 14-208.27. Change of address.**

10 If a juvenile who is adjudicated delinquent and required to register changes address, the  
 11 juvenile court counselor for the juvenile shall provide written notice of the new address not later  
 12 than the third business day after the change to the sheriff of the county with whom the juvenile  
 13 had last registered. Upon receipt of the notice, the sheriff shall immediately forward this  
 14 information to the ~~Department of Public Safety Bureau~~. If the juvenile moves to another county  
 15 in this State, the ~~Department of Public Safety Bureau~~ shall inform the sheriff of the new county  
 16 of the juvenile's new residence.

17 ...  
 18 **"§ 14-208.31. File with Criminal Information Network.**

19 (a) ~~The Department of Public Safety Bureau~~ shall include the registration information in  
 20 the ~~Criminal Information Network Division of Criminal Information~~ as set forth in  
 21 ~~G.S. 143B-905.G.S. 143B-1208.19.~~

22 (b) ~~The Department of Public Safety Bureau~~ shall maintain the registration information  
 23 permanently even after the registrant's reporting requirement expires; however, the records shall  
 24 remain confidential in accordance with Article 32 of Chapter 7B of the General Statutes.

25 ...."

26 **SECTION 20.3.(p)** The following sections of the General Statutes are recodified as  
 27 follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
28 143B-901	143B-1208.15
29 143B-902	143B-1208.16
30 143B-903	143B-1208.17
31 143B-904	143B-1208.18
32 143B-905	143B-1208.19

33  
 34 **SECTION 20.3.(q)** G.S. 143B-1208.15, as recodified under subsection (p) of this  
 35 section, reads as rewritten:

36 **"§ 143B-1208.15. Reporting system and database on certain domestic-violence-related**  
 37 **homicides; reports by law enforcement agencies required; annual report to the**  
 38 **General Assembly.**

39 ~~The Department of Public Safety, State Bureau of Investigation (Bureau)~~, in consultation  
 40 with the North Carolina Council for Women/Domestic Violence Commission, the North Carolina  
 41 Sheriffs' Association, and the North Carolina Association of Chiefs of Police, shall develop a  
 42 reporting system and database that reflects the number of homicides in the State where the  
 43 offender and the victim had a personal relationship, as defined by G.S. 50B-1(b). The information  
 44 in the database shall also include the type of personal relationship that existed between the  
 45 offender and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and  
 46 whether there was a pending charge for which the offender was on pretrial release pursuant to  
 47 G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the  
 48 ~~Department of Public Safety Bureau~~ upon making a determination that a homicide meets the  
 49 reporting system's criteria. The report shall be made in the format adopted by the ~~Department of~~  
 50 ~~Public Safety Bureau~~. ~~The Department of Public Safety Bureau~~ shall report to the chairs of the

1 Joint Legislative Oversight Committee on Justice and Public Safety, no later than April 1 of each  
2 year, with the data collected for the previous calendar year."

3 **SECTION 20.3.(r)** G.S. 143B-1208.16, as recodified under subsection (p) of this  
4 section, reads as rewritten:

5 "**§ 143B-1208.16. Powers and duties of the ~~Department of Public Safety~~ State Bureau of**  
6 **Investigation with respect to criminal information.**

7 In addition to its other duties, it shall be the duty of the ~~Department of Public Safety~~ State  
8 Bureau of Investigation (Bureau) to do all of the following:

9 ...

10 (2) To collect, correlate, and maintain access to information that will assist in the  
11 performance of duties required in the administration of criminal justice  
12 throughout the State. This information may include, but is not limited to,  
13 motor vehicle registration, drivers' licenses, wanted and missing persons,  
14 stolen property, warrants, stolen vehicles, firearms registration, sexual  
15 offender registration as provided under Article 27A of Chapter 14 of the  
16 General Statutes, drugs, drug users and parole and probation histories. In  
17 performing this function, the ~~Division~~ Bureau may arrange to use information  
18 available in other agencies and units of State, local and federal government,  
19 but shall provide security measures to insure that such information shall be  
20 made available only to those whose duties, relating to the administration of  
21 justice, require such information.

22 ...

23 (4) To perform all the duties heretofore imposed by law upon the ~~Attorney~~  
24 ~~General~~ Bureau with respect to criminal statistics.

25 ...

26 (6) To promulgate rules and regulations for the administration of ~~this Article~~ the  
27 duties set forth in this section."

28 **SECTION 20.3.(s)** G.S. 143B-1208.17, as recodified under subsection (p) of this  
29 section, reads as rewritten:

30 "**§ 143B-1208.17. Collection of traffic law enforcement statistics.**

31 (a) In addition to its other duties, the ~~Department of Public Safety~~ State Bureau of  
32 Investigation (Bureau) shall collect, correlate, and maintain the following information regarding  
33 traffic law enforcement by law enforcement officers:

34 ...

35 (d) Each law enforcement officer making a stop covered by subdivision (1) of subsection  
36 (a) of this section shall be assigned an anonymous identification number by the officer's  
37 employing agency. The anonymous identifying number shall be public record and shall be  
38 reported to the ~~Department~~ Bureau to be correlated along with the data collected under subsection  
39 (a) of this section. The correlation between the identification numbers and the names of the  
40 officers shall not be a public record, and shall not be disclosed by the agency except when  
41 required by order of a court of competent jurisdiction to resolve a claim or defense properly  
42 before the court.

43 (e) Any agency subject to the requirements of this section shall submit information  
44 collected under subsection (a) of this section to the ~~Department~~ Bureau within 60 days of the  
45 close of each month. Any agency that does not submit the information as required by this  
46 subsection shall be ineligible to receive any law enforcement grants available by or through the  
47 State until the information which is reasonably available is submitted.

48 (f) The ~~Department~~ Bureau shall publish and distribute by December 1 of each year a list  
49 indicating the law enforcement officers that will be subject to the provisions of this section during  
50 the calendar year commencing on the following January 1."

1           **SECTION 20.3.(t)** G.S. 143B-1208.18, as recodified under subsection (p) of this  
2 section, reads as rewritten:

3 **"§ 143B-1208.18. Collection of statistics on the use of deadly force by law enforcement**  
4 **officers.**

5       (a) In addition to its other duties, the ~~Department of Public Safety~~ State Bureau of  
6 Investigation shall collect, maintain, and annually publish the number of deaths, by law  
7 enforcement agency, resulting from the use of deadly force by law enforcement officers in the  
8 course and scope of their official duties.

9       ...."

10           **SECTION 20.3.(u)** G.S. 143B-1208.19, as recodified under subsection (p) of this  
11 section, reads as rewritten:

12 **"§ 143B-1208.19. ~~Criminal Information Network~~.Division of Criminal Information.**

13       (a) The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) is authorized  
14 to establish, devise, maintain and operate a system for receiving and disseminating to  
15 participating agencies information collected, maintained and correlated under authority of  
16 ~~G.S. 143B-902. G.S. 143B-1208.16.~~ The system shall be known as the ~~Criminal Information~~  
17 Network.Division of Criminal Information (DCI).

18       (b) The ~~Department of Public Safety~~ Bureau is authorized to cooperate with the Division  
19 of Motor Vehicles, Department of Administration, and other State, local and federal agencies and  
20 organizations in carrying out the purpose and intent of this section, and to utilize, in cooperation  
21 with other State agencies and to the extent as may be practical, computers and related equipment  
22 as may be operated by other State agencies.

23       (c) The ~~Department of Public Safety, Bureau,~~ after consultation with participating  
24 agencies, shall adopt rules and regulations governing the organization and administration of the  
25 ~~Criminal Information Network, DCI,~~ including rules and regulations governing the types of  
26 information relating to the administration of criminal justice to be entered into the system, and  
27 who shall have access to such information. The rules and regulations governing access to the  
28 ~~Criminal Information Network DCI~~ shall not prohibit an attorney who has entered a criminal  
29 proceeding in accordance with G.S. 15A-141 from obtaining information relevant to that  
30 criminal proceeding. The rules and regulations governing access to the ~~Criminal Information~~  
31 Network DCI shall not prohibit an attorney who represents a person in adjudicatory or  
32 dispositional proceedings for an infraction from obtaining the person's driving record or criminal  
33 history.

34       (d) The ~~Department~~ Bureau may impose monthly fees on participating agencies. The  
35 monthly fees collected under this subsection shall be used to offset the cost of operating and  
36 maintaining the ~~Criminal Information Network DCI.~~ The fee amount varies depending upon the  
37 type of device. For a desktop device, the monthly fee is twenty-five dollars (\$25.00) per device.  
38 For a mobile device, the fee is twelve dollars (\$12.00) per device.

39           (1) ~~The Department may impose a monthly circuit fee on agencies that access the~~  
40 ~~Criminal Information Network through a circuit maintained and operated by~~  
41 ~~the Department of Public Safety. The amount of the monthly fee is three~~  
42 ~~hundred dollars (\$300.00) plus an additional fee amount for each device~~  
43 ~~linked to the Network. The additional fee amount varies depending upon the~~  
44 ~~type of device. For a desktop device after the first seven desktop devices, the~~  
45 ~~additional monthly fee is twenty five dollars (\$25.00) per device. For a mobile~~  
46 ~~device, the additional monthly fee is twelve dollars (\$12.00) per device.~~

47           (2) ~~The Department may impose a monthly device fee on agencies that access the~~  
48 ~~Criminal Information Network through some other approved means. The~~  
49 ~~amount of the monthly device fee varies depending upon the type of device.~~  
50 ~~For a desktop device, the monthly fee is twenty five dollars (\$25.00) per~~  
51 ~~device. For a mobile device, the fee is twelve dollars (\$12.00) per device."~~

1           **SECTION 20.3.(v)** G.S. 143B-393(a)(9) reads as rewritten:

2           "(9) Consult with the Department of Public Safety on a reporting system and  
3           database on certain domestic violence-related homicides, as provided in  
4           G.S. 143B-903.G.S. 143B-1208.17."

5           **SECTION 20.3.(w)** G.S. 14-415.27 reads as rewritten:

6   "**§ 14-415.27. Expanded permit scope for certain persons.**

7       Notwithstanding G.S. 14-415.11(c), any of the following persons who has a concealed  
8       handgun permit issued pursuant to this Article or that is considered valid under G.S. 14-415.24  
9       is not subject to the area prohibitions set out in G.S. 14-415.11(c) and may carry a concealed  
10      handgun in the areas listed in G.S. 14-415.11(c) unless otherwise prohibited by federal law:

11      ...

12      (8) A person employed by the Department of Public Safety who has been  
13      designated in writing by the Secretary of the Department and who has in the  
14      person's possession written proof of the designation.

15      (8a) A person employed by the State Bureau of Investigation who has been  
16      designated in writing by the Director of the Bureau and who has in the person's  
17      possession written proof of the designation.

18      ...."

19           **SECTION 20.3.(x)** Section 38.4(a) of S.L. 2023-134, as amended by Section 7.1 of  
20      S.L. 2024-1 and Section 3E.1 of S.L. 2024-57, reads as rewritten:

21           "**SECTION 38.4.(a)** In accordance with G.S. 143B-1325(c)(13), and notwithstanding any  
22           other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State  
23           Highway ~~Patrol, the State Bureau of Investigation, Patrol~~ and the Division of Emergency  
24           Management within the Department of Public Safety shall continue to be entirely exempt from  
25           any and all information technology oversight by the Department of Public Safety and the  
26           Department of Information Technology. The State Highway ~~Patrol, the State Bureau of~~  
27           ~~Investigation, Patrol~~ and the Division of Emergency Management shall initiate a pilot project  
28           where those agencies shall be deemed as separate, stand-alone entities in all matters related to  
29           information technology, and each shall autonomously manage their own respective information  
30           technology infrastructure and all associated services without oversight from the Department of  
31           Information Technology or the Department of Public Safety. Exemption from information  
32           technology oversight includes, but is not limited to, the following:

33      ...."

34           **SECTION 20.3.(y)** G.S. 20-49 reads as rewritten:

35   "**§ 20-49. Police authority of Division.**

36       All members of the Highway Patrol and law enforcement officers of the Department of Public  
37       Safety and the State Bureau of Investigation shall have the power:

38      ...."

39           **SECTION 20.3.(z)** G.S. 148-37.3(c) reads as rewritten:

40           "(c) Any private corporation described in subsection (a) of this section shall reimburse the  
41           State and any county or other law enforcement agency for the full cost of any additional expenses  
42           incurred by the State or the county or other law enforcement agency in connection with the  
43           pursuit and apprehension of an escaped inmate from the facility.

44           In the event of an escape from the facility, any private corporation described in subsection  
45           (a) of this section shall immediately notify the sheriff in the county in which the facility is located,  
46           who shall cause an immediate entry into the ~~Department of Public Safety's Criminal Information~~  
47           ~~Network, Division of Criminal Information~~ established under G.S. 143B-1208.19. The sheriff of  
48           the county in which the facility is located shall be the lead law enforcement officer in connection  
49           with the pursuit and apprehension of an escaped inmate from the facility."

50           **SECTION 20.3.(aa)** This section is effective when it becomes law and applies to  
51       reports submitted, applications and requests received, and fees collected on or after that date.

1  
2 **SBI/WORKERS' COMPENSATION FOR RESERVE LAW ENFORCEMENT**  
3 **OFFICERS**

4 **SECTION 20.4.** G.S. 143B-1208.13 reads as rewritten:

5 **"§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

6 The Director of the State Bureau of Investigation may appoint a sufficient number of  
7 assistants who shall be competent and qualified to do the work of the Bureau. The Director shall  
8 be responsible for making all hiring and personnel decisions of the Bureau. Persons serving as  
9 reserve law enforcement officers of the Bureau are considered employees of the Bureau for  
10 workers' compensation purposes while performing duties assigned or approved by the Director  
11 of the Bureau or the Director's designee."

12  
13 **EXTEND REVERSION DATE OF SCHOOL SAFETY FUNDS**

14 **SECTION 20.5.(a)** Section 7.36 of S.L. 2023-134, as amended by Sections 3J.12  
15 and 3J.17(h) of S.L. 2024-57, reads as rewritten:

16 "...

17 **"SECTION 7.36.(I)** Nonrevert. – Notwithstanding any provision of law to the contrary, the  
18 nonrecurring funds appropriated to the Department of Public Instruction in the 2022-2023 fiscal  
19 year for the 2021-2023 School Safety Grants Program under Section 7.19 of S.L. 2021-180 and  
20 the nonrecurring funds appropriated by this act for the 2023-2025 School Safety Grants Program  
21 shall not revert to the General Fund but shall remain available for the purposes for which they  
22 were appropriated until June 30, ~~2025~~2027.

23 ...."

24 **SECTION 20.5.(b)** This section becomes effective June 30, 2025.

25  
26 **ADJUST USER FEE FOR DIVISION OF CRIMINAL INFORMATION**

27 **SECTION 20.6.(a)** G.S. 143B-1208.19(d), as recodified and amended under Section  
28 20.3 of this act, reads as rewritten:

29 "(d) The Bureau may impose monthly fees on participating agencies. The monthly fees  
30 collected under this subsection shall be used to offset the cost of operating and maintaining the  
31 DCI. The fee amount varies depending upon the type of device. For a desktop device, the monthly  
32 fee is ~~twenty-five-thirty-three~~ twenty-five dollars (~~\$25.00~~) (\$25.00) per device. For a mobile device, the fee  
33 is ~~twelve-twenty~~ twelve dollars (~~\$12.00~~) (\$12.00) per device."

34 **SECTION 20.6.(b)** This section becomes effective July 1, 2025, and applies to fees  
35 levied on or after that date.

36  
37 **SCHOOL SAFETY GRANTS**

38 **SECTION 20.7.(a)** Definitions. – For the purposes of this section, the following  
39 definitions shall apply:

- 40 (1) Community partner. – A public or private entity, including, but not limited to,  
41 a nonprofit corporation or a local management entity/managed care  
42 organization (LME/MCO), that partners with a public school unit to provide  
43 services or pay for the provision of services for the unit.  
44 (2) School health support personnel. – School psychologists, school counselors,  
45 school nurses, and school social workers.

46 **SECTION 20.7.(b)** Program; Purpose. – The Executive Director of the Center for  
47 Safer Schools shall establish the School Safety Grants Program (Program) for the 2025-2027  
48 fiscal biennium. The purpose of the Program shall be to improve safety in public school units by  
49 providing grants in each fiscal year of the 2025-2027 fiscal biennium for (i) services for students  
50 in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the  
51 School Resource Officer Grants Program.

1           **SECTION 20.7.(c)** Grant Applications. – A public school unit may submit an  
2 application to the Executive Director of the Center for Safer Schools for one or more grants  
3 pursuant to this section in each year of the 2025-2027 fiscal biennium. The application shall  
4 include an assessment, to be performed in conjunction with a local law enforcement agency, of  
5 the need for improving school safety within the public school unit that would receive the funding  
6 or services. The application shall identify current and ongoing needs and estimated costs  
7 associated with those needs.

8           **SECTION 20.7.(d)** Criteria and Guidelines. – The Executive Director of the Center  
9 for Safer Schools shall develop criteria and guidelines for the administration and use of the grants  
10 pursuant to this section, including any documentation required to be submitted by applicants. In  
11 assessing grant applications, the Executive Director shall consider at least all of the following  
12 factors:

- 13           (1) The level of resources available to the public school unit that would receive  
14 the funding.
- 15           (2) Whether the public school unit has received other grants for school safety.
- 16           (3) The overall impact on student safety in the public school unit if the identified  
17 needs are funded.

18           **SECTION 20.7.(e)** Grants for Students in Crisis. – Of the funds appropriated by this  
19 act for the grants provided in this section, the Executive Director of the Center for Safer Schools,  
20 in consultation with the Department of Health and Human Services, shall award grants to public  
21 school units to contract with community partners to provide or pay for the provision of any of  
22 the following crisis services:

- 23           (1) Crisis respite services for parents or guardians of an individual student to  
24 prevent more intensive or costly levels of care.
- 25           (2) Training and expanded services for therapeutic foster care families and  
26 licensed child placement agencies that provide services to students who (i)  
27 need support to manage their health, welfare, and safety and (ii) have any of  
28 the following:
  - 29           a. Cognitive or behavioral problems.
  - 30           b. Developmental delays.
  - 31           c. Aggressive behavior.
- 32           (3) Evidence-based therapy services aligned with targeted training for students  
33 and their parents or guardians, including any of the following:
  - 34           a. Parent-child interaction therapy.
  - 35           b. Trauma-focused cognitive behavioral therapy.
  - 36           c. Dialectical behavior therapy.
  - 37           d. Child-parent psychotherapy.
- 38           (4) Any other crisis service, including peer-to-peer mentoring, that is likely to  
39 increase school safety. Of the funds appropriated by this act for the grants  
40 provided in this section, the Executive Director shall use no more than three  
41 hundred fifty thousand dollars (\$350,000) in each fiscal year of the 2025-2027  
42 fiscal biennium for the services identified in this subdivision.

43           **SECTION 20.7.(f)** Grants for Training to Increase School Safety. – Of the funds  
44 appropriated by this act for the grants provided in this section, the Executive Director of the  
45 Center for Safer Schools, in consultation with the Department of Health and Human Services,  
46 shall award grants to public school units to contract with community partners to address school  
47 safety by providing training to help students develop healthy responses to trauma and stress. The  
48 training shall be targeted and evidence-based and shall include any of the following services:

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

- 1 (2) Training for school health support personnel on comprehensive and  
2 evidence-based clinical treatments for students and their parents or guardians,  
3 including any of the following:  
4 a. Parent-child interaction therapy.  
5 b. Trauma-focused cognitive behavioral therapy.  
6 c. Behavioral therapy.  
7 d. Dialectical behavior therapy.  
8 e. Child-parent psychotherapy.
- 9 (3) Training for students and school employees on community resilience models  
10 to improve understanding and responses to trauma and significant stress.
- 11 (4) Training for school health support personnel on Modular Approach to  
12 Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
13 problems (MATCH-ADTC), including any of the following components:  
14 a. Trauma-focused cognitive behavioral therapy.  
15 b. Parent and student coping skills.  
16 c. Problem solving.  
17 d. Safety planning.
- 18 (5) Any other training, including the training on the facilitation of peer-to-peer  
19 mentoring, that is likely to increase school safety. Of the funds appropriated  
20 by this act for the grants provided in this section, the Executive Director shall  
21 use no more than three hundred fifty thousand dollars (\$350,000) in each fiscal  
22 year of the 2025-2027 fiscal biennium for the services identified in this  
23 subdivision.

24 **SECTION 20.7.(g)** Grants for Safety Equipment. – Of the funds appropriated by this  
25 act for the grants provided in this section, the Executive Director of the Center for Safer Schools  
26 shall award grants to public school units for (i) the purchase of safety equipment for school  
27 buildings and (ii) training associated with the use of safety equipment purchased pursuant to this  
28 subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for  
29 school safety equipment pursuant to this subsection.

30 **SECTION 20.7.(h)** Subsidizing School Resource Officer Grants Program. – If the  
31 Executive Director of the Center for Safer Schools receives applications for grants for school  
32 resource officers under G.S. 143B-1208.20 in excess of the amount of funding appropriated for  
33 school resource officer grants in the 2025-2027 fiscal biennium, the Executive Director may use  
34 the funds appropriated for the grants provided for in this section to cover the unmet need for  
35 school resource officer grants.

36 **SECTION 20.7.(i)** Supplement Not Supplant. – Grants provided to public school  
37 units pursuant to the Program shall be used to supplement and not to supplant State or non-State  
38 funds already provided for these services.

39 **SECTION 20.7.(j)** Administrative Costs. – Of the funds appropriated to the Center  
40 for Safer Schools by this act for the grants provided in this section, the Executive Director of the  
41 Center for Safer Schools may retain a total of up to one hundred thousand dollars (\$100,000) in  
42 each fiscal year of the 2025-2027 fiscal biennium for administrative costs associated with the  
43 Program.

44 **SECTION 20.7.(k)** Disbursement. – The Executive Director of the Center for Safer  
45 Schools may enter into a memorandum of understanding with the Department of Public  
46 Instruction to disburse grants awarded under this section.

47 **SECTION 20.7.(l)** Program Report. – No later than April 1 of each fiscal year in  
48 which funds are awarded pursuant to this section, the Executive Director of the Center for Safer  
49 Schools shall report on the Program to the Joint Legislative Education Oversight Committee, the  
50 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
51 Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on



1 Governmental Operations, the Senate Appropriations/Base Budget Committee, the House  
2 Committee on Appropriations, and the Fiscal Research Division. The report shall include at least  
3 the following information:

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

## 12 **PART XXI. STATE HIGH PATROL**

### 13 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

14  
15 **SECTION 21.1.(a)** Creation of Receipt-Supported Positions Authorized. – The State  
16 Capitol Police may contract with State agencies for the creation of receipt-supported positions to  
17 provide security services to the buildings occupied by those agencies.

18  
19 **SECTION 21.1.(b)** Annual Report Required. – No later than September 1 of each  
20 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
21 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 22 (1) A list of all positions in the State Capitol Police. For each position listed, the  
23 report shall include at least the following information:
  - 24 a. The position type.
  - 25 b. The agency to which the position is assigned.
  - 26 c. The source of funding for the position.
- 27 (2) For each receipt-supported position listed, the contract and any other terms of  
28 the contract.

29 **SECTION 21.1.(c)** Additional Reporting Required Upon Creation of  
30 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
31 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
32 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
33 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
34 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
35 to this section shall include at least all of the following information:

- 36 (1) The position type.
- 37 (2) The agency to which the position is being assigned.
- 38 (3) The position salary.
- 39 (4) The total amount of the contract.
- 40 (5) The terms of the contract.

41 **SECTION 21.1.(d)** Format of Reports. – Reports submitted pursuant to this section  
42 shall be submitted electronically and in accordance with any applicable General Assembly  
43 standards.

### 44 **USE OF SEIZED AND FORFEITED PROPERTY**

45  
46 **SECTION 21.2.(a)** Seized and forfeited assets transferred to the State Highway  
47 Patrol during the 2025-2027 fiscal biennium pursuant to applicable federal law shall be credited  
48 to the budget of the State Highway Patrol and shall result in an increase of law enforcement  
49 resources for the State Highway Patrol. The State Highway Patrol shall make the following  
50 reports to the chairs of the House of Representatives Appropriations Committee on Justice and  
51 Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 1 (1) A report upon receipt of any assets.
- 2 (2) A report that shall be made prior to use of the assets on their intended use and
- 3 the departmental priorities on which the assets may be expended.
- 4 (3) A report on receipts, expenditures, encumbrances, and availability of these
- 5 assets for the previous fiscal year, which shall be made no later than
- 6 September 1 of each year.

7 **SECTION 21.2.(b)** The General Assembly finds that the use of seized and forfeited  
 8 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition  
 9 of real property, repair of buildings where the repair includes structural change, and construction  
 10 of or additions to buildings may result in additional expenses for the State in future fiscal periods.  
 11 Therefore, the State Highway Patrol is prohibited from using these assets for such purposes  
 12 without the prior approval of the General Assembly.

13 **SECTION 21.2.(c)** Nothing in this section prohibits State law enforcement agencies  
 14 from receiving funds from the United States Department of Justice, the United States Department  
 15 of the Treasury, and the United States Department of Health and Human Services.

16  
 17 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

18 **SECTION 21.3.(a)** Notwithstanding any other provision of law, and except as  
 19 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
 20 shall not transfer any positions, personnel, or funds from the State Highway Patrol to any other  
 21 State agency during the 2025-2027 fiscal biennium unless the transfer was included in the base  
 22 budget for one or both fiscal years of the biennium.

23 **SECTION 21.3.(b)** This section shall not apply to consolidation of information  
 24 technology positions into the Department of Information Technology pursuant to  
 25 G.S. 143B-1325.

26  
 27 **TRANSFER NORTH CAROLINA CENTER FOR MISSING PERSONS TO THE STATE**  
 28 **HIGHWAY PATROL**

29 **SECTION 21.4.(a)** All functions, powers, duties, and obligations vested in the North  
 30 Carolina Center for Missing Persons in the Department of Public Safety are transferred to, vested  
 31 in, and consolidated within the State Highway Patrol by a Type I transfer, as defined in  
 32 G.S. 143A-6.

33 **SECTION 21.4.(b)** Article 17 of Chapter 143B of the General Statutes, as enacted  
 34 by S.L. 2024-57, is amended by adding a new Part 4 to be entitled "North Carolina Center for  
 35 Missing Persons."

36 **SECTION 21.4.(c)** Subpart B of Part 5 of Article 13 of Chapter 143B of the General  
 37 Statutes is recodified as Part 4 of Article 17 of Chapter 143B of the General Statutes, as enacted  
 38 by S.L. 2024-57, as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
39 143B-1010	143B-1760
40 143B-1011	143B-1761
41 143B-1012	143B-1762
42 143B-1013	143B-1763
43 143B-1014	143B-1764
44 143B-1015	143B-1765
45 143B-1016	143B-1766
46 143B-1017	143B-1767
47 143B-1018	143B-1768
48 143B-1019	143B-1769
49 143B-1020	143B-1770
50 143B-1021	143B-1771

1 143B-1022 143B-1772

2 143B-1023 143B-1773

3 **SECTION 21.4.(d)** Part 4 of Article 17 of Chapter 143B of the General Statutes, as  
4 recodified by subsection (c) of this section, reads as rewritten:

5 "Part 4. North Carolina Center for Missing Persons.

6 **"§ 143B-1760. North Carolina Center for Missing Persons established.**

7 There is established within the ~~Department of Public Safety~~ State Highway Patrol the North  
8 Carolina Center for Missing Persons, which shall be organized and staffed in accordance with  
9 applicable laws. The purpose of the Center is to serve as a central repository for information  
10 regarding missing persons and missing children, with special emphasis on missing children. The  
11 Center may utilize the Federal Bureau of Investigation/National Crime Information Center's  
12 missing person computerized file (hereinafter referred to as FBI/NCIC) through the use of the  
13 Police Information Network in the North Carolina Department of Justice.

14 ...

15 **"§ 143B-1762. Control of the Center.**

16 The Center is under the direction of the ~~Secretary of the Department of Public Safety~~  
17 Commander of the State Highway Patrol and may be organized and structured in a manner as the  
18 Secretary deems appropriate to ensure that the objectives of the Center are achieved. The  
19 ~~Secretary-Commander~~ may employ those Center personnel as the General Assembly may  
20 authorize and provide funding for.

21 **"§ 143B-1763. Secretary-Commander to adopt rules.**

22 The ~~Secretary-Commander of the State Highway Patrol~~ shall adopt rules prescribing all of  
23 the following:

- 24 (1) Procedures for accepting and disseminating information maintained at the  
25 Center.
- 26 (2) The confidentiality of the data and information, including the missing person  
27 report, maintained by the Center.
- 28 (3) The proper disposition of all obsolete data, including the missing person  
29 report; provided, data for an individual who has reached the age of 18 and  
30 remains missing must be preserved.
- 31 (4) Procedures allowing a communication link with the Police Information  
32 Network and the FBI/NCIC's missing person file to ensure compliance with  
33 FBI/NCIC policies.
- 34 (5) Forms, including but not limited to a missing person report, considered  
35 necessary for the efficient and proper operation of the Center.

36 ...

37 **"§ 143B-1765. Dissemination of missing persons data by law-enforcement agencies.**

38 ...

39 If the report involves a missing child and the report meets the criteria established in  
40 ~~G.S. 143B-1021(b), G.S. 143B-1771(b)~~, as soon as practicable after receipt of the report, the law  
41 enforcement agency shall notify the Center and the National Center for Missing and Exploited  
42 Children of the relevant data about the missing child.

43 ...

44 **"§ 143B-1766. Responsibilities of Center.**

45 The Center shall do all of the following:

46 ...

- 47 (9) Maintain a directory of existing public and private agencies, groups, and  
48 individuals that provide effective assistance to families in the areas of  
49 prevention of child abduction, location of missing children and missing  
50 persons, and follow-up services to the child or person and family, as

determined by the ~~Secretary of Public Safety~~ Commander of the State Highway Patrol.

...

- (13) Perform such other activities that the ~~Secretary of Public Safety~~ Commander of the State Highway Patrol considers necessary to carry out the intent of its mandate.

...  
**"§ 143B-1768. Release of information by Center.**

The following may make inquiries of, and receive data or information from, the Center:

...

- (4) Any person engaged in bona fide research when approved by the ~~Secretary~~ Commander of the State Highway Patrol; provided, no names or addresses may be supplied to this person.

- (5) Any other person authorized by the Secretary of the ~~Department of Public Safety~~ Commander of the State Highway Patrol pursuant to ~~G.S. 143B-1013~~ G.S. 143B-1763.

**"§ 143B-1769. Provision of toll-free service; instructions to callers; communication with law-enforcement agencies.**

The Center shall provide a toll-free telephone line for anyone to report the disappearance of any individual or the sighting of any missing child or missing person. The Center personnel shall instruct the caller, in the case of a report concerning the disappearance of an individual, of the requirements contained in ~~G.S. 143B-1014~~ G.S. 143B-1764 of first having to submit a missing person report on the individual to the law-enforcement agency having jurisdiction of the area in which the individual became or is believed to have become missing. Any law-enforcement agency may retrieve information imparted to the Center by means of this phone line. The Center shall directly communicate any report of a sighting of a missing person or a missing child to the law-enforcement agency having jurisdiction in the area of disappearance or sighting.

**"§ 143B-1770. Improper release of information; penalty.**

Any person working under the supervision of the Director of Victims and Justice Services who knowingly and willfully releases, or authorizes the release of, any data, information, or records maintained or possessed by the Center to any agency, entity, or person other than as specifically permitted by ~~Subpart B~~ this Part or in violation of any rule adopted by the ~~Secretary~~ Commander of the State Highway Patrol is guilty of a Class 2 misdemeanor.

**"§ 143B-1771. North Carolina AMBER Alert System established.**

(a) There is established within the North Carolina Center for Missing Persons the AMBER Alert System. The purpose of AMBER Alert is to provide a statewide system for the rapid dissemination of information regarding abducted children.

(b) The AMBER Alert System shall make every effort to disseminate information on missing children as quickly as possible when all of the following criteria are met:

- (1) The child is 17 years of age or ~~younger~~ younger.
- (2) ~~The~~ If abduction is ~~not known or~~ suspected to be by a parent of the child, ~~unless the child's life is~~ must be suspected to be in imminent danger of serious injury or death.
- (3) The child is ~~believed~~ believed (i) to have been abducted and (ii) to be in danger of injury or death.
  - a. ~~To have been abducted, or~~
  - b. ~~To be in danger of injury or death;~~
- (4) The child is not a runaway or voluntarily ~~missing~~ and missing.
- (5) The abduction has been reported to and investigated by a law enforcement agency.

1 If the abduction of the child is known or suspected to be by a parent of the child, the Center,  
2 in its discretion, may disseminate information through the AMBER Alert System if the child is  
3 believed to be in danger of injury or death.

4 ...

5 (f) ~~The Department of Public Safety, State Highway Patrol,~~ on behalf of the Center, may  
6 accept grants, contributions, devises, and gifts, which shall be kept in a separate fund, which shall  
7 be nonreverting, and shall be used to fund the operations of the Center and the AMBER Alert  
8 System.

9 **"§ 143B-1772. North Carolina Missing Endangered System Silver Alert established.**

10 (a) There is established within the North Carolina Center for Missing Persons the ~~Missing~~  
11 ~~Endangered System Silver Alert.~~ The purpose of the ~~Missing Endangered System Silver Alert~~  
12 is to provide a statewide system for the rapid dissemination of information regarding a missing  
13 person ~~or missing child aged 65 or older~~ who is believed to be suffering from dementia,  
14 Alzheimer's disease, or a cognitive impairment ~~that, in light of the person's or child's missing~~  
15 ~~status, requires the person or child to be protected from potential abuse or other physical harm,~~  
16 ~~neglect, or exploitation that causes an irreversible deterioration of intellectual faculties that~~  
17 ~~makes them unable to meet their own needs or to seek help without assistance.~~

18 (b) If the Center or a law enforcement agency receives a request that involves a missing  
19 person ~~or missing child~~ as described in subsection (a) of this section, and at the time of receipt  
20 no more than 72 hours have passed since the person ~~or child~~ went missing, the Center ~~or law~~  
21 ~~enforcement agency~~ shall issue an alert providing for rapid dissemination of information  
22 statewide regarding the missing ~~person or missing child.~~ person. The Center ~~or law enforcement~~  
23 ~~agency~~ shall make every effort to disseminate the information as quickly as possible when the  
24 person's ~~or child's~~ status as missing has been reported to a law enforcement ~~agency.~~ agency,  
25 including procedures for the use of the Wireless Emergency Alert.

26 (c) The Center ~~and all law enforcement agencies~~ shall adopt guidelines and develop  
27 procedures for issuing ~~an a 90-day~~ alert for missing persons ~~and missing children~~ as described in  
28 subsection (a) of this section and shall provide education and training to encourage radio and  
29 television broadcasters to participate in the alert. The guidelines and procedures shall ensure that  
30 specific health information about the missing person ~~or missing child~~ is not made public through  
31 the alert or otherwise.

32 (d) The Center ~~and all law enforcement agencies~~ shall consult with the Department of  
33 Transportation and develop a procedure for the use of overhead permanent changeable message  
34 signs to provide information on the missing person ~~or missing child~~ meeting the criteria of this  
35 section when information is available that would enable motorists to assist in the recovery of the  
36 missing ~~person or missing child.~~ person. The Center and the Department of Transportation shall  
37 develop guidelines for the content, length, and frequency of any message to be placed on an  
38 overhead permanent changeable message sign.

39 **"§ 143B-1773. North Carolina Blue Alert System established.**

40 ...

41 (c) The Center shall adopt guidelines and develop procedures for the statewide  
42 implementation of the Blue Alert System and shall provide education and training to encourage  
43 radio and television broadcasters to participate in the ~~alert.~~ alert, including procedures for the use  
44 of the Emergency Alert System and the Wireless Emergency Alert.

45 ...

46 **"§ 143B-1774. North Carolina Missing Endangered Alert established.**

47 (a) There is established within the North Carolina Center for Missing Persons the Missing  
48 Endangered Alert. The purpose of the Missing Endangered Alert is to provide a statewide system  
49 for the rapid dissemination of information regarding a missing person, aged 64 or younger, or  
50 missing child who is believed to be suffering from dementia, Alzheimer's disease, or a cognitive  
51 impairment that causes an irreversible deterioration of intellectual faculties that makes them

1 unable to meet their own needs or to seek help without assistance and that is not a risk to the  
2 general public.

3 (b) If the Center receives a request that involves a missing person or missing child as  
4 described in subsection (a) of this section, and at the time of receipt no more than 72 hours have  
5 passed since the person or child went missing, the Center shall issue an alert providing for rapid  
6 dissemination of information statewide regarding the missing person or missing child. The Center  
7 shall make every effort to disseminate the information as quickly as possible when the person's  
8 or child's status as missing has been reported to a law enforcement agency, including procedures  
9 for the use of the Wireless Emergency Alert.

10 (c) The Center shall adopt guidelines and develop procedures for issuing a 90-day alert  
11 for missing persons and missing children as described in subsection (a) of this section and shall  
12 provide education and training to encourage radio and television broadcasters to participate in  
13 the alert. The guidelines and procedures shall ensure that specific health information about the  
14 missing person or missing child is not made public through the alert or otherwise.

15 (d) The Center shall consult with the Department of Transportation and develop a  
16 procedure for the use of overhead permanent changeable message signs to provide information  
17 on the missing person or missing child meeting the criteria of this section when information is  
18 available that would enable motorists to assist in the recovery of the missing person or missing  
19 child. The Center and the Department of Transportation shall develop guidelines for the content,  
20 length, and frequency of any message to be placed on an overhead permanent changeable  
21 message sign.

22 **"§ 143B-1775. North Carolina Ashanti Alert established.**

23 (a) There is established within the North Carolina Center for Missing Persons the Ashanti  
24 Alert. The purpose of the Ashanti Alert is to provide a statewide system for the rapid  
25 dissemination of information regarding a missing person over 18 years of age that is suspected  
26 to have been abducted and there is both abductor and vehicle information available.

27 (b) If the Center receives a request that involves a missing person as described in  
28 subsection (a) of this section, and at the time of receipt no more than 72 hours have passed since  
29 the person went missing, the Center shall issue an alert providing for rapid dissemination of  
30 information statewide regarding the missing person. The Center shall make every effort to  
31 disseminate the information as quickly as possible when the person's status as missing has been  
32 reported to a law enforcement agency, including procedures for the use of the Emergency Alert  
33 System and the Wireless Emergency Alert.

34 (c) The Center shall adopt guidelines and develop procedures for issuing a 24-hour alert  
35 for missing persons as described in subsection (a) of this section and shall provide education and  
36 training to encourage radio and television broadcasters to participate in the alert.

37 (d) The Center shall consult with the Department of Transportation and develop a  
38 procedure for the use of overhead permanent changeable message signs to provide information  
39 on the missing person or missing child meeting the criteria of this section when information is  
40 available that would enable motorists to assist in the recovery of the missing person or missing  
41 child. The Center and the Department of Transportation shall develop guidelines for the content,  
42 length, and frequency of any message to be placed on an overhead permanent changeable  
43 message sign.

44 **"§ 143B-1776. North Carolina Missing – Weather Alert established.**

45 (a) There is established within the North Carolina Center for Missing Persons the Missing  
46 – Weather Alert. The purpose of the Missing – Weather Alert is to provide a statewide system  
47 for the rapid dissemination of information regarding a missing person or child that is missing  
48 during times of extreme heat or cold and is not in a vehicle, or immediately following a significant  
49 weather event.

50 (b) If the Center receives a request that involves a missing person as described in  
51 subsection (a) of this section, and at the time of receipt no more than 72 hours have passed since

1 the person went missing, the Center shall issue an alert providing for rapid dissemination of  
2 information statewide regarding the missing person. The Center shall make every effort to  
3 disseminate the information as quickly as possible, including procedures for the use of the  
4 Wireless Emergency Alert.

5 (c) The Center shall adopt guidelines and develop procedures for issuing a 30-day alert  
6 for missing persons as described in subsection (a) of this section and shall provide education and  
7 training to encourage radio and television broadcasters to participate in the alert."

8 **SECTION 21.4.(e)** The State Highway Patrol shall adopt rules, or amendments to  
9 rules, consistent with the provisions of this section. The State Highway Patrol may use the  
10 procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this section.

## 11 **CREATE VIPER USER FEE AFTER FIRST ONE HUNDRED USERS**

12 **SECTION 21.5.(a)** G.S. 143B-1726, as amended by Section 3E.1 of S.L. 2024-57,  
13 reads as rewritten:

14 **"§ 143B-1726. Statewide radio system authorized; use of telephone lines in emergencies.**

15 (a) The Commander of the State Highway Patrol is ~~hereby~~ authorized and directed to set  
16 up and maintain a statewide radio system, with adequate broadcasting stations so situate as to  
17 make the service available to all parts of the State for the purpose of maintaining radio contact  
18 with the members of the State Highway Patrol and other officers of the State, to the end that the  
19 traffic laws upon the highways may be more adequately enforced and that the criminal use of the  
20 highways may be prevented. The Commander of the State Highway ~~Patrol, Patrol~~ is ~~hereby~~  
21 authorized to establish a plan of operation in accordance with Federal Communication  
22 Commission rules so that all certified law-enforcement officers within the State may use the law  
23 enforcement emergency frequency of 155.475MHz.

24 (b) The Commander of the State Highway Patrol is ~~likewise~~ authorized and empowered  
25 to arrange with the various telephone companies of the State for the use of their lines for  
26 emergency calls by the members of the State Highway Patrol, if it shall be found practicable to  
27 arrange apparatus for temporary contact with ~~said~~ ~~the~~ telephone circuits along the highways of  
28 the State.

29 (c) In order to make this service more generally useful, the various boards of county  
30 commissioners and the governing boards of the various cities and towns are ~~hereby~~ authorized  
31 and empowered to provide radio receiving sets in the offices and vehicles of their various officers,  
32 and ~~such~~ ~~these~~ expenditures are declared to be a legal expenditure of any funds that may be  
33 available for police protection.

34 (d) Each user of the statewide radio system created pursuant to this section shall be  
35 charged an annual user fee of twenty-five dollars (\$25.00), except that the statewide radio  
36 manager of each county may exempt up to 100 users each year from paying this fee. The fee shall  
37 be paid to the State Highway Patrol and used by the State Highway Patrol for costs associated  
38 with maintaining and operating the statewide radio system created pursuant to this section."

39 **SECTION 21.5.(b)** This section becomes effective January 1, 2026, and applies to  
40 users of the statewide radio system on or after that date.

## 41 **PART XXII. ADMINISTRATION**

### 42 **DOA/ADDITIONAL SUPPORT FOR DOMESTIC VIOLENCE CENTER GRANTS**

43 **SECTION 22.1.(a)** G.S. 7A-305(a2) reads as rewritten:

44 (a2) In every action for absolute divorce filed in the district court, a cost of ~~seventy-five~~  
45 ~~dollars (\$75.00)~~ eighty-five dollars (\$85.00) shall be assessed against the person filing the  
46 divorce action. Costs collected by the clerk pursuant to this subsection shall be remitted to the  
47 State Treasurer, who shall deposit ~~seventy-five dollars (\$75.00)~~ eighty-five dollars (\$85.00) to  
48  
49  
50

1 the Domestic Violence Center Fund established under G.S. 50B-9. Costs assessed under this  
2 subsection shall be in addition to any other costs assessed under this section."

3 **SECTION 22.1.(b)** G.S. 161-10 reads as rewritten:

4 "**§ 161-10. Uniform fees of registers of deeds.**

5 (a) Except as otherwise provided in this Article, all fees collected under this section shall  
6 be deposited into the county general fund. While performing the duties of the office, the register  
7 of deeds shall collect the following fees which shall be uniform throughout the State:

8 ...

9 (2) Marriage Licenses. – For issuing a license ~~sixty dollars (\$60.00); one hundred~~  
10 fifteen dollars (\$115.00); for issuing a delayed certificate with one certified  
11 copy twenty dollars (\$20.00); and for a proceeding for correction of an  
12 application, license or certificate, with one certified copy ten dollars (\$10.00).

13 ...."

14 **SECTION 22.1.(c)** G.S. 161-11.2 reads as rewritten:

15 "**§ 161-11.2. Fees for domestic violence centers.**

16 ~~Thirty dollars (\$30.00) Eighty-five dollars (\$85.00)~~ of each fee collected by a register of  
17 deeds for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded by the  
18 register of deeds to the county finance officer, who shall forward the funds to the Department of  
19 Administration to be credited to the Domestic Violence Center Fund established under  
20 G.S. 50B-9. The register of deeds shall forward the fees to the county finance officer as soon as  
21 practical. The county finance officer shall forward the fees to the Department of Administration  
22 within 60 days after receiving the fees. The Register of Deeds shall inform the applicants that  
23 ~~thirty dollars (\$30.00) eighty-five dollars (\$85.00)~~ of the fee for a marriage license shall be used  
24 for Domestic Violence programs."

25  
26 **MORATORIUM ON PURCHASE OF MOTOR VEHICLES/RATE INFORMATION**

27 **SECTION 22.2.(a)** Notwithstanding any other provision of law, the Department of  
28 Administration, Division of Motor Fleet Management, shall not purchase any motor vehicles of  
29 any type in the 2025-2026 fiscal year.

30 **SECTION 22.2.(b)** G.S. 143-341 reads as rewritten:

31 "**§ 143-341. Powers and duties of Department.**

32 The Department of Administration has the following powers and duties:

33 ...

34 (8) General Services:

35 ...

36 i. To establish and operate a central motor fleet and such subsidiary  
37 related facilities as the Secretary may deem necessary, and to that end:

38 ...

39 2. To acquire passenger motor vehicles by transfer from other  
40 State agencies and by purchase. All motor vehicles transferred  
41 to or purchased by the Department shall become part of a  
42 central motor fleet. When purchasing motor vehicles, the  
43 Department shall not pay more than thirty thousand dollars  
44 (\$30,000) per car and not more than fifty-five thousand dollars  
45 (\$55,000) per pickup truck, sport utility vehicle, or van, unless  
46 authorized to do so by the General Assembly; provided,  
47 however, these amounts may be increased every two years by  
48 an amount equal to the percentage increase in the automotive  
49 component of the Consumer Price Index for All Urban  
50 Consumers for the type of vehicle purchased.

51 ...



6. To allocate and charge against each State agency to which transportation is furnished its proportionate part of the cost of maintenance and operation of the motor fleet.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall take into account all of the following: (i) vehicle replacement cost, (ii) maintenance cost, (iii) insurance, (iv) use of telematics devices, and (v) the Department's administration cost. The base monthly lease rate and the monthly per mile rate charged to each State agency for a motor fleet vehicle shall be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for that type of vehicle, such as "new," "used," or "leased."

...  
11. To report ~~annually~~ not later than February 1 of each year to the Joint Legislative Oversight Committee on General ~~Government~~ Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision. The report shall also include all of the following:

- I. An inventory of all motor vehicles in the motor vehicle fleet by vehicle class, such as sedan, light duty pickup truck, or SUV-compact, and vehicle model.
- II. The current base monthly lease rate by vehicle class and vehicle model, and when the next vehicle class rate increase will become effective.
- III. The monthly per mile rate for every mile over 1,050 miles per month, and when the next monthly per mile rate will become effective.
- IV. A telematics summary by vehicle class and vehicle model.

...."

**OFFICE FOR HISTORICALLY UNDERUTILIZED BUSINESSES**

**SECTION 22.3.(a)** The Office for Historically Underutilized Businesses in the Department of Administration is hereby abolished. Any advisory committees established by the Secretary of the Department of Administration to develop recommendations to improve the recruitment and utilization of minority businesses are hereby abolished.

**SECTION 22.3.(b)** Chapter 63A of the General Statutes is amended by adding a new section to read:

**"§ 63A-19.1. Compliance with federal nondiscrimination laws.**

Nothing in this Chapter or any other provision of the General Statutes shall be construed as interfering with the Authority's ability to comply with 14 C.F.R. Part 152, Subpart E, Nondiscrimination in Airport Aid Program."

**SECTION 22.3.(c)** G.S. 115D-9 reads as rewritten:

**"§ 115D-9. Powers of State Board regarding certain fee negotiations, contracts, and capital improvements.**

1 ...  
 2 (g) For projects two million dollars (\$2,000,000) or more, funded with public money, the  
 3 Community Colleges System Office shall report no later than October 1 of each year to the State  
 4 Building Commission the following:

- 5 (1) A list of projects governed by this section.
- 6 (2) The estimated cost of each project along with the actual cost.
- 7 (3) The name of each person awarded a contract under this section.
- 8 (4) ~~Whether the person or business awarded a contract under this section meets~~  
 9 ~~the definition of "minority business" or "minority person" as defined in~~  
 10 ~~G.S. 143-128.2(g).~~

11 ...."

12 **SECTION 22.3.(d)** G.S. 116-31.11 reads as rewritten:

13 **"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital**  
 14 **improvements.**

15 ...  
 16 (f) The Board of Governors shall annually report to the State Building Commission the  
 17 following:

- 18 (1) A list of projects governed by this section.
- 19 (2) The estimated cost of each project along with the actual cost.
- 20 (3) The name of each person awarded a contract under this section.
- 21 (4) ~~Whether the person or business awarded a contract under this section meets~~  
 22 ~~the definition of "minority business" or "minority person" as defined in~~  
 23 ~~G.S. 143-128.2(g)."~~

24 **SECTION 22.3.(e)** G.S. 143-128 reads as rewritten:

25 **"§ 143-128. Requirements for certain building contracts.**

26 ...  
 27 (b) Separate-prime contracts. – When the State, county, municipality, or other public  
 28 body uses the separate-prime contract system, it shall accept bids for each subdivision of work  
 29 for which specifications are required to be prepared under subsection (a) of this section and shall  
 30 award the respective work specified separately to responsible and reliable persons, firms or  
 31 corporations regularly engaged in their respective lines of work. When the estimated cost of work  
 32 to be performed in any single subdivision or branch for which separate bids are required by this  
 33 subsection is less than twenty-five thousand dollars (\$25,000), the same may be included in the  
 34 contract for one of the other subdivisions or branches of the work, irrespective of total project  
 35 cost. The contracts shall be awarded to the lowest responsible, responsive bidders, taking into  
 36 consideration quality, performance, and the time specified in the bids for performance of the  
 37 ~~contract, and compliance with G.S. 143-128.2. contract.~~ Bids may also be accepted from and  
 38 awards made to separate contractors for other categories of work.

39 ...  
 40 (d) Single-prime contracts. – All bidders in a single-prime project shall identify on their  
 41 bid the contractors they have selected for the subdivisions or branches of work for:

- 42 (1) Heating, ventilating, and air conditioning;
- 43 (2) Plumbing;
- 44 (3) Electrical; and
- 45 (4) General.

46 The contract shall be awarded to the lowest responsible, responsive bidder, taking into  
 47 consideration quality, performance, and the time specified in the bids for performance of the  
 48 ~~contract, and compliance with G.S. 143-128.2. contract.~~ A contractor whose bid is accepted shall  
 49 not substitute any person as subcontractor in the place of the subcontractor listed in the original  
 50 bid, except (i) if the listed subcontractor's bid is later determined by the contractor to be  
 51 nonresponsible or nonresponsive or the listed subcontractor refuses to enter into a contract for

1 the complete performance of the bid work, or (ii) with the approval of the awarding authority for  
 2 good cause shown by the contractor. The terms, conditions, and requirements of each contract  
 3 between the contractor and a subcontractor performing work under a subdivision or branch of  
 4 work listed in this subsection shall incorporate by reference the terms, conditions, and  
 5 requirements of the contract between the contractor and the State, county, municipality, or other  
 6 public body.

7 When contracts are awarded pursuant to this section, the public body shall make available to  
 8 subcontractors the dispute resolution process as provided for in subsection (f1) of this section.

9 (d1) Dual bidding. – The State, a county, municipality, or other public entity may accept  
 10 bids to erect, construct, alter, or repair a building under both the single-prime and separate-prime  
 11 contracting systems and shall award the contract to the lowest responsible, responsive bidder  
 12 under the single-prime system or to the lowest responsible, responsive bidder under the  
 13 separate-prime system, taking into consideration quality, performance, ~~compliance with~~  
 14 ~~G.S. 143-128.2,~~ and time specified in the bids to perform the contract. In determining the system  
 15 under which the contract will be awarded to the lowest responsible, responsive bidder, the public  
 16 entity may consider cost of construction oversight, time for completion, and other factors it  
 17 considers appropriate. The bids received as separate-prime bids shall be received, but not opened,  
 18 one hour prior to the deadline for the submission of single-prime bids. The amount of a bid  
 19 submitted by a subcontractor to the general contractor under the single-prime system shall not  
 20 exceed the amount bid, if any, for the same work by that subcontractor to the public entity under  
 21 the separate-prime system. The provisions of subsection (b) of this section shall apply to  
 22 separate-prime contracts awarded pursuant to this section and the provisions of subsection (d) of  
 23 this section shall apply to single-prime contracts awarded pursuant to this section.

24 ...."

25 **SECTION 22.3.(f)** G.S. 143-135.5 reads as rewritten:

26 "**§ 143-135.5. State policy; ~~cooperation in promoting the use of small, minority, physically~~**  
 27 **~~handicapped and women contractors; purpose: construction contracts.~~**

28 (a) ~~It is the policy of this State to encourage and promote the use of small, minority,~~  
 29 ~~physically handicapped and women contractors in State construction projects. All State agencies,~~  
 30 ~~institutions and political subdivisions shall cooperate with the Department of Administration and~~  
 31 ~~all other State agencies, institutions and political subdivisions in efforts to encourage and~~  
 32 ~~promote the use of small, minority, physically handicapped and women contractors in achieving~~  
 33 ~~the purpose of this Article, which is the effective and economical construction of public~~  
 34 ~~buildings.~~

35 (b) It is the policy of this State not to accept bids or proposals from, nor to engage in  
 36 business with, any business that, within the last two years, has been finally found by a court or  
 37 an administrative agency of competent jurisdiction to have unlawfully discriminated on the basis  
 38 of race, gender, religion, national origin, age, physical disability, or any other unlawful basis in  
 39 its solicitation, selection, hiring, or treatment of another business."

40 **SECTION 22.3.(g)** G.S. 143-254.6 reads as rewritten:

41 "**§ 143-254.6. Powers of the Commission regarding certain fee negotiations, contracts, and**  
 42 **capital improvements.**

43 ...

44 (e) The Commission shall annually report the following to the State Building  
 45 Commission:

- 46 (1) A list of projects governed by this section.
- 47 (2) The estimated cost of each project along with the actual cost.
- 48 (3) The name of each person or business awarded a contract under this section.
- 49 (4) ~~Whether the person or business awarded a contract under this section meets~~  
 50 ~~the definition of "minority business" or "minority person" as defined in~~  
 51 ~~G.S. 143-128.2(g)."~~

1           **SECTION 22.3.(h)** G.S. 143B-135.214 reads as rewritten:

2   "**§ 143B-135.214. Powers of Department regarding certain fee negotiations, contracts, and**  
3   **capital improvements.**

4    ...

5   (f) The Department shall annually report to the State Building Commission the  
6 following:

7       (1) A list of projects governed by this section.

8       (2) The estimated cost of each project along with the actual cost.

9       (3) The name of each person awarded a contract under this section.

10      (4) ~~Whether the person or business awarded a contract under this section meets~~  
11      ~~the definition of "minority business" or "minority person" as defined in~~  
12      ~~G.S. 143-128.2(g).~~

13    ...."

14           **SECTION 22.3.(i)** G.S. 143B-434.01 reads as rewritten:

15   "**§ 143B-434.01. Comprehensive Strategic Economic Development Plan.**

16    ...

17   (e) Environmental Scan. – The first step in developing the Plan shall be to develop an  
18 environmental scan based on the input from economic development parties and the public and  
19 on information about the economic environment in North Carolina. To prepare the scan, the  
20 Secretary shall gather the information required in this subsection and ensure that the information  
21 is updated periodically. The updated information may be provided in whatever format and  
22 through whatever means is most efficient. The information required to prepare the scan includes  
23 all of the following:

24    ...

25      (2) Compilation of the latest data on the strength of the business environment by  
26 State, Region, and county with emphasis on the following dynamics of job  
27 creation: start-ups, expansions, locations, contractions, and failures. Special  
28 assessments are to be made of ~~rural, small, and minority~~ rural and small  
29 business components of overall activity.

30    ...."

31           **SECTION 22.3.(j)** G.S. 143B-437.57 reads as rewritten:

32   "**§ 143B-437.57. Community economic development agreement.**

33   (a) Terms. – Each community economic development agreement shall include at least  
34 the following:

35    ...

36      (16) A provision requiring that the business engage in fair employment practices  
37 as required by State and federal law ~~and a provision encouraging the business~~  
38 ~~to use small contractors, minority contractors, physically handicapped~~  
39 ~~contractors, and women contractors whenever practicable in the conduct of its~~  
40 ~~business law.~~

41    ...."

42           **SECTION 22.3.(k)** G.S. 143B-1361 reads as rewritten:

43   "**§ 143B-1361. Information technology procurement policy; ~~reporting~~**  
44   **requirements disclosure.**

45   (a) ~~Policy. In order to further the policy of the State to encourage and promote the use~~  
46 ~~of small, minority, physically handicapped, and women contractors in State purchasing of goods~~  
47 ~~and services, all State agencies shall cooperate with the Department in efforts to encourage the~~  
48 ~~use of small, minority, physically handicapped, and women contractors in achieving the purposes~~  
49 ~~of this Article, which is to provide for the effective and economical acquisition, management,~~  
50 ~~and disposition of information technology.~~

(b) ~~Bids.~~—A vendor submitting a bid shall disclose in a statement, provided contemporaneously with the bid, where services will be performed under the contract sought, including any subcontracts and whether any services under that contract, including any subcontracts, are anticipated to be performed outside the United States. Nothing in this section is intended to contravene any existing treaty, law, agreement, or regulation of the United States. The State CIO shall retain the statements required by this subsection regardless of the State entity that awards the contract and shall report annually to the Secretary of Administration on the number of contracts which are anticipated to be performed outside the United States.

(c) ~~Reporting.~~—~~Every State agency that makes a direct purchase of information technology using the services of the Department shall report directly to the Department of Administration all information required by G.S. 143-48(b).~~

(d) ~~Data from Department of Administration.~~—~~The Department of Administration shall collect and compile the data described in this section and report it annually to the Department of Information Technology, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division."~~

**SECTION 22.3.(l)** G.S. 160A-17.1 reads as rewritten:

**"§ 160A-17.1. Grants from other governments.**

(a) Federal and State. – The governing body of any city or county is hereby authorized to make contracts for and to accept grants-in-aid and loans from the federal and State governments and their agencies for constructing, expanding, maintaining, and operating any project or facility, or performing any function, which such city or county may be authorized by general law or local act to provide or perform.

In order to exercise the authority granted by this section, the governing body of any city or county may:

- ...
- (3a) Agree to and comply with minimum minority business enterprise participation requirements established by the federal government and its agencies in projects financed by federal grants-in-aid or loans, by including such minimum requirements in the specifications for contracts to perform all or part of such projects and awarding ~~bids pursuant to G.S. 143-129 and 143-131, if applicable, to the lowest responsible bidder or bidders meeting these and any other specifications.~~bids.

...."

**SECTION 22.3.(m)** Any local act authorizing a local government unit to establish, agree to, or comply with minority or women's business enterprise participation requirements is hereby repealed unless compliance with such requirements is required by the federal government and its agencies in projects financed by federal grants-in-aid or loans as provided in G.S. 160A-17(a)(3a).

**SECTION 22.3.(n)** G.S. 63A-19, 116D-4, 143-48, 143-48.2, 143-48.4, 143-49(7), 143-128.2, 143-128.3, 143-128.4, 143-129.5, and 143-131(b) are repealed.

**PART XXIII. ADMINISTRATIVE HEARINGS**

**OAH/REDUCE DUTIES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION**

**SECTION 23.1.** G.S. 7A-761 reads as rewritten:

**"§ 7A-761. North Carolina Human Relations Commission.**

(a) There is hereby created the North Carolina Human Relations Commission of the Civil Rights Division of the Office of Administrative Hearings. The North Carolina Human Relations Commission shall have the following functions and duties:

- (1) ~~To study problems concerning human relations;~~

- 1           (2) To promote equality of opportunity for all citizens;  
 2           (3) To promote understanding, respect, and goodwill among all citizens;  
 3           (4) To provide channels of communication among the races;  
 4           (5) To encourage the employment of qualified people without regard to race;  
 5           (6) To encourage youths to become better trained and qualified for employment;  
 6           (7) To receive on behalf of the Civil Rights Division of the Office of  
 7           Administrative Hearings and to recommend expenditure of gifts and grants  
 8           from public and private donors;  
 9           (8) To enlist the cooperation and assistance of all State and local government  
 10          officials in the attainment of the objectives of the Commission;  
 11          (9) To assist local good neighborhood councils and biracial human relations  
 12          committees in promoting activities related to the functions of the Commission  
 13          enumerated above;  
 14          (10) To advise the Chief Administrative Law Judge upon any matter the Chief  
 15          Administrative Law Judge may refer to it;  
 16          (11) To administer the provisions of the State Fair Housing Act as outlined in  
 17          Chapter 41A of the General Statutes;  
 18          (12) To administer the provisions of the Civil Rights Act as outlined in Chapter  
 19          99D of the General Statutes.

20          ...."

## 21           **OAH/EMPLOYMENT DISCRIMINATION DIVISION & EEOC COMPLAINTS**

22           **SECTION 23.2.(a)** G.S. 7A-759 is repealed.

23           **SECTION 23.2.(b)** G.S. 143-422.3 is repealed.

24           **SECTION 23.2.(c)** Any State or local government employee covered under Chapter  
 25           126 of the General Statutes may file a complaint alleging employment discrimination with the  
 26           United States Equal Employment Opportunity Commission in the manner provided by federal  
 27           law, and nothing in this section shall be construed as limiting or impeding that right.

28           **SECTION 23.2.(d)** This section shall not apply to any actions or complaints filed  
 29           pursuant to G.S. 7A-759 or G.S. 143-422.3 that are pending on the date this act becomes law.  
 30

## 31           **PART XXIV. OFFICE OF STATE AUDITOR**

### 32           **FLOODPLAIN BUYOUT PUBLIC/PRIVATE PARTNERSHIP PILOT PROGRAM**

33           **SECTION 24.1.(a)** Pilot Program. – Of the funds appropriated to the Office of the  
 34           State Auditor, the nonrecurring sum of fifteen million dollars (\$15,000,000) in the 2025-2026  
 35           fiscal year and twenty million dollars (\$20,000,000) in the 2026-2027 fiscal year shall be used  
 36           for the Floodplain Buyout Public/Private Partnership Pilot Program (Program) in accordance  
 37           with this section. The purpose of the Program is to utilize innovative valuation methods and  
 38           streamlined administrative processes to modernize the State's floodplain buyout strategies,  
 39           reduce future flood damage, and enhance floodplain functionality. The Office of the State  
 40           Auditor shall allocate one million dollars (\$1,000,000) of those funds from the 2025-2026 fiscal  
 41           year to the Board of Governors of The University of North Carolina for the North Carolina  
 42           Collaboratory (Collaboratory) for the purposes set forth in subsection (d) of this section. The  
 43           Office of the State Auditor and the Program Director shall seek to commence the operations of  
 44           the Program within six months of this section becoming law.  
 45

46           **SECTION 24.1.(b)** Program Director. – The State Auditor shall designate a State  
 47           employee within the Office of the State Auditor to serve as the Program Director and oversee the  
 48           Program. The Program Director shall do all of the following:  
 49

- 50           (1) Negotiate and execute a performance-based contract with a private partner in  
 51           accordance with this section.

- 1 (2) Ensure the release of funds for the Program align with established and defined
- 2 milestones set forth in the contract with the private partner.
- 3 (3) Coordinate with other State agencies, as necessary, to access data, planning
- 4 resources, and other support, including the Department of Public Safety.
- 5 (4) Ensure consistency with the Flood Resiliency Blueprint being developed by
- 6 the Department of Environmental Quality in planning and conducting the
- 7 Program, except where the General Assembly has directed otherwise.
- 8 (5) Monitor and evaluate the Program's effectiveness and compliance with this
- 9 section.

10 **SECTION 24.1.(c)** Private Partner. – The private partner contracted with by the  
11 Office of the State Auditor for the participation in the Program shall do all of the following:

- 12 (1) Conduct buyout operations, including negotiations and contracting with
- 13 property owners for buyouts, real estate closings that transfer title to local land
- 14 trusts, demolition of existing structures as appropriate, and ecological
- 15 restoration.
- 16 (2) Meet and satisfy any predefined contractual milestones set forth in the
- 17 contract.
- 18 (3) Consider local zoning ordinances and development plans where buyouts are
- 19 proposed.

20 **SECTION 24.1.(d)** Collaboratory/Research and Valuation Development. – The  
21 Collaboratory shall do all of the following:

- 22 (1) Establish buyout zone values based on projections of future damages and
- 23 enhanced floodplain functionality.
- 24 (2) Utilize appropriate investment assessment methods to define the total value of
- 25 the contract entered into under this section.
- 26 (3) Determine the efficacy of other State efforts to reduce future flood damage
- 27 with an emphasis on cost-benefit outcomes.

28 **SECTION 24.1.(e)** Evaluation. – The Program Director and the Office of the State  
29 Auditor shall evaluate the effectiveness of the Program based on benchmarks and outcomes based  
30 on the Collaboratory's valuation research as set forth in subsection (d) of this section and  
31 compared to existing and historic State-run buyout programs.

32 **SECTION 24.1.(f)** The Office of the State Auditor shall submit a report to the Joint  
33 Legislative Oversight Committee on General Government, the Joint Legislative Commission on  
34 Governmental Operations, and the Fiscal Research Division on the Program implementation and  
35 the Program's progress on or before October 1, 2025. Within one year of the Program's  
36 completion, the Office of the State Auditor and the Program Director shall submit a report to the  
37 same committees and the Fiscal Research Division on findings, recommendations, and any  
38 proposed legislative recommendations or adjustments based on the Program's results, including  
39 all projects completed, average cost of buyout for properties, types of properties, locations, and  
40 any other metrics and outcomes the Program Director deems appropriate.

## 41 **THE DAVE ACT**

42 **SECTION 24.2.(a)** This section shall be known as "The Division of Accountability,  
43 Value, and Efficiency (DAVE) Act."

44 **SECTION 24.2.(b)** The State Auditor shall establish a Division of Accountability,  
45 Value, and Efficiency (Division) within the Department of the State Auditor. The powers and  
46 duties of the Division shall be to effectuate the assessment and recommendations required by this  
47 section, and the State Auditor shall organize and administer the Division in such a manner as the  
48 State Auditor may deem necessary to conduct the Division's work accordingly.

49 **SECTION 24.2.(c)** No later than October 1, 2025, every State agency shall report to  
50 the Division both of the following:  
51

- 1 (1) An explanation of how the agency, including each division or office within
- 2 that agency, utilizes public monies to execute its powers and duties under law.
- 3 (2) A description of all positions within that agency that have remained vacant for
- 4 six months or more as of the effective date of this section. The description
- 5 shall include the original position vacancy dates, the dates of any postings or
- 6 repostings of the positions, and an explanation for the length of the vacancies.

7 **SECTION 24.2.(d)** The Division shall assess the continued need for each State  
 8 agency and the vacant positions within each agency. The assessment shall be based on a review  
 9 of the reports submitted pursuant to this section and any other information the Division deems  
 10 relevant. In gathering and assessing relevant information, the Division may consult with the Joint  
 11 Legislative Commission on Governmental Operations. The Division may also employ  
 12 individuals to utilize artificial intelligence and other appropriate tools for the purpose of  
 13 examining any of the following with respect to State agencies and their budgets:

- 14 (1) Amounts spent, including the entities receiving funds and the intended
- 15 purpose of the amounts spent.
- 16 (2) The effectiveness of any amount spent in achieving the intended purpose of
- 17 that spending.
- 18 (3) Duplicative spending.
- 19 (4) Any other factor demonstrating the fiscal soundness or effectiveness of the
- 20 State agency or lack thereof.

21 **SECTION 24.2.(e)** No later than December 31, 2025, the Division shall report the  
 22 results of the assessment conducted pursuant to this section to the General Assembly. The  
 23 Division's report shall include, at minimum, recommendations on both of the following:

- 24 (1) Any State agencies, or any divisions or offices within a State agency, that
- 25 should be dissolved based on the Division's assessment.
- 26 (2) Any State agency positions that should be eliminated based on the Division's
- 27 assessment.

28 **SECTION 24.2.(f)** The Division, in its discretion, may annually require any or all  
 29 State agencies to submit a report with the information required by this section, and may reassess  
 30 such information on an annual basis in accordance with this section, and report the results of the  
 31 assessment to the General Assembly.

32 **SECTION 24.2.(g)** This section is effective when it becomes law and expires  
 33 December 31, 2028, at which time the Division shall terminate.

34  
 35 **GDAC AVAILABILITY FOR AUDITOR**

36 **SECTION 24.3.(a)** Of the funds appropriated to the Office of the State Auditor in  
 37 this act, the sum of up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds  
 38 for the 2025-2026 fiscal year shall be used to collaborate with the Government Data Analytics  
 39 Center (GDAC) to implement analytical capabilities to ensure efficiency in State government  
 40 agencies and assist the State Auditor in meeting its statutory responsibilities under G.S. 147-64.6.  
 41 These funds shall be used to fund detection analytics, software, information reporting, managed  
 42 services, and technical infrastructure. The Office of the State Auditor shall coordinate with the  
 43 GDAC and utilize the subject matter expertise and technical infrastructure available through  
 44 existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

45 **SECTION 24.3.(b)** GDAC shall, at the direction of the State Auditor, expedite data  
 46 sharing agreements with State agencies in accordance with G.S. 143B-1385(c) to assist the  
 47 Division of Accountability, Value, and Efficiency, established in this act, in completing its  
 48 assessments and reports of State agencies as required by law.

49  
 50 **STATE AUDITOR/ASSESSMENT OF IT SECURITY STANDARDS &**  
 51 **RECOMMENDATIONS**



1           **SECTION 24.4.(a)** Article 5A of Chapter 147 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 147-64.6E. Security practices of State information technology systems.**

4           (a) After assessing the security practices of a State agency's information technology  
5 system, the Office of the State Auditor may include in its report to the agency a time frame, not  
6 to exceed 90 days, in which the agency shall implement the Auditor's recommendations, if any  
7 are made. Within 14 days after the expiration of the time frame specified in the report, the agency  
8 shall, in writing, report to the State Auditor the actions it has taken to implement the  
9 recommendations. The Auditor may, in his or her discretion, extend the time frame designated  
10 in the report.

11           (b) If the State Auditor determines that a State agency has not, to his or her satisfaction,  
12 implemented the recommendations included in the report, the State Auditor shall, in writing,  
13 notify the State Chief Information Officer (hereinafter "State CIO") and the agency of the same.  
14 Upon receiving the notification, the State CIO and the Department of Information Technology  
15 (hereinafter "DIT") shall withhold all approvals required by Article 15 of Chapter 143B of the  
16 General Statutes for any projects, contracts, budgets, or procurements for the agency until the  
17 State Auditor determines all recommendations have been satisfactorily implemented, unless  
18 approval from the State CIO or the DIT is required to implement the State Auditor's  
19 recommendations.

20           (c) In a case where an agency's approvals are withheld as provided in subsection (b) of  
21 this section, the agency shall, in writing, notify the State Auditor when it has taken the necessary  
22 actions to implement the State Auditor's recommendations. Upon finding that the agency has  
23 satisfactorily implemented the recommendations, the State Auditor shall, in writing, notify the  
24 State CIO, and the State CIO and the DIT shall cease withholding approvals.

25           (d) Any action by the State CIO or the DIT to withhold approvals pursuant to subsection  
26 (b) of this section shall not be subject to the provisions of G.S. 143B-1342."

27           **SECTION 24.4.(b)** G.S. 143B-1377 reads as rewritten:

28 **"§ 143B-1377. State CIO approval of security standards and risk assessments.**

29           ...

30           (e) Nothing in this section shall be construed to preclude the Office of the State Auditor  
31 from assessing the security practices of State information technology systems as part of its  
32 statutory duties and ~~responsibilities~~-responsibilities, including the provisions of G.S. 147-64.6E."

33  
34 **PART XXV. BUDGET AND MANAGEMENT**

35  
36 **OSBM/STATE FISCAL RECOVERY FUND FLEXIBILITY**

37           **SECTION 25.1.(a)** Notwithstanding any provision of law to the contrary, and  
38 subject to the conditions set out in this section, the North Carolina Pandemic Recovery Office  
39 (NCPRO), in consultation with the Director of the Budget, is authorized to reallocate State Fiscal  
40 Recovery Funds (SFRF) appropriated by this act or any act of the General Assembly, including,  
41 but not limited to:

- 42           (1) S.L. 2021-180.
- 43           (2) S.L. 2021-189.
- 44           (3) S.L. 2022-6.
- 45           (4) S.L. 2022-74.
- 46           (5) S.L. 2023-134.
- 47           (6) S.L. 2024-1.
- 48           (7) S.L. 2024-40.
- 49           (8) S.L. 2024-53.
- 50           (9) S.L. 2024-55.

1           **SECTION 25.1.(b)** The funds set out in subsection (a) of this section may be  
2 reallocated only when all of the following conditions are met:

- 3           (1) The appropriated funds have not been expended by December 31, 2025.
- 4           (2) There is a reasonable expectation that the funds will not be expended before  
5 the deadline established by applicable federal law or guidance.
- 6           (3) The reallocation is made to support one or more SFRF related activities  
7 authorized and receiving appropriations under this act or one of the acts listed  
8 above in subsection (a) of this section. Reallocated funds shall not be used for  
9 any new activity, purpose, or program.
- 10          (4) The funds were not appropriated for a broadband project or activity.

11           **SECTION 25.1.(c)** To the extent the Office of State Budget and Management is  
12 aware of any unappropriated SFRF funds, including interest earned, that remain unexpended and  
13 may be reallocated to another eligible project, the OSBM shall report that information to the  
14 Fiscal Research Division not later than January 15, 2026.

15           **SECTION 25.1.(d)** At least 30 days prior to executing the reallocation of funds as  
16 proposed by NCPRO under subsection (a) of this section, the Office of State Budget and  
17 Management shall report to the Joint Legislative Commission on Governmental Operations and  
18 the Fiscal Research Division on the proposed plan to reallocate the funds, including the amounts  
19 to be reallocated and the projects to which the funds will be reallocated. The OSBM shall submit  
20 a monthly report to the Joint Legislative Commission on Governmental Operations and the Fiscal  
21 Research Division on all reallocated SFRF expenditures.

22           **SECTION 25.1.(e)** Any funds remaining after the reallocation of funds authorized  
23 in subsection (a) and subsection (b) of this section shall be allocated to the State Treasurer up to  
24 an amount equal to the remaining unreimbursed COVID-19 related expenses incurred by the  
25 North Carolina State Health Plan for Teachers and State Employees between March 3, 2021, and  
26 December 31, 2024.

27           **SECTION 25.1.(f)** If the deadline for the expenditure of SFRF funds is extended to  
28 June 30, 2027, or later, by the federal government, the provisions of this section shall be void  
29 and have no effect.

## 30 31 **PART XXVI. BUDGET AND MANAGEMENT - SPECIAL APPROPRIATIONS**

### 32 33 **PURPLE HEART HOMES**

34           **SECTION 26.1.** Of the funds appropriated in this act to the Office of State Budget  
35 and Management – Special Appropriations, the sum of one million five hundred thousand dollars  
36 (\$1,500,000) in nonrecurring funds for each fiscal year of the 2025-2027 fiscal biennium shall  
37 be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide  
38 personalized housing solutions for service-connected disabled and aging veterans and their  
39 families across the State. Purple Heart Homes, Inc., may use not more than one hundred forty  
40 thousand dollars (\$140,000) of the grant funds in each fiscal year for administrative costs. By  
41 September 1, 2026, Purple Heart Homes, Inc., shall provide a report to the Senate Appropriations  
42 Committee on General Government and Information Technology, the House of Representatives  
43 Appropriations Committee on General Government, the Joint Legislative Oversight Committee  
44 on General Government, and the Fiscal Research Division on the use of these funds, including  
45 the number of individuals or families served, the types of services provided to those individuals  
46 or families, and the outcomes.

## 47 48 **PART XXVII. OFFICE OF STATE CONTROLLER**

### 49 50 **OSC/CODIFY USE OF RECOVERED AUDIT FUNDS**

51           **SECTION 27.1.** G.S. 147-86.22(c) reads as rewritten:

1       "(c) Collection Techniques. – The State Controller, in conjunction with the Office of the  
2 Attorney General, shall establish policies and procedures to govern techniques for collection of  
3 accounts receivable. These techniques may include use of credit reporting bureaus, judicial  
4 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to  
5 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another  
6 payment, other than payroll, due from the State to a person to reduce or eliminate an account  
7 receivable that the person owes the State.

8       The State Controller shall negotiate a contract with a third party to perform an audit and  
9 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing  
10 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,  
11 erroneously paid excise taxes, and related errors. The third party shall be compensated only from  
12 funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred  
13 from the agency to the Office of State Budget and Management and placed in a special reserve  
14 account for future direction by the General Assembly. Any disputed savings shall be settled by  
15 the State Controller. Subject to availability and appropriation by the General Assembly, the State  
16 Controller may use recovered audit funds for computer systems maintenance and improvements,  
17 financial reporting, governmental accounting training, debt collection, and e-commerce costs.  
18 This paragraph does not apply to the purchase of medical services by State agencies or payments  
19 used to reimburse or otherwise pay for health care services."  
20

## 21 STATE AGENCIES/ELECTRONIC PAYMENTS

22       **SECTION 27.2.(a)** G.S. 66-58.12 reads as rewritten:

23       "**§ 66-58.12. Agencies may provide access to services through electronic and digital**  
24 **transactions; fees authorized.**

25       (a) Public agencies are encouraged to maximize citizen and business access to their  
26 services through the use of electronic and digital transactions. A public agency may determine,  
27 through program and transaction analysis, which of its services may be made available to the  
28 public through electronic means, including the Internet. The agency shall identify any inhibitors  
29 to electronic transactions between the agency and the public, including legal, policy, financial,  
30 or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency  
31 shall not provide a transaction through the Internet that is impractical, unreasonable, or not  
32 permitted by laws pertaining to privacy or security.

33       (b) An agency may charge a fee to cover its costs of permitting a person to complete a  
34 transaction through the ~~World Wide Web-internet~~ or other means of electronic access. The  
35 transaction fee may be applied on a per transaction basis and may be calculated either as a flat  
36 fee or a percentage fee, ~~as determined under an agreement between a person and a public agency.~~  
37 The fee may be collected by the agency or by its third party agent fee. Neither the flat fee nor the  
38 percentage fee shall exceed two percent (2%) of the total amount of each transaction. An agency  
39 shall not charge a surcharge for accepting electronic payments. For purposes of this subsection,  
40 the following definitions apply:

41       (1) Surcharge. – A fee added to a payment by charge card, credit card, debit card,  
42 or by electronic funds transfer for the convenience of making the electronic  
43 payment or for any other purpose not authorized by law.

44       (2) Transaction fee. – A fee charged by a payment processor to a State agency for  
45 processing a charge card, credit card, or debit card payment.

46       (c) The ~~fee~~ flat fee or percentage fee imposed under subsection (b) of this section must  
47 be approved by the State Chief Information Officer. The revenue derived from the fee must be  
48 credited to a nonreverting agency reserve account. The funds in the account may be expended  
49 only for e-commerce initiatives and projects approved by the State Chief Information Officer.  
50 For purposes of this subsection, the term "public agencies" does not include a county, unit, special  
51 district, or other political subdivision of government. The State Chief Information Officer shall

1 report any fees imposed under subsection (b) of this section and expenditures for e-commerce  
 2 initiatives and projects to the Joint Legislative Commission on Governmental Operations and the  
 3 Joint Legislative Oversight Committee on Information Technology.

4 (d) This section does not apply to the Judicial Department."

5 **SECTION 27.2.(b)** Article 6A of Chapter 147 of the General Statutes reads as  
 6 rewritten:

7 "Article 6A.

8 "Cash Management.

9 **"§ 147-86.10. Statement of policy.**

10 It is the policy of the State of North Carolina that all agencies, institutions, departments,  
 11 bureaus, boards, commissions, and officers of the State, whether or not subject to the State  
 12 Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for  
 13 the receipt, deposit, and disbursement of moneys coming into their control and custody which  
 14 are designed to maximize interest-bearing investment of cash, and to minimize idle and  
 15 nonproductive cash balances. This policy shall apply to the General Court of Justice as defined  
 16 in Article IV of the North Carolina Constitution, the public school units as defined in  
 17 G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and  
 18 disbursement of moneys required by law to be deposited with the State Treasurer and with respect  
 19 to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This  
 20 policy shall include the acceptance of electronic payments in accordance with ~~G.S. 147-86.22 to~~  
 21 ~~the maximum extent possible consistent with sound business practices.~~ the provisions of  
 22 G.S. 66-58.12 and the policies established by the State Controller under G.S. 147-86.22.

23 **"§ 147-86.11. Cash management for the State.**

24 ...

25 (e) Elements of Plan. – For moneys received or to be received, the statewide cash  
 26 management plan shall provide at a minimum that:

27 ...

- 28 (6) State agencies shall accept payment by electronic payment in accordance with  
 29 ~~G.S. 147-86.22 to the maximum extent possible consistent with sound~~  
 30 ~~business practices.~~ the provisions of G.S. 66-58.12 and the policies established  
 31 by the State Controller under G.S. 147-86.22.

32 ...

33 **"§ 147-86.22. Statewide accounts receivable program.**

34 (a) Program. – The State Controller shall implement a statewide accounts receivable  
 35 program. As part of this program, the State Controller shall do all of the following:

- 36 (1) Monitor the State's accounts receivable collection efforts.  
 37 (2) Coordinate information, systems, and procedures between State agencies to  
 38 maximize the collection of past-due accounts receivable.  
 39 (3) Adopt policies and procedures for the management and collection of accounts  
 40 receivable by State agencies.  
 41 (3a) In consultation and coordination with the Department of Administration and  
 42 the State Chief Information Officer, enter into a statewide term contract for  
 43 electronic payment processing services.  
 44 (4) Establish procedures for writing off accounts receivable.

45 (b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and  
 46 G.S. 147-86.21, this subsection applies to debts owed a community college, a local school  
 47 administrative unit, an area mental health, developmental disabilities, and substance abuse  
 48 authority, and the Administrative Office of the Courts, and to debts payable to or through the  
 49 office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies  
 50 as defined in G.S. 147-86.20.

1        (b1) Policies Established. – The State Controller shall establish policies that allow  
2 accounts receivable to be payable under certain conditions by electronic payment. The policies  
3 shall provide that transaction fees for electronic payments may be imposed as provided in  
4 G.S. 66-58.12, unless otherwise provided for by law. These policies shall be established with the  
5 concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or  
6 through the office of a clerk of superior court or a magistrate shall be established with the  
7 concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts  
8 may also establish policies otherwise authorized by law that apply to these debts as long as those  
9 policies are not inconsistent with the Controller's policies. State agencies shall use the vendor or  
10 vendors under the statewide term contract for electronic payments allowed under the policies  
11 established under this subsection, unless explicitly exempted by the State Controller, in  
12 concurrence with the State Treasurer or the Administrative Officer of the Courts, as applicable.

13        ~~A condition of payment by electronic payment is receipt by the appropriate State agency of~~  
14 ~~the full amount of the account receivable owed to the State agency. A debtor who pays by~~  
15 ~~electronic payment may be required to pay any fee or charge associated with the use of electronic~~  
16 ~~payment.~~

17        (b2) Payment Processor Fees. – The policies established by the State Controller under  
18 subsection (b1) of this section and the terms of the statewide term contract executed pursuant to  
19 subdivision (3a) of subsection (a) of this section may authorize a vendor providing payment  
20 processing services to retain their transaction fee at the time each transaction is made instead of  
21 submitting the full amount of the account receivable owed to the State agency; provided,  
22 however, the transaction fee shall not exceed two percent (2%) of the total amount of each  
23 transaction. The State Controller may also establish policies and authorize contracts that provide  
24 a State agency may require a vendor to pay the full amount of the account receivable owed to the  
25 State agency, on a schedule agreed to by the agency and vendor, and thereafter the vendor shall  
26 be reimbursed for the transaction fees owed to it by the State. In the case of reimbursement, the  
27 transaction fee owed to the vendor shall not exceed two percent (2%) of the full amount of the  
28 account receivable owed to the State agency. Fees associated with processing electronic  
29 payments may be paid out of the General Fund and Highway Fund if the payment of the fee by  
30 the State is economically beneficial to the State and the payment of the fee by the State has been  
31 approved by the State Controller and State Treasurer.

32        (b3) Consult General Assembly. – The State Controller and State Treasurer shall consult  
33 with the Joint Legislative Commission on Governmental Operations before establishing policies  
34 that allow accounts receivable to be payable by electronic payment and before authorizing fees  
35 associated with electronic payment to be paid out of the General Fund and Highway Fund.

36        (b4) Payments Not Honored. – A payment of an account receivable that is made by  
37 electronic payment and is not honored by the issuer of the card or the financial institution offering  
38 electronic funds transfer does not relieve the debtor of the obligation to pay the account  
39 receivable.

40        (c) Collection Techniques. – The State Controller, in conjunction with the Office of the  
41 Attorney General, shall establish policies and procedures to govern techniques for collection of  
42 accounts receivable. These techniques may include use of credit reporting bureaus, judicial  
43 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to  
44 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another  
45 payment, other than payroll, due from the State to a person to reduce or eliminate an account  
46 receivable that the person owes the State.

47        The State Controller shall negotiate a contract with a third party to perform an audit and  
48 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing  
49 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,  
50 erroneously paid excise taxes, and related errors. The third party shall be compensated only from  
51 funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred

1 from the agency to the Office of State Budget and Management and placed in a special reserve  
2 account for future direction by the General Assembly. Any disputed savings shall be settled by  
3 the State Controller. This paragraph does not apply to the purchase of medical services by State  
4 agencies or payments used to reimburse or otherwise pay for health care services.

5 (d) Annual Report. – The State Controller shall report annually to the Joint Legislative  
6 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
7 deposited into Special Reserve Account 24172 and the disbursement of that revenue."

8 **SECTION 27.2.(c)** The State Controller, in concurrence with the State Treasurer and  
9 the Administrative Officer of the Courts, and any State agency subject to a contract with a vendor  
10 to provide electronic payment processing services shall make every effort allowed by law to  
11 amend the terms of those contracts to include a provision that the transaction fee paid to the  
12 vendor shall not exceed two percent (2%) of the total amount of each transaction or two percent  
13 (2%) of the full amount of the account receivable owed to the State. Upon the expiration,  
14 amendment, or renewal of the contract for electronic payment processing services, the State  
15 Controller, in concurrence with the State Treasurer and the Administrative Officer of the Courts,  
16 and any State agency shall include, as part of the new, amended, or renewed contract, a provision  
17 which explicitly states that the amount of the transaction fee to be paid by the State or the State  
18 agency shall not exceed two percent (2%) of the total amount of each transaction or two percent  
19 (2%) of the full amount of the account receivable owed to the State.

20 **SECTION 27.2.(d)** G.S. 18B-404 reads as rewritten:

21 "**§ 18B-404. Additional provisions for purchase and transportation by mixed beverage**  
22 **permittees.**

23 ...

24 (e) Electronic Payment. – A local board shall accept electronic payments for any  
25 spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a  
26 transaction fee for accepting electronic payments under this subsection. ~~subsection and shall not~~  
27 charge a surcharge for accepting electronic payments. For purposes of this subsection, the ~~term~~  
28 "electronic payment" means payment following definitions apply:

29 (1) Electronic payment. – Payment by debit card or by electronic funds transfer  
30 as defined in ~~G.S. 105-228.90, but does~~ G.S. 105-228.90. The term ~~does not~~  
31 include ~~mean~~ payment by charge card or credit card.

32 (2) Surcharge. – As defined in G.S. 66-58.12(b).

33 (3) Transaction fee. – As defined in G.S. 66-58.12(b).

34 (f) Delivery Service. – A local board shall offer delivery service to mixed beverage  
35 permittees. In providing delivery of purchased products to mixed beverage permittees, the local  
36 board may use its employees or contract with one or more independent contractors and may  
37 charge a fee to the permittee. A local board in a Tier 1 or Tier 2 county, as defined in  
38 G.S. 143B-472.35(a2)(18), may request an exemption to this requirement from the ABC  
39 Commission. The Commission shall grant the request if the local board can show evidence of  
40 unreasonable hardship or difficulty incurred by implementing delivery service."

41 **SECTION 27.2.(e)** G.S. 18B-907 reads as rewritten:

42 "**§ 18B-907. Allow electronic submission of payments and forms.**

43 (a) Forms. – The Commission shall make all forms required by the Commission to apply  
44 for and receive a permit available on the Commission's Web site, and the Commission shall, to  
45 the extent practicable, allow for the electronic submission of these forms. Any form required by  
46 the Commission to apply for and receive a permit that requires a signature may be submitted with  
47 an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes.

48 (b) Payments. – The Commission shall accept electronic payments for any fee required  
49 under this Chapter to receive a permit. Any person who makes an electronic payment may be  
50 charged a transaction fee to cover the costs incurred in accepting the payment electronically. The  
51 transaction fee may be either a flat fee or a percentage fee. Neither the flat fee nor the percentage

1 fee shall exceed two percent (2%) of the total amount of each transaction. The Commission shall  
2 not charge a surcharge for accepting electronic payments. For purposes of this subsection, the  
3 term "electronic payment" means payment by charge card, credit card, debit card, or by electronic  
4 funds transfer as defined in ~~G.S. 105-228.90~~G.S. 105-228.90, and the terms "surcharge" and  
5 "transaction fee" mean the same as in G.S. 66-58.12(b).

6 ~~(e) Fee.—The Commission may charge a fee to be used to cover costs incurred by the~~  
7 ~~Commission in processing forms electronically and accepting payments electronically. The fee~~  
8 ~~authorized under this subsection may not exceed five dollars (\$5.00)."~~

9 **SECTION 27.2.(f)** G.S. 20-4.05 reads as rewritten:

10 **"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.**

11 (a) When the Division accepts electronic payment, as that term is defined in  
12 G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division  
13 may add a transaction fee to each electronic payment transaction to ~~offset the service charge the~~  
14 ~~Division pays for electronic payment service.~~ cover the costs incurred in accepting the payment  
15 electronically. The Division's transaction fee may be either a flat fee or a percentage fee. Neither  
16 the flat fee nor the percentage fee shall ~~not~~ exceed two percent (2%) of the ~~electronic~~  
17 payment total amount of each transaction. The Division shall not charge a surcharge for accepting  
18 electronic payments. For purposes of this subsection, the terms "surcharge" and "transaction fee"  
19 have the same meanings as in G.S. 66-58.12(b).

20 (a1) When the Division accepts electronic payment for any taxes or fees on behalf of a  
21 county or city, the Division may add a transaction fee to each electronic payment transaction as  
22 provided in subsection (a) of this section. The Division shall not charge a person, county, or city  
23 a surcharge for accepting electronic payments.

24 (b) Notwithstanding G.S. 66-58.12, this section applies to transactions completed in  
25 person, through the World Wide Web, or through any other means of electronic access."  
26

## 27 **PART XXVIII. ELECTIONS**

### 28 **SBE/RFP FOR SEIMS MODERNIZATION PROJECT PLAN**

29 **SECTION 28.1.** The State Board of Elections may develop and issue a request for  
30 proposal for the Statewide Elections Information Management System Modernization Project  
31 Plan.  
32

## 33 **PART XXIX. GENERAL ASSEMBLY**

### 34 **AMERICA'S SEMIQUINCENTENNIAL COMMITTEE**

35 **SECTION 29.1.(a)** Section 14.10 of S.L. 2023-134 reads as rewritten:

36 **"SECTION 14.10.(a)** There is created the America's Semiquincentennial Committee (the  
37 Committee).  
38

39 **"SECTION 14.10.(b)** Membership. – The Committee shall be composed of ~~seven~~nine  
40 members, as follows:  
41

- 42 (1) ~~Three~~Four members appointed by the President Pro Tempore of the Senate,  
43 ~~one~~two of whom shall be ~~a member~~members of the Senate and the remainder  
44 of whom shall be members of the public.
- 45 (2) ~~Three~~Four members appointed by the Speaker of the House of  
46 Representatives, ~~one~~two of whom shall be ~~a member~~members of the House  
47 of Representatives and the remainder of whom shall be members of the public.
- 48 (3) One member jointly appointed by the President Pro Tempore of the Senate  
49 and the Speaker of the House of Representatives who shall be a noted historian  
50 with expertise regarding the American Revolution.

1 "SECTION 14.10.(c) Terms; Chairs; Vacancies; Quorum. – Members appointed shall serve  
2 until the Committee terminates. The Committee shall have two cochairs which shall be the  
3 legislative member designated by the President Pro Tempore of the Senate and the legislative  
4 member designated by the Speaker of the House of Representatives. The Committee shall meet  
5 upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of  
6 the Committee shall be a majority of the members.

7 "SECTION 14.10.(d) Duties. – ~~The~~ Using funds available, the Committee shall ~~(i) study~~  
8 have the following duties:

- 9 (1) Study means for the State to celebrate the two hundred fiftieth anniversary of  
10 the founding of our ~~nation and (ii) report~~ nation.
- 11 (2) Report the means and anticipated costs of the celebratory events to the General  
12 Assembly.
- 13 (3) Plan, execute, and coordinate events and activities that celebrate the  
14 semiquincentennial in any of the following ways:
  - 15 a. Maintaining a website, social media, web-based or phone-based  
16 application, or commercial advertising that provides information on  
17 the semiquincentennial and events celebrating the semiquincentennial  
18 throughout the State.
  - 19 b. Creating and presenting educational materials and hosting educational  
20 contests for elementary, secondary, and postsecondary schools.
  - 21 c. Creating visual, auditory, or written content about the  
22 semiquincentennial.
  - 23 d. Partnering with any of the following on events, activities, or publicity  
24 for the semiquincentennial:
    - 25 1. State entities such as the North Carolina Symphony, the  
26 University of North Carolina Center for Public Media, and the  
27 Department of Natural and Cultural Resources.
    - 28 2. America 250 NC federal, State, and county committees.
    - 29 3. Nonprofits, historical, cultural, and business entities.
    - 30 4. Any other entities the Committee deems appropriate.

31 "SECTION 14.10.(e) Compensation; Administration. – Members of the Committee shall  
32 receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6,  
33 as appropriate. The Committee may contract for consultants or hire employees in accordance  
34 with G.S. 120-32.02. Using funds available, the Committee may contract to execute duties  
35 specified under subdivision (3) of subsection (d) of this section. The Legislative Services  
36 Commission, through the Legislative Services Officer, shall assign professional staff to assist the  
37 Committee in its work. Upon the direction of the Legislative Services Commission, the Directors  
38 of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical  
39 staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

40 "SECTION 14.10.(f) Reports; Termination. – The Committee shall make ~~an~~ the following  
41 reports to the General Assembly:

- 42 (1) An interim ~~report-report~~ to the 2025 Regular Session of the 2025 General  
43 Assembly and a final report to Assembly by July 1, 2025, on planned events  
44 and expected costs for the semiquincentennial celebrations.
- 45 (2) An interim report to the 2026 Regular Session of the 2025 General Assembly  
46 by March 31, 2026, on the outcome of any executed events or plans, as well  
47 as further plans and expected costs for the semiquincentennial celebrations.
- 48 (3) An interim report to the 2027 Regular Session of the 2027 General Assembly  
49 on the outcome of any executed events or plans, as well as further plans and  
50 expected costs for the semiquincentennial celebrations.



1           (4) A final report to the 2028 Regular Session of the 2027 General Assembly no  
2           later than ~~January 14, 2026~~ January 15, 2028, on the outcome of any executed  
3           events or plans.

4 The Committee shall terminate on ~~January 15, 2026~~ January 15, 2028.

5 "SECTION 14.10.(g) This section is effective when it becomes law."

6 SECTION 29.1.(b) This section is effective when it becomes law.

7  
8 **PART XXX. GOVERNOR [RESERVED]**

9  
10 **PART XXXI. HOUSING FINANCE AGENCY [RESERVED]**

11  
12 **PART XXXI-A. OFFICE OF STATE HUMAN RESOURCES**

13  
14 **MAKE APPLYING FOR STATE JOBS EASIER**

15 SECTION 31A.1.(a) Article 5 of Chapter 126 of the General Statutes is amended by  
16 adding a new section to read:

17 "**§ 126-14.3A. Increasing efficiency of State job application process.**

18 (a) The Office of State Human Resources (OSHR) shall streamline the job application  
19 process for State positions by enabling applicants to upload resumes or website profiles. An  
20 electronic tool shall be utilized to import information from these documents into the State job  
21 application format, making the process more efficient while still collecting information necessary  
22 for merit-based hiring under G.S. 126-14.2 and G.S. 126-14.3. Applicants remain responsible for  
23 ensuring all information required for initial screening appears correctly in their completed State  
24 job application after importing their resume or profile.

25 (b) For job applications requiring references, supplemental questions, or other  
26 information not typically found on resumes and not needed for initial screening, State agencies  
27 may collect this information later in the selection process, such as during job interviews.

28 (c) Beginning in 2026 and then annually thereafter, the OSHR shall present the State  
29 application form and demonstrate the import process to the State Human Resources Commission  
30 to receive the Commission's informal feedback."

31 SECTION 31A.1.(b) G.S. 126-5(c7) reads as rewritten:

32 "(c7) Except as to the policies, rules, and plans established by the Commission pursuant to  
33 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-14.3, 126-14.3A, and  
34 except as to G.S. 126-14.2, G.S. 126-34.02(b)(1) and (2), and Articles 6 and 7 of this Chapter,  
35 this Chapter does not apply to exempt managerial positions."

36 SECTION 31A.1.(c) G.S. 126-5(c17) reads as rewritten:

37 "(c17) Except as to the policies, rules, and plans established by the Commission pursuant to  
38 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-7, 126-14.3, 126-14.3A,  
39 and except as to the provisions of G.S. 126-14.2, G.S. 126-34.1(a)(2), and Articles 6 and 7 of this  
40 Chapter, the provisions of this Chapter shall not apply to a warden of an adult corrections  
41 facility."

42 SECTION 31A.1.(d) G.S. 126-5(c18) reads as rewritten:

43 "(c18) Except as to the policies, rules, and plans established by the Commission pursuant to  
44 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-4(7), and 126-14.3, and  
45 except as to the provisions of G.S. 126-14.2, 126-14.3A, 126-34.02(b)(1) and (2), and Articles 6  
46 and 7 of this Chapter, this Chapter does not apply to the warden of a State adult correctional  
47 facility. Employees in these positions shall be public servants under G.S. 138A-3(70) and shall  
48 file Statements of Economic Interest under G.S. 138A-22. Employees in these positions shall  
49 receive the protections of former G.S. 126-5(e) if the employees were hired before the date of its  
50 repeal and have the minimum cumulative service to qualify under that subsection."

1           **SECTION 31A.1.(e)** The Office of State Human Resources shall modify the State  
2 job application process in accordance with this section by no later than November 1, 2025.

3           **SECTION 31A.1.(f)** This section is effective when it becomes law.  
4

## 5 **PERMANENT HIRING OF CERTAIN EMPLOYEES/SPECIFIC CONDITIONS**

6           **SECTION 31A.2.(a)** Article 1 of Chapter 126 of the General Statutes is amended by  
7 adding a new section to read:

### 8 **"§ 126-6.4. Temp-to-perm hiring.**

9           (a) The Council of State, the executive branch agencies, the Community College System  
10 Office, and The University of North Carolina may directly hire temporary employees into vacant  
11 positions if all of the following conditions are met:

12           (1) The permanent position to be filled must be vacant.

13           (2) The temporary employee must have worked for a minimum of six months in  
14 a substantially equivalent role with satisfactory performance. This six-month  
15 period excludes any mandatory breaks required under G.S. 126-6.3.

16           (3) The temporary employee must meet the minimum education and experience  
17 requirements established for the position classification and their salary must  
18 be set within the approved classification range.

19           (4) The temporary employee must have been originally hired through the North  
20 Carolina Office of State Human Resources Temporary Solutions Program.

21 The Director of the Office of State Human Resources may waive the requirements specified in  
22 subdivision (3) of this subsection, including both the minimum education and experience  
23 requirements and the requirement that salary be set within the classification range.

24           (b) Unless otherwise provided, a hiring under this section is exempt from the provisions  
25 of this Chapter, including any procedural or substantive requirements, including publicly posting  
26 the position, requiring an application, holding an interview or new reference checks, selecting  
27 the applicants from the pool of the most qualified persons, or following the priorities for certain  
28 types of applicants under State law. This exemption for the hiring process does not affect whether  
29 the position is subject to Chapter 126 of the General Statutes once the employee is hired.

30           (c) A hiring under this section is not exempt from G.S. 126-14, 126-14.1, or 126-14.5 or  
31 from Article 6 or 7 of Chapter 126 of the General Statutes."

32           **SECTION 31A.2.(b)** This section is effective when it becomes law.  
33

## 34 **GRANT EMPLOYING AGENCY FLEXIBILITY/HIRING/PAY/CLASSIFICATION**

35           **SECTION 31A.3.** Effective July 1, 2025, Article 1 of Chapter 126 of the General  
36 Statutes is amended by adding a new section to read:

### 37 **"§ 126-3.1. Employing agency flexibility.**

38           (a) For the purposes of this section, an "employing agency" means the Council of State,  
39 State agencies in the executive branch of government, the Community College System Office,  
40 and The University of North Carolina.

41           (b) An employing agency is granted flexibility, notwithstanding other provisions of this  
42 Chapter, to do the following:

43           (1) Offer qualified applicants for employment the option to have their  
44 applications considered for future positions at the same agency and at other  
45 agencies within the same or comparable classification.

46           (2) Permit agencies to recruit and hire applicants from job postings that apply to  
47 all vacancies in a particular classification across all State agencies.

48           (3) Classify or reclassify positions according to the State Human Resources  
49 Commission (SHRC) classification system, provided employees meet the  
50 minimum requirements for the classification.

(4) Establish employee salaries within SHRC-determined salary ranges for respective position classifications.

(c) Nothing in this section diminishes the powers of the State Human Resources Commission or the Director of the Office of State Human Resources under any other provision of this Chapter or relating to corrective actions taken when an employing agency fails to comply with this section."

**MODERNIZE AND SIMPLIFY THE STATE HUMAN RESOURCES ACT**

**SECTION 31A.4.** By March 15, 2026, the Office of State Human Resources (OSHR) shall submit a report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division with recommended changes to Chapter 126 of the General Statutes to modernize the North Carolina Human Resources Act, simplify its provisions, and align it with contemporary human resources best practices. At a minimum, the report shall address legislative changes needed to:

- (1) Streamline hiring processes.
- (2) Enhance recruitment strategies and increase the attractiveness of State government employment.
- (3) Develop and maintain a high-quality, well-trained State workforce.
- (4) Improve State employee retention rates.

The OSHR shall collaborate with State agencies, local governments, and other relevant stakeholders to develop these legislative proposals.

**PART XXXII. INSURANCE**

**DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE**

**SECTION 32.1.(a)** The Office of State Budget and Management shall establish a new budget code for the Office of the State Fire Marshal (OSFM) and create new budget funds for each division of the OSFM.

**SECTION 32.1.(b)** This section becomes effective July 1, 2025.

**WORKERS' COMPENSATION FUND FOR CERTAIN SAFETY WORKERS**

**SECTION 32.2.(a)** Notwithstanding the provisions of G.S. 58-87-10, for the 2025-2026 fiscal year, the Office of the State Fire Marshal shall not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund created pursuant to G.S. 58-87-10(b). For the 2025-2026 fiscal year, no eligible unit or eligible entity shall be required to submit to the Office of the State Fire Marshal any payment to participate in the Fund.

**SECTION 32.2.(b)** G.S. 58-87-10 reads as rewritten:

**"§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.**

...

(f) Funding Study. – The Office of the State Fire Marshal shall annually conduct an actuarial study that shall do all of the following:

...

- (3) Calculate how much revenue from the State and from member premiums would be required to meet the needs of the Fund for each of the following scenarios:

...

d. Member premiums, by job classification, set at the lowest amount necessary to maintain the cash balance in the Fund at the optimal amount identified by the actuary.

...."

1  
2 **MANDATE ALL OTHER PERIL COVERAGE FOR PARTICIPANTS IN THE STATE**  
3 **PROPERTY FIRE INSURANCE FUND**

4 **SECTION 32.3.(a)** G.S. 58-31-10 reads as rewritten:

5 "**§ 58-31-10. Payment of losses on basis of actual cost of restoration or replacement; rules;**  
6 **insurance and reinsurance; sprinkler leakage ~~insurance~~insurance; all other**  
7 **peril insurance.**

8 ...

9 **(d)** Every State department, institution, or agency that insures State property against the  
10 direct loss or damage by insurable hazards in the State Property Fire Insurance Fund shall obtain  
11 and make payment for all other perils coverage as provided by the Fund."

12 **SECTION 32.3.(b)** This section becomes effective July 1, 2026.

13  
14 **PART XXXIII. INSURANCE - INDUSTRIAL COMMISSION [RESERVED]**

15  
16 **PART XXXIV. LIEUTENANT GOVERNOR [RESERVED]**

17  
18 **PART XXXV. MILITARY AND VETERANS AFFAIRS**

19  
20 **CODIFY NORTH CAROLINA VETERANS CEMETERY TRUST FUND/VETERANS'**  
21 **CEMETERIES UPGRADE & MAINTENANCE**

22 **SECTION 35.1.(a)** Article 8A of Chapter 65 of the General Statutes is amended by  
23 adding the following new sections to read:

24 "**§ 65-45. North Carolina Veterans Cemetery Trust Fund.**

25 There is hereby established the North Carolina Veterans Cemetery Trust Fund (hereinafter  
26 "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall  
27 be maintained as a special fund and shall be administered by the Department to carry out the  
28 operations and maintenance of the State's veterans' cemeteries. Interest accruing from the monies  
29 in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of  
30 funding:

31 (1) All interest and investment earnings received on monies in the Fund.

32 (2) Any other funds, as directed by the General Assembly.

33 "**§ 65-45.1. Veterans' cemeteries; reporting requirements.**

34 Not later than September 15 of each year, the Department of Military and Veterans Affairs  
35 shall submit a report to the Joint Legislative Oversight Committee on General Government, the  
36 House Appropriations Committee on General Government, the Senate Appropriations  
37 Committee on General Government and Information Technology, and the Fiscal Research  
38 Division on all of the following:

39 (1) The overall condition of each of the State's veterans' cemeteries, including any  
40 known issues that require maintenance and/or repair in the upcoming State  
41 fiscal year.

42 (2) The total funds spent at each of the State's veterans' cemeteries for  
43 maintenance and/or repair and any other expenses in the prior State fiscal year  
44 and the source of the funds.

45 (3) The number of full- and part-time employees assigned to work at each of the  
46 State's veterans' cemeteries in the prior State fiscal year.

47 (4) The number of veterans and the legal spouses and eligible dependents of  
48 veterans who were interred at each of the State's veterans' cemeteries in the  
49 prior State fiscal year, and the type of interment for each veteran, legal spouse,  
50 and eligible dependent."

51 **SECTION 35.1.(b)** Section 17.4 of S.L. 2020-78 is repealed.

1 SECTION 35.1.(c) The Department of Military and Veterans Affairs may use up to  
2 four hundred thousand dollars (\$400,000) of the interest earned on the North Carolina Veterans  
3 Cemetery Trust Fund to create up to four positions to maintain and operate the existing State  
4 veterans' cemeteries.

5 SECTION 35.1.(d) G.S. 147-69.2 reads as rewritten:

6 "§ 147-69.2. Investments authorized for special funds held by State Treasurer.

7 (a) This section applies to funds held by the State Treasurer to the credit of each of the  
8 following:

- 9 ...  
10 (25) North Carolina Veterans Cemetery Trust Fund.

11 ...."

12  
13 **DMVA/STATUTORY CHANGES**

14 SECTION 35.2. Article 14 of Chapter 143B of the General Statutes reads as  
15 rewritten:

16 "Article 14.

17 "Department of Military and Veterans Affairs

18 "Part 1. General Provisions.

19 ...

20 "§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

21 It shall be the duty of the Department of Military and Veterans Affairs to do all of the  
22 following:

- 23 ...  
24 (10) Manage and maintain the State's veterans nursing homes and cemeteries and  
25 their associated assets to the standard befitting those who have worn the  
26 uniform of the Armed Forces according to federal guidelines. Plan for  
27 expansion and grow the capacity of these facilities and any new ~~facilities as~~  
28 ~~required pending the availability of designated funds.~~ facilities. Funds to  
29 perform the duties required by this subdivision shall be spent pursuant to  
30 appropriation by the General Assembly; provided, however, the expenditure  
31 of funds for the State's veterans nursing homes shall be in accordance with  
32 G.S. 143B-1294(c). The Department may enter into contracts to perform the  
33 duties required by this subdivision.

34 ...

35 "§ 143B-1218. **Veterans Life Center; challenge grant to provide rehabilitation and**  
36 **reintegration services to veterans.**

37 (a) There is hereby established in the ~~Department of Military and Veterans Affairs Office~~  
38 of State Budget and Management (hereinafter "OSBM") a challenge grant program for the  
39 Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered  
40 by the ~~Department OSBM~~ as provided in this section. Funds appropriated by the General  
41 Assembly for the challenge grant program shall be used to allocate funds to the Center for the  
42 purpose of providing rehabilitation and reintegration services and support to veterans across the  
43 State, and those funds shall not be used for any other purpose without the express authorization  
44 of the General Assembly.

45 (b) The maximum amount of State funds that may be disbursed to the Center under this  
46 section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The ~~Department~~  
47 OSBM shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will  
48 receive a State dollar for each non-State dollar raised by the Center each quarter, but in no case  
49 shall the ~~Department OSBM~~ disburse State funds to the Center if the Center has not raised  
50 non-State funds in that quarter of the fiscal year. The Center shall demonstrate, to the satisfaction  
51 of the ~~Department OSBM~~, that it has raised the non-State funds required by this subsection prior

1 to the disbursement of State funds. The Center shall not supplant, shift, or reallocate Center funds  
2 for the purpose of achieving the non-State dollars required by this subsection.

3 (b1) Notwithstanding the provisions of subsection (b) of this section, if the OSBM does  
4 not disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not  
5 satisfy the requirements of the grant contract between the OSBM and the Center on or before  
6 June 30 of that fiscal year, the grant funds shall not revert on June 30 but shall remain available  
7 to the OSBM to disburse to the Center in the following fiscal year as long as the Center satisfies  
8 the grant contract requirements. In such a case, the OSBM is authorized to disburse grant funds  
9 to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars  
10 (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the  
11 current fiscal year.

12 (c) Not later than July 1 of each year, the ~~Department~~ OSBM shall submit a written report  
13 to the Joint Legislative Oversight Committee on General Government and the Fiscal Research  
14 Division on all of the following information, and the Center shall provide the information to the  
15 ~~Department~~ OSBM in the manner and time period requested by the ~~Department~~ OSBM for  
16 purposes of preparing the report:

17 ...  
18 "Part 9. Priority in Employment Assistance for Veterans of the Armed Forces of the United  
19 States.

20 ...  
21 **"§ 143B-1285. Implementation and performance measures.**

22 ~~The North Carolina Commission on Workforce Preparedness~~ NC Works Commission shall:  
23 ...  
24 "Part 10. State Veterans Home.

25 ...  
26 **"§ 143B-1291. ~~Establishment.~~ Establishment of State veterans homes; closing homes.**

27 (a) Establishment. – The State of North Carolina shall construct, maintain, and operate  
28 veterans homes for the aged and infirm veterans resident in this State under the administrative  
29 authority and control of the Department of Military and Veterans Affairs. There is vested in the  
30 Department ~~any and all the~~ powers and authority ~~that may be~~ necessary to enable it to establish  
31 and operate the ~~homes and to~~ homes; provided, however, funds to construct, maintain, and  
32 operate the homes shall be pursuant to appropriation by the General Assembly except as provided  
33 in G.S. 143B-1294(c). The Department shall issue rules necessary to operate the homes in  
34 compliance with applicable State and federal statutes and regulations. The Department may enter  
35 into contracts to construct and maintain veterans homes in accordance with the provisions of  
36 Articles 3, 3C, 3D, and 8 of Chapter 143 of the General Statutes and procedures established by  
37 the Division of Purchase and Contract and the Office of State Construction. The Department may  
38 enter into contracts to operate veterans homes as provided in G.S. 143B-1295.

39 (b) Report Condition Assessment Results. – If the Department determines, based upon  
40 an assessment conducted by the Office of State Construction, the Department, or an entity with  
41 whom the Department has contracted to conduct the assessment, that a State veterans home  
42 requires repair in order to maintain the home in a safe and habitable condition, the Department  
43 shall, not later than 24 hours after receiving the assessment report, submit a report of the  
44 assessment findings to the Joint Legislative Oversight Committee on General Government, the  
45 House Appropriations Committee on General Government, the Senate Appropriations  
46 Committee on General Government and Information Technology, and the Fiscal Research  
47 Division. The report shall, at a minimum, include the name of the State agency or other entity  
48 that conducted the assessment, the reason for the assessment, the dangerous conditions found,  
49 the Department's recommendations for remedying the dangerous conditions, and the estimated  
50 costs of remedying the dangerous conditions.

51 ...

**"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

1 ...  
2 ...  
3 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used  
4 by the Department of Military and Veterans Affairs to do the following:

- 5 (1) To pay for the care of veterans in said State veterans homes;
- 6 (2) To pay the general operating expenses of the State veterans homes, including  
7 the payment of salaries and wages of officials and employees of said homes;  
8 and
- 9 (3) To pay the costs to remodel, repair, construct, modernize, or add  
10 improvements to buildings and facilities at the homes.

**"§ 143B-1294. Funding.**

11 ...  
12 ...  
13 ...  
14 (c) All funds received by the Department shall be deposited in the North Carolina  
15 Veterans Home Trust Fund, except for any funds deposited into special agency accounts  
16 established pursuant to G.S. 143B-1293(d)(3). The Veterans' Affairs Commission shall authorize  
17 the expenditure of all funds from the North Carolina Veterans Home Trust Fund. The Veterans'  
18 Affairs Commission may delegate authority to the Assistant Secretary of Veterans Affairs for the  
19 expenditure of funds from the North Carolina Veterans Home Trust Fund for operations of the  
20 State Veterans Nursing Homes. The delegation of authority shall apply only to the person holding  
21 the office of Secretary of the Department at the time the vote is undertaken, and a new vote to  
22 delegate authority must be undertaken by the Commission each time a person is appointed to  
23 serve as Secretary or designated to serve as chair of the Commission under G.S. 143B-1221.

**"§ 143B-1295. Contracted operation of homes.**

24 The Department of Military and Veterans Affairs, in consultation with the Veterans' Affairs  
25 Commission-Commission, may contract with persons or other nongovernmental entities to  
26 operate each State veterans home. Contracts for the procurement of services to manage,  
27 administer, and operate any State veterans home shall be awarded on a competitive basis through  
28 the solicitation of proposals and through the procedures established by statute and the Division  
29 of Purchase and Contract. A contract may be awarded to the vendor whose proposal is most  
30 advantageous to the State, taking into consideration cost, program suitability, management plan,  
31 excellence of program design, key personnel, corporate or company resources, financial  
32 condition of the vendor, experience and past performance, and any other qualities deemed  
33 necessary by the ~~Veterans' Affairs Commission-Department~~ and set out in the solicitation for  
34 proposals. Any contract awarded under this section shall not exceed five years in length. The  
35 ~~Veterans' Affairs Commission-Department~~ is not required to select or recommend the vendor  
36 offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion  
37 of the ~~Commission, Department,~~ offers the proposal most advantageous to the veterans and the  
38 State of North Carolina.

**"§ 143B-1296. Program staff.**

39 ...  
40 ...  
41 The Department shall appoint and fix the salary of ~~an Administrative Officer-a Program~~  
42 Director for the State veterans home program. ~~The Administrative Officer shall be an honorably~~  
43 ~~discharged veteran who has served in active military service in the Armed Forces of the United~~  
44 ~~States for other than training purposes.~~ Program Director does not have to be a veteran, but  
45 preference shall be given to veteran applicants in accordance with G.S. 128-15. The  
46 ~~Administrative Officer-Program Director~~ shall direct the establishment of the State veterans  
47 home program, coordinate the master planning, land acquisition, and construction of all State  
48 veterans homes under the procedures ~~of established by the~~ Office of State Construction, and  
49 oversee the ongoing operation of ~~said-the~~ veterans homes. The ~~Division-Department~~ may hire  
50 any required additional administrative staff to ~~help-assist~~ with administrative and operational  
51 responsibilities at each established State veterans home.

1 ...

2 **"§ 143B-1300. Report and budget.**

3 (a) ~~The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of~~  
4 ~~the Department of Military and Veterans Affairs and shall report annually to the Joint Legislative~~  
5 ~~Oversight Committee on General Government and the Fiscal Research Division~~ on the activities  
6 of the State Veterans Homes Program. This report shall contain an accounting of all monies  
7 received and expended, statistics on residents in the homes during the year, recommendations to  
8 ~~the Secretary, the Governor, Governor~~ and the General Assembly ~~as to the program, on ways to~~  
9 improve the services provided by the homes, and such other matters as may be deemed pertinent.

10 ...

11 **"§ 143B-1301. Detailed annual report.**

12 By March 1 of odd-numbered years and September 1 of even-numbered years, the  
13 Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight  
14 Committee on General Government, the Senate Appropriations Committee on General  
15 Government and Information Technology, the House of Representatives Appropriations  
16 Committee on General Government, and the Fiscal Research Division on the status of the State  
17 Veterans Homes program by providing a general overview of the State Veterans Homes and a  
18 specific description of each facility which shall include, at a minimum, all of the following:

19 ...

20 (1a) Facility condition assessment, including any structural, mechanical,  
21 plumbing, electrical, or other issue that affects the integrity of the facility that  
22 should be repaired or replaced within the 12 months immediately following  
23 submission of the report required by this section.

24 ...

25 "Part 11. North Carolina Military Affairs Commission.

26 ...

27 **"§ 143B-1311. Membership.**

28 ...

29 (b) The voting members of the Commission shall be appointed as follows:

30 (1) Thirteen members appointed by the Governor, consisting of:

31 ...

32 h. One person who is a resident of North Carolina with a long-term  
33 connection to the State and who is a current or retired member of a  
34 reserve component of the United States Air Force, Army, Navy, Space  
35 Force, or Marines-Marine Corps and who is involved in a military  
36 affairs organization or involved in military issues through civic,  
37 commercial, or governmental relationships.

38 ...

39 (h) The initial meeting of the Commission shall be within 30 days of the effective date of  
40 this act at a time and place to be determined by the Secretary of Commerce. The first order of  
41 business at the initial meeting of the Commission shall be the adoption of bylaws and  
42 establishment of committees, after which the Commission shall meet upon the call of the  
43 ~~Chairman or the Secretary of the Department of Military and Veterans Affairs.~~ chair. The  
44 members shall receive no compensation for attendance at meetings, except a per diem expense  
45 reimbursement. Members of the Commission who are not officers or employees of the State shall  
46 receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5 from  
47 funds made available to the Commission. Members of the Commission who are officers or  
48 employees of the State shall be reimbursed for travel and subsistence at the rates set out in  
49 G.S. 138-6 from funds made available to the Commission. The Department of Military and  
50 Veterans Affairs shall use funds within its budget for the per diem, subsistence, and travel  
51 expenses authorized by this subsection.



1 ...."

2  
3 **ARMED FORCES TO INCLUDE UNITED STATES SPACE FORCE**

4 **SECTION 35.3.(a)** G.S. 17C-10.1 reads as rewritten:

5 "**§ 17C-10.1. Certification of military service members and veterans with law enforcement**  
6 **training and experience.**

7 ...

8 (g) As used in this section, the following terms mean:

9 (1) Branches of military service. – The United States Armed Forces: Air Force;  
10 Army; ~~Marine~~; Marine Corps; Navy; Space Force; active, reserve, Air/Army  
11 National Guard components; and the Coast Guard.

12 ...."

13 **SECTION 35.3.(b)** G.S. 58-58-335 reads as rewritten:

14 "**§ 58-58-335. Definitions.**

15 As used in this Part:

16 ...

17 (1a) "Armed Forces" means all components of the United States Army, Navy, Air  
18 Force, Marine Corps, Space Force, and Coast Guard.

19 ...."

20 **SECTION 35.3.(c)** G.S. 116-143.3 reads as rewritten:

21 "**§ 116-143.3. Tuition of qualifying federal services members and their spouses and**  
22 **dependents.**

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

24 ...

25 (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine  
26 Corps, Space Force, and Navy; the North Carolina National Guard; and any  
27 reserve component of the foregoing.

28 ...."

29 **SECTION 35.3.(d)** G.S. 116-235 reads as rewritten:

30 "**§ 116-235. Board of Trustees; additional powers and duties.**

31 ...

32 (b) Students. –

33 (1) Admission of Students. – The School shall admit students in accordance with  
34 criteria, standards, and procedures established by the Board of Trustees. To be  
35 eligible to be considered for admission, an applicant must be either a legal  
36 resident of the State, as defined by G.S. 116-143.1(a)(1), or a student whose  
37 parent is an active duty member of the Armed Forces, as defined by  
38 ~~G.S. 116-143.3(2)~~, G.S. 116-143.3(a)(2), who is abiding in this State incident  
39 to active military duty at the time the application is submitted, provided the  
40 student shares the abode of that parent; eligibility to remain enrolled in the  
41 School shall terminate at the end of any school year during which a student  
42 becomes a nonresident of the State. The Board of Trustees shall ensure,  
43 insofar as possible without jeopardizing admission standards, that an equal  
44 number of qualified applicants is admitted to the program and to the  
45 residential summer institutes in science and mathematics from each of North  
46 Carolina's congressional districts. In no event shall the differences in the  
47 number of qualified applicants offered admission to the program from each of  
48 North Carolina's congressional districts be more than two and one-half  
49 percentage points from the average number per district who are offered  
50 admission.

51 ...."

1           **SECTION 35.3.(e)** G.S. 143B-1224 reads as rewritten:

2   "**§ 143B-1224. Definitions.**

3       As used in this Part the terms defined in this section shall have the following meaning:

4       ...

5       (2) "Armed Forces" means the United States Army, Navy, Marine Corps, Air  
6       Force, Space Force, and Coast Guard, including their reserve components.

7       ...."

8  
9           **SECTION 35.3.(f)** G.S. 1-82 reads as rewritten:

10 "**§ 1-82. Venue in all other cases.**

11       In all other cases the action must be tried in the county in which the plaintiffs or the  
12       defendants, or any of them, reside at its commencement, or if none of the defendants reside in  
13       the State, then in the county in which the plaintiffs, or any of them, reside; and if none of the  
14       parties reside in the State, then the action may be tried in any county which the plaintiff designates  
15       in the plaintiff's summons and complaint, subject to the power of the court to change the place  
16       of trial, in the cases provided by statute; provided that any person who has resided on or been  
17       stationed in a United States Army, Navy, Marine Corps, Coast Guard, Space Force, or Air Force  
18       installation or reservation within this State for a period of one (1) year or more next preceding  
19       the institution of an action shall be deemed a resident of the county within which such installation  
20       or reservation, or part thereof, is situated and of any county adjacent to such county where such  
21       person stationed at such installation or reservation lives in such adjacent county, for the purposes  
22       of this section. The term person shall include military personnel and the spouses and dependents  
23       of such personnel."

24           **SECTION 35.3.(g)** G.S. 14-395 is repealed.

25           **SECTION 35.3.(h)** G.S. 45-21.12A reads as rewritten:

26 "**§ 45-21.12A. Power of sale barred during periods of military service.**

27       ...

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

29       (1) Military service. –

30       a.       In the case of a member of the United States Army, Navy, Air Force,  
31       Marine Corps, Space Force, or Coast Guard:

32       ...."

33           **SECTION 35.3.(i)** G.S. 47-81.2 reads as rewritten:

34 "**§ 47-81.2. Before United States Army, etc., officers, and other service members.**

35       In all cases where instruments and writings have been proved or acknowledged before any  
36       commissioned officer of the United States Army, Navy, Air Force, Marine Corps, Space Force,  
37       or Coast Guard or any officer of the United States Merchant Marine having the rank of lieutenant,  
38       senior grade, or higher, such proofs or acknowledgments, where valid in other respects, are  
39       hereby ratified, confirmed and declared valid. All proofs or acknowledgments made by any  
40       military personnel authorized by the Congress of the United States are hereby ratified, confirmed,  
41       and declared valid and shall not require the affixation of a seal where valid in other respects."

42           **SECTION 35.3.(j)** G.S. 50-18 reads as rewritten:

43 "**§ 50-18. Residence of military personnel; payment of defendant's travel expenses by  
44       plaintiff.**

45       In any action instituted and prosecuted under this Chapter, allegation and proof that the  
46       plaintiff or the defendant has resided or been stationed at a United States Army, Navy, Marine  
47       Corps, Coast Guard, Space Force, or Air Force installation or reservation or any other location  
48       pursuant to military duty within this State for a period of six months next preceding the institution  
49       of the action shall constitute compliance with the residence requirements set forth in this Chapter;  
50       provided that personal service is had upon the defendant or service is accepted by the defendant,  
51       within or without the State as by law provided.

1       ...."

2               **SECTION 35.3.(k)** G.S. 50A-351 reads as rewritten:

3       "**§ 50A-351. Definitions.**

4       The following definitions apply in this Article:

5               ...

- 6               (18) Uniformed service. – Service which includes (i) the active and reserve  
7               components of the United States Army, Navy, Air Force, Marine Corps, Space  
8               Force, or Coast Guard of the United States; Guard; (ii) the Merchant Marine,  
9               the commissioned corps of the Public Health Service, or the commissioned  
10              corps of the National Oceanic and Atmospheric Administration of the United  
11              States; or (iii) the National Guard."

12              **SECTION 35.3.(l)** G.S. 88B-25 reads as rewritten:

13       "**§ 88B-25. Exemptions.**

14       The following persons are exempt from the provisions of this Chapter while engaged in the  
15       proper discharge of their professional duties:

16              ...

- 17              (4) Commissioned medical or surgical officers of the United States Army, Air  
18              Force, Navy, ~~Marine, Marine Corps, Space Force,~~ or Coast Guard.

19              ...."

20              **SECTION 35.3.(m)** G.S. 115C-12 reads as rewritten:

21       "**§ 115C-12. Powers and duties of the Board generally.**

22       The general supervision and administration of the free public school system shall be vested  
23       in the State Board of Education. The State Board of Education shall establish all needed rules  
24       and regulations for the system of free public schools, subject to laws enacted by the General  
25       Assembly. In accordance with Sections 7 and 8 of Article III of the North Carolina Constitution,  
26       the Superintendent of Public Instruction, as an elected officer and Council of State member, shall  
27       administer all needed rules and regulations adopted by the State Board of Education through the  
28       Department of Public Instruction. The powers and duties of the State Board of Education are  
29       defined as follows:

30              ...

- 31              (18) Duty to Develop and Implement a Uniform Education Reporting System,  
32              Which Shall Include Standards and Procedures for Collecting Fiscal and  
33              Personnel Information. –

34              ...

- 35              f. The State Board of Education shall develop a process for local school  
36              administrative units to annually identify enrolled military-connected  
37              students using the Uniform Education Reporting System. The  
38              identification of military-connected students shall not be used for the  
39              purposes of determining school achievement, growth, and  
40              performance scores as required by G.S. 115C-12(9)c1. The  
41              identification of military-connected students is not a public record  
42              within the meaning of G.S. 132-1 and shall not be made public by any  
43              person, except as permitted under the provisions of the Family  
44              Educational and Privacy Rights Act of 1974, 20 U.S.C. § 1232g. For  
45              purposes of this section, a "military-connected student" means a  
46              student enrolled in a local school administrative unit who has a parent,  
47              step-parent, sibling, or any other person who resides in the same  
48              household serving in the active or reserve components of the United  
49              States Army, Navy, Air Force, Marine Corps, Coast Guard, Space  
50              Force, or National Guard. Beginning in the 2016-2017 school year,  
51              and annually thereafter, the identification of military-connected

students for all local school administrative units shall be completed by January 31 of each school year.

...."

**SECTION 35.3.(n)** G.S. 143B-1311 reads as rewritten:

**"§ 143B-1311. Membership.**

...

(b) The voting members of the Commission shall be appointed as follows:

(1) Thirteen members appointed by the Governor, consisting of:

...

h. One person who is a resident of North Carolina with a long-term connection to the State and who is a current or retired member of a reserve component of the United States Air Force, Army, Navy, Space Force, or ~~Marines~~ Marine Corps and who is involved in a military affairs organization or involved in military issues through civic, commercial, or governmental relationships.

...."

**SECTION 35.3.(o)** G.S. 163-258.2 reads as rewritten:

**"§ 163-258.2. Definitions.**

As used in this Article:

...

(6) "Uniformed service" means any of the following:

a. Active and reserve components of the United States Army, Navy, Air Force, Marine Corps, Space Force, and Coast ~~Guard of the United States~~ Guard.

...

(7) "Uniformed-service voter" means an individual who is qualified to vote and is one of the following:

a. A member of the active or reserve components of the United States Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard ~~of the United States~~ who is on active duty.

...."

**RENOVATE FAYETTEVILLE STATE VETERANS HOME**

**SECTION 35.4.(a)** Notwithstanding any provision of this act or the Committee Report described in Section 45.2 of this act to the contrary, there is appropriated from the cash balance of the North Carolina Veterans Home Trust Fund, Budget Code 63050, to the Department of Military and Veterans Affairs, the sum of forty-two million dollars (\$42,000,000) in nonrecurring funds to renovate and repair the Fayetteville State Veterans Home.

**SECTION 35.4.(b)** Section 40.5(c) of S.L. 2021-180 is repealed.

**DMVA/ECONOMIC DEVELOPMENT PARTNERSHIP OF NC TRANSFER**

**SECTION 35.5.** G.S. 143B-1217 reads as rewritten:

**"§ 143B-1217. Military Presence Stabilization Fund.**

...

(b) Notwithstanding the provisions of G.S. 143B-1214 and subsection (a) of this section, funds appropriated to the Military Presence Stabilization Fund may be used for the following purposes:

...

(8) ~~Fully fund a position at the North Carolina Economic Development Center.~~

...."

**PART XXXVI. REVENUE****WHITE GOODS DISPOSAL TAX WITHHOLDING INCREASE**

**SECTION 36.1.** G.S. 105-187.24 reads as rewritten:

**"§ 105-187.24. Use of tax proceeds.**

The Secretary shall distribute the taxes collected under this Article, less the Department of Revenue's allowance for administrative expenses, in accordance with this section. The Secretary may retain the Department's cost of collection, not to exceed ~~four hundred twenty-five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

**SCRAP TIRE DISPOSAL TAX WITHHOLDING INCREASE**

**SECTION 36.2.** G.S. 105-187.19 reads as rewritten:

**"§ 105-187.19. Use of tax proceeds.**

(a) The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue for administrative expenses, in accordance with this section. The Secretary may retain the cost of collection by the Department, not to exceed ~~four hundred twenty-five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

**DOR/DIT MICROSOFT LICENSING**

**SECTION 36.3.(a)** Notwithstanding G.S. 143B-1325(d), not later than July 1, 2026, the Department of Revenue (hereinafter "DOR") shall enter into a memorandum of understanding with the Department of Information Technology (hereinafter "DIT") establishing the terms for the provision and management of Microsoft software licenses under statewide agreements negotiated by DIT.

**SECTION 36.3.(b)** Not later than March 1, 2027, DOR, in conjunction with the State Chief Information Officer, shall report to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division on other services provided by DIT that could be used by DOR.

**REGULATION OF VAPOR PRODUCTS**

**SECTION 36.4.(a)** G.S. 143B-245.11 reads as rewritten:

**"§ 143B-245.11. Certification process.**

...

**(f) Notification of Compliance with Changes to Federal Law.** – If federal requirements for vapor products or consumable products are changed, each manufacturer of a vapor product or consumable product sold for retail sale in North Carolina shall submit documentation to the Secretary substantiating compliance with those federal requirements within 30 days of the date mandated for compliance under the federal requirements. Failure to substantiate compliance with changed federal requirements shall be grounds for removal of the manufacturer and its vapor product or consumable product from the directory established pursuant to G.S. 143B-245.12. For the purposes of this subsection, federal requirements for vapor products or consumable products are any modifications to 21 U.S.C. § 387j or other federal statutes regulating vapor products or consumable products or any modification of regulations or other official federal guidance that change requirements or standards for federal compliance of a vapor product or consumable product."

**SECTION 36.4.(b)** G.S. 143B-245.12 reads as rewritten:

**"§ 143B-245.12. Public directory.**

1 ...  
 2 (b) Exclusion from the Directory. – No manufacturer or the manufacturer's consumable  
 3 products or vapor products shall be included or retained in the directory if the Secretary  
 4 determines that any of the following apply:

- 5 ...  
 6 (6) The manufacturer failed to submit documentation to the Secretary  
 7 substantiating compliance with changed federal requirements as required by  
 8 G.S. 143B-245.11(f).  
 9 ...."

10  
 11 **TAX FRAUD ANALYTICS**

12 **SECTION 36.5.** Of the funds appropriated in this act to the Department of Revenue,  
 13 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each  
 14 fiscal year of the 2025-2027 fiscal biennium shall be used to continue and expand the  
 15 Department's tax fraud analysis contract through the Government Data Analytics Center  
 16 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, software,  
 17 information reporting, collections case management, collections optimization, managed services,  
 18 and technical infrastructure. The Department of Revenue shall continue to coordinate with the  
 19 GDAC and utilize the subject matter expertise and technical infrastructure available through  
 20 existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

21  
 22 **PART XXXVII. SECRETARY OF STATE**

23  
 24 **SOS/PUBLICATIONS DIVISION DUTIES & MODERNIZE SOS STATUTES**

25 **SECTION 37.1.(a)** G.S. 65-111 reads as rewritten:

26 **"§ 65-111. County commissioners to provide list of public and abandoned cemeteries.**

27 Each board of county commissioners shall have the following duties and responsibilities:

- 28 ...  
 29 ~~(3) To furnish to the Department and the Publications Division in the Department~~  
 30 ~~of the Secretary of State copies of the lists of such public and abandoned~~  
 31 ~~cemeteries, to the end that it may furnish to the boards of county~~  
 32 ~~commissioners, for the use of the persons in control of such cemeteries,~~  
 33 ~~suitable literature, suggesting methods of taking care of such places."~~

34 **SECTION 37.1.(b)** G.S. 147-36 reads as rewritten:

35 **"§ 147-36. Duties of Secretary of State.**

36 It is the duty of the Secretary of State:

- 37 (1) To perform such duties as may then be devolved upon the Secretary by  
 38 resolution of the two houses of the General Assembly or either of  
 39 ~~them-Assembly.~~  
 40 (2) To attend the Governor, whenever required by the Governor, for the purpose  
 41 of receiving documents that have passed the great seal.  
 42 (3) To receive and keep all conveyances and mortgages belonging to the State.  
 43 (4) To distribute annually the statutes and the legislative journals.  
 44 (5) To distribute the acts of Congress received at the Secretary's office in the  
 45 manner prescribed for the statutes of the State.  
 46 ~~(6) To keep a receipt book, in which the Secretary shall take from every person~~  
 47 ~~to whom a grant shall be delivered, a receipt for the same; but may enclose~~  
 48 ~~grants by mail in a registered letter at the expense of the grantee, unless~~  
 49 ~~otherwise directed, first entering the same upon the receipt book.~~

50 ...

(9) To maintain a Division of ~~Publications to compile data on the State's several governmental agencies and for legislative reference.~~ Publications.

...."

**SECTION 37.1.(c)** G.S. 147-50 reads as rewritten:

**"§ 147-50. Publications of State officials and department heads furnished to certain institutions, agencies, etc.**

(a) Every State official and every head of a State department, ~~institution~~ institution, or agency issuing any printed report, bulletin, map, or other publication shall, ~~on~~ upon request, furnish printed copies of such reports, bulletins, maps or other publications to the following institutions in the number set out below:

- University of North Carolina at Chapel Hill 25 copies;
- University of North Carolina at Charlotte 2 copies;
- University of North Carolina at Greensboro 2 copies;
- North Carolina State University at Raleigh 2 copies;
- East Carolina University at Greenville 2 copies;
- Duke University 25 copies;
- Wake Forest College 2 copies;
- Davidson College 2 copies;
- North Carolina Supreme Court Library 2 copies;
- North Carolina Central University 5 copies;
- Western Carolina University 2 copies;
- Appalachian State University 2 copies;
- University of North Carolina at Wilmington 2 copies;
- North Carolina Agricultural and Technical State University 2 copies;
- Legislative Library 2 ~~copies;~~ copies.

(b) ~~and~~ An institution listed in subsection (a) of this section may request an electronic copy in lieu of any printed report, bulletin, map, or other publication.

(c) State official and heads of State departments, institutions, and agencies shall furnish printed copies of reports, bulletins, maps, and other publications to governmental officials, agencies and departments ~~agencies, departments, and to other educational institutions,~~ in the discretion of the issuing official and subject to the supply available, such number as may be requested: ~~and Provided that five sets of all such reports, bulletins and publications heretofore issued, insofar as the same are available and without necessitating reprinting, shall be furnished to the North Carolina Central University.~~ requested. Governmental officials, agencies, departments, and other educational institutions may request an electronic copy in lieu of printed copies.

(d) The provisions ~~in~~ of this section shall not be interpreted to include any of the appellate division reports or advance sheets distributed by the Administrative Office of the Courts. Except for reports, bulletins, and other publications issued for free distribution, this section shall not apply to the North Carolina State Museum of Natural Sciences."

**SECTION 37.1.(d)** G.S. 147-34, 147-41, 147-43, and 147-54 are repealed.

**SECTION 37.1.(e)** The Office of the Secretary of State shall retain at least one printed copy or an electronic copy of all records collected pursuant to G.S. 65-111(3), 147-36(6), 147-41, 147-43, and 147-54 that are in the possession of the Office prior to the date this act becomes law.

**SOS/PAPER FILING FEE**

**SECTION 37.2.(a)** Article 2 of Chapter 55D of the General Statutes is amended by adding a new section to read:

**"§ 55D-19. Paper filing fee.**

1       The Office of the Secretary of State may collect a fee of up to ten dollars (\$10.00) each time  
2 a document is submitted for filing in typewritten or printed form when that same document could  
3 be accepted for filing in electronic form. Funds collected under this section shall be deposited in  
4 a new budget fund as created by the Office of State Budget and Management within Budget Code  
5 23200 and shall only be used for the following purposes: (i) to support activities that will reduce  
6 the processing or response time for services provided by the Office, (ii) to improve or streamline  
7 the online filing system maintained by the Office, or (iii) to cover costs directly associated with  
8 the handling of mail by the Office."

9           **SECTION 37.2.(b)** This section becomes effective January 1, 2026.

## 10 11 **NORTH CAROLINA SMALL BUSINESS ENTERPRISE PROGRAM**

12           **SECTION 37.3.(a)** G.S. 147-36 reads as rewritten:

### 13 **"§ 147-36. Duties of Secretary of State.**

14       It is the duty of the Secretary of State:

15       ...

16       (8a) To certify businesses eligible to participate in the North Carolina Small  
17 Business Enterprise Program and to maintain a record of those businesses  
18 certified.

19       ...."

20           **SECTION 37.3.(b)** Article 4 of Chapter 147 of the General Statutes is amended by  
21 adding a new section to read:

### 22 **"§ 147-54.7B. North Carolina Small Business Enterprise Program; certification.**

23       (a) The Department of the Secretary of State shall establish a certification program for  
24 small businesses, which shall be known as the North Carolina Small Business Enterprise  
25 Program. The purpose of the Program is to provide small businesses with access to State contracts  
26 and educational opportunities and resources. To be certified as a small business, the business  
27 shall:

28           (1) Be headquartered in this State.

29           (2) Have an annual net income that is less than one million five hundred thousand  
30 dollars (\$1,500,000), after the cost of goods sold is deducted.

31           (3) Have 100 or fewer employees.

32           (4) Be organized for profit.

33       (b) A small business certification shall be renewed every two years. The Department shall  
34 not charge a fee for certification under this section.

35       (c) The Department shall publish a list of the small businesses certified under this section  
36 on its website for use by State departments, agencies, and institutions; political subdivisions of  
37 the State; and other interested persons. Only businesses certified in accordance with this section  
38 shall be considered by State departments, agencies, and institutions and political subdivisions of  
39 the State as small businesses for purposes of participation in State and public contracts under  
40 Article 3 and Article 8 of Chapter 143 of the General Statutes; provided, however, nothing in this  
41 section shall be construed to require the use of a small business in a State or public contract if the  
42 small business is not the lowest responsible, responsive bidder or otherwise fails to meet the  
43 requirements of the contract proposal.

44       (d) The Department may adopt rules to implement the provisions of this section in  
45 accordance with Chapter 150B of the General Statutes."

46           **SECTION 37.3.(c)** The Department of Administration and the Office of the  
47 Secretary of State shall enter into a memorandum of understanding which provides that the Office  
48 shall provide to the Department the names of and other relevant information about small  
49 businesses certified under G.S. 147-54.7B, as enacted in subsection (b) of this section, for  
50 inclusion in the State's e-procurement service.



1           **SECTION 37.3.(d)** Not later than 15 days after the date this act becomes law, the  
2 Department of Administration shall provide to the Office of the Secretary of State the names of  
3 and other relevant information about small businesses that were certified by the North Carolina  
4 Small Business Enterprise Program prior to the date this act becomes law for inclusion on the  
5 Office's website, as provided in G.S. 147-54.7B, as enacted in subsection (b) of this section.  
6

7 **PART XXXVIII. TREASURER**

8  
9 **TREASURER INVESTMENT MODERNIZATION PART I: TECHNICAL**  
10 **REORGANIZATION OF ARTICLE 6 OF CHAPTER 147 OF THE GENERAL**  
11 **STATUTES**

12           **SECTION 38.1.(a)** Article 6 of Chapter 147 of the General Statutes is amended to  
13 add the following new Parts:

- 14           (1) Part 1, to be entitled "General" and consisting of G.S. 147-65 through  
15 G.S. 147-69.
- 16           (2) Part 2, to be entitled "Investments and Funds" and consisting of G.S. 147-69.1  
17 through G.S. 147-69.7.
- 18           (3) Part 3, to be entitled "Reports and Audits" and consisting of G.S. 147-69.8  
19 through G.S. 147-69.70.
- 20           (4) Part 4, to be entitled "North Carolina Investment Authority" and consisting of  
21 G.S. 147-70.1 through G.S. 147-73.2.
- 22           (5) Part 5, to be entitled "Department Bookkeeping and Deposits" and consisting  
23 of G.S. 147-74 through G.S. 147-86.2.

24 **SECTION 38.1.(b)** G.S. 147-65 is recodified as G.S. 147-65.2.

25 **SECTION 38.1.(c)** G.S. 147-66 is repealed.

26 **SECTION 38.1.(d)** G.S. 147-69.3A is recodified as G.S. 147-67.1.

27 **SECTION 38.1.(e)** G.S. 147-69.11 is recodified as G.S. 147-73.2.

28 **SECTION 38.1.(f)** G.S. 147-69.7 is recodified as G.S. 147-70.6.

29 **SECTION 38.1.(g)** G.S. 147-70 is recodified as G.S. 147-68.3.

30 **SECTION 38.1.(h)** G.S. 147-71 is recodified as G.S. 147-68.4.

31 **SECTION 38.1.(i)** G.S. 147-72 is repealed.

32 **SECTION 38.1.(j)** G.S. 147-73 is repealed.

33 **SECTION 38.1.(k)** G.S. 147-75 is recodified as G.S. 147-66.2.

34 **SECTION 38.1.(l)** G.S. 147-75.1 is recodified as G.S. 147-68.5.

35 **SECTION 38.1.(m)** G.S. 147-86.2 is recodified as G.S. 147-68.6.

36 **SECTION 38.1.(n)** Subsection (i2) of G.S. 147-69.3 is recodified as subsection (b)  
37 of G.S. 147-65.2, as created by subsection (b) of this section.

38 **SECTION 38.1.(o)** This section is effective when it becomes law.  
39

40 **TREASURER INVESTMENT MODERNIZATION PART II: CREATION OF THE**  
41 **NORTH CAROLINA INVESTMENT AUTHORITY**

42           **SECTION 38.2.(a)** Part 1 of Article 6 of Chapter 147 of the General Statutes, as  
43 created and amended by Section 38.1 of this act, is amended by adding a new section to read:

44 **§ 147-65.1. Definitions.**

45 The following definitions apply in this Article:

- 46           (1) Board of Directors. – The Board of Directors of the North Carolina Investment  
47 Authority.
- 48           (2) Chief Investment Officer or CIO. – The Chief Investment Officer of the  
49 Investment Authority.
- 50           (3) Department. – The Department of State Treasurer.

- 1           (4)   Escheats Fund. – The Escheats Fund established under Article 1A of Chapter  
 2           116B of the General Statutes.
- 3           (5)   Investment Authority. – The North Carolina Investment Authority,  
 4           established under Part 4 of this Article.
- 5           (6)   Reserved for future codification purposes.
- 6           (7)   Retirement Systems. – This term includes all of the following retirement  
 7           systems:
- 8           a.     The Teachers' and State Employees' Retirement System, established  
 9           under Article 1 of Chapter 135 of the General Statutes.
- 10          b.     The Consolidated Judicial Retirement System, established under  
 11          Article 4 of Chapter 135 of the General Statutes.
- 12          c.     The North Carolina Firefighters' and Rescue Workers' Pension Fund,  
 13          established under Article 86 of Chapter 58 of the General Statutes.
- 14          d.     The Local Governmental Employees' Retirement System, established  
 15          under Article 3 of Chapter 128 of the General Statutes.
- 16          e.     The Legislative Retirement System of North Carolina, established  
 17          under Article 1A of Chapter 120 of the General Statutes.
- 18          f.     The North Carolina National Guard Pension Fund, established under  
 19          Article 3 of Chapter 127A of the General Statutes.
- 20          g.     The Registers of Deeds' Supplemental Pension Fund, established  
 21          under Article 3 of Chapter 161 of the General Statutes.
- 22          h.     The Retiree Health Benefit Fund, established under G.S. 135-7(f).
- 23          i.     The North Carolina Teachers' and State Employees' Benefit Trust,  
 24          established under G.S. 135-7(g).
- 25          (8)   Treasurer. – The State Treasurer."

26           **SECTION 38.2.(b)** Part 4 of Article 6 of Chapter 147 of the General Statutes, as  
 27           created and amended by Section 38.1 of this act, reads as rewritten:

28                           "Part 4. North Carolina Investment Authority.

29           **"§ 147-70.1. Creation of Investment Authority.**

30           (a)   Creation. – The North Carolina Investment Authority is created as a body corporate  
 31           and politic having the powers and jurisdiction as provided under this Article or any other law.  
 32           The Investment Authority is a State agency for the performance of essential governmental and  
 33           public functions. The Investment Authority is located within, but independent from the control  
 34           of, the Department of State Treasurer. The Investment Authority shall have perpetual succession.

35           (b)   Independence. – The Investment Authority, in carrying out its statutory  
 36           responsibilities, shall be independent of any fiscal control exercised by the Director of the  
 37           Budget, the Department of Administration, and the Department of State Treasurer, including for  
 38           organizational, staffing, procurement, and budgetary purposes. Except as provided under  
 39           subsection (c) of this section and unless otherwise explicitly provided by law, the Investment  
 40           Authority is exempt from the State Budget Act, and the provisions of Chapter 143C of the  
 41           General Statutes do not apply to the Investment Authority.

42           (c)   Fiduciary Funds. – In order for the Investment Authority to effectively operate the  
 43           investment programs under its management, all funds while under management of the Investment  
 44           Authority are Fiduciary Funds described under subdivisions (8) through (10) of G.S. 143C-1-3(a)  
 45           and shall be accounted for as specified in G.S. 147-69.3(f).

46           **"§ 147-70.2. Powers and duties of the Investment Authority.**

47           (a)   In addition to the authority granted to the Investment Authority under this Article or  
 48           any other law, the Investment Authority shall have all of the powers necessary to execute the  
 49           provisions of this Part, including, at a minimum, the following powers:

- 50           (1)   The right to sue and be sued.

1           (2)    To take, demand, receive, and possess all kinds of real and personal property  
2                necessary and proper for its purposes.

3           (3)    To bargain, sell, grant, alienate, or dispose of all real and personal property as  
4                it may lawfully acquire.

5           (b)    The Investment Authority shall have the right to acquire fidelity bonds, fiduciary  
6                insurance, directors' and officers' insurance, or errors and omissions coverage, as determined by  
7                the Investment Authority board. This right is independent of any purchase of insurance by the  
8                State Treasurer under G.S. 147-67.1.

9           (c)    Pursuant to G.S. 143B-1320(b), the Investment Authority shall be exempt from the  
10               provisions of Article 15 of Chapter 143B of the General Statutes.

11    **"§ 147-70.3. Taxation of Investment Authority.**

12           (a)    Property owned or acquired by the Authority is exempt from all taxes imposed by the  
13                State or any political subdivision of the State.

14           (b)    The Investment Authority shall not be subject to State income taxes.

15           (c)    This section shall not be construed to apply in any way to individual members of the  
16                Board of Directors or any employee of the Investment Authority.

17    **"§ 147-70.4. Confidentiality of Investment Authority records.**

18           Any record or other information received or generated by the Investment Authority in order  
19               to negotiate at arm's length investment transactions that constitute a trade secret, as defined in  
20               G.S. 66-152, is not public record and is exempt from the requirements of Chapter 132 of the  
21               General Statutes until the applicable negotiation is completed and unless the record or  
22               information substantiates a conflict with the duties of the Investment Authority under  
23               G.S. 147-70.6(a).

24    **"§ 147-70.5. Criminal record checks.**

25           (a)    The Investment Authority may obtain from the State and National Repositories of  
26                Criminal Histories or from any other lawful source the criminal history of any of the following  
27                individuals:

28                (1)    A current or prospective permanent or temporary employee of the Investment  
29                        Authority.

30                (2)    A contractor with the Investment Authority.

31                (3)    An employee or agent of a contractor with the Investment Authority who is  
32                        performing or will perform work for the Investment Authority.

33                (4)    A volunteer of the Investment Authority.

34                (5)    Any other individual otherwise engaged by the Investment Authority who will  
35                        have access to health or financial information or data maintained by the  
36                        Investment Authority that is confidential or otherwise nonpublic.

37           (b)    The Investment Authority may deny employment to or dismiss any individual  
38                identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to  
39                consent to a criminal history record check or to the use of fingerprints or other identifying  
40                information required by the State or National Repositories of Criminal Histories. Any refusal  
41                shall constitute just cause for the employment denial or the dismissal from employment.

42           (c)    The Investment Authority may extend a conditional offer of employment pending the  
43                results of a criminal history record check authorized by this section.

44    ...

45    **"§ 147-71.1. Board of Directors.**

46           (a)    Membership. – The Investment Authority shall be governed by a Board of Directors.  
47                The Board of Directors shall consist of the following voting members:

48                (1)    The State Treasurer, who shall serve as an ex officio member.

49                (2)    One member appointed by the General Assembly upon the recommendation  
50                        of the Speaker of the House of Representatives in accordance with  
51                        G.S. 120-121.

- 1           (3)    One member appointed by the General Assembly upon the recommendation  
2           of the President Pro Tempore of the Senate in accordance with G.S. 120-121.  
3           (4)    One member appointed by the Governor, subject to confirmation by the  
4           General Assembly by joint resolution.  
5           (5)    One member appointed by the State Treasurer, subject to confirmation by the  
6           General Assembly by joint resolution.

7           (b)    Terms. – The four appointive directors of the Board of Directors shall be appointed  
8           for staggered six-year terms, except for the initial term. The initial term of the director appointed  
9           by the President Pro Tempore of the Senate is one year. The initial term of the director appointed  
10           by the Speaker of the House of Representatives is two years. The initial term of the director  
11           appointed by the State Treasurer is three years. The initial term of the director appointed by the  
12           Governor is four years. An appointive director whose term has expired but whose qualified  
13           successor has not been appointed shall continue to serve on the Board of Directors until a  
14           qualified successor is duly appointed, including by the State Treasurer after a holdover period of  
15           six months or more as provided for under subsection (e) of this section.

16           (c)    Qualifications to Serve. – No appointed director of the Board of Directors shall hold  
17           any other public office in North Carolina, except that an appointed director may also have  
18           membership on either or both of the Boards of Trustees under G.S. 128-28 and G.S. 135-6. All  
19           appointed members of the Board of Directors shall have expert knowledge of investments and a  
20           minimum of a 10-year track record of successful management in pension, endowment, or other  
21           relevant investment management fields.

22           (d)    Disqualifications to Serve. – An individual is not eligible to serve on the Board of  
23           Directors if any of the following apply to that individual:

- 24           (1)    The individual has been indicted or charged with, been convicted of, pleaded  
25           guilty or nolo contendere to, or forfeited bail concerning a felony, or a  
26           misdemeanor involving fraud, theft, or dishonesty under the laws of any  
27           jurisdiction in the United States.  
28           (2)    The individual has had a judgment entered against him or her by a court of  
29           competent jurisdiction in a civil matter involving a breach of fiduciary duties.  
30           (3)    The individual has been the subject of an adverse action by the Securities and  
31           Exchange Commission which resulted in any sanction, payment of a fine,  
32           injunction, or other negative finding, whether individually or as a partner,  
33           principal member, managing director, or other position of leadership of any  
34           entity subject to the penalty or finding.  
35           (4)    The individual, or the individual's spouse or immediate family member, is or  
36           becomes employed by the Department of State Treasurer or by a service  
37           provider engaged to invest or assist in the oversight of assets overseen by the  
38           Investment Authority.  
39           (5)    The individual, or the individual's spouse or immediate family member, is an  
40           endorser, obligor, or provider of surety for, or is a borrower of, any money  
41           loaned to or borrowed from the assets overseen by the Board of Directors.

42           (d1)   Removal of Appointive Members. – A duly appointed member of the Board of  
43           Directors may be removed by the applicable appointing authority for misfeasance, malfeasance,  
44           or nonfeasance.

45           (e)    Vacancies. – Any vacancy in a position held by an appointive member shall be filled  
46           by a new appointment made by the applicable appointing authority for the vacant seat. If a seat  
47           on the Board of Directors is vacant or held over for six months or more without an appointment  
48           by the applicable appointing authority of an individual meeting the qualifications in this section,  
49           then the State Treasurer may nominate a member for approval by the Board of Directors. Any  
50           individual appointed to fill a vacancy shall serve only for the unexpired term. A vacancy

1 automatically occurs upon the death or resignation of a member of the Board of Directors or upon  
2 the failure of a member of the Board of Directors to do any of the following:

3 (1) Attend meetings for three consecutive meetings unless excused by majority  
4 vote of the other Board of Directors members.

5 (2) Cure a conflict of interest within 30 days of identification of the conflict.

6 (3) Agree to abide by the ethics policy adopted by the Board of Directors.

7 (f) Reappointment. – Any member of the Board of Directors is eligible for  
8 reappointment, except that no appointive member of the Board of Directors may serve for more  
9 than two consecutive, full, six-year terms without at least a one-year break in membership on the  
10 Board of Directors.

11 (g) Oath. – Each appointive member of the Board of Directors shall take an oath of office  
12 to administer the duties of office faithfully and impartially, and a record of the oath shall be filed  
13 in the office of the Secretary of State.

14 (h) Officers. – The following shall apply to officers of the Board of Directors:

15 (1) The State Treasurer shall serve as chair of the Board of Directors.

16 (2) The State Treasurer shall designate a vice-chair from among the remaining  
17 members of the Board of Directors. The term of the vice-chair extends to the  
18 earlier of either three years or the date of expiration of the vice-chair's then  
19 current term as a member of the Board of Directors. In the absence of the State  
20 Treasurer or the Treasurer's designee, the vice-chair shall preside over the  
21 proceedings of the Board of Directors.

22 (3) The Board of Directors shall appoint and prescribe the duties of a secretary,  
23 who need not be a member of the Board of Directors. The secretary is the  
24 custodian of all books, documents, and papers filed with the Board of  
25 Directors and the minute book or journal of the Board of Directors. The  
26 secretary shall keep a record of the proceedings of the Board of Directors. The  
27 secretary has the authority to make copies of all minutes and other records and  
28 documents of the Board of Directors.

29 (i) Designees. – The State Treasurer is authorized to appoint a designee. No other  
30 member of the Board of Directors is authorized to appoint a designee.

31 (j) Compensation and Reimbursement. – Members of the Board of Directors shall  
32 receive no compensation for their services. For attendance at meetings of the Board of Directors  
33 or any committee of the Board of Directors, and for other services for the Investment Authority,  
34 members of the Board of Directors shall receive per diem, subsistence, and travel allowances in  
35 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

36 (k) Meetings and Voting. – The Board of Directors shall meet at least quarterly. A  
37 meeting may be called by the State Treasurer or by a majority of the Board of Directors. The  
38 State Treasurer or the Treasurer's designee shall establish the agenda for each meeting. A  
39 minimum of three members of the Board of Directors is required for quorum. The affirmative  
40 vote of a majority of the members of the Board of Directors present at a meeting of the Board of  
41 Directors that has been duly called and held is required for any action taken by the Investment  
42 Authority, except that the State Treasurer's vote shall prevail in the event of a tied vote.

43 **"§ 147-71.2. Duties of the Board of Directors.**

44 (a) Investment-Related Powers and Duties. – The Board of Directors has all of the  
45 following investment-related powers and duties:

46 (1) The Board of Directors has the authority to approve all of the following:

47 a. Investment policy statements to include investment objectives,  
48 strategic asset allocation, and policy benchmarks.

49 b. Risk budgets, including related limits for key risk indicators.

50 c. The appointment of a master global custodian bank.

51 d. Annual operating budgets for investment programs.

- 1 e. Market-oriented compensation plans.
- 2 (2) The Board of Directors shall periodically review all of the following:
- 3 a. Investment performance and investment manager appointment and
- 4 termination activities.
- 5 b. Investment strategies, policies, and tactical considerations.
- 6 c. Asset liability studies.
- 7 d. Performance benchmarks and key risk indicators.
- 8 e. Audited investment financial statements and audit reports pursuant to
- 9 G.S. 147-69.9.
- 10 f. Independent evaluation of governance, operations, and investment
- 11 practices.
- 12 g. Periodic cost-effectiveness studies of the investment programs.
- 13 (3) The Board of Directors shall appoint a Chief Investment Officer of the
- 14 Investment Authority.
- 15 (4) With respect to Retirement Systems' assets, at least biennially, the Board of
- 16 Directors shall approve an absolute risk operating range. The absolute risk
- 17 operating range shall be expressed in equity and debt allocation equivalency
- 18 terms and shall meet all of the following criteria:
- 19 a. The range is deemed appropriate in seeking to maximize long-term
- 20 returns.
- 21 b. The risk is not considered undue relative to other similarly situated
- 22 U.S. public pension funds. An assessment of compliance with this
- 23 requirement related to undue risk shall be construed in a manner
- 24 consistent with subsections (c) and (d) of G.S. 147-70.6.
- 25 c. In setting the range, the Board of Directors has taken into
- 26 consideration all of the factors affecting the funding of the Retirement
- 27 Systems and each of the Retirement Systems' ability to meet its
- 28 financial obligations.
- 29 (5) The Board of Directors shall utilize the approved absolute risk operating range
- 30 under subdivision (4) of this subsection to recommend investment return
- 31 assumptions to (i) the Board of Trustees of the Local Governmental
- 32 Retirement System, (ii) the Board of Trustees of the Teachers' and State
- 33 Employees' Retirement System, and (iii) the actuaries engaged to prepare
- 34 annual actuarial valuations.
- 35 (b) Annual Internal Budget. – The Board of Directors shall not approve an annual internal
- 36 budget for the Investment Authority that exceeds three basis points of a rolling three-year average
- 37 of total assets invested by the Investment Authority, unless the Investment Authority reasonably
- 38 determines that, because of special circumstances, including applicable investment restrictions,
- 39 it is clearly not prudent to do so. The annual internal budget includes expenditures directly
- 40 associated with services retained by the Investment Authority in accordance with subsection (c)
- 41 of this section and employee compensation and benefits. The Investment Authority's approved
- 42 annual internal budget as well as the Investment Authority's actual spending for the prior fiscal
- 43 year shall be annually reported to the Joint Legislative Commission on Governmental Operations,
- 44 the House of Representatives Appropriations Committee, the Senate Appropriations/Base
- 45 Budget Committee, and the Fiscal Research Division.
- 46 (c) Authority to Contract for Services. – Notwithstanding Article 3 of Chapter 143 of the
- 47 General Statutes, G.S. 114-2.3, and G.S. 147-17, the Investment Authority is authorized to
- 48 independently retain the services of appraisers, auditors, actuaries, attorneys, investment
- 49 consultants, statisticians, custodians, information technology professionals, or other persons or
- 50 firms possessing specialized skills or knowledge necessary for the proper administration of
- 51 investment programs created pursuant to this section.

1       (d) Setting of Compensation Plans. – In order to promote achievement of long-term  
2 investment objectives and to retain key public employees with investment functions, the  
3 Investment Authority is authorized to establish, consistent with the Investment Authority's  
4 fiduciary duties, market-oriented compensation plans, including salaries and performance-related  
5 bonuses, for employees possessing specialized skills or knowledge necessary for the proper  
6 administration of investment programs. The design and administration of those compensation  
7 plans shall be based on compensation studies conducted by a nationally recognized firm  
8 specializing in public fund investment compensation. The compensation and other associated  
9 employee benefits shall be apportioned directly from the investment program. The Investment  
10 Authority shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee  
11 on General Government annually.

12 **"§ 147-71.3. Liability of Board of Directors.**

13       An individual serving on the Board of Directors shall be immune individually from civil  
14 liability for monetary damages, except to the extent covered by insurance, for any act or failure  
15 to act arising out of that service, except where any of the following apply:

- 16           (1) The individual was not acting within the scope of that individual's official  
17 duties.
- 18           (2) The individual was not acting in good faith.
- 19           (3) The individual committed gross negligence or willful or wanton misconduct  
20 that resulted in the damages or injury.
- 21           (4) The individual derived an improper personal financial benefit, either directly  
22 or indirectly, from the transaction.
- 23           (5) The individual incurred the liability from the operation of a motor vehicle.

24 ...

25 **"§ 147-72.1. Chief Investment Officer.**

26       (a) Principal Executive Officer. – The Chief Investment Officer is the Investment  
27 Authority's principal executive officer and is responsible to the Board of Directors.

28       (b) Appointment and Term. – The CIO shall be appointed by a majority vote of the Board  
29 of Directors, and any vacancy may be so filled by the Board of Directors. An individual appointed  
30 as the CIO shall have expert knowledge of investments and a minimum of a 15-year track record  
31 of successful management in pension, endowment, or other relevant investment management  
32 arenas. The term of employment and compensation of the CIO is set by the Board of Directors,  
33 except that each term of employment shall be limited to five years or less. The CIO is eligible  
34 for multiple terms of employment without interruption. The CIO may be removed from office by  
35 the Board of Directors.

36       (c) Employment of Staff. – The Chief Investment Officer shall employ staff necessary to  
37 assist the CIO and the Board of Directors in carrying out duties and responsibilities under this  
38 Article or as prescribed in any other law. Unless otherwise provided by law, Investment Authority  
39 employees shall serve at the pleasure of the CIO and any vacancies in these positions may be  
40 filled by the CIO. The CIO may designate managerial, professional, and policy-making positions  
41 as exempt from the North Carolina Human Resources Act, in accordance with G.S. 126-5(c1).  
42 Compensation of employees is set by the CIO within the limits set by the compensation plan  
43 approved by the Board of Directors under G.S. 147-71.2.

44       (d) Contract Negotiation. – The CIO may negotiate, renegotiate, and execute contracts  
45 with third parties in the performance of the CIO's duties and responsibilities under this Article.  
46 Any delegation of authority by the Board of Directors shall require Board of Directors approval  
47 and shall reserve certain strategic decisions and extraordinary investment decisions to the Board  
48 of Directors. Contract execution with master global custodian banks and external auditors shall  
49 be done only after approved by the Board of Directors.

50 ...

51 **"§ 147-73.2. Ethics policies.**

1 To ensure that the ~~State Treasurer's Investment Authority~~ investment programs operate under  
2 a strong governance framework with rigorous internal controls and a high degree of operational  
3 transparency and are managed with the highest ethical and professional standards and in the most  
4 efficient and effective manner possible, the ~~State Treasurer, after consultation with the~~  
5 ~~Investment Advisory Committee, is authorized and required to~~ Board of Directors shall adopt  
6 policies and procedures on the following topics:

- 7 (1) Requiring that the ~~Department of State Treasurer's Investment Management~~  
8 ~~Division Investment Authority~~ adopt a code of ethics.
- 9 (2) Requiring all employees of the ~~Department Investment Authority~~ who have  
10 responsibility for matters related to investments to be provided with training  
11 with respect to the discharge of their duties and responsibilities to the funds.
- 12 (3) Governing gifts to employees of the ~~Department Investment Authority~~ who  
13 have responsibility for matters related to investments.
- 14 (4) Imposing limitations on external investment managers' use of placement  
15 agents and other persons that appear before the ~~Department Investment~~  
16 ~~Authority~~ to ensure that these persons play only a proper role in investment  
17 opportunities.
- 18 (5) As a component of the investment due diligence, negotiations, and contracting  
19 process, requiring an independent assessment of whether circumstances exist  
20 that create a material risk that professional judgement or actions regarding a  
21 potential investment arrangement's recommendation, approval, or execution  
22 have been or will be unduly influenced by a direct or indirect personal  
23 interest."

24 **SECTION 38.2.(c)** Rules, codes of ethics, policies, and procedures adopted by the  
25 State Treasurer in effect on June 30, 2025, that are impacted by the change in authority from the  
26 State Treasurer or Department of State Treasurer to the Investment Authority under this section  
27 shall remain in effect until amended by law, amended by the Investment Authority, or repealed.

28 **SECTION 38.2.(d)** Before January 1, 2026, when the Investment Authority shall  
29 begin to manage investments as provided under Section 38.3 of this act, funds appropriated to  
30 the Department of State Treasurer and funds available to the Department of State Treasurer under  
31 G.S. 147-69.3 may be used to pay any expenses of the Investment Authority.

32 **SECTION 38.2.(e)** G.S. 147-65.2, as created by Section 38.1(b) and Section 38.1(n)  
33 of this act, reads as rewritten:

34 **"§ 147-65.2. Salary of State Treasurer, Treasurer and certain Department employees.**

35 (a) State Treasurer. – The salary of the State Treasurer shall be as established in the  
36 Current Operations Appropriations Act. In addition to the salary set by the General Assembly in  
37 the Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is  
38 provided to employees of the State who are subject to the North Carolina Human Resources Act.

39 (b) ~~In order to promote achievement of long term investment objectives and to retain key~~  
40 ~~public employees with investment functions, the~~ Certain Departmental Employees. – The State  
41 Treasurer is authorized to establish, consistent with the ~~duties of the State Treasurer's fiduciary~~  
42 ~~duties,~~ Treasurer as prescribed by law, market-oriented compensation plans, including salaries  
43 and performance-related bonuses, for employees possessing specialized skills or knowledge  
44 necessary for the proper administration of investment programs, who shall be programs. In  
45 accordance with G.S. 126-5(c12), these employees are exempt from the classification and  
46 compensation rules established by the Office of State Human Resources. The design and  
47 administration of those compensation plans shall be based on compensation studies conducted  
48 by a nationally recognized firm specializing in public fund investment compensation. The  
49 compensation and other associated employee benefits shall be apportioned directly from the  
50 investment program, and paid equitably among the funds and programs utilizing the services of  
51 these employees in a manner prescribed by the State Treasurer. The Treasurer shall report the



1 salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government  
2 annually."

3 **SECTION 38.2.(f)** G.S. 126-5 reads as rewritten:

4 "**§ 126-5. Employees subject to Chapter; exemptions.**

5 ...

6 (c1) Except as to Articles 6 and 7 of this Chapter, this Chapter does not apply to any of the  
7 following:

8 ...

9 (23) The Executive Administrator of the State Health Plan for Teachers and State  
10 Employees.

11 (24) Employees of the State Health Plan for Teachers and State Employees as  
12 designated by law or by the Executive Administrator of the Plan.

13 ...

14 (40) The Chief Investment Officer of the North Carolina Investment Authority  
15 established under Part 5 of Article 6 of Chapter 147 of the General Statutes.

16 (41) Employees of the North Carolina Investment Authority established under Part  
17 5 of Article 6 of Chapter 147 of the General Statutes who possess specialized  
18 skills or knowledge necessary for the proper administration of investment  
19 programs and who are employed in a position designated by the Chief  
20 Investment Officer as exempt in accordance with G.S. 147-72.1.

21 ...

22 (c12) Except as to G.S. 126-13, 126-14, 126-14.1, and Articles 6, 7, 14, 15, and 16 of this  
23 Chapter, this Chapter does not apply to employees of the Department of State Treasurer  
24 possessing specialized skills or knowledge necessary for the proper administration of investment  
25 programs and compensated pursuant to ~~G.S. 147-69.3(i2)~~ G.S. 147-65.2(b).

26 ...."

27 **SECTION 38.2.(g)** G.S. 143C-1-3 is amended by adding a new subsection to read:

28 "(e) Notwithstanding subsections (a) and (b) of this section, funds under the management  
29 of the North Carolina Investment Authority are exempt from this Chapter and shall be accounted  
30 for as provided in Article 6 of Chapter 147 of the General Statutes."

31 **SECTION 38.2.(h)** This section is effective July 1, 2025, and subsections (e) and (f)  
32 of this section apply to employees hired on or after that date.

33  
34 **TREASURER INVESTMENT MODERNIZATION PART III: NORTH CAROLINA**  
35 **INVESTMENT AUTHORITY TO MANAGE INVESTMENTS AND BEGIN**  
36 **CARRYING OUT STATUTORY DUTIES JANUARY 1, 2026**

37 **SECTION 38.3.(a)** Part 2 of Article 6 of Chapter 147 of the General Statutes, as  
38 created and amended by Section 38.1 of this act, reads as rewritten:

39 "Part 2. Investments and Funds

40 "**§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.**

41 (a) The Governor and Council of State, with the advice and assistance of the State  
42 ~~Treasurer, shall~~ Treasurer and the Investment Authority, may adopt such rules and regulations as  
43 ~~shall be necessary and appropriate to implement the provisions for the implementation~~ of this  
44 section.

45 (b) This section applies to funds ~~held by~~ deposited with the State Treasurer to the credit  
46 ~~of~~ of all of the following:

47 (1) ~~The General Fund;~~ Fund.

48 (2) The Highway Fund and Highway Trust Fund.

49 (c) ~~It shall be~~ is the duty of the ~~State Treasurer~~ Investment Authority to invest the cash  
50 of the funds enumerated in subsection (b) of this section in excess of the amount required to meet  
51 the current needs and demands on ~~such~~ those funds, selecting from among the following:

- 1 (1) Obligations of the United States or obligations fully guaranteed both as to  
2 principal and interest by the United States.
- 3 (2) Obligations of the Federal Farm Credit Bank, the Federal Home Loan Banks,  
4 the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government  
5 National Mortgage Association, the International Bank for Reconstruction  
6 and Development, the International Finance Corporation, the Inter-American  
7 Development Bank, the Asian Development Bank, and the African  
8 Development Bank.
- 9 (3) Repurchase Agreements with respect to one or more of the following:  
10 a. Securities issued or guaranteed by the United States government or its  
11 agencies.  
12 b. Securities eligible for investment by this section executed by a bank  
13 or trust company or by primary or other reporting dealers to the  
14 Federal Reserve Bank of New York.  
15 c. Securities eligible for investment by this section executed by a  
16 registered broker-dealer that is subject to the rules and regulations of  
17 the U.S. Securities and Exchange Commission and is a member in  
18 good standing of the Financial Industry Regulatory Authority.
- 19 (4) Obligations of the State of North Carolina.
- 20 (5) Certificates of deposit and other deposit accounts of financial institutions  
21 under any of the following conditions:  
22 a. With financial institutions with a physical presence in the State for the  
23 purpose of receiving commercial or retail deposits; provided that any  
24 principal amount of such deposit in excess of the amount insured by  
25 the federal government or any agency thereof, be fully secured by  
26 surety bonds, or be fully collateralized; provided further that the rate  
27 of return or investment yield may not be less than that available in the  
28 market on United States government or agency obligations of  
29 comparable maturity.  
30 b. With financial institutions with a physical presence inside or outside  
31 the State, in accordance with all of the following conditions:  
32 1. The funds are initially deposited through a bank or savings and  
33 loan association in the State that is an official depository and  
34 that is selected by the State Treasurer, provided that the rate of  
35 return or investment yield shall not be less than that available  
36 in the market on United States government or agency  
37 obligations of comparable maturity.  
38 2. The selected bank or savings and loan association arranges for  
39 the redeposit of the funds in deposit accounts of the State in  
40 one or more federally insured banks or savings and loan  
41 associations wherever located, provided that no State funds  
42 shall be deposited in a bank or savings and loan association  
43 that at the time holds other deposits from the State.  
44 3. The full amount of principal and any accrued interest of each  
45 deposit account are covered by federal deposit insurance.  
46 4. The selected bank or savings and loan association acts as  
47 custodian for the State with respect to the deposit in the State's  
48 account.  
49 5. On the same date that the State funds are redeposited, the  
50 selected bank or savings and loan association receives an  
51 amount of federally insured deposits from customers of other

1 financial institutions wherever located equal to or greater than  
 2 the amount of the funds invested by the State through the  
 3 selected bank or savings and loan association pursuant to this  
 4 sub-subdivision.

- 5 ...
- 6 (7) Prime quality commercial paper that, when acquired, bears the highest rating,  
 7 such as a minimum of "P1," "A1," or "F1," of at least one nationally  
 8 recognized rating service designated by the U.S. Securities and Exchange  
 9 Commission, and does not bear a rating below the highest by any nationally  
 10 recognized rating service which rates the particular obligation.
- 11 (8) Bills of exchange or time drafts drawn on and accepted by a commercial bank  
 12 and eligible for use as collateral by member banks in borrowing from a federal  
 13 reserve bank, provided that when bills or drafts are acquired, the accepting  
 14 bank or its holding company is either (i) incorporated in the State of North  
 15 Carolina or (ii) has outstanding publicly held obligations that bear the highest  
 16 rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally  
 17 recognized rating service designated by the U.S. Securities and Exchange  
 18 Commission, and do not bear a rating below the highest by any nationally  
 19 recognized rating service which rates the particular obligations.
- 20 (9) Asset-backed securities (whether considered debt or equity) provided, when  
 21 acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at  
 22 least one nationally recognized rating service designated by the U.S.  
 23 Securities and Exchange Commission, and do not bear a rating below the  
 24 highest rating by any nationally recognized rating service which rates the  
 25 particular securities.
- 26 (10) Corporate bonds and notes provided they, when acquired, bear the highest  
 27 rating, such as "AAA" or "Aaa," of at least one nationally recognized rating  
 28 service designated by the U.S. Securities and Exchange Commission, and do  
 29 not bear a rating below the highest by any nationally recognized rating service  
 30 which rates the particular obligation.

31 (d) Unless otherwise provided by law, the interest or income received and accruing from  
 32 all deposits or investments of such cash balances shall be paid into the State's General Fund,  
 33 except that all interest or income received and accruing on the monthly balance of the Highway  
 34 Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust  
 35 Fund. The cash balances of the several funds may be combined for deposit or investment  
 36 purposes; and when such combined deposits or investments are made, the interest or income  
 37 received and accruing from all deposits or investments shall be prorated among the funds in  
 38 conformity with applicable law and the rules and regulations adopted by the Governor and  
 39 Council of State.

40 ...

41 **"§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

42 (a) This section applies to funds held by the State Treasurer to the credit of each of the  
 43 following:

- 44 (1) The Teachers' and State Employees' Retirement System of North Carolina.  
 45 (2) The Consolidated Judicial Retirement System of North Carolina.  
 46 (3) The State Health Plan for Teachers and State Employees.  
 47 ...
- 48 (5) The Disability Salary Continuation Income Plan of North Carolina.  
 49 (6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.  
 50 (7) The North Carolina Local Governmental Employees' Retirement System.  
 51 (8) The Legislative Retirement System of North Carolina.

- 1 (9) The Escheat Fund.
- 2 (10) The Legislative Retirement Fund.
- 3 (11) The State Education Assistance Authority.
- 4 (12) The State Property Fire Insurance Fund.
- 5 ...
- 6 (16) The Liability Insurance Trust Fund.
- 7 (16a) The University of North Carolina Hospitals at Chapel Hill funds, except
- 8 appropriated funds, deposited with the State Treasurer pursuant to
- 9 G.S. 116-350.40.
- 10 (17) Trust funds of The University of North Carolina and its constituent institutions
- 11 deposited with the State Treasurer pursuant to G.S. 116-36.1.
- 12 (17a) North Carolina Veterans Home Trust Fund.
- 13 (17b) North Carolina National Guard Pension Fund.
- 14 (17c) Retiree Health Benefit Fund.
- 15 (17d) The Election Fund.
- 16 (17e) The North Carolina State Lottery Fund.
- 17 (17f) Funds deposited with the State Treasurer by public hospitals pursuant to
- 18 G.S. 159-39(g).
- 19 (17g) Funds deposited with the State Treasurer by Local Government Other
- 20 Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.
- 21 (17h) The Local Government Law Enforcement Special Separation Allowance
- 22 Fund.
- 23 (17i) The North Carolina Conservation Easement Endowment Fund.
- 24 (17j) The Conservation Grant Fund.
- 25 (17k) The Wildlife Endowment Fund.
- 26 (17l) The Ecosystem Restoration Fund.
- 27 (17m) The Needs-Based Public School Capital Fund.
- 28 (17n) The Riparian Buffer Restoration Fund.
- 29 (18) Any other special fund created by or pursuant to law for purposes other than
- 30 meeting appropriations made pursuant to the Executive Budget Act.
- 31 (19) The Swain County Settlement Trust Fund.
- 32 (20) Institutional funds of the colleges of the North Carolina Community College
- 33 System.
- 34 (21) The Disability Income Plan of North Carolina.
- 35 ...
- 36 (23) The Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit
- 37 No. 2 Decommissioning Trust Fund established by North Carolina Municipal
- 38 Power Agency Number 1, as described in G.S. 159B-18(b)(6).
- 39 (24) Funds deposited with the State Treasurer by charter schools pursuant to
- 40 G.S. 115C-218.15(f).

41 (b) It shall be the duty of the ~~State Treasurer~~ Investment Authority to invest the cash of  
42 the funds enumerated in subsection (a) of this section in excess of the amount required to meet  
43 the current needs and demands on these funds. The ~~State Treasurer~~ Investment Authority may  
44 invest the funds as provided in this subsection in the manner authorized by subsection (e) of this  
45 section. If an investment was authorized by this subsection at the time the investment was made  
46 or contractually committed to be made, then that investment shall continue to be authorized by  
47 this subsection, and none of the percentage or other limitation on investments set forth in this  
48 subsection shall be construed to require the ~~State Treasurer~~ Investment Authority to subsequently  
49 dispose of the investment or fail to honor any contractual commitments as a result of changes in  
50 market values, ratings, or other investment qualifications. For purposes of computing market  
51 values on which percentage limitations on investments in this subsection are based, all

1 investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding  
2 anything in this section to the contrary, the ~~State Treasurer Investment Authority~~ shall categorize  
3 investment management arrangements according to the primary investment type or primary  
4 strategy utilized under the arrangement authorized under subsection (e) of this section. No  
5 investment management arrangement may be categorized in more than one of the subdivisions  
6 of this section. The ~~State Treasurer Investment Authority~~ shall select from among the following  
7 investments subject to ~~the following any stipulated limitations and requirements:~~requirements:

8 (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).

9 (2) General obligations of other states of the United States.

10 (3) General obligations of cities, counties and special districts in North Carolina.

11 (4) Obligations of any company, other organization or legal entity incorporated  
12 or otherwise created or located within or outside the United States, including  
13 obligations that are convertible into equity securities, if, when acquired, the  
14 obligations are within one of the four highest rating categories regardless of  
15 gradations, such as ratings beginning with "AAA," "AA," "A," or either  
16 "BBB" or "Baa," of at least one nationally recognized rating service  
17 designated by the U.S. Securities and Exchange Commission.

18 ...

19 (6) ~~Asset-backed securities (whether securities, whether considered debt or~~  
20 ~~equity), equity,~~ if, when acquired, the obligations are within one of the four  
21 highest ratings categories regardless of gradations, such as ratings beginning  
22 with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally  
23 recognized rating service designated by the U.S. Securities and Exchange  
24 Commission.

25 (6a) In addition to the limitations and requirements with respect to the investments  
26 of the Retirement Systems ~~set forth in~~ under this subsection, the ~~State~~  
27 ~~Treasurer Investment Authority~~ shall select investments of the assets of the  
28 Retirement Systems such that investments made pursuant to subdivisions  
29 ~~(b)(1)-(1)~~ through (6) of this ~~section~~ subsection shall at all times equal or  
30 exceed twenty percent (20%) of the market value of all invested assets of the  
31 Retirement Systems.

32 ...

33 (6c) ~~With respect to Retirement Systems' assets referred to in subdivision (b)(8),~~  
34 ~~they may be invested, within or outside the United States, in obligations, debt~~  
35 ~~securities, and asset-backed securities, whether considered debt or equity,~~  
36 ~~including obligations and securities convertible into other securities, that do~~  
37 ~~not meet the requirements of any of subdivisions (b)(1)-(1) through (6) of this~~  
38 ~~section~~ subsection ~~nor subdivision (b)(7)-(7) of this section. The amount~~  
39 ~~invested under this subdivision shall not exceed seven and one half percent~~  
40 ~~(7.5%) of the market value of all invested assets of the Retirement~~  
41 ~~Systems.~~ subsection.

42 (7) Retirement Systems' assets ~~referred to in subdivision (8) of this subsection~~  
43 ~~may be invested in strategies managed primarily for the purpose of owning~~  
44 ~~real estate or related debt financing, excluding asset-backed financing and~~  
45 ~~timberlands, located within or outside the United States. The amount invested~~  
46 ~~under this subdivision shall not exceed ten percent (10%) of the market value~~  
47 ~~of all invested assets of the Retirement Systems.~~

48 (8) ~~With respect to assets of the Teachers' and State Employees' Retirement~~  
49 ~~System, the Consolidated Judicial Retirement System, the Firefighters' and~~  
50 ~~Rescue Workers' Pension Fund, the Local Governmental Employees'~~  
51 ~~Retirement System, the Legislative Retirement System, the North Carolina~~

National Guard Pension Fund, the Registers of Deeds' Supplemental Pension Fund, and the Retiree Health Benefit Fund (hereinafter referred to collectively as the Retirement Systems), ~~they Retirement Systems'~~ assets may be invested in a strategy composed primarily of equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of the exchange or market and issued by any company incorporated or otherwise created or located within or outside the United States as long as the investments meet the conditions of this subdivision. ~~The investments authorized for the Retirement Systems under this subdivision are subject to the following limitations:~~

...

~~a1. The aggregate amount of the investments cannot exceed sixty five percent (65%) of the market value of all invested assets of the Retirement Systems.~~

~~b. The aggregate amount of the investment invested through investment companies described in sub-subdivision (e)(4)b. of this section shall not exceed eight and one half percent (8.5%) of the market value of all invested assets of the Retirement Systems, except that the market value of group trusts and individual, common, or collective trust funds of banks and trust companies shall not be applied against this limit.~~

...

(9) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets~~ may be invested in (i) a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection. ~~The amount invested under this subdivision shall not exceed eight and three quarters percent (8.75%) of the market value of all invested assets of the Retirement Systems.~~

(9a) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets~~ may be invested, within or outside the United States, in obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the ~~Treasurer~~ Investment Authority for the primary purpose of ~~providing protection against risks associated with inflation, along with owning real assets or related debt financing, including, but not limited to,~~ timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets. ~~The amount invested under this subdivision shall not exceed seven and one half percent (7.5%) of the market value of all invested assets of the Retirement Systems.~~

...

(10a) ~~With respect to Retirement Systems' assets, as defined in subdivision (8) of this subsection, the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems; and the~~ The aggregate market value of all assets invested pursuant to subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) (6c), (7), (8), (9), and (9a) of this subsection shall not exceed thirty five percent (35%) eighty percent (80%) of the market value of all invested assets of the Retirement

1 ~~Systems.~~Systems, including any digital assets invested pursuant to  
 2 G.S. 147-69.2E(c).

3 (10b) The market value of illiquid investments, as determined by the Board of  
 4 Directors, shall not exceed forty percent (40%) of the market value of all  
 5 invested assets of the Retirement System.

6 ...  
 7 (12) It is the intent of the General Assembly that the Escheat Fund provide a  
 8 perpetual and sustainable source of funding for the purposes authorized by the  
 9 State Constitution. Accordingly, the following provisions ~~apply:~~apply to the  
 10 assets of the Escheat Fund:

11 a. ~~With respect to~~The Investment Authority may invest the assets of the  
 12 ~~Escheat Fund, in addition to~~Fund in those investments authorized by  
 13 subdivisions (1) through (6) of this ~~subsection, up to ten percent (10%)~~  
 14 ~~subsection. Up to eighty percent (80%)~~ subsection. Up to eighty percent (80%) of the assets may be invested  
 15 in the investments authorized under subdivisions (6c) through (9a) of  
 16 this ~~subsection, notwithstanding the percentage limitations imposed on~~  
 17 ~~the Retirement Systems' investments under those subdivisions, and~~  
 18 ~~provided that the State Treasurer~~ subsection. The Investment  
 19 Authority may invest the assets as provided in subsection (e) of this  
 20 section.

21 ...  
 22 c. ~~The State Treasurer shall~~The Investment Authority may invest, in  
 23 addition to those investments authorized by sub-subdivision a. ten  
 24 percent (10%) of the net assets of the Escheat Fund as authorized under  
 25 G.S. 147-69.2A.

26 (b1) ~~The State Treasurer shall appoint an Investment Advisory Committee, which shall~~  
 27 ~~consist of seven members: the State Treasurer, who shall be chairman ex officio; two members~~  
 28 ~~selected from among the members of the boards of trustees of the Retirement Systems; and four~~  
 29 ~~members selected from the general public. All appointed members must have experience in areas~~  
 30 ~~relevant to the administration of a large, diversified investment program, including, but not~~  
 31 ~~limited to, investment management, securities law, real estate development, or absolute return~~  
 32 ~~strategies. The State Treasurer shall also appoint a Secretary of the Investment Advisory~~  
 33 ~~Committee who need not be a member of the committee. Members of the committee shall receive~~  
 34 ~~for their services the same per diem and allowances granted to members of the State boards and~~  
 35 ~~commissions generally. The committee shall have advisory powers only and membership shall~~  
 36 ~~not be deemed a public office within the meaning of Article VI, Section 9 of the Constitution of~~  
 37 ~~North Carolina or G.S. 128-1.1.~~

38 (b2) ~~The State Treasurer~~Investment Authority may invest funds deposited pursuant to  
 39 subdivision (a)(17f) of this section in any of the investments authorized under subdivisions (b)(1)  
 40 through (6), subdivision (b)(6c), and subdivision (b)(8) of this ~~section, notwithstanding the~~  
 41 ~~percentage limitations imposed on the Retirement Systems' investments therein.~~ section. The  
 42 State TreasurerInvestment Authority may require a minimum deposit, up to one hundred  
 43 thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per  
 44 annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to  
 45 this subsection by a hospital shall remain the funds of that hospital, and interest or other  
 46 investment income earned thereon shall be prorated and credited to the contributing hospital on  
 47 the basis of the amounts thereof contributed, figured according to sound accounting principles.  
 48 Fees assessed by theState TreasurerInvestment Authority may be used to defray the cost of  
 49 administering investments pursuant to this subsection and expenditures authorized under this  
 50 section.

1 (b3) The ~~State Treasurer~~ Investment Authority may invest funds deposited pursuant to  
2 subdivision (a)(16a) of this section in any of the investments authorized under subdivisions (1)  
3 through (6), subdivision (6c) and subdivision (b)(8) of this ~~section, notwithstanding the~~  
4 ~~percentage limitations imposed on the Retirement Systems' investments therein.~~ section. The  
5 ~~State Treasurer~~ Investment Authority may require a minimum deposit, up to one hundred  
6 thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per  
7 annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to  
8 this subsection by the University of North Carolina Hospitals at Chapel Hill shall remain the  
9 funds of the University of North Carolina Hospitals at Chapel Hill, and interest or other  
10 investment income earned thereon shall be prorated and credited to the University of North  
11 Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed, figured  
12 according to sound accounting principles. Fees assessed by the ~~State Treasurer~~ Investment  
13 Authority may be used to defray the cost of administering investments pursuant to this subsection  
14 and expenditures authorized under this section.

15 (b4) In addition to the investments authorized under subdivisions (b)(1) through (6) of this  
16 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited pursuant to  
17 subdivision (17g) of subsection (a) of this section in any of the investments authorized under  
18 subdivisions (b)(6c) and (b)(8) of this ~~section, notwithstanding the percentage limitations~~  
19 ~~imposed on the Retirement Systems' investments therein.~~ section. Funds deposited pursuant to  
20 this subsection by a Local Government Other Post-Employment Benefits Trust and interest or  
21 other investment income earned from those funds shall be prorated and credited to the  
22 contributing trust on the basis of the amounts contributed, figured according to sound accounting  
23 principles. For investments under subdivisions (b)(6c) and (b)(8) of this section, the ~~State~~  
24 ~~Treasurer~~ Investment Authority may require a minimum deposit of up to one hundred thousand  
25 dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a  
26 condition of participation pursuant to this subsection. Fees assessed by the ~~State Treasurer~~  
27 Investment Authority may be used to defray the costs of administering the Fund and expenditures  
28 authorized under this section.

29 (b5) In addition to the investments authorized under subdivisions (b)(1) through (6) of this  
30 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Local  
31 Government Law Enforcement Special Separation Allowance Fund in any of the investments  
32 authorized under subdivisions (b)(6c) and (b)(8) of this ~~section, notwithstanding the percentage~~  
33 ~~limitations imposed on the Retirement Systems' investments therein.~~ section. For investments  
34 from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer~~  
35 Investment Authority may require a minimum deposit of up to one hundred thousand dollars  
36 (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of  
37 making the investment. The fee may be used to defray the costs of administering the Fund and  
38 expenditures authorized under this section.

39 (b6) In addition to the investments authorized under subdivisions (b)(1) through (6) of this  
40 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Catawba  
41 Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust  
42 Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this ~~section,~~  
43 ~~notwithstanding the percentage limitations imposed on the Retirement Systems' investments~~  
44 ~~therein.~~ section. For investments from the Funds made under subdivisions (b)(6c) and (b)(8) of  
45 this section, the ~~State Treasurer~~ Investment Authority may require a minimum deposit of up to  
46 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points  
47 per annum as a condition of making the investment. The fee may be used to defray the costs of  
48 administering the Fund and expenditures authorized under this section.

49 (b7) In addition to the investments authorized under subdivisions (b)(1) through (6) of this  
50 section, the ~~State Treasurer~~ Investment Authority may invest funds deposited in the Swain  
51 County Settlement Trust Fund in any of the investments authorized under subdivision (b)(8) of



1 this section, ~~notwithstanding the percentage limitations imposed on the Retirement Systems'~~  
2 ~~investments therein.~~ section. For investments from that Fund made under subdivision (b)(8) of  
3 this section, the ~~State Treasurer Investment Authority~~ may require a minimum deposit of up to  
4 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points  
5 per annum as a condition of making the investment. The fee may be used to defray the costs of  
6 administering the Fund and expenditures authorized under this section.

7 (b8) In addition to the investments authorized under subdivisions (b)(1) through (6) of this  
8 section, the ~~State Treasurer Investment Authority~~ may invest funds deposited pursuant to  
9 subdivision (24) of subsection (a) of this section in any of the investments authorized under  
10 subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations  
11 imposed on the Retirement Systems' investments therein. For investments from that Fund made  
12 under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer Investment Authority~~  
13 may require a minimum deposit of up to fifty thousand dollars (\$50,000) and may assess  
14 reasonable fees of up to 15 basis points per annum as a condition of making the investment. The  
15 fee may be used to defray the costs of administering investments and expenditures authorized  
16 under this section.

17 ...

18 (d) The ~~State Treasurer Investment Authority~~ may invest funds deposited pursuant to  
19 subdivisions (17i), (17j), (17k), (17l), and (17n) of subsection (a) of this section in any of the  
20 investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b)  
21 of this section. The ~~State Treasurer Investment Authority~~ may require a minimum deposit, up to  
22 one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis  
23 points, as a condition of participation pursuant to this subsection. Fees assessed by the ~~State~~  
24 ~~Treasurer Investment Authority~~ may be used to defray the costs of administering the funds and  
25 expenditures authorized under this section. Funds deposited pursuant to this subsection shall  
26 remain the funds of the North Carolina Conservation Easement Endowment Fund, the  
27 Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration  
28 Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income  
29 earned thereon shall be prorated and credited to the North Carolina Conservation Easement  
30 Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian  
31 Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts  
32 contributed to the respective Funds, figured according to sound accounting principles.

33 (e) Investments made pursuant to this section may be made as internally managed  
34 investments by the ~~State Treasurer Investment Authority~~ or may be made through third-party  
35 investment management arrangements, under the following conditions:

- 36 (1) Internally managed portfolios shall be subject to industry standard portfolio  
37 ~~guidelines developed with periodic consultation by the Investment Advisory~~  
38 ~~Committee guidelines.~~
- 39 (2) In assessing whether to invest directly or to utilize indirect third-party  
40 investment management arrangements, the ~~State Treasurer Investment~~  
41 ~~Authority~~ shall consider all relevant material factors ~~he or she considers~~  
42 ~~relevant to the decision~~ consistent with the ~~Treasurer's Investment Authority's~~  
43 fiduciary duties under ~~G.S. 147-69.7, G.S. 147-70.6,~~ including financial,  
44 operational, and investment expertise and resources, alignment of interests  
45 and investor protections, transparency and repeatability of investment process,  
46 risk controls, and cost-effectiveness.
- 47 (3) ~~For any third party investment management arrangements, the investment~~  
48 ~~manager must have total assets under management of at least one hundred~~  
49 ~~million dollars (\$100,000,000) at the inception of the investment management~~  
50 ~~arrangement with the State Treasurer.~~

1 (4) Third-party investment management arrangements may be with persons and  
2 legal entities located within or outside the United States, including through  
3 any of the following:

4 a. Contractual arrangements in which the investment manager has  
5 delegated discretion and authority to invest assets.

6 b. Investment companies as defined under United States generally  
7 accepted accounting principles as promulgated by the Financial  
8 Accounting Standards Board, including without limitation entities  
9 registered under the Investment Company Act of 1940; individual,  
10 common, or collective trust funds of banks and trust companies;  
11 limited partnerships; limited liability companies or other limited  
12 liability investment vehicles; and insurance contracts that provide for  
13 participation in individual or pooled separate accounts of insurance  
14 companies.

15 Any limited liability investment vehicles organized by the ~~State Treasurer~~  
16 Investment Authority shall be deemed investment companies for the purposes  
17 of this ~~subsection~~subdivision.

18 (5) Investment companies shall provide annual audited financial statements to the  
19 ~~State Treasurer, Investment Authority~~, unless the ~~State Treasurer Investment~~  
20 Authority waives the requirement after conducting a cost-benefit analysis.

21 (6) In connection with any investment otherwise authorized under this section,  
22 the ~~State Treasurer Investment Authority~~ may enter into an indemnification  
23 agreement provided that, under any agreement, the liability of the ~~State~~  
24 ~~Treasurer Investment Authority~~ will be limited to the amount of the ~~State~~  
25 ~~Treasurer's Investment Authority's~~ contractual investment.

26 **"§ 147-69.2A. Investments; special funds held by the State Treasurer.**

27 (a) ~~Firm to Administer Special Fund.— Following a public procurement process, a~~  
28 ~~designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the~~  
29 ~~House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly~~  
30 ~~and unanimously~~ Venture Capital Multiplier Fund. – The Investment Authority may select a  
31 third-party professional investment management firm, subject to the rules and regulations of the  
32 U.S. Securities and Exchange Commission, to administer a special fund created to invest assets  
33 ~~described in G.S. 147-69.2(b)(12)c. of the Escheats Fund~~ and select investment opportunities  
34 appropriate for receiving allocations from the Venture Capital Multiplier Fund on the basis of  
35 potential return on investment and the risks attendant thereto. The State Treasurer Investment  
36 Authority shall assign professional and clerical staff to assist in the oversight of the Venture  
37 Capital Multiplier Fund. All costs for the third-party investment management firm and the  
38 professional and clerical staff shall be borne by the Venture Capital Multiplier Fund pursuant to  
39 G.S. 147-69.3(f). The State Treasurer Investment Authority shall discharge his or her its duties  
40 with respect to the Venture Capital Multiplier Fund as a fiduciary consistent with  
41 G.S. 147-69.7.G.S. 147-70.6.

42 (b) Organization and Reporting. – ~~All documents of the Governor or the State Treasurer~~  
43 ~~concerning the Fund are public records governed by Chapter 132 of the General Statutes and any~~  
44 ~~applicable provisions of the General Statutes protecting confidential information.~~

45 ~~The State Treasurer and the Governor shall jointly~~ The Investment Authority shall develop  
46 and adopt an investment policy statement for the Venture Capital Multiplier Fund.

47 ~~The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts~~  
48 ~~of interests such that (i) the designees of the State Treasurer and Governor who selected the~~  
49 ~~third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,~~  
50 ~~and (iii) the third-party investment management firm's employees selecting or overseeing Fund~~  
51 ~~investments do not provide services for compensation (as an employee, consultant, or otherwise),~~

1 within two years after the end of their service to the Fund, to any entity in which an investment  
2 from the Fund was made.

3 (b1) Conflict of Interest Policy. – The Investment Authority shall adopt a policy to prevent  
4 conflicts of interest. This policy shall include a provision prohibiting all of the following  
5 individuals from providing services for compensation to any entity in which an investment from  
6 the Venture Capital Multiplier Fund was made within two years after the end of that individual's  
7 service to the Fund:

8 (1) The designee of the State Treasurer and Governor who selected the third-party  
9 investment management firm prior to the creation of the Investment Authority.

10 (2) The designee of the Investment Authority who selected the third-party  
11 investment management firm.

12 (3) The staff of the Department of State Treasurer or of the Investment Authority  
13 overseeing the Fund.

14 (4) The third-party investment management firm's employees selecting or  
15 overseeing Fund investments.

16 (c) Types of Investments. – Assets of the Venture Capital Multiplier Fund may be  
17 invested in those types of investments authorized for the North Carolina Retirement Systems by  
18 G.S. 147-69.2(b), notwithstanding the percentage limitations imposed on the Retirement  
19 Systems' investments under those subdivisions.G.S. 147-69.2(b).

20 (d) Report on Escheat Fund Financial Status. – The State ~~Treasurer~~Treasurer, in  
21 coordination with the Investment Authority, shall engage a third-party professional consultant to  
22 conduct an assessment and projection of the financial status of the Escheat Fund. A third-party  
23 professional consultant may be engaged to conduct the required assessment. The associated costs  
24 for the services may be directly charged to the Escheat Fund. ~~The~~ No later than December 31 of  
25 each year, the State Treasurer shall communicate the assessment of the consultant in an annual  
26 report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore  
27 of the Senate, and the chairs of the respective appropriations and appropriate substantive  
28 committees of each chamber. The annual report shall evaluate ~~include~~ all of the following:

29 (1) An evaluation of claims by owners upon the Escheat Fund, current and  
30 projected investment returns, ~~and~~ projected contributions to the Escheat Fund,  
31 current and projected legislative appropriations, and authorized expenses. ~~In~~  
32 the report, the State Treasurer shall assess

33 (2) An assessment of the State Treasurer, with the assistance of the Investment  
34 Authority of the status of utilizing the Escheat Fund as an endowment fund  
35 and shall recommend a recommendation of an annual amount available for the  
36 funding of scholarships, loans, and grants from the Fund. ~~The annual report~~  
37 shall be presented no later than December 31 of each year.

38 **"§ 147-69.2E. Investments in digital assets.**

39 (a) The following definitions apply in this section:

40 (1) Designated funds. – Any of the funds described in G.S. 147-69.1(b) and  
41 G.S. 147-69.2(a).

42 (2) Digital asset. – A virtual currency, cryptocurrency, native electronic asset,  
43 stablecoin, nonfungible token, or any other asset that is only digital and that  
44 confers economic, proprietary, or access rights or powers.

45 (3) Private key. – A unique element of cryptographic data used for signing  
46 transactions on a blockchain that is known to the owner of the unique element.

47 (4) Secure custody solution. – A technological product or a blended product and  
48 service that employs advanced security measures to safeguard private keys  
49 and prevent unauthorized access.

50 (b) The Investment Authority may invest the cash of the designated funds in digital assets  
51 only after approval by the Board of Directors. The approval shall be based on an independent

1 assessment by a third-party consultant that all of the following requirements for proposed  
2 investments have been met:

- 3 (1) The digital assets are maintained with a secure custody solution.
- 4 (2) The risk and reward profile, including under adverse scenarios, is appropriate  
5 for the designated fund's circumstances from a total portfolio perspective.
- 6 (3) The control environment meets institutional investment industry requirements  
7 for independent risk and compliance oversight, operational robustness, and  
8 regulatory compliance.

9 (c) An investment in digital assets from any of the designated funds shall not exceed, in  
10 the aggregate, five percent (5%) of the balance of the designated fund.

11 **"§ 147-69.3. Administration of State Treasurer's Investment Authority's investment**  
12 **programs.**

13 (a) The State Treasurer shall deposit with the Investment Authority assets of the funds  
14 under G.S. 147-69.1 and the special funds under G.S. 147-69.2. The Investment Authority shall  
15 establish, maintain, administer, manage, and operate within the Department of State Treasurer  
16 one or more investment programs for the deposit and to the credit of the State Treasurer of the  
17 investment of assets pursuant to the provisions of G.S. 147-69.1 and G.S. 147-69.2. Different of  
18 the funds under G.S. 147-69.1 and the special funds under G.S. 147-69.2. Funds of each of the  
19 Retirement Systems and other funds held by the State Treasurer Investment Authority may be  
20 invested collectively or separately in the State Treasurer's Investment Authority's discretion  
21 consistent with the fiduciary duties stated in G.S. 147-69.7 under G.S. 147-70.6.

22 (b) Any official, board, commission, other public authority, local government, school  
23 administrative unit, charter school, local ABC board, or community college of the State having  
24 custody of any funds not required by law to be deposited with and invested by the State Treasurer  
25 or the Investment Authority may deposit all or any portion of those funds with the State Treasurer  
26 Investment Authority for investment in one of the investment programs established pursuant to  
27 authorized under this section, subject to any provisions of law with respect to eligible  
28 investments, provided that any investments. Any occupational licensing board as defined in  
29 G.S. 93B-1 may participate in one of the investment programs established pursuant to authorized  
30 under this section regardless of whether or not the funds were required by law to be deposited  
31 with and invested by the State Treasurer. Treasurer or the Investment Authority. In the absence  
32 of specific statutory provisions to the contrary, any of those funds described in this subsection  
33 may be invested by the Investment Authority in accordance with the provisions of G.S. 147-69.2  
34 and 147-69.3. Upon request from any depositor eligible under this subsection, the State Treasurer  
35 may authorize moneys invested pursuant to this subsection to be withdrawn by warrant on the  
36 State Treasurer.

37 (c) The State Treasurer's Investment Authority's investment programs shall be so  
38 managed that that, in the judgment of the State Treasurer Investment Authority, funds may be  
39 readily converted into cash when needed.

40 (d) Except as provided by G.S. 147-69.1(d), the total return earned on investments shall  
41 accrue pro rata to the fund whose assets are invested according to the formula prescribed by the  
42 State Treasurer with the approval of the Governor and Council of State. invested.

43 (e) The State Treasurer Investment Authority has full powers as a fiduciary to hold,  
44 purchase, sell, assign, transfer, lend and dispose of any of the securities or investments in which  
45 any of the investment programs created pursuant to this section have been invested, and may  
46 reinvest the proceeds from the sale of those securities or investments and any other investable  
47 assets of the program.

48 (f) The cost of administration, management, and operation of investment programs  
49 established pursuant to this section shall be apportioned and paid equitably among the programs  
50 in a manner prescribed by the State Treasurer Investment Authority, including through  
51 administrative fees if approved by the Board of Directors. To the extent not otherwise chargeable

1 directly to the income or assets of a specific investment program or pooled investment vehicle,  
2 the cost of administration, management, and operation of investment programs established  
3 pursuant to this section shall be paid from the income and assets of the investment programs.  
4 Any apportionment and payment under this section shall be accounted for in a manner determined  
5 by the ~~State Treasurer~~Investment Authority.

6 ~~(g) The State Treasurer is authorized to retain the services of independent appraisers,~~  
7 ~~auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other~~  
8 ~~persons or firms possessing specialized skills or knowledge necessary for the proper~~  
9 ~~administration of investment programs created pursuant to this section.~~

10 (g1) Notwithstanding G.S. 114-8.3, the Investment Authority's designated attorneys shall  
11 review all proposed investment contracts and all proposed contracts for investment-related  
12 services entered into pursuant to the Investment Authority's authority under this Article. All of  
13 the following apply to the required review:

14 (1) This review shall include confirmation that a proposed contract meets all of  
15 the following criteria:

16 a. The proposed contract is in proper legal form.

17 b. The proposed contract is legally enforceable to the extent governed by  
18 North Carolina law.

19 c. The proposed contract accomplishes the intended purposes of the  
20 contract.

21 (2) The Investment Authority's designated attorneys shall establish procedures  
22 regarding the review.

23 (3) The required review does not constitute approval or disapproval of the policy  
24 merit, or lack thereof, of the proposed contract.

25 (4) A designated attorney under this subsection includes any attorney employed  
26 or retained by the Investment Authority to review contracts as required by this  
27 subsection.

28 (5) For purposes of this subsection, "investment contract" means investments to  
29 be acquired, held, or sold, directly or indirectly, by or for the Investment  
30 Authority or an investment entity created by the Investment Authority, either  
31 on its own behalf or on behalf of another beneficial owner.

32 ...

33 ~~(i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment~~  
34 ~~Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each~~  
35 ~~year.~~

36 ...

37 ~~(i3) The Treasurer~~Investment Authority may invest in the countries of Sudan and South  
38 Sudan to the extent not prohibited by the United States Government, or to the extent that such  
39 investment is part of an index or index replication strategy, a commingled fund, limited  
40 partnership, or similar investment vehicle, or a derivative instrument.

41 ~~(j) Subject to the provisions of G.S. 147-69.1(d), the State Treasurer shall~~Investment  
42 Authority may adopt any rules necessary to carry out the provisions of this section.

43 ...

44 **"§ 147-69.4A. Support and assistance; Supplemental Retirement Board of Trustees.**

45 (a) The Supplemental Retirement Board of Trustees, as established under G.S. 135-96,  
46 may request the Investment Authority to provide monitoring, evaluation, reporting, and other  
47 support or assistance for the investments of the Supplemental Retirement Income Plan of North  
48 Carolina and the North Carolina Public Employee Deferred Compensation Plan.

49 (b) Upon the consent of the Investment Authority to provide requested support or  
50 assistance under this section, the Investment Authority's responsibilities shall be documented in  
51 a Statement of Investment Policy approved by the Supplemental Retirement Board of Trustees.

1 (c) In providing any support or assistance under this section, the Investment Authority  
2 shall discharge its duties as a fiduciary to the participants in the Supplemental Retirement Income  
3 Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

4 **"§ 147-69.5. Local Government Law Enforcement Special Separation Allowance Fund.**

5 The Local Government Law Enforcement Special Separation Allowance Fund is established  
6 as a fund in the Office of the State Treasurer under the management of the ~~Treasurer~~-Investment  
7 Authority. The Fund consists of contributions made by entities authorized to make contributions  
8 to the Fund and interest and other investment income earned by the Fund. Contributions to the  
9 Fund are irrevocable. Assets of the Fund may be used only to provide law enforcement special  
10 separation allowance benefits to individuals who are former employees of a unit of local  
11 government that contributes to the Fund and are entitled to law enforcement special separation  
12 allowance payable by the unit. The assets of the Fund are not subject to the claims of creditors  
13 of an entity that contributes to the Fund.

14 **"§ 147-69.6. Swain County Settlement Trust Fund.**

15 (a) The Swain County Settlement Trust Fund is established as a special fund in the Office  
16 of the State Treasurer under the management of the ~~Treasurer~~. ~~The Treasurer~~-Investment  
17 Authority. The Investment Authority may invest the assets of the Fund in any of the investments  
18 authorized under subdivisions (b)(1) through (6) and subdivision (b)(8) of G.S. 147-69.2. The  
19 Fund shall consist of the proceeds of any payments made by the United States in settlement of  
20 the 1943 agreement between Swain County and the United States Department of Interior, such  
21 other contributions as Swain County or other entities may choose to make to the Fund, and the  
22 interest and other investment income earned by the Fund. For the purposes of this section, the  
23 initial balance of the Fund shall be defined as fifty-two million dollars (\$52,000,000).

24 ...."

25 **SECTION 38.3.(b)** Part 3 of Article 6 of Chapter 147 of the General Statutes, as  
26 created and amended by Section 38.1 of this act, reads as rewritten:

27 "Part 3. Reports and Audits.

28 **"§ 147-69.8. Annual report on new investment authority.**

29 Whenever the General Assembly broadens the investment authority of the ~~State Treasurer~~  
30 Investment Authority as to the General Fund, the Teachers' and State Employees' Retirement  
31 System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad  
32 Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative  
33 Retirement System, the North Carolina National Guard Pension Fund, or any idle funds, the ~~State~~  
34 ~~Treasurer~~-Investment Authority shall annually report in detail to the General Assembly the  
35 investments made under such new authority, including the returns on those investments, earnings,  
36 changes to value, and gains and losses in disposition of such investments. The report shall be  
37 made no later than the first six months of each calendar year, covering performance in the prior  
38 fiscal year. As to each type of new investment authority, the report shall be made for at least four  
39 years. To the extent the information required by this section is also required in the reports under  
40 G.S. 147-69.12, the ~~State Treasurer~~-Investment Authority may combine reports or make  
41 cross-reference to those reports.

42 **"§ 147-69.9. Third-party audit of State Treasurer's investments.**

43 (a) In addition to all other audits and reports required by the law, the State ~~Treasurer~~  
44 Treasurer, with the active assistance of the Investment Authority, shall prepare and issue, at the  
45 end of each fiscal year ~~beginning with the 2015-2016 fiscal year~~, ~~year~~, a set of consolidated  
46 stand-alone financial statements regarding investments authorized in G.S. 147-69.1 and  
47 G.S. 147-69.2. These financial statements shall be audited by a commercial independent  
48 third-party audit firm selected and engaged by the State ~~Treasurer~~. Treasurer, in consultation with  
49 the Investment Authority. The audit firm's report and the financial statement shall be provided to  
50 the Joint Legislative Commission on Governmental Operations, the House of Representative

1 Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal  
2 Research Division within six months after the closing of the reporting period.

3 (b) The management discussion and analysis section of the report accompanying the  
4 financial statements shall be prepared by the Investment Authority and shall include a discussion  
5 of the investment programs' risk and returns compared to benchmarks, total management fees  
6 and incentives paid, and comparison to peer cost benchmarks.

7 **"§ 147-69.10. Investment policies and performance reviews of Retirement Systems**  
8 **investment programs.**

9 (a) On at least a biennial basis, the ~~State Treasurer~~ Chief Investment Officer shall present  
10 an investment policy statement to the ~~Investment Advisory Committee~~ Board of Directors for the  
11 ~~Committee's consultation approval.~~ The investment policy statement must include descriptions  
12 of investment objectives and strategy, roles and responsibilities, permissible asset classes, asset  
13 allocation targets and ranges, risk management and compliance guidelines, and evaluation  
14 criteria necessary to measure investment performance.

15 (b) At least once every four years, the ~~State Treasurer~~ Investment Authority shall engage  
16 a commercial independent expert firm, pursuant to ~~G.S. 147-69.3(g), G.S. 147-71.2(c), to~~  
17 evaluate the governance, operations, and investment practices of the ~~State Treasurer~~ Investment  
18 Authority in order to develop recommendations for improvement. ~~The State Treasurer must~~  
19 ~~consult with the Investment Advisory Committee to develop the scope of the evaluation.~~ The  
20 report of the independent expert firm shall be provided to the Joint Legislative Commission on  
21 Governmental Operations, the House of Representatives Appropriations Committee, the Senate  
22 Appropriations/Base Budget Committee, and the Fiscal Research Division within 30 days of  
23 receipt.

24 **"§ 147-69.12. Reporting on the State Treasurer's Investment Authority's investment**  
25 **programs.**

26 (a) ~~No later than the tenth day of February, May, August, and November of each year,~~  
27 ~~the State Treasurer shall report on all investments for which the State Treasurer is in any way~~  
28 ~~responsible, including investments made from the Escheat Fund and return on investment as~~  
29 ~~provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu of the report~~  
30 ~~required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each of the~~  
31 ~~following:~~

32 (1) ~~A specific listing of all direct and indirect placement fees, asset fees,~~  
33 ~~performance fees, and any other money management fees incurred by the~~  
34 ~~State in the management of the Retirement Systems defined in~~  
35 ~~G.S. 147-69.2(b)(8). In the event that the market value of any of subdivision~~  
36 ~~(6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of~~  
37 ~~G.S. 147-69.2 increases during a fiscal year by an amount greater than three~~  
38 ~~percent (3%) of the market value of all invested assets of the Retirement~~  
39 ~~Systems as of the prior fiscal year end, then the quarterly report provided shall~~  
40 ~~describe how that increase complies with the duties described in~~  
41 ~~G.S. 147-69.7 and the consequent expected impact on the risk profile of the~~  
42 ~~Retirement Systems' assets.~~

43 (2) ~~A specific listing of all investments made with certified green managers and~~  
44 ~~companies and funds that support sustainable practices, including the names~~  
45 ~~of the companies, managers, and funds, the amount invested, and the State's~~  
46 ~~return on investment.~~

47 (3) ~~For bank balances:~~

48 a. ~~The State's total bank balance with the State Treasurer, including the~~  
49 ~~amount of cash on hand and money on deposit.~~

- 1                    b.        For each bank or other qualified depository utilized by the State  
2                    Treasurer to hold cash balances, (i) the name of each depository and  
3                    (ii) current quarter end cash balances.
- 4                    (4)       For the State Treasurer's cash management programs:  
5                    a.        Total assets.  
6                    b.        Duration of investments.  
7                    c.        Rate of return, including a comparison to an appropriate benchmark,  
8                    if available.
- 9                    (5)       For the Retirement Systems, as defined in G.S. 147-69.2(b)(8), reported  
10                    separately for each asset class authorized by G.S. 147-69.2(b):  
11                    a.        Total assets.  
12                    b.        Rate of return, including a comparison to an appropriate benchmark,  
13                    if available.  
14                    c.        Percentage of the total assets that are invested in the asset class and the  
15                    limitation, if any, on the percentage under G.S. 147-69.2(b).
- 16                    (6)       For each investment program created under G.S. 147-69.3:  
17                    a.        The financial condition of each investment program.  
18                    b.        A full and complete statement of all moneys invested by virtue of the  
19                    provisions of G.S. 147-69.1 and G.S. 147-69.2.  
20                    c.        The nature and character of the investments.  
21                    d.        The revenues derived from the investments, net of fees and expenses.  
22                    e.        The costs of administering, managing, and operating the investment  
23                    programs, including the recapture of any investment commissions.  
24                    f.        The location on the State Treasurer's Web site where the public may  
25                    find a statement of the investment policies for the revenues invested.  
26                    g.        Any other information that may be helpful in understanding the State  
27                    Treasurer's investment policies, investment practices, and investment  
28                    results.  
29                    h.        Any other information requested by the House of Representatives and  
30                    Senate Finance Committees.  
31                    i.        The location on the State Treasurer's Web site where the public may  
32                    find a list of new commitments to external investment managers.  
33                    j.        The location on the State Treasurer's Web site where the public may  
34                    find information on the use of placement agents by investment  
35                    managers.
- 36                    (7)       For all other investments with or on behalf of the State or any of its agencies  
37                    or institutions:  
38                    a.        The particular agency or institution, fund, rate of return, and duration  
39                    of the investment.  
40                    b.        The amount of deposit on all noninterest bearing accounts.
- 41                    (a1)     On a monthly basis, the Investment Authority shall report on the performance of all  
42                    investments for which the Investment Authority is in any way responsible. The monthly report  
43                    shall include all of the following information:  
44                    (1)       The beginning and ending market value of each investment program and  
45                    deposits or withdrawals.  
46                    (2)       The rate of return, net of all fees, and expenses for various time periods,  
47                    including comparisons to an appropriate benchmark, if available. For the  
48                    Retirement Systems' investment program, asset class level information shall  
49                    also be provided.  
50                    (3)       The asset allocation of each investment program and compliance with any  
51                    statutory limitations or limitations set by the Board of Directors.



- 1           (4)    All of the following information for each investment program:  
 2            a.     The location on the Investment Authority's website where the public  
 3                may find a statement of the investment policies.  
 4            b.     The location on the Department's or Investment Authority's website  
 5                where the public may find a list of new commitments to external  
 6                investment managers and on the use of placement agents by  
 7                investment managers.  
 8            c.     Any other information that may be helpful in understanding the  
 9                Investment Authority's investment policies, investment practices, and  
 10               investment results.

11           (b)    No later than the date set by G.S. 147-69.9 for the submission of consolidated  
 12 stand-alone financial statements, the ~~State Treasurer~~ Investment Authority shall report annually  
 13 on the fees and performance of all externally and internally managed investments for the  
 14 Retirement Systems defined in ~~G.S. 147-69.2(b)(8)~~ Systems. Externally managed investments  
 15 shall be reported on the basis of each investment vehicle or investment manager, as applicable.  
 16 Internally managed investments shall be reported on a portfolio-by-portfolio basis. The ~~State~~  
 17 ~~Treasurer's~~ Investment Authority's annual report shall include all of the following, as applicable,  
 18 reported separately for each investment:

- 19           (1)    The name, commitment amount, statutory classification, and inception year.  
 20           (2)    Either a statement that the investment is managed internally by the staff of the  
 21 ~~State Treasurer~~ Investment Authority or the names of the external investment  
 22 manager and the investment vehicle for that investment.  
 23           (3)    ~~Value~~ The value of the investment.  
 24           (4)    ~~Dollar~~ The dollar amount of the management fees and incentive fees.  
 25           (5)    For ~~investment grade fixed income or public equity investments, public~~  
 26 ~~market investment manager accounts~~, the periodic net annualized  
 27 time-weighted rate of return for that fiscal year and since inception, reported  
 28 net of fees.  
 29           (6)    For all investments other than ~~investment grade fixed income or public equity~~  
 30 ~~investments, public market investment manager accounts~~, all of the following:  
 31            a.     The net annualized internal rate of return and investment multiple  
 32                since inception, reported net of fees.  
 33            b.     The total cash contributions or other investments ~~made by the State~~  
 34 ~~Treasurer made~~.  
 35            c.     The total distribution received ~~by the State Treasurer~~ with respect to  
 36                that investment since inception, reported net of fees.  
 37           (7)    ~~For any fund of funds investment vehicles, the aggregate management fees~~  
 38 ~~and incentive fees for the underlying investment managers or investment~~  
 39 ~~vehicles used by the external investment manager.~~  
 40           (8)    If any placement agent fees relating to the investment were directly or  
 41 indirectly borne by the ~~State Treasurer~~ Investment Authority or Retirement  
 42 Systems, a list of the amount and type of those fees.

43           (c)    The Treasurer shall report to the Governor annually the exact balance in the treasury  
 44 to the credit of the State, with a summary of the receipts and payments of the treasury during the  
 45 preceding fiscal year, and so far as practicable an account of the same down to the termination  
 46 of the current calendar year.

47           (d)    The reports required by this section shall be delivered to the Joint Legislative  
 48 Commission on Governmental Operations, chairs of the House of Representatives and Senate  
 49 Appropriations Committees, chairs of the House of Representative and Senate Finance  
 50 Committees, Fiscal Research Division, Governor, Council of State, and State Auditor. The

1 reports shall also be made available for public review, ~~including by posting on the State~~  
 2 ~~Treasurer's Web site.~~

3 ~~A copy of a report on any State Treasurer investment program shall be sent to review by the~~  
 4 ~~official, institution, board, commission, or other agency investing in that program.~~ the programs,  
 5 including by posting on the Investment Authority's website."

6 **SECTION 38.3.(c)** G.S. 147-70.6, as created by Section 38.1 of this act, reads as  
 7 rewritten:

8 "**§ 147-70.6. Discharge of duties to funds.**

9 (a) ~~The State Treasurer~~ Investment Authority, including the Board of Directors, shall  
 10 discharge ~~his or her~~ all duties with respect to each fund or investment program held by the  
 11 Investment Authority to the credit of the State Treasurer, including each of the funds, funds  
 12 enumerated in G.S. 147-69.2 as follows: G.S. 147-69.1 and G.S. 147-69.2, in all of the following  
 13 manners:

- 14 (1) Solely in the interest of the intended beneficiaries of the fund, if any.
- 15 (2) For the exclusive purpose of carrying out the purpose of the fund, including  
 16 providing benefits to participants and beneficiaries, and paying reasonable  
 17 expenses of administering the fund.
- 18 (3) With the care, skill, and caution that a prudent investor would use after  
 19 considering the purposes, distribution requirements, and other circumstances  
 20 then prevailing.
- 21 (4) Impartially, taking into account any differing interests of participants and  
 22 beneficiaries.
- 23 (5) Incurring only costs that are appropriate and reasonable.
- 24 (6) In accordance with a good-faith interpretation of the provisions of  
 25 G.S. 147-69.2 and any other applicable law governing the fund.

26 (b) In investing and managing assets of ~~the any fund or investment program~~ pursuant to  
 27 subsection (a) of this section, the ~~State Treasurer~~ Investment Authority shall do all of the  
 28 following:

- 29 (1) ~~Shall consider~~ Consider all of the following circumstances:  
 30 a. General economic conditions.  
 31 b. The possible effect of inflation or deflation.  
 32 c. The role that each investment or course of action plays within the  
 33 overall portfolio of the fund.  
 34 d. The expected total return from income and the appreciation of capital.  
 35 e. Needs for liquidity, regularity of income, and preservation or  
 36 appreciation of capital.  
 37 f. With respect to the Retirement Systems ~~defined in G.S. 147-69.2(b)(8)~~  
 38 and any other pension plans, the adequacy of funding for the  
 39 Retirement Systems or other pension plan based on reasonable  
 40 actuarial factors.  
 41 g. The purpose of the fund, if established.
- 42 (2) ~~Shall diversify~~ Diversify the investments of the ~~fund-fund,~~ unless the ~~State~~  
 43 ~~Treasurer~~ Investment Authority reasonably determines that, because of  
 44 special circumstances, including applicable investment restrictions, it is  
 45 clearly prudent not to do so.
- 46 (3) ~~Shall make~~ Make a reasonable effort to verify facts relevant to the investment  
 47 and management of assets of the funds.
- 48 (4) ~~Shall invest only in those investments authorized by law consistent with the~~  
 49 ~~provisions of Article 6 of Chapter 146 of the General Statutes.~~

(5) ~~Shall, in~~ In the evaluation of an investment, or in the evaluation or exercise of any right appurtenant to an investment, consider only pecuniary ~~factors:~~ factors as follows:

- a. For the purposes of this section, a pecuniary factor is a factor that has a material effect on the financial risk or financial return of an investment based on appropriate investment horizons consistent with the purpose of the fund, if established.
- b. Environmental or social considerations are pecuniary factors only if they present economic risks or opportunities that qualified investment professionals would treat as material economic considerations under generally accepted investment theories. The weight given to those factors shall solely reflect a prudent assessment of their impact on risk and return.

~~(6) May,~~

(b1) In investing and managing assets of any fund or investment program pursuant to subsection (a) of this section, the Investment Authority may, in the evaluation or exercise of any right appurtenant to an investment, reasonably conclude that not exercising such a that right is in the best interest of the fund's beneficiaries.

(c) Compliance by the ~~State Treasurer~~ Investment Authority with this section must be determined in light of the facts and circumstances existing at the time of the ~~Treasurer's~~ Investment Authority's decision or action and not by hindsight.

(d) The ~~State Treasurer's~~ Investment Authority's investment and management decisions must be evaluated not in isolation but in the context of the portfolio of the fund as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund.

(e) ~~Notwithstanding any of the foregoing, the State Treasurer~~ other provision of this section to the contrary, the Investment Authority shall have no duty to assist or advise any official, board, commission, local government, other public authority, school administrative unit, local ABC board, community college of the State, or other person, trust, agency, institution, or entity in connection with any of the following decisions and directions with respect to any funds to be deposited with the State Treasurer and invested by the State Treasurer: Investment Authority.

- (1) The voluntary decision to deposit or withdraw funds in accordance with applicable law in one or more of the ~~State Treasurer's~~ Investment Authority's investment programs.
- (2) The voluntary direction as to the allocation of deposited funds in accordance with applicable law among the ~~State Treasurer's~~ Investment Authority's investment programs.
- (3) Any other decision or direction by which the depositor exercises control over assets deposited or to be deposited with the State Treasurer or the Investment Authority in accordance with applicable law."

**SECTION 38.3.(d)** G.S. 147-71.2(a), as enacted by Section 38.2(b) of this act, is amended by adding a new subdivision to read:

"(6) The Board of Directors has the following liquidity monitoring duties:

- a. Upon the quarterly receipt of liquidity monitoring requirements from the Chief Investment Officer, the Board of Directors shall ensure that a portion of the Retirement Systems' invested assets are at all times available to be converted in an orderly fashion to cash proceeds sufficient to meet projected net benefit payments and highly probable contractual obligations.

- 1                    b. The Board of Directors shall annually certify the allocation of illiquid  
2                    investment.  
3                    c. If the Board of Directors determines that liquidity is insufficient, then  
4                    the Board of Directors may direct the CIO to pause new contractual  
5                    commitments to illiquid investments or implement other mitigation  
6                    activities."

7                    **SECTION 38.3.(e)** G.S. 147-72.1, as enacted by Section 38.2(b) of this act, is  
8 amended by adding a new subsection to read:

9                    "(e) Management of Retirement Systems Investments. – The Chief Investment Officer  
10 shall manage the Retirement Systems investments to remain within the approved absolute risk  
11 operating range set by the Board of Directors in accordance with G.S. 147-71.2(a)(4)."

12                    **SECTION 38.3.(f)** Rules adopted by the State Treasurer in effect as of December  
13 31, 2025, and that are impacted by the change in authority under this section shall remain in  
14 effect until amended by the Investment Authority, amended by law, or repealed.

15                    **SECTION 38.3.(g)** G.S. 128-29(c) reads as rewritten:

16                    "(c) Custodian of Funds. – The State Treasurer shall be the custodian of the several funds  
17 and shall deposit these funds with the Investment Authority to invest ~~their~~ these assets in  
18 accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article 6 of Chapter 147 of the  
19 General Statutes. All payments from said funds shall be made by him the State Treasurer only  
20 upon vouchers signed by two persons designated by the Board of Trustees. The secretary of the  
21 Board of Trustees shall furnish said Board a surety bond in a company authorized to do business  
22 in North Carolina in such amount as shall be required by the Board, the premium to be paid from  
23 the expense fund."

24                    **SECTION 38.3.(h)** G.S. 135-7(c) reads as rewritten:

25                    "(c) Custodian of Funds; Disbursements; Bond of Director. – The State Treasurer shall be  
26 the custodian of the several funds and shall deposit these funds with the Investment Authority to  
27 invest ~~their~~ these assets in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article  
28 6 of Chapter 147 of the General Statutes."

29                    **SECTION 38.3.(i)** This section is effective January 1, 2026.

## 30 **PART XXXIX. GENERAL GOVERNMENT – MISCELLANEOUS [RESERVED]**

## 31 **PART XL. INFORMATION TECHNOLOGY**

### 32 **BROADBAND FUND FLEXIBILITY**

33                    **SECTION 40.1.(a)** G.S. 143B-1373.2 is repealed.

34                    **SECTION 40.1.(b)** G.S. 143B-1374 is repealed.

35                    **SECTION 40.1.(c)** The Department of Information Technology shall use funds  
36 appropriated for the Growing Rural Economies with Access to Technology program for fixed  
37 wireless and satellite broadband grants, established in G.S. 143B-1373.2 to award grants to  
38 eligible entities to purchase installation materials for satellite internet service. Installation  
39 materials must be for the grantee's own use and not for distribution to other parties. The  
40 Department shall prioritize grant applicants that will deploy installation materials in one of the  
41 39 counties designated as a disaster area due to Hurricane Helene. The Department may also give  
42 priority to grantees that offer emergency services, disaster relief, educational services, or  
43 economic development.

44                    **SECTION 40.1.(d)** For the purposes of this section, an eligible entity is one of the  
45 following:

- 46                    (1) A State agency.  
47                    (2) A local government entity.  
48                    (3) A volunteer fire department.

(4) An anchor point, as that term is defined in G.S. 117-18.1(d)(1).

**SECTION 40.1.(e)** The Department of Information Technology may provide emergency funding to communications services providers to rebuild, repair, or replace broadband infrastructure damaged by Hurricane Helene, including costs already incurred for rebuilding, repairing, or replacing broadband infrastructure, provided that all of the following apply:

(1) An applicant for funding under this section shall only be permitted to recovery costs that are not subject to reimbursement from another source of external funding, including insurance.

(2) The Department may cap reimbursement at a portion of the costs incurred based upon evaluation of considerations, such as the number of applications anticipated compared to funds available.

(3) Priority shall be given to restoration of broadband service.

**SECTION 40.1.(f)** The Department may use up to fifty million dollars (\$50,000,000) of the funds available from the Broadband Make Ready Accelerator appropriation in S.L. 2021-180 for the emergency funding described in subsection (e) of this section. Funds shall be used in compliance with applicable federal guidelines associated with the use of federal funds. The Department may use its emergency procurement authority provided in 09 NCAC 06B .1302 to procure any goods or services in accordance with this section and shall document the request for funding, the emergency situation or need, the area to be served, and the community's need for the procurement.

**SECTION 40.1.(g)** Section 38.15 of S.L. 2021-180, as enacted by Section 16.1(a) of S.L. 2022-6, reads as rewritten:

**"SECTION 38.15.** Except as otherwise ~~provided, provided and after the intent of the original appropriation has been satisfied to the extent practicable,~~ the Department of Information Technology shall have flexibility to transfer funding between the programs outlined in Section 38.4, Section 38.5, and Section 38.6 of this act, ~~so long as the total allocations for the programs remain the same.act."~~

**SECTION 40.1.(h)** The Department of Information Technology, working with the North Carolina Pandemic Recovery Office in the Office of State Budget and Management, shall ensure that all federal laws, regulations, and guidance, including reporting requirements, are followed in the reallocation of funding between projects funded with federal State Fiscal Recovery Funds described in this section.

**SECTION 40.1.(i)** Section 10.2(p) of S.L. 2024-55 reads as rewritten:

**"SECTION 10.2.(p)** ~~The State Controller shall establish~~ There is established a BEAD Reserve ~~(Reserve) Fund (Fund)~~ in the General Fund to maintain federal funds received from the IJA for the BEAD Program. ~~The State Controller shall transfer funds to the GREAT 3.0 Fund established in subsection (d) of this section only as needed to meet the appropriations set out in subsequent legislation. Funds reserved in the Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.~~ Monies received in the Fund may be used for the purposes set forth in this section, subject to applicable federal rules and regulations, and those funds are hereby appropriated for those purposes."

## CHANGES TO THE BROADBAND POLE REPLACEMENT PROGRAM

**SECTION 40.2.(a)** Section 38.10 of S.L. 2021-180, as amended by Section 16.4 of S.L. 2022-6, reads as rewritten:

### "BROADBAND ACCELERATION

...

**"SECTION 38.10.(g)** A pole owner shall promptly review a request for access, perform surveys, provide estimates and final invoices, and complete, or require the completion by other attaching entities of, any make-ready work necessary for purposes of offering broadband service

1 in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready costs  
2 to the communications service provider within 60 days after receipt of a complete application for  
3 access. If requested by the communications service provider, the pole owner shall provide  
4 accompanying documentation indicating the basis of all estimated fees or other charges,  
5 including, but not limited to, administrative costs, that form the basis of its estimate. A good-faith  
6 estimate shall remain valid for 14 days. To accept a good-faith estimate, a communications  
7 service provider must provide the pole owner with written acceptance and payment of the  
8 good-faith estimate. Make-ready work shall be conditioned upon payment of the good-faith  
9 estimate and shall be completed within a reasonable time frame mutually agreed to by the  
10 communications service provider and the pole owner. A pole owner may treat multiple requests  
11 from a single communications service provider as one application for access when the requests  
12 are filed within 90 days of one another. A pole owner may deviate from the time limits specified  
13 in this subsection during performance of make-ready work for good and sufficient cause that  
14 renders it infeasible to complete make-ready work within the time limits specified in this  
15 subsection. Any deviation from the time limits specified in this subsection shall extend for a  
16 period no longer than necessary. A communications service provider shall promptly be notified,  
17 in writing, of the reason for a deviation and the new completion date estimate. A communications  
18 service provider shall provide notice, in writing, to the pole owner no later than 14 days after  
19 attaching equipment to a pole in an unserved area. This subsection shall not apply to poles owned  
20 by a utility.

21 "SECTION 38.10.(h) A party subject to a dispute arising under subsection (g) of this section  
22 may invoke the dispute procedures authorized in G.S. 62-350 in the same manner as a party  
23 seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission shall issue a  
24 final order resolving the dispute within 120 days of the date the proceedings were initiated;  
25 provided, however, the Commission may extend the time for issuance of a final order for good  
26 cause and with the agreement of all parties. In such a dispute, the Commission shall apply the  
27 provisions of this section notwithstanding any contrary provisions of any existing agreement.  
28 This subsection shall not apply to poles owned by a utility.

29 "SECTION 38.10.(i) No later than 60 days after the date funds are appropriated to the  
30 Program special fund, and on a quarterly basis thereafter, the Department shall maintain and  
31 publish on its website all of the following:

- 32 (1) The number of applications for reimbursement received, processed, and  
33 rejected, including the reasons applications were rejected.
- 34 (2) The amount of each reimbursement, the total number of reimbursements, and  
35 the status of any pending reimbursements.
- 36 (3) The estimated remaining balance in the Program special fund.

37 "SECTION 38.10.(j) The following definitions apply in this section:

- 38 ...
- 39 (4) Eligible pole replacement cost. – The actual and reasonable costs paid or  
40 incurred by a party after June 1, 2021, to (i) remove and replace a pole,  
41 including the amount of any expenditures to remove and dispose of the  
42 existing pole, purchase and install a replacement pole, and transfer any  
43 existing facilities to the new pole-pole or (ii) place facilities, including lines,  
44 conduit, and related equipment, underground to better protect the critical  
45 infrastructure from natural disaster. The term includes costs paid or incurred  
46 by the party responsible for the costs of a pole replacement to reimburse the  
47 party that performs the pole replacement. The term does not include costs that  
48 the party incurs initially that have been reimbursed to the party by another  
49 party ultimately responsible for the costs.

- 1 (5) Pole. – Any pole used, wholly or partly, for any wire communications or
- 2 electric distribution, irrespective of who owns or operates the ~~pole~~pole,
- 3 including poles owned by a utility.
- 4 (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 5 (7) Qualified project. – A project undertaken by a communications service
- 6 provider that is not affiliated with a pole owner seeking to provide or, due to
- 7 natural disaster or other force majeure event, restore, temporarily or
- 8 permanently, qualifying internet access service on a retail basis to one or more
- 9 households, businesses, agricultural operations, or community access points
- 10 in an unserved area.
- 11 ...
- 12 (9) Unserved area. – An area in which, according to the most recent map of fixed
- 13 broadband internet access service made available by the Federal
- 14 Communications Commission, fixed, terrestrial broadband service at speeds
- 15 of at least 25 megabits per second download and at least 3 megabits per second
- 16 upload is unavailable at the time the communications service provider
- 17 requests access. An unserved area also includes an area that was previously
- 18 served but has become unserved due to damage or destruction by a natural
- 19 disaster. A pole or underground installation shall be presumed to be located in
- 20 an unserved area if the pole is located in an area that is the subject of a federal
- 21 or State grant to deploy broadband service, the conditions of which limit the
- 22 availability of a grant to unserved areas; areas or, in the case of a damaged or
- 23 destroyed facility, was in such an area when the facility was originally
- 24 constructed.
- 25 (10) Utility. – As defined by 47 U.S.C. § 224.

26 ...."

27 **SECTION 40.2.(b)** This section is effective when it becomes law. Funds  
 28 encumbered for expenses incurred as of June 1, 2021, prior to the effective date of this section  
 29 shall remain eligible for reimbursement.

30  
 31 **PART XLI. SALARIES AND BENEFITS**

32  
 33 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY**  
 34 **INCREASE**

35 **SECTION 41.1.(a)** Effective July 1, 2025, 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, 2025, is awarded a legislative salary increase in the 2025-2026 fiscal year,  
 39 as follows:

- 40 (1) A cost-of-living adjustment in the amount of one and twenty-five hundredths
- 41 percent (1.25%).
- 42 (2) Any other salary adjustment otherwise allowed or provided by law.

43 **SECTION 41.1.(b)** For the 2025-2027 fiscal biennium, the following persons are  
 44 not eligible to receive the legislative salary increases provided by subsection (a) of this section:

- 45 (1) Employees of local boards of education.
- 46 (2) Employees of The University of North Carolina.
- 47 (3) Clerks of superior court compensated under G.S. 7A-101.
- 48 (4) Officers and employees to which Section 41.14 of this Part applies.
- 49 (5) Officers and employees to which Section 41.15 of this Part applies.
- 50 (6) Officers and employees to which Section 41.16 of this Part applies.

(7) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the State Board of Education who are paid based on the Teacher Salary Schedule.

**SECTION 41.1.(c)** Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

**SECTION 41.1.(d)** No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative salary increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

**BONUS AWARDED IN EACH YEAR OF 2025-2027 BIENNIUM**

**SECTION 41.2.(a)** For the 2025-2026 fiscal year, any State-funded employee (i) whose salary is set by Part VII-A of this act or by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed on June 30, 2025, shall be awarded a bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of September 2025.

**SECTION 41.2.(b)** For the 2026-2027 fiscal year, any State-funded employee (i) whose salary is set by Part VII-A of this act or by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed on June 30, 2026, shall be awarded a bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of September 2026.

**SECTION 41.2.(c)** The funds appropriated for bonuses in excess of the amounts required to implement these bonuses shall revert to the General Fund. The compensation bonuses awarded by this section are not compensation for the purposes of any retirement system administered by the State. The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible State-funded permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

**GOVERNOR AND COUNCIL OF STATE**

**SECTION 41.3.(a)** Effective July 1, 2025, G.S. 147-11(a) reads as rewritten:

**"§ 147-11. Salary and expense allowance of Governor; allowance to person designated to represent Governor's office.**

(a) The salary of the Governor shall be ~~two hundred three thousand seventy three dollars (\$203,073)~~ two hundred five thousand six hundred eleven dollars (\$205,611) annually, payable monthly."

**SECTION 41.3.(b)** Effective July 1, 2025, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$170,489
Attorney General	170,489
Secretary of State	170,489
State Treasurer	170,489
State Auditor	170,489
Superintendent of Public Instruction	170,489
Agriculture Commissioner	170,489
Insurance Commissioner	170,489
Labor Commissioner	170,489



**CERTAIN EXECUTIVE BRANCH OFFICIALS**

**SECTION 41.4.** Effective July 1, 2025, the annual salaries, payable monthly, for the following executive branch officials are as follows:

<b>Executive Branch Officials</b>	<b>Annual Salary</b>
Chairman, Alcoholic Beverage Control Commission	\$142,605
State Controller	198,570
Commissioner of Banks	160,052
Chair, Board of Review, Division of Employment Security	156,993
Members, Board of Review, Division of Employment Security	155,075
Chairman, Parole Commission	156,993
Full-time Members of the Parole Commission	145,156
Chairman, Utilities Commission	203,555
Members of the Utilities Commission	177,962
Executive Director, North Carolina Agricultural Finance Authority	138,876
State Fire Marshal	140,788

**JUDICIAL BRANCH**

**SECTION 41.5.(a)** Effective July 1, 2025, the annual salaries, payable monthly, for the following judicial branch officials are as follows:

<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
Chief Justice, Supreme Court	\$205,611
Associate Justice, Supreme Court	200,275
Chief Judge, Court of Appeals	197,107
Judge, Court of Appeals	191,991
Judge, Senior Regular Resident Superior Court	176,428
Judge, Superior Court	171,239
Chief Judge, District Court	169,642
Judge, District Court	164,653
Chief Administrative Law Judge	164,653
District Attorney	169,429
Assistant Administrative Officer of the Courts	153,713
Public Defender	169,429
Director of Indigent Defense Services	170,672

**SECTION 41.5.(b)** The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district does not exceed one hundred two thousand five hundred sixty-five dollars (\$102,565) and the minimum salary of any assistant is at least fifty-five thousand forty-nine dollars (\$55,049), effective July 1, 2025.

**CLERKS OF SUPERIOR COURT**

**SECTION 41.6.** Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:

**"§ 7A-101. Compensation.**

(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
-------------------------	---------------

1	0-19	\$111,726	\$113,123
2	20-29	123,488	125,032
3	30-49	135,248	136,939
4	50-99	147,010	148,848
5	100 and above	149,949	151,823

6 If the number of State-funded assistant and deputy clerks of court as determined by the  
 7 Administrative Office of Court's workload formula changes, the salary of the clerk shall be  
 8 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate  
 9 for that new number, except that the salary of an incumbent clerk shall not be decreased by any  
 10 change in that number during the clerk's continuance in office."

11

12 **ASSISTANT AND DEPUTY CLERKS OF COURT**

13

**SECTION 41.7.** Effective July 1, 2025, G.S. 7A-102(c1) reads as rewritten:

14

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 15 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 16 following minimum and maximum rates:

17

18

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$40,482 \$40,988
Maximum	74,792 75,727

19

20

21

22

Deputy Clerks	Annual Salary
Minimum	\$36,315 \$36,769
Maximum	58,740 59,474

23

24

25

26 **MAGISTRATES**

27

**SECTION 41.8.** Effective July 1, 2025, G.S. 7A-171.1(a)(1) reads as rewritten:

28

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 29 out in this subdivision. A full-time magistrate is a magistrate who is assigned  
 30 to work an average of not less than 40 hours a week during the term of office.  
 31 The Administrative Officer of the Courts shall designate whether a magistrate  
 32 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 33 shall increase to the next step every two years on the anniversary of the date  
 34 the magistrate was originally appointed for increases to Steps 1 through 3, and  
 35 every four years on the anniversary of the date the magistrate was originally  
 36 appointed for increases to Steps 4 through 6:

37

*Table of Salaries of Full-Time Magistrates*

38

Step Level	Annual Salary
Entry Rate	\$47,228 \$47,818
Step 1	\$50,714 \$51,348
Step 2	\$54,475 \$55,156
Step 3	\$58,457 \$59,188
Step 4	\$63,228 \$64,018
Step 5	\$68,973 \$69,835
Step 6	\$75,415 \$76,358."

39

40

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47 **LEGISLATIVE EMPLOYEES**

48

**SECTION 41.9.(a)** Effective July 1, 2025, the annual salaries of the Legislative  
 49 Services Officer and of nonelected employees of the General Assembly in effect on June 30,  
 50 2025, shall be legislatively increased by one and twenty-five hundredths percent (1.25%).

51

**SECTION 41.9.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

**SECTION 41.10.** Effective July 1, 2025, 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 thirty three thousand nine hundred thirty six dollars (\$133,936)~~, one hundred thirty-five thousand six hundred ten dollars (\$135,610), 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~~subsection."

**SERGEANTS-AT-ARMS AND READING CLERKS**

**SECTION 41.11.** Effective July 1, 2025, 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 ~~five hundred twenty eight dollars (\$528.00)~~ five hundred thirty-five dollars (\$535.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only.

Each sergeant at arms 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 sergeant at arms 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 subsection."

**COMMUNITY COLLEGES**

**SECTION 41.12.(a)** Effective July 1, 2025, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of one and twenty-five hundredths percent (1.25%).

**SECTION 41.12.(b)** Effective July 1, 2025, the minimum salaries for nine-month, full-time curriculum community college faculty are as follows:

<b>Educational Level</b>	<b>Minimum Salary</b>
Vocational Diploma/Certificate or Less	\$43,659
Associate Degree or Equivalent	44,267
Bachelor's Degree	46,900
Master's Degree or Education Specialist	49,237
Doctoral Degree	52,605

**SECTION 41.12.(c)** No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**UNIVERSITY OF NORTH CAROLINA**

1           **SECTION 41.13.** Effective July 1, 2025, the Board of Governors of The University  
 2 of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by  
 3 the North Carolina School of Science and Mathematics with an across-the-board salary increase  
 4 in the amount of one and twenty-five hundredths percent (1.25%).  
 5

6           **CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR**  
 7           **TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY**  
 8           **SCHEDULE**

9           **SECTION 41.14.(a)** State employees serving as correctional officers in the  
 10 Department of Adult Correction shall be compensated at a specific pay rate on the basis of a  
 11 salary schedule determined according to the duration of the employee's correctional officer work  
 12 experience.

13           **SECTION 41.14.(a1)** State employees serving in the Department of Public Safety,  
 14 Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay  
 15 rate set on the basis of a salary schedule determined according to the duration of the employee's  
 16 work experience, as follows:

- 17           (1) Youth Counselor Technicians shall be paid under the Correctional Officer I  
 18 salary schedule.
- 19           (2) Youth Services Behavioral Specialists shall be paid under the Correctional  
 20 Officer II salary schedule.
- 21           (3) Youth Counselors shall be paid under the Correctional Officer III salary  
 22 schedule.

23           **SECTION 41.14.(b)** Effective July 1, 2025, the following annual salary schedule  
 24 will apply for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:  
 25

26 Experience	COI	COII	COIII
27 0	40,066	41,385	44,259
28 1	42,869	44,281	47,358
29 2	45,444	46,985	50,201
30 3	47,715	49,285	52,711
31 4	49,623	51,256	54,819
32 5	51,113	52,793	56,463
33 6+	52,135	53,850	57,593

34           **SECTION 41.14.(c)** If an employee will not receive a salary increase under this  
 35 section because the employee's salary exceeds the scheduled salary level, then the employee shall  
 36 receive an annual salary increase equal to the amount of the across-the-board legislative salary  
 37 increase authorized in this Part.  
 38

39           **STATE HIGHWAY PATROL/STATE BUREAU OF INVESTIGATION/ALCOHOL**  
 40           **LAW ENFORCEMENT – SALARY SCHEDULE**

41           **SECTION 41.15.(a)** Effective July 1, 2025, law enforcement officers of the State  
 42 Highway Patrol, State Bureau of Investigation, and Alcohol Law Enforcement shall be  
 43 compensated pursuant to an experience-based salary schedule and shall be compensated based  
 44 on the officer's respective work experience pursuant to the salary schedule in subsection (b) of  
 45 this section.

46           **SECTION 41.15.(b)** The following annual salary schedule applies for the 2025-2027  
 47 fiscal biennium under subsection (a) of this section:

48 Years of Experience	FY 2025-27
49 0	\$58,575
50 1	62,382
51 2	66,437

1	3	70,755
2	4	75,354
3	5	80,252
4	6+	85,468

5           **SECTION 41.15.(c)** If an employee will not receive a salary increase under this  
6 section because the employee's salary exceeds the scheduled salary level, then the employee shall  
7 receive an annual salary increase equal to the amount of the across-the-board legislative salary  
8 increase authorized in this Part.

9  
10 **PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS –**  
11 **SALARY SCHEDULE**

12           **SECTION 41.16.(a)** Probation and parole officers shall be compensated pursuant to  
13 the experience-based salary schedule based on the officer's respective work experience, as  
14 established in subsection (b) of this section.

15           **SECTION 41.16.(a1)** State employees serving in the Department of Public Safety,  
16 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be  
17 compensated under the probation and parole officer salary schedule.

18           **SECTION 41.16.(b)** Effective July 1, 2025, the following annual salary schedule  
19 applies for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

20	<b>Years of Experience</b>	<b>2025-27</b>
21	0	46,898
22	1	49,946
23	2	53,194
24	3	56,651
25	4	60,334
26	5	64,256
27	6+	68,432

28           **SECTION 41.16.(c)** If an employee will not receive a salary increase under this  
29 section because the employee's salary exceeds the scheduled salary level, then the employee shall  
30 receive an annual salary increase equal to the amount of the across-the-board legislative salary  
31 increase authorized in this Part.

32  
33 **STATE AGENCY TEACHERS**

34           **SECTION 41.17.** Employees of schools operated by the Department of Health and  
35 Human Services, the Department of Public Safety, the Department of Adult Correction, the  
36 Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the  
37 North Carolina School for the Deaf, and the State Board of Education who are paid based on the  
38 Teacher Salary Schedule shall be paid as authorized under this act.

39  
40 **COUNCIL OF STATE/EXEMPT POSITIONS – FLEXIBILITY**

41           **SECTION 41.18.** G.S. 126-5(c14) reads as rewritten:

42           "(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State  
43 agency and the Office of the State Controller has the sole authority to set the salary of its exempt  
44 policymaking and exempt managerial positions within the minimum rates, and the maximum  
45 rates plus ~~ten percent (10%)~~, thirty percent (30%), established by the State Human Resources  
46 Commission under G.S. 126-4(2)."

47  
48 **MOST STATE EMPLOYEES**

49           **SECTION 41.19.** Unless otherwise expressly provided by this Part, the annual  
50 salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as  
51 provided by this act:

- 1 (1) Permanent, full-time State officials and persons whose salaries are set in  
2 accordance with the State Human Resources Act.
- 3 (2) Permanent, full-time State officials and persons in positions exempt from the  
4 State Human Resources Act.
- 5 (3) Permanent, part-time State employees.
- 6 (4) Temporary and permanent hourly State employees.
- 7

#### 8 **ALL STATE-SUPPORTED PERSONNEL**

9 **SECTION 41.20.(a)** The legislative salary increases authorized by this act shall be  
10 paid effective on July 1, 2025, and do not apply to persons separated from service due to  
11 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to  
12 June 30, 2025.

13 **SECTION 41.20.(b)** The Director of the Budget is granted flexibility to administer  
14 the compensation increases enacted by this act. The State employer contribution rates enacted by  
15 this act for retirement and related benefits may be deemed by the Director of the Budget for  
16 administrative purposes to become effective after July 1 to provide flexibility in the collection  
17 and reconciliation of salary-related contributions as required by law, provided the estimated  
18 amount contributed to any affected employee benefit trust equals the amount that would have  
19 been contributed to the employee benefit trust if the enacted employer contribution rates had  
20 been effective on July 1.

21 **SECTION 41.20.(c)** This section applies to all employees paid from State funds,  
22 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
23 employees of public schools, community colleges, and The University of North Carolina.  
24

#### 25 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

26 **SECTION 41.21.(a)** The Office of State Budget and Management shall ensure that  
27 the appropriations made by this act for legislatively mandated salary increases and employee  
28 benefits are used only for those purposes.

29 **SECTION 41.21.(b)** If the Director of the Budget determines that funds appropriated  
30 to a State agency for legislatively mandated salary increases and employee benefits exceed the  
31 amount required by that agency for those purposes, the Director may reallocate those funds to  
32 other State agencies that received insufficient funds for legislatively mandated salary increases  
33 and employee benefits.

34 **SECTION 41.21.(c)** Funds appropriated for legislatively mandated salary and  
35 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
36 to provide salary increases in excess of those required by the General Assembly, or to increase  
37 the budgeted salary of filled positions to the minimum of the position's respective salary range.

38 **SECTION 41.21.(d)** Any funds appropriated for legislatively mandated salary and  
39 employee benefit increases in excess of the amounts required to implement the increases shall be  
40 credited to the Pay Plan Reserve.

41 **SECTION 41.21.(e)** No later than May 1, 2026, the Office of State Budget and  
42 Management shall report to the Fiscal Research Division on the expenditure of funds for  
43 legislatively mandated salary increases and employee benefits. This report shall include at least  
44 the following information for each State agency:

- 45 (1) The total amount of funds that the agency received for legislatively mandated  
46 salary increases and employee benefits.
- 47 (2) The total amount of funds transferred from the agency to other State agencies  
48 pursuant to subsection (b) of this section. This section of the report shall  
49 identify the amounts transferred to each recipient State agency.
- 50 (3) The total amount of funds used by the agency for legislatively mandated salary  
51 increases and employee benefits.

(4) The amount of funds credited to the Pay Plan Reserve.

**SALARY-RELATED CONTRIBUTIONS**

**SECTION 41.22.(a)** Effective for the 2025-2027 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

**SECTION 41.22.(b)** Effective July 1, 2025, the State's employer contribution rates budgeted for retirement, health, and related benefits as a percentage of covered salaries for the 2025-2026 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
Retirement	17.14%	17.14%	6.84%	37.73%	18.26%
Health	7.33%	7.33%	7.33%	7.33%	7.33%
Disability	0.07%	0.07%	0.07%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

**Total Contribution Rate**

	24.67%	29.67%	14.24%	45.06%	25.59%
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The rate for health includes two and four-tenths percent (2.40%) for the Public Employee Health Benefit Fund and four and ninety-three hundredths percent (4.93%) for the Retiree Health Benefit Fund.

**SECTION 41.22.(c)** Effective July 1, 2026, the State's employer contribution rates budgeted for retirement, health, and related benefits as a percentage of covered salaries for the 2026-2027 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
Retirement	17.49%	17.49%	6.84%	42.00%	20.00%
Health	7.69%	7.69%	7.69%	7.69%	7.69%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

**Total Contribution**

1 **Rate** 25.40% 30.40% 14.62% 49.69% 27.69%

2 The rate for health includes two percent (2%) for the Public Employee Health Benefit  
3 Fund and five and sixty-nine hundredths percent (5.69%) for the Retiree Health Benefit Fund.

4 **SECTION 41.22.(d)** Effective July 1, 2025, the annual employer contributions for  
5 the 2025-2026 fiscal year, payable monthly, by the State to the North Carolina State Health Plan  
6 for Teachers and State Employees for each covered employee is a maximum of eight thousand  
7 five hundred dollars (\$8,500).

8 **SECTION 41.22.(e)** Effective July 1, 2026, the annual employer contributions for  
9 the 2026-2027 fiscal year, payable monthly, by the State to the North Carolina State Health Plan  
10 for Teachers and State Employees for each covered employee is a maximum of eight thousand  
11 nine hundred five dollars (\$8,905).

12 **SECTION 41.22.(f)** G.S. 135-151(d) reads as rewritten:

13 "(d) Funding of the QEBA. – The QEBA shall be unfunded within the meaning of federal  
14 tax laws. No payee contributions or deferrals, direct or indirect, by election or otherwise shall be  
15 made or allowed. The benefit liability for the QEBA shall be determined each fiscal year, and  
16 assets shall not be accumulated to pay benefits in future fiscal years. All of the following apply  
17 to employer contributions required to pay benefits under the QEBA:

18 (1) The Board of Trustees, upon the recommendation of the actuary engaged by  
19 the Board of Trustees, shall determine the employer contributions required to  
20 pay the benefits due under the QEBA for each fiscal year.

21 (2) The required contributions shall be paid by all participating employers.

22 (3) The required contributions shall be deposited in a separate fund from the fund  
23 into which regular employer contributions are deposited for the Retirement  
24 System. ~~The benefit liability for the QEBA shall be determined each fiscal~~  
25 ~~year, and assets shall not be accumulated to pay benefits in future fiscal years.~~

26 (4) A portion of the employer contribution rate established for retirement benefits  
27 as a percentage of covered salaries for teachers, State employees, and State  
28 law enforcement officers may be deposited into the separate fund established  
29 in accordance with subdivision (3) of this subsection. The amount of the  
30 portion allowable under this subdivision shall not exceed one-hundredths  
31 percent (0.01%) in any given fiscal year."

32  
33 **ENHANCE BENEFITS UNDER NORTH CAROLINA FIREFIGHTERS' AND RESCUE**  
34 **SQUAD WORKERS' PENSION FUND AND MAKE TECHNICAL CHANGES TO**  
35 **THE RELATED STATUTES**

36 **SECTION 41.23.(a)** G.S. 58-86-55 reads as rewritten:

37 **"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.**

38 (a) The monthly pension benefit under this section is one hundred eighty dollars  
39 (\$180.00) and is payable per month from the Pension Fund unless otherwise provided.

40 (a1) Any member who has served 20 years as an "eligible firefighter" or "eligible-eligible  
41 firefighter or eligible rescue squad worker"-worker in the State of North Carolina, as provided in  
42 G.S. 58-86-25 and G.S. 58-86-30, this Article, and who has attained the age of 55 years is entitled  
43 to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one  
44 hundred seventy five dollars (\$175.00) per month. Any retired firefighter receiving a pension  
45 shall, effective January 1, 2025, receive a pension of one hundred seventy five dollars (\$175.00)  
46 per month benefit under this section.

47 (b) ~~Members shall pay fifteen dollars (\$15.00) per month as required by G.S. 58-86-35~~  
48 ~~and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member"~~  
49 ~~shall receive a pension prior to July 1, 1983.~~

50 (c) A member who is totally and permanently disabled while in the discharge of the  
51 member's official duties as a result of bodily injuries sustained or as a result of extreme exercise



1 or extreme activity experienced in the course and scope of those official duties and who leaves  
2 the fire or rescue squad service because of this disability shall be entitled to be paid ~~from the fund~~  
3 ~~a monthly benefit in an amount of one hundred seventy five dollars (\$175.00) per month a~~  
4 monthly pension benefit under this section beginning the first month after the member's fifty-fifth  
5 birthday. All applications for disability are subject to the approval of the ~~board who~~ Board, and  
6 the Board may appoint physicians to examine and evaluate the disabled member prior to approval  
7 of the application, and annually thereafter. ~~Any G.S. 58-86-41 shall not apply to a disabled~~  
8 ~~member shall not be required to make the monthly payment of fifteen dollars (\$15.00) as required~~  
9 ~~by G.S. 58-86-35 and G.S. 58-86-40.~~ member.

10 (d) A member who is totally and permanently disabled for any ~~cause, cause~~ other than  
11 ~~line of duty, those under subsection (c) of this section and~~ who leaves the fire or rescue squad  
12 service because of this disability and who has at least 10 years of service with the ~~pension fund,~~  
13 Pension Fund may be permitted to continue making a monthly contribution of ~~fifteen dollars~~  
14 ~~(\$15.00) in the amount required under G.S. 58-86-41~~ to the fund until the member has made  
15 contributions for a total of 240 months. ~~The~~ Upon attaining the age of 55, that member shall ~~upon~~  
16 ~~attaining the age of 55 years~~ be entitled to receive a monthly pension as provided by benefit under  
17 this section. All applications for disability are subject to the approval of the ~~board who~~ Board,  
18 and the Board may appoint physicians to examine and evaluate the disabled member prior to  
19 approval of the ~~application~~ application, and annually thereafter.

20 (d1) Benefits payable from the Pension Fund shall be paid in the following manner when  
21 a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the  
22 General Statutes are met:

23 (1) If the member had been receiving a monthly pension ~~fund~~ benefit under this  
24 section prior to being killed in the line of duty, then there shall be paid to the  
25 member's principal beneficiary, if only one principal beneficiary is eligible  
26 and has not accepted a return of contributions, ~~an amount of one hundred~~  
27 ~~seventy five dollars (\$175.00) per month~~ the monthly pension benefit amount  
28 beginning the month following the member's month of death, payable until  
29 the beneficiary's death. If the member became a member prior to July 1, 2018,  
30 and had not designated a principal beneficiary prior to being killed in the line  
31 of duty, there shall be paid to the member's living spouse upon the spouse's  
32 application to the Board, ~~an amount of one hundred seventy five dollars~~  
33 ~~(\$175.00) per month~~ the monthly pension benefit amount beginning the month  
34 following the member's month of death, payable until the spouse's death.

35 (2) If the member had been receiving a monthly pension ~~fund~~ benefit under this  
36 section prior to being killed in the line of duty and the beneficiary is not  
37 payable as described in subdivision (1) of this subsection, then a lump sum  
38 payment equal to the difference between the amount paid into the member's  
39 separate account by or on behalf of the member and the amount received by  
40 the member as a pensioner ~~will~~ shall be paid to the eligible beneficiaries, or if  
41 there are no eligible beneficiaries, shall be paid to the member's estate.

42 (3) If the member had not yet begun receiving a monthly pension benefit under  
43 this section prior to being killed in the line of duty, then there shall be paid to  
44 the member's principal beneficiary, if only one principal beneficiary is eligible  
45 and has not accepted a return of contributions, ~~an amount of one hundred~~  
46 ~~seventy five dollars (\$175.00) per month~~ the monthly pension benefit amount  
47 beginning the month following the month the member would have attained  
48 age 55, or if the member had already attained age 55, beginning the month  
49 following the member's month of death, payable until the beneficiary's death.  
50 If the member became a member prior to July 1, 2018, and had not designated  
51 a principal beneficiary prior to being killed in the line of duty, then there shall

1 be paid to the member's living spouse upon the spouse's application to the  
 2 Board, ~~an amount of one hundred seventy five dollars (\$175.00) per month~~  
 3 the monthly pension benefit amount beginning the month following the month  
 4 the member would have attained age 55, or if the member had attained age 55,  
 5 beginning the month following the member's month of death, payable until  
 6 the spouse's death.

- 7 (4) If the member had not yet begun receiving a monthly pension benefit under  
 8 this section prior to being killed in the line of duty and the beneficiary is not  
 9 payable as described in subdivision (3) of this subsection, then a lump sum  
 10 payment equal to the member's contributions will be paid to the eligible  
 11 beneficiaries, or if there are no eligible beneficiaries, a return of the  
 12 contributions shall be paid to the member's estate.

13 ~~A beneficiary under this subsection shall not be required to make the monthly payment of~~  
 14 ~~fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40.~~ G.S. 58-86-41 shall not  
 15 apply after the a member has been killed in the line of duty.

16 (e) ~~A member who, because the~~ If a member has at least 10 years of service with the  
 17 Pension Fund and that member's (i) residence is annexed by a city under Part 2 or Part 3 of Article  
 18 4A of Chapter 160A of the General Statutes, or whose (ii) department is closed because of an  
 19 annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes,  
 20 or whose (iii) volunteer department is taken over by a city or county, and because of such the  
 21 annexation or takeover the member is unable to perform as a firefighter or rescue squad worker  
 22 of any status, and if the member has at least 10 years of service with the pension fund, may then  
 23 the member shall be permitted to continue making a monthly contribution of fifteen dollars  
 24 (\$15.00) in the amount required under G.S. 58-86-41 to the fund until the member has made  
 25 contributions for a total of 240 months. The Upon completion of the total 240 months of  
 26 contributions, and upon a member upon attaining the age of 55 years and completion of such  
 27 contributions age 55, the member shall be entitled to receive a monthly pension as provided by  
 28 benefit under this section. Any application to make monthly contributions under this section shall  
 29 be subject to a finding of eligibility by the Board of Trustees upon application of the member.

30 (f) ~~The pensions benefits provided under this Article shall be in addition to all other~~  
 31 ~~pensions or benefits under any other statutes of the State of North Carolina or the United States,~~  
 32 ~~notwithstanding any exclusionary provisions of other pensions or retirement systems provided~~  
 33 ~~by law."~~

34 **SECTION 41.23.(b)** Article 86 of Chapter 58 of the General Statutes is amended by  
 35 adding a new section to read:

36 **"§ 58-86-41. Amount due for membership; payments credited to separate member**  
 37 **accounts.**

38 (a) Unless otherwise provided under this Article, each member of the Pension Fund shall  
 39 pay the sum of fifteen dollars (\$15.00) per month to the Pension Fund for membership in the  
 40 fund for a period not to exceed 20 years.

41 (b) Unless otherwise provided under this Article, all payments due in any calendar year  
 42 shall be made no later than March 31 subsequent to the end of the calendar year in which the  
 43 payment was due.

44 (c) The Pension Fund shall not award fully credited service based on payments received  
 45 later than March 31 subsequent to the end of the calendar year in which the month occurred  
 46 unless the payment is applied as provided in G.S. 58-86-45(a1).

47 (d) Payments made in accordance with this section shall be credited to the separate  
 48 account of the member and shall be kept by the custodian in a manner that allows the payments  
 49 to be made available upon a member's withdrawal from membership or retirement."

50 **SECTION 41.23.(c)** G.S. 58-86-35 reads as rewritten:

1 **"§ 58-86-35. Firefighters' application for membership in fund; ~~monthly payments by~~**  
2 **~~members; payments credited to separate accounts of members; Pension Fund;~~**  
3 **~~termination of membership.~~**

4 (a) ~~Those firefighters~~ Firefighters who are eligible for membership in the Pension Fund  
5 pursuant to G.S. 58-86-25 may apply to the ~~board~~ Board for membership. ~~Each firefighter upon~~  
6 ~~becoming a member of the fund shall pay the director of the fund the sum of fifteen dollars~~  
7 ~~(\$15.00) per month; each payment shall be made no later than March 31 subsequent to the end~~  
8 ~~of the calendar year in which the month occurred. The Pension Fund shall not award fully~~  
9 ~~credited service based on payments received later than March 31 subsequent to the end of the~~  
10 ~~calendar year in which the month occurred unless the payment is applied as provided in~~  
11 ~~G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the~~  
12 ~~member and shall be kept by the custodian so it is available for payment on withdrawal from~~  
13 ~~membership or retirement.~~

14 (b) A member may elect to terminate membership in the ~~fund~~ Pension Fund at any time  
15 and request the refund of payments previously made to the fund. ~~However, a~~ A member's  
16 delinquency in making the monthly payments required by this ~~section~~ Article does not result in  
17 the termination of membership without ~~such an election to terminate membership in the Pension~~  
18 ~~Fund made by the member."~~

19 **SECTION 41.23.(d)** G.S. 58-86-40 reads as rewritten:

20 **"§ 58-86-40. Rescue squad worker's application for membership in funds; ~~monthly~~**  
21 **~~payments by members; payments credited to separate accounts of members;~~**  
22 **~~Pension Fund; termination of membership.~~**

23 (a) ~~Those rescue~~ Rescue squad workers eligible for membership in the Pension Fund  
24 pursuant to G.S. 58-86-30 may apply to the ~~board~~ Board for membership. ~~Those rescue squad~~  
25 ~~workers eligible pursuant to G.S. 58-86-30 may apply to the board for membership. Each eligible~~  
26 ~~rescue squad worker upon becoming a member shall pay the director of the fund the sum of~~  
27 ~~fifteen dollars (\$15.00) per month; each payment shall be made no later than March 31~~  
28 ~~subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall~~  
29 ~~not award fully credited service based on payments received later than March 31 subsequent to~~  
30 ~~the end of the calendar year in which the month occurred unless the payment is applied as~~  
31 ~~provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account~~  
32 ~~of the member and shall be kept by the custodian so it is available for payment on withdrawal~~  
33 ~~from membership or retirement.~~

34 (b) A member may elect to terminate membership in the ~~fund~~ Pension Fund at any time  
35 and request the refund of payments previously made to the fund. ~~However, a~~ A member's  
36 delinquency in making the monthly payments required by this ~~section~~ Article does not result in  
37 the termination of membership without ~~such an election to terminate membership in the Pension~~  
38 ~~Fund made by the member."~~

39 **SECTION 41.23.(e)** G.S. 58-86-45 reads as rewritten:

40 **"§ 58-86-45. Additional retroactive membership.**

41 (a1) Any firefighter or rescue squad worker who is 35 years of age or older and who is a  
42 current or former member of a fire department or rescue squad chartered by the State of North  
43 Carolina may purchase credit for any periods of service to any chartered fire department or rescue  
44 squad not otherwise creditable by making a lump sum payment to the Annuity Savings Fund  
45 equal to the full liability of the service credits calculated on the basis of the assumptions used for  
46 purposes of the actuarial valuation of the system's liabilities, which payment shall take into  
47 account the retirement allowance arising on account of the additional service credit commencing  
48 at the earliest age at which the member could retire on a retirement allowance, as determined by  
49 the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be  
50 set by the board of trustees. This provision for the payment of a lump sum for service "not  
51 otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to

1 which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40,  
2 ~~whichever is applicable in accordance with G.S. 58-86-41.~~

3 (b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply  
4 to the Board for membership in the ~~fund~~ Pension Fund at any time. Upon becoming a member,  
5 the worker may make a lump sum payment of ~~fifteen dollars (\$15.00) per month in the amount~~  
6 required under G.S. 58-86-41 at the time of the payment for each month retroactively to the time  
7 the worker first became eligible to become a member, plus interest at an annual rate to be set by  
8 the ~~board~~ Board upon advice from actuary for each year of retroactive payments. Upon making  
9 this lump sum payment, the worker shall be given credit for all prior service in the same manner  
10 as if the worker had applied for membership upon first becoming eligible.

11 (c) A member of the Pension Fund who is not yet 35 years old may receive credit for the  
12 prior service upon making a lump sum payment of ~~fifteen dollars (\$15.00) in the amount required~~  
13 under G.S. 58-86-41 at the time of the payment for each month since the worker first became  
14 eligible, plus interest at an annual rate to be set by the Board for each year of retroactive  
15 payments. Upon making this lump sum payment, the date of membership shall be the same as if  
16 the worker had applied for membership upon first becoming eligible. This provision for the  
17 payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all  
18 purchases of service credits for months as to which timely payments were not previously made  
19 pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue  
20 squad worker who is not yet 35 years of age or older and who is a current or former member of  
21 a fire department or rescue squad chartered by the State of North Carolina."

22 **SECTION 41.23.(f)** The Revisor of Statutes shall replace the phrase "G.S. 58-86-35  
23 or G.S. 58-86-40" with the phrase "G.S. 58-86-41" in each instance it appears in G.S. 58-86-2.

24 **SECTION 41.23.(g)** This section applies to pension benefit amounts payable from  
25 the Pension Fund due to a member or beneficiary on or after January 1, 2026. If a member or  
26 beneficiary becomes eligible to receive a pension benefit from the Pension Fund on or before  
27 December 31, 2025, but the pension benefit amount is paid from the Pension Fund on or after  
28 January 1, 2026, then the pension benefit amount due to the member or beneficiary shall be the  
29 amount applicable to the pension benefit amount that was effective for each respective month to  
30 which the benefit applies.

31 **SECTION 41.23.(h)** This section is effective January 1, 2026.

### 32 33 **INCREASE BENEFITS PAYABLE UNDER NORTH CAROLINA NATIONAL GUARD** 34 **PENSION FUND**

35 **SECTION 41.24.(a)** G.S. 127A-40 reads as rewritten:

36 **"§ 127A-40. Pensions for the members of the North Carolina National Guard.**

37 (a) Every member and former member of the North Carolina National Guard who meets  
38 the requirements of this section shall receive, commencing at age 60, a pension of one hundred  
39 ~~five-eight~~ dollars (~~\$105.00~~) (~~\$108.00~~) per month for 20 years' creditable military service with an  
40 additional ten dollars and ~~fifty cents~~ (~~\$10.50~~) eighty cents (\$10.80) per month for each additional  
41 year of ~~such~~ creditable military service; provided, however, that the total pension shall not exceed  
42 two hundred ~~ten-sixteen~~ dollars (~~\$210.00~~) (~~\$216.00~~) per month. ~~The requirements for~~

43 (a1) To receive a pension are that under this section, each member shall shall meet all of  
44 the following requirements:

- 45 (1) ~~Have~~ The individual served and qualified for at least 20 years' creditable  
46 military service, including National Guard, reserve and active duty, under the  
47 same requirement specified for entitlement to retired pay for nonregular  
48 service under Chapter 67, Title 10, United States Code.
- 49 (2) ~~Have at At~~ least 15 years of the  ~~aforementioned~~ service required under  
50 subdivision (1) of this subsection was as a member of the North Carolina  
51 National Guard.

(3) ~~Have~~ The individual received an honorable discharge from the North Carolina National Guard.

...."

**SECTION 41.24.(b)** This section applies to pension benefit amounts payable from the Pension Fund due to a member on or after January 1, 2026. If a member becomes eligible to receive a pension benefit from the Pension Fund on or before December 31, 2025, but the pension benefit amount is paid from the Pension Fund on or after January 1, 2026, then the pension benefit amount due to the member shall be the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies.

**SECTION 41.24.(c)** This section is effective January 1, 2026.

**PROVIDE AN ADDITIONAL SPECIAL SEPARATION ALLOWANCE OPTION FOR STATE AND LOCAL LAW ENFORCEMENT OFFICERS WITH AT LEAST THIRTY YEARS OF CREDITABLE SERVICE**

**SECTION 41.25.(a)** G.S. 143-166.41 reads as rewritten:

**"§ 143-166.41. Special separation allowance.~~allowance options for State law enforcement officers.~~**

(a) Annual Special Separation Allowance. – Notwithstanding any other provision of law, every sworn law-enforcement officer ~~as defined by G.S. 135-1(11e) or G.S. 143-166.30(a)(4) employed by a State department, agency, or institution who qualifies under this section shall receive,~~ receive an annual special separation allowance beginning in the month in which ~~he the officer~~ retires on a basic service retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him for each year of creditable service. G.S. 135-5(a). The allowance shall be paid in equal installments on the payroll frequency used by the employer. ~~To qualify for the allowance the officer shall:~~

- (1) ~~Have (i) completed 30 or more years of creditable service or, (ii) have attained 55 years of age and completed five or more years of creditable service; and~~
- (2) ~~Not have attained 62 years of age; and~~
- (3) ~~Have completed at least five years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.~~ employer from which the officer retired.

...

(b) ~~As used in this section, "creditable service" means the~~ Definitions. – The following definitions apply in this section:

- (1) Allowance. – The annual special separation allowance for State law enforcement officers provided for under this section.
- (2) Creditable service. – The service for which credit is allowed under the retirement system of which the officer is a member, provided that at least fifty percent (50%) of the service is as a law enforcement officer as herein defined or as a probation/parole officer as defined in G.S. 135-1(17a).member.
- (3) Law enforcement officer. – As defined in either G.S. 135-1 or G.S. 143-166.30(a).
- (4) Officer. – A law enforcement officer.
- (5) Probation/parole officer. – As defined in G.S. 135-1.

1        (b1) Eligibility for Allowance and Calculation of Allowance Amount. – To be eligible for  
2 an allowance under this section, an officer is required to meet one of the following sets of criteria  
3 that shall also determine the allowance amount:

4            (1) For officers meeting all of the following criteria, the annual special separation  
5 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the  
6 annual base rate of compensation most recently applicable to the officer for  
7 each year of that officer's creditable service:

8            a.        The officer (i) has completed 30 or more years of creditable service or  
9            (ii) is 55 years of age or older and completed five or more years of  
10 creditable service.

11           b.        The officer is less than 62 years of age.

12           c.        The officer has completed at least five years of continuous service as  
13 a law enforcement officer immediately preceding the officer's service  
14 retirement. Any break in this required continuous service that is a  
15 result of disability retirement or disability salary continuation benefits  
16 shall not adversely affect an officer's qualification to receive an  
17 allowance under this subdivision so long as the officer returned to  
18 service within 45 days after the disability benefits had ceased and is  
19 otherwise qualified to receive the allowance.

20           d.        At least fifty percent (50%) of the officer's creditable service is as a  
21 law enforcement officer, or for service prior to July 1, 2017, as a  
22 probation/parole officer.

23           (2) For officers meeting all of the following criteria, the annual special separation  
24 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the  
25 annual equivalent of the base rate of compensation at the time the officer  
26 attained 30 years of service multiplied by 30:

27           a.        Prior to attaining 62 years of age, the officer has completed 30 or more  
28 years of creditable service, at least fifty percent (50%) of which was  
29 as a law enforcement officer, or for service prior to July 1, 2017, as a  
30 probation/parole officer.

31           b.        The officer has completed at least five years of continuous service as  
32 a law enforcement officer immediately preceding the officer's service  
33 retirement. Any break in this required continuous service that is a  
34 result of disability retirement or disability salary continuation benefits  
35 shall not adversely affect an officer's qualification to receive an  
36 allowance under this subdivision so long as the officer returned to  
37 service within 45 days after the disability benefits had ceased and is  
38 otherwise qualified to receive the allowance.

39        If an officer meets all of the criteria under each subdivision of this subsection, then the  
40 employer making the allowance payments shall allow the officer to choose which of the two  
41 calculation formulas to use for that officer's allowance. This election by the officer is a one-time,  
42 irrevocable election and shall be made prior to the first allowance payment. If no election is made  
43 by the officer, then the calculation amount under subdivision (2) of this subsection shall be used.

44        (c) Cessation of Payment. – Payment of the allowance to a retired officer under the  
45 provisions of this section shall cease at the first occurrence of one of the following:

46           (1)        The death of the ~~officer;~~ officer.

47           (2)        The last day of the month in which either of the following applies:

48           a.        If the officer is receiving an allowance in an amount determined under  
49 subdivision (b1)(1) of this section, the officer attains 62 years of ~~age;~~  
50 ~~age.~~

b. If the officer is receiving an allowance in an amount determined under subdivision (b1)(2) of this section, there has been a period of receiving the allowance that is equivalent to the total of 62 years minus the age at which the officer first completed 30 years of creditable service.

(3) The first day of reemployment by any State department, agency, or institution, except that this subdivision does not apply to an officer returning to State employment in a position exempt from the North Carolina Human Resources Act in an agency other than the agency from which that officer retired.

(d) Impact of Other Benefits or Actions. – This section does not affect the benefits to which an individual may be entitled from State, federal, or private retirement systems. The benefits payable under this section shall not be subject to any increases in salary or retirement allowances that may be authorized by the General Assembly for employees of the State or retired employees of the State.

(e) Eligibility Determinations. – The head of each State department, agency, or institution shall determine the eligibility of employees for the benefits provided ~~herein~~under this section.

(f) Transfer of Funds. – The Director of the Budget may authorize from time to time the transfer of funds within the budgets of each State department, agency, or institution necessary to carry out the purposes of this ~~Article~~section. These funds shall be taken from ~~those funds~~ appropriated to the department, agency, or institution for salaries and related fringe benefits.

(g) Responsibility for Payment. – The head of each State department, agency, or institution shall make the payments set forth in ~~subsection (a)~~this section to those persons certified under subsection (e) of this section from funds available under subsection ~~(f)~~(f) of this section."

**SECTION 41.25.(b)** G.S. 143-166.42 reads as rewritten:

"§ 143-166.42. **Special separation allowances** allowance options for local law enforcement officers.

(a) Annual Special Separation Allowance. – On and after January 1, 1987, every sworn law enforcement officer as ~~defined by G.S. 128-21(11d) or G.S. 143-166.50(a)(3)~~ employed by a local government employer who qualifies under this section shall ~~receive~~receive an annual special separation allowance beginning in the month in which the officer retires on a basic service retirement under the provisions of ~~G.S. 128-27(a), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. G.S. 128-27(a).~~ The allowance shall be paid in equal installments on the payroll frequency used by the employer. ~~To qualify for the allowance, the officer shall:~~

- (1) ~~Have (i) completed 30 or more years of creditable service or (ii) have attained 55 years of age and completed five or more years of creditable service; and~~
- (2) ~~Not have attained 62 years of age; and~~
- (3) ~~Have completed at least five years of continuous service as a law enforcement officer as herein defined immediately preceding a service retirement. Any break in the continuous service required by this subsection because of disability retirement or disability salary continuation benefits shall not adversely affect an officer's qualification to receive the allowance, provided the officer returns to service within 45 days after the disability benefits cease and is otherwise qualified to receive the allowance.~~employer from which the officer retired.

(b) ~~As used in this section, "creditable service" means the service~~Definitions. – The following definitions apply in this section:

- (1) Allowance. – The annual special separation allowance for local law enforcement officers provided for under this section.

1           (2)    Creditable service. – The service for which credit is allowed under the  
2                    retirement system of which the officer is a member, provided that at least fifty  
3                    percent (50%) of the service is as a law enforcement officer as herein  
4                    defined.

5           (3)    Law enforcement officer. – As defined in G.S. 128-21 or G.S. 143-166.50(a).

6           (4)    Officer. – Law enforcement officer.

7        (b1)   Qualification for Allowance and Calculation of Allowance. – To be eligible for an  
8        allowance under this section, an officer is required to meet one of the following sets of criteria,  
9        which shall also determine the allowance amount:

10       (1)    For officers meeting all of the following criteria, the annual special separation  
11                    allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the  
12                    annual base rate of compensation most recently applicable to the officer for  
13                    each year of that officer's creditable service:

14           a.    The officer (i) has completed 30 or more years of creditable service or  
15                    (ii) is 55 years of age or older and completed five or more years of  
16                    creditable service.

17           b.    The officer is less than 62 years of age.

18           c.    The officer has completed at least five years of continuous service as  
19                    a law enforcement officer immediately preceding the officer's service  
20                    retirement. Any break in this required continuous service that is a  
21                    result of disability retirement or disability salary continuation benefits  
22                    shall not adversely affect an officer's qualification to receive an  
23                    allowance under this subdivision so long as the officer returned to  
24                    service within 45 days after the disability benefits had ceased and is  
25                    otherwise qualified to receive the allowance.

26           d.    At least fifty percent (50%) of the officer's creditable service is as a  
27                    law enforcement officer.

28       (2)    For officers meeting all of the following criteria, the annual special separation  
29                    allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the  
30                    annual equivalent of the base rate of compensation at the time the officer  
31                    attained 30 years of service multiplied by 30:

32           a.    Prior to attaining 62 years of age, the officer has completed 30 or more  
33                    years of creditable service, at least fifty percent (50%) of which was  
34                    as a law enforcement officer.

35           b.    The officer has completed at least five years of continuous service as  
36                    a law enforcement officer immediately preceding the officer's service  
37                    retirement. Any break in this required continuous service that is a  
38                    result of disability retirement or disability salary continuation benefits  
39                    shall not adversely affect an officer's qualification to receive an  
40                    allowance under this subdivision so long as the officer returned to  
41                    service within 45 days after the disability benefits had ceased and is  
42                    otherwise qualified to receive the allowance.

43        If an officer meets all of the criteria under each subdivision of this subsection, then the  
44        employer making the allowance payments shall allow the officer to choose which of the two  
45        calculation formulas to use for that officer's allowance. This election by the officer is a one-time,  
46        irrevocable election and shall be made prior to the first allowance payment. If no election is made  
47        by the officer, then the calculation amount under subdivision (2) of this subsection shall be used.

48       (c)    Cessation of Payment. – Payment of the allowance to a retired officer under the  
49        provisions of this section shall cease at the first occurrence of one of the following:

50           (1)    The death of the officer; officer.

51           (2)    The last day of the month in which either of the following applies:



- 1                   a.     If the officer is receiving an allowance in an amount determined under  
 2                   subdivision (b1)(1) of this section, the officer attains 62 years of age;  
 3                   or age.  
 4                   b.     If the officer is receiving an allowance in an amount determined under  
 5                   subdivision (b1)(2) of this section, there has been a period of receiving  
 6                   the allowance that is equivalent to the total of 62 years minus the age  
 7                   at which the officer first completed 30 years of creditable service.

8                   (3)    The first day of reemployment by a local government employer in any  
 9                   capacity.

10           (c1) Exceptions to the Cessation of Payments. – Notwithstanding the provisions of  
 11 subdivision (3) of subsection (c) of this section, payments to a retired officer shall not cease when  
 12 a local government employer employs a retired officer ~~for any of the following:~~ in any of the  
 13 following manners:

14                   (1)    In a public safety position in a capacity not requiring participation in the Local  
 15                   Governmental Employees' Retirement System.

16                   (2)    In service to a county board of elections on an election day or during the hours  
 17                   for early voting under Part 5 of Article 14A of Chapter 163 of the General  
 18                   Statutes in a capacity that complies with G.S. 128-21(19) and does not result  
 19                   in cessation or suspension of the retiree's benefit from the Local Government  
 20                   Employees' Retirement System.

21           (d)    Impact of Other Benefits or Actions. – This section does not affect the benefits to  
 22                   which an individual may be entitled from State, local, federal, or private retirement systems. The  
 23                   benefits payable under this section shall not be subject to any increases in salary or retirement  
 24                   allowances that may be authorized by local government employers or for retired employees of  
 25                   local governments.

26           (e)    Eligibility Determinations. – The governing body of each local employer shall  
 27                   determine the eligibility of employees for the benefits provided ~~herein~~ under this section.

28           (f)    Responsibility for Payment. – The governing body of each local employer shall make  
 29                   the payments set forth in ~~subsection (a) of this section~~ to those persons certified under subsection  
 30                   (e) of this section from funds available."

31                   **SECTION 41.25.(c)** This section becomes effective July 1, 2025, and applies to law  
 32                   enforcement officers retiring on or after that date.

33  
 34                   **INCREASE THE AMOUNT AWARDED FOR LINE OF DUTY DEATHS UNDER THE**  
 35                   **PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS ACT**

36                   **SECTION 41.26.(a)** G.S. 143-166.3 reads as rewritten:

37                   "**§ 143-166.3. Payments; determination.**

38                   (a)    When any covered person is killed in the line of duty, the Industrial Commission shall  
 39                   award a death benefit in the amount of ~~one hundred thousand dollars (\$100,000)~~ one hundred  
 40                   fifty thousand dollars (\$150,000) to be paid to one of the following:

41                   (1)    The spouse of the covered person if there is a surviving spouse.

42                   (2)    If there is no surviving spouse, then payments shall be made to any surviving  
 43                   dependent child of the covered person. If there is more than one surviving  
 44                   dependent child, then the payment shall be made to and equally divided among  
 45                   all surviving dependent children.

46                   (3)    If there is no surviving spouse and no surviving dependent child or children,  
 47                   then payments shall be made to any surviving dependent parent of the covered  
 48                   person. If there is more than one surviving dependent parent, then the  
 49                   payments shall be made to and equally divided between the surviving  
 50                   dependent parents of the covered person.

(4) If there is no surviving spouse, surviving dependent child, or surviving dependent parent, then the payment shall be made to the estate of the deceased covered person.

...

(e) ~~On and after July 1, 2016, when~~ When any covered person is murdered in the line of duty, in addition to the award under subsection (a) of this section, the Industrial Commission shall award a death benefit in the amount of ~~one hundred thousand dollars (\$100,000)~~ one hundred fifty thousand dollars (\$150,000) to be paid to one of the following:

- (1) The spouse of the covered person if there is a surviving spouse.
- (2) If there is no surviving spouse, then payments shall be made to any surviving dependent child of the covered person. If there is more than one surviving dependent child, then the payment shall be made to and equally divided among all surviving dependent children.
- (3) If there is no surviving spouse and no surviving dependent child or children, then payments shall be made to any surviving dependent parent of the covered person. If there is more than one surviving dependent parent, then the payments shall be made to and equally divided between the surviving dependent parents of the covered person.
- (4) If there is no surviving spouse, surviving dependent child, or surviving dependent parent, then the payment shall be made to the estate of the deceased covered person.

...."

**SECTION 41.26.(b)** This section is effective July 1, 2025, and applies to deaths that occur on or after that date.

**PART XLII. CAPITAL**

**CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS**

**SECTION 42.1.(a)** The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
Department of Agriculture and Consumer Services	
Raleigh State Farmers Market–Improvements	DACs23-3
Research Stations–New Maintenance Shop Facilities	DACs23-8
Research Stations–Multipurpose Facilities	DACs23-10
NCFS–New County Offices, Region 3	DACs23-11
Department of Natural and Cultural Resources	
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
Department of Administration	
State Government Executive Headquarters	DOA22-1
Department of Instruction Building Renovation	DOA22-3
Service Campus	DOA23-1
Archdale Building Demolition	DOA23-3
Caswell Square Demolition	DOA23-4
Parking Deck–Wilmington Street	DOA23-5
Department of Public Safety	
State Highway Patrol–	

1	Auditorium	DPS23-3
2	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
3	Cadet Dormitory 1	DPS23-7
4	National Guard–	
5	NCNG Matching Fund	NG23-1
6	Special Forces Complex	NG23-5
7		
8	The University of North Carolina	
9	Appalachian State University–	
10	Peacock Hall/Business	UNC/ASU21-1
11	Innovation Campus	UNC/ASU21-2
12	Hickory Campus	UNC/ASU22-1
13	Walker Hall–Interior Renovation	UNC/ASU23-1
14	University of North Carolina at Charlotte–	
15	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
16	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
17	University of North Carolina at Chapel Hill–	
18	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
19	Elizabeth City State University–	
20	Sky Bridge	UNC/ECS21-2
21	Flight School	UNC/ECS21-4
22	Infrastructure Repairs–Phase 3	UNC/ECS23-1
23	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
24	East Carolina University–	
25	Brody School of Medicine	UNC/ECU21-1
26	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
27	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
28	Fayetteville State University–	
29	Butler Targeted Renovation	UNC/FSU23-1
30	North Carolina Agricultural & Technical State University–	
31	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
32	Health and Human Sciences Bldg.	UNC/A&T23-2
33	North Carolina Central University–	
34	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
35	University Theater Renovation	UNC/NCC23-3
36	North Carolina State University–	
37	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
38	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
39	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
40	Engineering Classroom Building	UNC/NCS23-5
41	Poe Hall	UNC/NCS24-1
42	North Carolina School of Science and Math–	
43	Durham Campus	
44	Renovation of Residence Halls	UNC/SSM23-2
45	University of North Carolina at Greensboro–	
46	Moore Building–Renovation	UNC/GBO23-1
47	University of North Carolina at Pembroke–	
48	Health Sciences Center	UNC/PEM21-1
49	Givens Performing Arts Center–Renovation	UNC/PEM23-1
50	University of North Carolina School of the Arts–	
51	New High School Residence Hall	UNC/SA23-2

1	University of North Carolina at Wilmington–	
2	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
3	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
4	DeLoach Hall–Modernization	UNC/WIL23-3
5	I.S.A.T. Building	UNC/WIL24-1
6	Western Carolina University–	
7	Replacement Engineering Building	UNC/WCU23-1
8	Winston-Salem State University–	
9	K.R. Williams Auditorium	UNC/WSS21-1
10	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
11	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
12	PBS North Carolina	UNC/PBS23-1

14	Repairs and Renovations–The University of North Carolina	UNC/R&R21
15	Repairs and Renovations–State Agencies (non-UNC)	R&R21
16	SCIF-Related Personnel	PERS21

17           **SECTION 42.1.(b)** This subsection authorizes the following capital projects in the  
18 2025-2027 fiscal biennium based upon projected cash flow needs for the authorized projects. The  
19 authorizations provided in this subsection represent the maximum amount of funding from the  
20 State Capital and Infrastructure Fund that may be expended on each project and do not reflect  
21 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action  
22 by the General Assembly is required to increase the maximum authorization for any of the  
23 projects listed:

24 **Capital Improvements–**

25 <b>State Capital and</b>	<b>Previous</b>	<b>New/Updated</b>
26 <b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>Project Authorization</b>
27 DNCR21-5	\$45,000,000	\$65,000,000
28 DPS23-3	35,000,000	53,466,000
29 DPS23-7	43,336,785	72,572,000
30 UNC/ASU21-1	40,000,000	45,000,000
31 UNC/ASU21-2	54,000,000	74,000,000
32 UNC/ECS21-2	2,500,000	7,500,000
33 UNC/ECU21-1	265,000,000	275,000,000
34 UNC/NCC23-2	12,999,424	19,499,424
35 UNC/NCC23-3	8,500,000	22,000,000
36 UNC/NCS23-1	30,000,000	40,000,000
37 UNC/NCS24-1	5,000,000	185,000,000
38 UNC/SSM23-2	28,988,042	43,988,042
39 UNC/PEM23-1	61,000,000	131,004,985
40 UNC/WIL24-1	8,000,000	83,000,000
41 UNC/WCU23-1	95,300,000	157,900,000

42           **SECTION 42.1.(c)** The Board of Governors of The University of North Carolina  
43 shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations  
44 pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in  
45 Section 40.1(d) of S.L. 2021-180; provided, however, the sum of one hundred million dollars  
46 (\$100,000,000) for the 2025-2026 fiscal year shall be used exclusively for repairs and  
47 renovations projects at North Carolina Central University. The Board of Governors shall not  
48 negatively weight repairs and renovations project funding allocations against North Carolina  
49 Central University with respect to the additional funding described in this subsection, and the  
50 funds described in this subsection are in addition to and shall not supplant any funds currently  
51 earmarked or projected to be allocated to North Carolina Central University for repairs and

1 renovations during the 2025-2027 fiscal biennium. The cost for any single repair and renovation  
 2 project other than (i) those specifically listed in Section 40.1(d) of S.L. 2021-180 and (ii) the  
 3 additional funding to North Carolina Central University described in this subsection shall not  
 4 exceed fifteen million dollars (\$15,000,000). The Board of Governors may reallocate funds in  
 5 accordance with G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180;  
 6 provided, however, reallocation of funds intended for a project located at a particular constituent  
 7 institution may only be reallocated for repairs and renovations projects at that particular  
 8 constituent institution. The provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects  
 9 listed in Section 40.1(d) of S.L. 2021-180. The Board of Governors shall report to the Joint  
 10 Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b).

11 **SECTION 42.1.(d)** For project code R&R21, the provisions of Section 40.1(c) of  
 12 S.L. 2021-180 shall apply to funds allocated for the project code during the 2025-2027 fiscal  
 13 biennium.

14 **SECTION 42.1.(e)** Of the funds allocated for project code R&R21 for the 2025-2026  
 15 fiscal year, the sum of eleven million three hundred thousand dollars (\$11,300,000) shall be  
 16 allocated to the Legislative Services Office to be used for renovations and upgrades to the  
 17 downtown education complex chilled water system.

18 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

19 **SECTION 42.2.** It is the intent of the General Assembly to fund capital improvement  
 20 projects on a cash flow basis and to plan for future project funding based upon projected  
 21 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed  
 22 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for  
 23 the projects listed in future years. The following schedule lists capital improvement projects that  
 24 will begin or be completed in fiscal years outside of the 2025-2027 fiscal biennium and estimated  
 25 amounts (in thousands) needed for completion of those projects:  
 26

27	<b>Project Code</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>	<b>FY29-30</b>	<b>FY30-31</b>
28	PERS21	3,154.9	3,154.9	3,154.9	3,154.9	3,154.9	3,154.9
29	UNC/R&R21	400,000	200,000	200,000	200,000	200,000	200,000
30	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
31	DACS23-3	2,000	4,000	4,000	N/A	N/A	N/A
32	DACS23-10	2,000	2,000	2,200	N/A	N/A	N/A
33	DACS23-11	N/A	1,500	1,500	N/A	N/A	N/A
34	DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
35	DOA22-3	N/A	N/A	21,000	N/A	24,000	N/A
36	DOA23-1	N/A	N/A	1,000	20,244	12,500	N/A
37	DOA23-3	N/A	N/A	N/A	11,000	N/A	N/A
38	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
39	DOA23-5	N/A	N/A	40,000	N/A	N/A	N/A
40	DPS23-3	14,791.5	25,774.5	8,500	N/A	N/A	N/A
41	DPS23-4	N/A	N/A	N/A	19,000	48,500	77,600
42	DPS23-7	14,472.4	42,931.7	8,834.2	N/A	N/A	N/A
43	NG23-5	800	4,000	3,200	N/A	N/A	N/A
44	UNC/ASU21-2	N/A	N/A	12,000	8,000	N/A	N/A
45	UNC/ASU22-1	12,300	14,350	10,250	N/A	N/A	N/A
46	UNC/ASU23-1	N/A	9,900	6,300	N/A	N/A	N/A
47	UNC/CLT23-1	N/A	12,600	19,800	N/A	N/A	N/A
48	UNC/CLT23-2	N/A	N/A	4,500	N/A	15,000	25,500
49	UNC/CH23-1	N/A	N/A	2,500	10,000	N/A	10,000

1	UNC/ECU23-1	8,237.5	20,162.5	12,300	N/A	N/A	N/A
2	UNC/ECU23-2	N/A	N/A	1,890	N/A	10,000	7,010
3	UNC/PEM21-1	30,500	24,400	4,250	N/A	N/A	N/A
4	UNC/PEM23-1	N/A	N/A	32,150	22,750	30,000	40,005
5	UNC/ECS23-2	N/A	N/A	1,250	N/A	11,250	N/A
6	UNC/FSU23-1	N/A	N/A	2,075	N/A	12,000	6,675
7	UNC/A&T23-1	N/A	N/A	N/A	N/A	5,335	N/A
8	UNC/A&T23-2	5,335	N/A	2,000	18,912	29,455	69,798
9	UNC/NCC23-2	N/A	4,549.8	7,149.7	6,500	N/A	N/A
10	UNC/NCC23-3	N/A	2,975	4,675	N/A	5,500	8,000
11	UNC/NCS23-1	27,000	N/A	N/A	N/A	2,000	8,000
12	UNC/NCS23-2	24,000	28,000	20,000	N/A	N/A	N/A
13	UNC/NCS23-3	18,900	22,050	15,750	N/A	N/A	N/A
14	UNC/NCS23-5	N/A	N/A	40,000	67,000	80,000	13,000
15	UNC/NCS24-1	25,049	74,957.9	79,993.4	N/A	N/A	N/A
16	UNC/SSM23-2	3,000	4,800	6,500	7,938	9,000	N/A
17	UNC/GBO23-1	N/A	8,470	13,310	N/A	N/A	N/A
18	UNC/SA23-2	N/A	N/A	2,450	8,575	N/A	13,475
19	UNC/WIL23-1	2,000	5,725	17,770	10,550	N/A	N/A
20	UNC/WIL23-2	1,200	4,000	N/A	8,840	5,400	N/A
21	UNC/WIL23-3	N/A	N/A	3,000	4,860	N/A	N/A
22	UNC/WIL24-1	N/A	N/A	29,644	23,723	21,633	N/A
23	UNC/WCU23-1	N/A	9,530	39,955	87,415	19,000	N/A
24	UNC/WSS23-1	N/A	N/A	N/A	N/A	1,080	5,140
25	UNC/WSS23-2	N/A	N/A	N/A	N/A	1,600	8,000
26	UNC/PBS23-1	10,000	7,325	18,412.5	8,812.5	N/A	N/A

27

**NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS**

28  
29 **SECTION 42.3.(a)** The General Assembly authorizes the following capital projects  
30 to be funded with receipts or from other non-General Fund and non-State Capital and  
31 Infrastructure Fund sources available to the appropriate department:

		<b>Amount of Non-General Fund/Non-SCIF</b>	
<b>Name of Project</b>		<b>Funding Authorized</b>	
		<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
32 Department of Natural and Cultural Resources			
33 Jennette's Pier Aquarium–			
34	Solar Covered Walkway	\$450,000	\$0
35 Roanoke Island Aquarium–			
36	Invertebrate Tank	500,000	0
37 Pine Knoll Shores Aquarium–			
38	Invertebrate Tank	2,000,000	0
39 NC Zoo–			
40	Elephant Shelters & Barn Bollard Repair	2,500,000	2,500,000
41 State Historic Sites–			
42	House in the Horseshoe–		
43	Alston House Rehabilitation	445,000	445,000
44 Department of Agriculture and Consumer Services			
45	State Fairgrounds Infrastructure Improvements	0	5,000,000
46	NC Forest Service Nursery Greenhouse	0	350,000
47 Department of Public Safety			
48	Alcoholic Beverage Control–		

51

1	ABC Warehouse Repairs	1,150,000	0
2	Wildlife Resources Commission		
3	Sykes Depot Greenhouse	331,600	0
4	D7 Storage Building	400,000	0
5	Caswell Shooting Range Renovation	3,850,000	0
6	Coastal Restoration and Resiliency	6,500,000	0
7	Ransom Road Depot	9,000,000	0
8	Land Acquisition	5,000,000	5,000,000
9	WRC Game Land Improvements	0	2,000,000
10	McKinney Lake Hatchery Building Replacement	1,300,000	0
11	Table Rock Hatchery Residence	0	640,000
12	WRC New Shooting Range	0	2,000,000
13	New Tillery Office Depot	0	1,500,000
14	Agency Infrastructure Repairs & Renovations	1,500,000	1,500,000
15	Boating Access Repairs & Renovations	800,000	800,000
16	Caswell Depot Expansion	100,000	0
17			
18	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
19	<b>FUND/NON-SCIF CAPITAL PROJECTS</b>		
20	<b>AUTHORIZED</b>	<b>\$35,826,000</b>	<b>\$21,375,000</b>

22 **SECTION 42.3.(b)** From funds deposited with the State Treasurer in a capital  
 23 improvement account to the credit of the Department of Agriculture and Consumer Services  
 24 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2025-2026  
 25 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2026-2027 fiscal year  
 26 shall be transferred to the Department of Agriculture and Consumer Services to be used,  
 27 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article  
 28 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as  
 29 land appraisals, land surveys, title searches, and environmental studies, and for the management  
 30 of the plant conservation program preserves owned by the Department.

31 **SECTION 42.3.(c)** G.S. 120-76.1 reads as rewritten:

32 **"§ 120-76.1. Prior consultation with the Commission; reporting requirements.**

- 33 (a) The Governor shall consult the Commission before doing any of the following:
- 34 (1) Authorizing expenditures in excess of the total requirements of a purpose or  
 35 program as enacted by the General Assembly and as provided by  
 36 G.S. 143C-6-4.
  - 37 (2) Proceeding to reduce programs subsequent to a reduction of ten percent (10%)  
 38 or more in the federal fund level certified to a department and any subsequent  
 39 changes in distribution formulas.
  - 40 (3) Taking measures under Article III, Section 5(3) of the North Carolina  
 41 Constitution to effect necessary economies in State expenditures required for  
 42 balancing the budget due to a revenue shortfall, including, but not limited to,  
 43 (i) making loans among funds, (ii) personnel freezes or layoffs, (iii) capital  
 44 project reversions, (iv) program eliminations, and (v) use of reserves.  
 45 However, if the Commission fails to meet within 10 calendar days of a request  
 46 from the Governor for its consultation, the Governor may proceed to take the  
 47 actions the Governor deems appropriate and necessary and shall then report  
 48 those actions at the next meeting of the Commission.
  - 49 (4) ~~Approving a new capital improvement project funded from gifts, grants,~~  
 50 ~~receipts, special funds, self liquidating indebtedness, and other funds or any~~  
 51 ~~combination of funds for the project not specifically authorized by the General~~

1 Assembly. The budget for each capital project must include projected  
2 revenues in an amount not less than projected expenditures.

3 ...."

4  
5 **VARIOUS CAPITAL CHANGES**

6 **SECTION 42.4.(a)** G.S. 143C-1-1(d) reads as rewritten:

7 "(d) Definitions. – The following definitions apply in this Chapter:

8 ...

9 (5) Capital improvement. – A term that includes real property acquisition, new  
10 construction or rehabilitation of existing facilities, and repairs and renovations  
11 over one hundred fifty thousand dollars ~~(\$100,000)~~ (\$150,000) in value.

12 ...."

13 **SECTION 42.4.(b)** G.S. 143C-8-7 reads as rewritten:

14 "**§ 143C-8-7. When a State agency may begin a capital improvement project.**

15 (a) No State agency may expend funds for the construction or renovation of any capital  
16 improvement project except as needed to comply with this Article or as otherwise authorized by  
17 (i) an act of the General Assembly or (ii) subsection (b) of this section. Funds that become  
18 available by gifts, federal or private grants, receipts becoming a part of special funds by act of  
19 the General Assembly, or any other funds available to a State agency or institution may be  
20 utilized for advanced planning through the working drawing phase of capital improvement  
21 projects, upon approval of the Director of the Budget.

22 (b) Notwithstanding any other provision of law to the contrary, the following agencies  
23 are authorized to utilize the types of funds described in subsection (a) of this section for capital  
24 improvement projects with a total project cost less than one hundred fifty thousand dollars  
25 (\$150,000) as follows:

26 (1) The Department of Agriculture and Consumer Services, for equipment  
27 structures that meet the description contained in G.S. 143-138(b4)(1)c. on an  
28 as-needed basis.

29 (2) The Wildlife Resources Commission, for equipment storage or maintenance  
30 buildings.

31 (c) Notwithstanding any other provision of law to the contrary, the following agencies  
32 are authorized to utilize non-General Fund and non-State Capital and Infrastructure Fund monies  
33 for a capital improvement project with an estimated cost not exceeding seven hundred fifty  
34 thousand dollars (\$750,000):

35 (1) The Department of Agriculture and Consumer Services, upon approval by the  
36 Board of Agriculture.

37 (2) The Wildlife Resources Commission."

38 **SECTION 42.4.(c)** G.S. 120-32 reads as rewritten:

39 "**§ 120-32. Commission duties.**

40 The Legislative Services Commission is authorized to:

41 ...

42 (11) Specify, at its sole discretion, the operating and capital uses within the General  
43 Assembly budget of funds appropriated to the General Assembly, including  
44 which funds remain available for expenditure after the end of the biennial  
45 fiscal period and which funds revert under G.S. 143C-1-2.

46 (11a) Contract for a capital improvement project with an estimated cost not  
47 exceeding seven hundred fifty thousand dollars (\$750,000); provided that the  
48 project is not funded with General Fund or State Capital and Infrastructure  
49 Fund monies.

50 ...."



1           **SECTION 42.4.(d)** Section 7(b) of S.L. 2019-230, as amended by Section 40.3(b)  
2 of S.L. 2022-74, reads as rewritten:

3           **"SECTION 7.(b)** There is appropriated from the State Capital and Infrastructure Fund to  
4 the Growing Rural Economies with Access to Technology Fund the sum of twenty million dollars  
5 (\$20,000,000) for each fiscal year from the 2019-2020 fiscal year through the ~~2028-2029~~  
6 2024-2025 fiscal year. Funds appropriated pursuant to this subsection that are remaining in the  
7 Growing Rural Economies with Access to Technology Fund that are unencumbered and  
8 unexpended are no longer appropriated."

9           **SECTION 42.4.(e)** Section 40.1(i) of S.L. 2023-134 is repealed.

## 10 11 **NATIONAL GUARD PROJECTS**

12           **SECTION 42.5.(a)** From the funds allocated in this Part for Project Code NG23-1,  
13 the Office of State Budget and Management may disburse to the Department of Public Safety  
14 funds needed to provide a State match for federal funds for projects included in the latest Armory  
15 and Facilities Development Plan developed pursuant to G.S. 127A-210 and designated by the  
16 Adjutant General of the North Carolina National Guard in an amount not exceeding six million  
17 dollars (\$6,000,000) during the 2025-2026 fiscal year.

18           **SECTION 42.5.(b)** No later than June 1, 2027, and every two years thereafter until  
19 project completion, the Department shall report on the use of these funds to the Joint Legislative  
20 Commission on Governmental Operations, the Fiscal Research Division, and the Office of State  
21 Budget and Management. Each report shall include all of the following:

- 22           (1) The status of all projects undertaken pursuant to this section.
- 23           (2) The estimated total cost of each project.
- 24           (3) The date that work on each project began or is expected to begin.
- 25           (4) The date that work on each project was completed or is expected to be  
26 completed.
- 27           (5) The actual cost of each project, including federal matching funds.
- 28           (6) Facilities planned for closure or reversion.
- 29           (7) A list of projects advanced in schedule, those projects delayed in schedule,  
30 and an estimate of the amount of funds expected to revert to the General Fund.

## 31 32 **GRANTS TO NON-STATE ENTITIES**

33           **SECTION 42.6.** Requirements. – For purposes of this Part, nonrecurring funds  
34 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined  
35 by G.S. 143C-1-1(d), are subject to all of the following requirements:

- 36           (1) As soon as practicable after the effective date of this act, each State agency  
37 administering grants shall begin disbursement of funds to each grantee  
38 non-State entity when all applicable requirements are met. However,  
39 disbursement of grant funds allocated for the 2025-2026 fiscal year shall  
40 commence no later than 100 days after the date this act becomes law, and  
41 disbursement in full to all grantees shall be completed no later than nine  
42 months after the date this act becomes law.
- 43           (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.
- 44           (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless  
45 otherwise indicated, nonrecurring funds appropriated in this Part as grants  
46 shall not revert until expended or the particular project has been completed.
- 47           (4) Grants to each grantee non-State entity shall be used for nonsectarian,  
48 nonreligious purposes only.
- 49           (5) By January 1, 2026, and then quarterly thereafter, the Office of State Budget  
50 and Management shall report to the Fiscal Research Division on the schedule

- 1 for and status of grant disbursement. At a minimum, the report shall include  
 2 the following for each grant:  
 3 a. The date when the disbursing agency issued the initial contract.  
 4 b. The date when the contract was sent to the grantee non-State entity.  
 5 c. The date when the fully executed contract was returned to the  
 6 disbursing agency.  
 7 d. The date when the contract was executed.  
 8 e. The date when a grant was disbursed in full.  
 9

10 **DOWNTOWN GOVERNMENT COMPLEX**

11 **SECTION 42.7.(a)** The Department of Administration shall sell the property situated  
 12 on the parcel of land in the City of Raleigh, with Wake County real estate ID# 0179265,  
 13 commonly known as 304 N. Dawson Street, for fair market value. No service charge into the  
 14 State Land Fund shall be deducted from or levied against the proceeds of the sale of the property  
 15 listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the property  
 16 listed in this subsection shall be handled in accordance with the following priority:

- 17 (1) First, in accordance with the provisions of any trust or other instrument of title  
 18 whereby title to the subject real property was acquired by the State.  
 19 (2) Second, to reimburse the Department of Administration for any funds  
 20 expended in the sale of the subject real property.  
 21 (3) Third, to be deposited into the State Capital and Infrastructure Fund,  
 22 established in G.S. 143C-4-3.1.

23 The Department of Administration shall obtain an appraisal assessing the value for  
 24 the property listed in this subsection according to their best and highest use and shall submit the  
 25 appraisal to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal  
 26 Research Division no later than January 1, 2026.

27 **SECTION 42.7.(b)** The Department of Administration shall prepare a plan that,  
 28 within 18 months of the effective date of this section, would consolidate and move the offices of  
 29 the State Records Center and any storage or satellite facilities related to the State Records Center  
 30 to another location outside of the downtown government complex. The Department of  
 31 Administration shall consider options for lease or purchase and shall submit its plan and cost  
 32 estimates to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal  
 33 Research Division no later than March 1, 2026.

34 **SECTION 42.7.(c)** This section is effective when it becomes law.  
 35

36 **PART XLIII. TRANSPORTATION**

37  
 38 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

39 **SECTION 43.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2023-134 are  
 40 repealed.

41 **SECTION 43.1.(b)** The General Assembly authorizes and certifies anticipated  
 42 revenues for the Highway Fund as follows:

43	For Fiscal Year 2027-28	\$3,399 million
44	For Fiscal Year 2028-29	\$3,553 million
45	For Fiscal Year 2029-30	\$3,612 million
46	For Fiscal Year 2030-31	\$3,666 million
47	For Fiscal Year 2031-32	\$3,723 million

48 **SECTION 43.1.(c)** The General Assembly authorizes and certifies anticipated  
 49 revenues for the Highway Trust Fund as follows:

50	For Fiscal Year 2027-28	\$2,614 million
51	For Fiscal Year 2028-29	\$2,685 million

1	For Fiscal Year 2029-30	\$2,738 million
2	For Fiscal Year 2030-31	\$2,780 million
3	For Fiscal Year 2031-32	\$2,853 million

4       **SECTION 43.1.(d)** The Department of Transportation, in collaboration with the  
5 Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year  
6 revenue forecast developed under this subsection shall be used (i) to develop the five-year cash  
7 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation  
8 Improvement Program, and (iii) by the Department of the State Treasurer to compute  
9 transportation debt capacity.

#### 10 11 **CONTINGENCY FUNDS**

12       **SECTION 43.2.(a)** The funds appropriated in this act to the Department of  
13 Transportation, Construction – Contingency Fund Code for the 2025-2027 fiscal biennium shall  
14 be allocated statewide for rural or small urban highway improvements and related transportation  
15 enhancements to public roads and public facilities, industrial access roads, railroad infrastructure,  
16 and spot safety projects, including pedestrian walkways that enhance highway safety. Projects  
17 funded pursuant to this subsection require prior approval by the Secretary of Transportation.  
18 Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but  
19 shall remain available until expended. The use of funds that do not revert under this subsection  
20 is not restricted to the fiscal year in which the funds were allocated.

21       **SECTION 43.2.(b)** The Department of Transportation shall report to the members  
22 of the General Assembly on projects funded pursuant to subsection (a) of this section in each  
23 member's district prior to construction. The Department shall make a quarterly comprehensive  
24 report on the use of these funds to the Joint Legislative Transportation Oversight Committee and  
25 the Fiscal Research Division.

#### 26 27 **TRANSPORTATION DISASTER RECOVERY FOR HURRICANE HELENE**

28       **SECTION 43.3.(a)** Clawback DMV IT Modernization Funds. – Whereas the  
29 General Assembly tasked the Division of Motor Vehicles (DMV) with service and information  
30 technology modernization efforts in 2013, and has appropriated over one hundred fifty million  
31 dollars (\$150,000,000) for this purpose, and since there still remains a cash balance of more than  
32 one hundred million dollars (\$100,000,000), which continues to accumulate, now therefore,  
33 notwithstanding any other provision of law, of the funds previously appropriated to the Division  
34 of Motor Vehicles of the Department of Transportation for information technology  
35 modernization projects and available in NCFS Budget Fund 801169 or NCDOT SAP Fund Code  
36 150021, the sum of sixty-five million dollars (\$65,000,000) shall be included under adjustments  
37 to availability for the Highway Fund in Section 3.2 of this act.

38       **SECTION 43.3.(b)** Clawback Remaining Dorian Funds. – Whereas the General  
39 Assembly appropriated thirty million dollars (\$30,000,000) for debris removal and repair of  
40 highway infrastructure damage from Hurricane Dorian in 2019, and since all debris removal and  
41 infrastructure repair from this storm have been completed and there remains a cash balance of  
42 more than twenty-eight million dollars (\$28,000,000) in unexpended funds, now therefore,  
43 notwithstanding any other provision of law, of the remaining funds previously appropriated to  
44 the Department of Transportation from the General Fund for Hurricane Dorian recovery available  
45 in NCFS Budget Fund 801278, the sum of twenty-eight million one hundred sixty-one thousand  
46 four hundred eighteen dollars (\$28,161,418) shall be included under adjustments to availability  
47 for the Highway Fund in Section 3.2 of this act.

48       **SECTION 43.3.(c)** Recovery Funds. – The following amounts from the Reserve for  
49 General Maintenance (GMR) and from the unreserved credit balance to the GMR (Credit Balance  
50 Funds) shall be used for cash flow and federal matching purposes for activities related to recovery  
51 from Hurricane Helene:

- 1 (1) Notwithstanding subsections (f) and (f1) of G.S. 136-44.2 and any other  
2 provision of law to the contrary, for the 2025-2026 fiscal year the Department  
3 of Transportation shall use up to two hundred seventy million dollars  
4 (\$270,000,000) in Credit Balance Funds.
- 5 (2) Notwithstanding subsections (f) and (f1) of G.S. 136-44.2 and any other  
6 provision of law to the contrary, the Department of Transportation shall use  
7 all future Credit Balance Funds until recovery is completed.
- 8 (3) Of the nonrecurring funds appropriated to GMR for the 2025-2027 fiscal  
9 biennium, the sum of two hundred forty-seven million three hundred  
10 sixty-nine thousand six hundred thirty dollars (\$247,369,630) in nonrecurring  
11 funds for the 2025-2026 fiscal year and the sum of one hundred sixteen million  
12 dollars (\$116,000,000) in nonrecurring funds for the 2026-2027 fiscal year.

13 **SECTION 43.3.(d)** Management of Funds. – All funds used for Hurricane Helene  
14 recovery as set forth in this section shall be managed in a separate project account within GMR.  
15 Federal reimbursements for funds expended from this account shall be deposited in this account.  
16 Upon recovery completion, any remaining Recovery Funds shall be transferred to GMR for use  
17 by the Department.

18 **SECTION 43.3.(e)** Cash Watch Weekly Report. – In addition to the other items  
19 published in the weekly report required under G.S. 143C-6-11(n), the Department shall include  
20 the total sum of Hurricane Helene expenditures and the total sum of federal reimbursements  
21 received by the Department. This requirement shall remain in effect until recovery is complete  
22 and the Department has received all federal reimbursements.

## 23 24 **DISASTER REIMBURSEMENT REPORTS**

25 **SECTION 43.4.** Article 2A of Chapter 136 of the General Statutes is amended by  
26 adding a new section to read:

### 27 **"§ 136-44.2F. Disaster reimbursement reports.**

28 (a) Disaster Detailed Report. – No later than the end of each month, the Department of  
29 Transportation shall submit a report to the Joint Legislative Transportation Oversight Committee  
30 and the Fiscal Research Division on disaster expenditures that qualify for federal reimbursement.  
31 The report shall be categorized by disaster and include the following information:

- 32 (1) Project number.  
33 (2) Project description.  
34 (3) Highway division.  
35 (4) County.  
36 (5) Total project expenditures to date.  
37 (6) Federal disaster program eligibility.  
38 (7) Estimated expenditures eligible for reimbursement.  
39 (8) Date of initial reimbursement submission.  
40 (9) Date of last reimbursement submission.  
41 (10) Eligible expenditures submitted for reimbursement.  
42 (11) Anticipated reimbursement.  
43 (12) An explanation if the anticipated amount of reimbursement is less than the  
44 estimate of expenditures eligible for reimbursement.  
45 (13) Reimbursements received to date.

46 (b) Disaster Summary Report. – No later than the end of each quarter, the Department  
47 shall submit a summary report to the Joint Legislative Transportation Oversight Committee and  
48 the Fiscal Research Division for all disaster expenditures resulting from a disaster that occurred  
49 on or after January 1, 2016, and that qualify for federal reimbursement. The report shall be by  
50 disaster and contain the source of federal reimbursement and the total eligible expenditures as of  
51 the date of the report.

1       (c) Failure to Submit Report. – If the Department fails to submit a report under this  
2 section within 60 days of the required submission date, the Secretary of the Department shall  
3 provide to the Joint Legislative Commission on Governmental Operations and the Fiscal  
4 Research Division an explanation for not submitting the required report."  
5

## 6 **POWELL BILL FUNDS**

7       **SECTION 43.5.** For the 2025-2027 fiscal biennium:

- 8       (1) The Department of Transportation shall not reduce the funds appropriated  
9       under this act to the State Aid – Powell Bill Fund for allocation under the  
10       Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).  
11       (2) Notwithstanding G.S. 136-41.1(a), Powell Bill program funds shall only be  
12       allocated to municipalities with a population of less than 150,000.  
13

## 14 **MODIFICATION TO MONTHLY STATEMENT REPORT**

15       **SECTION 43.6.** The Department of Transportation shall modify its monthly  
16       financial statement report, as required by G.S. 143C-6-11(q), by separating the additional  
17       registration fee charged for plug-in electric and plug-in hybrid electric vehicles charged under  
18       G.S. 20-87(13) and G.S. 20-87(13a) from staggered registration in the "Statement of Fees, Taxes,  
19       and Other" for the Highway Fund.  
20

## 21 **RENAMING OF THE OFFICE OF CIVIL RIGHTS**

22       **SECTION 43.7.(a)** The North Carolina Department of Transportation's Office of  
23       Civil Rights is hereby renamed the "Office of Small Business Development."  
24

25       **SECTION 43.7.(b)** Consistent with subsection (a) of this section, the Revisor of  
26       Statutes is authorized to change in the General Statutes the name of the Office of Civil Rights to  
27       the Office of Small Business Development.  
28

## 29 **CAPITAL INFRASTRUCTURE PLAN**

30       **SECTION 43.8.** The Department of Transportation shall prepare a cash flow  
31       financing plan to fund capital replacement needs for the Division of Highways operating facilities  
32       over an eight-year period. The basis for the plan shall be the building replacement schedule found  
33       in Appendix A5 of the 2024 Report on the NCDOT Facilities Management Division Capital  
34       Projects. The plan shall include examining the disposal of unused and underutilized real property  
35       of the Department to fund this plan. The Department shall submit the plan to the Joint Legislative  
36       Transportation Oversight Committee and the Fiscal Research Division by March 15, 2026.  
37

## 38 **ESTABLISH BOARD OF MOTOR VEHICLES**

39       **SECTION 43.9.(a)** G.S. 20-2(a) reads as rewritten:

40       "(a) Commissioner and Assistants. – The Division of Motor Vehicles shall be  
41       administered by the Commissioner of Motor Vehicles, who shall be appointed by and serve at  
42       the pleasure of the ~~Secretary of the Department of Transportation.~~ Board of Motor Vehicles. The  
43       Commissioner shall be paid an annual salary to be fixed by the Governor and allowed traveling  
44       expenses as allowed by law.

45       In any action, proceeding, or matter of any kind, to which the Commissioner of Motor  
46       Vehicles is a party or in which he may have an interest, all pleadings, legal notices, proof of  
47       claim, warrants for collection, certificates of tax liability, executions, and other legal documents,  
48       may be signed and verified on behalf of the Commissioner of Motor Vehicles by the Assistant  
49       Commissioner of Motor Vehicles or by any director or assistant director of any section of the  
50       Division of Motor Vehicles or by any other agent or employee of the Division so authorized by  
      the Commissioner of Motor Vehicles."

1           **SECTION 43.9.(b)** Article 1 of Chapter 20 of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 20-2.1. Board of Motor Vehicles.**

4       (a) There is hereby created a Board of Motor Vehicles. The Board is responsible for  
5 appointing the Commissioner of Motor Vehicles and overseeing the organization and  
6 administration of the Division of Motor Vehicles by the Commissioner.

7       (b) The Board consists of nine voting members as follows:

8           (1) The Secretary of Transportation or the Secretary's designee.

9           (2) The Secretary of the Department of Information Technology or the Secretary's  
10 designee.

11           (3) The Commander of the State Highway Patrol or the Commander's designee.

12           (4) Two members appointed by the Governor.

13           (5) Two members appointed by the General Assembly upon recommendation of  
14 the President Pro Tempore of the Senate.

15           (6) Two members appointed by the General Assembly upon recommendation of  
16 the Speaker of the House of Representatives.

17       (c) The terms of one member of the Board each appointed under subdivisions (4), (5),  
18 and (6) of subsection (b) of this section shall begin on July 1, 2025, and expire on June 30, 2027.  
19 The terms of one member of the Board each appointed under subdivisions (4), (5), and (6) of  
20 subsection (b) of this section shall begin on July 1, 2025, and expire on June 30, 2029. Thereafter,  
21 all Board members appointed under subdivisions (4) through (6) of subsection (b) of this section  
22 shall be appointed for four-year terms beginning on July 1 of the year that the previous term  
23 expired.

24       (d) Board members appointed under subdivisions (4) through (6) of subsection (b) of this  
25 section shall continue to serve until their successors are appointed. The appointing authority may  
26 appoint a member to serve out the unexpired term of a Board member appointed by that  
27 appointing authority. The appointing authority may remove a member of the Board appointed by  
28 that appointing authority for any cause the appointing authority finds sufficient.

29       (e) The Board shall meet at least quarterly and may meet at any time at the call of the  
30 chairperson or any three members of the Board. All clerical and other services required by the  
31 Board shall be supplied by the Secretary of the Department of Transportation.

32       (f) The Board shall select a chairperson and may select other officers from among its  
33 membership. The Board shall have the power to adopt and enforce rules and regulations for the  
34 government of its business and proceedings. A majority of the Board shall constitute a quorum  
35 for the transaction of business. Board members shall receive per diem and necessary travel and  
36 subsistence expenses in accordance with G.S. 138-5 and G.S. 138-6, as appropriate."

37           **SECTION 43.9.(c)** G.S. 20-3 reads as rewritten:

38 **"§ 20-3. Organization of Division.**

39       The Commissioner, subject to the approval of the Secretary of the Department of  
40 Transportation, shall organize and administer the Division in such manner as ~~he~~the  
41 Commissioner may deem necessary to conduct the work of the Division."  
42

43 **ELIMINATE MOTOR VEHICLE REGISTRATION CARDS AND STICKERS**

44           **SECTION 43.10.(a)** It is the intent of the General Assembly to reduce administrative  
45 costs, streamline vehicle registration processes, and enhance efficiency by eliminating motor  
46 vehicle registration cards and motor vehicle registration renewal stickers.

47           **SECTION 43.10.(b)** The Division of Motor Vehicles of the Department of  
48 Transportation shall develop, implement, and maintain a secure and user-friendly electronic  
49 vehicle registration system that allows vehicle owners, law enforcement agencies, and other  
50 authorized entities to access and verify registration status without the need for physical  
51 registration cards or renewal stickers.

1           **SECTION 43.10.(c)** G.S. 20-57 reads as rewritten:

2   "**§ 20-57. Division to issue certificate of title and ~~registration card~~electronic notice of**  
3   **registration.**

4       (a)   ~~The Division~~Division, upon registering a ~~vehicle~~vehicle, shall ~~issue a registration~~  
5   ~~card and a~~issue: (i) an electronic notice of registration and (ii) a certificate of title as a separate  
6   ~~documents~~document.

7       (a1)   The Division shall maintain an electronic record of all vehicles registered in the State  
8   and shall update the information contained in those records as required by this Chapter.

9       (b)   ~~The notice of registration card shall be delivered~~electronically to the owner and shall  
10   ~~contain upon the face thereof state:~~ (i) the name and address of ~~the owner,~~all owners, (ii) the  
11   registration number assigned to the vehicle, and (iii) a description of the vehicle as determined  
12   by the Commissioner, ~~provided that if there are more than two owners the Division may show~~  
13   ~~only two owners on the registration card and indicate that additional owners exist by placing after~~  
14   ~~the names listed "et al."~~Commissioner. An owner may obtain a printed copy of a registration  
15   ~~card~~the electronic notice of registration issued in the owner's name by applying to the Division  
16   ~~for a copy~~Division, either in person or through an online portal maintained by the Division, and  
17   paying the fee set in G.S. 20-85-a fee not to exceed the actual cost of printing and mailing.

18       (c)   ~~Every such registration card shall at all times be carried in the vehicle to which it~~  
19   ~~refers or in the vehicle to which transfer is being effected, as provided by G.S. 20-64 at the time~~  
20   ~~of its operation, and such registration card shall be displayed upon demand of any peace officer~~  
21   ~~or any officer of the Division: Provided, however, any person charged with failing to so carry~~  
22   ~~such registration card shall not be convicted if he produces in court a registration card theretofore~~  
23   ~~issued to him and valid at the time of his arrest: Provided further, that in case of a transfer of a~~  
24   ~~license plate from one vehicle to another under the provisions of G.S. 20-72, evidence of~~  
25   ~~application for transfer shall be carried in the vehicle in lieu of the registration card.~~

26       (d)   The certificate of title shall contain ~~upon the face thereof~~the on its face identical  
27   information as required upon the face of the registration card except the abbreviation "et al." if  
28   ~~such appears and in addition thereto the name of all owners,~~on the electronic notice of  
29   ~~registration,~~ the date of ~~issuance~~issuance, and all liens or encumbrances disclosed in the  
30   application for title. All ~~such~~ liens or encumbrances shall be shown in the order of their priority,  
31   according to the information contained in ~~such~~the application.

32   ...."

33           **SECTION 43.10.(d)** G.S. 20-66 reads as rewritten:

34   "**§ 20-66. Renewal of vehicle registration.**

35       (a)   Annual Renewal. – The registration of a vehicle must be renewed annually. In  
36   accordance with G.S. 105-330.5(b), upon receiving written consent from the owner of the  
37   vehicle, the Division may send any required notice of renewal electronically to an e-mail address  
38   provided by the owner of the vehicle. To renew the registration of a vehicle, the owner of the  
39   vehicle must file an application with the Division and pay the required registration fee. The owner  
40   of a vehicle registered in North Carolina may renew that vehicle registration by mail. The  
41   Division may receive and grant an application for renewal of registration at any time before the  
42   registration expires.

43       (b)   ~~Method of Division Action upon Renewal.~~ – When the Division renews the  
44   registration of a vehicle, it must ~~issue a new registration card for the vehicle and either a new~~  
45   ~~registration plate or a registration renewal sticker. The Division may renew a registration plate~~  
46   ~~for any type of vehicle by means of a renewal sticker.~~update the electronic record of registration  
47   ~~and issue an updated electronic notice of registration, which must indicate the period for which~~  
48   ~~the registration is valid.~~

49   ...

50       (c)   ~~Renewal Stickers.~~ – A single registration renewal sticker issued by the Division must  
51   be displayed on the registration plate that it renews in the place prescribed by the Commissioner

1 and must indicate the period for which it is valid. Except where physical differences between a  
 2 registration renewal sticker and a registration plate render a provision of this Chapter  
 3 inapplicable, the provisions of this Chapter relating to registration plates apply to registration  
 4 renewal stickers.

5 ...

6 (g) ~~When Renewal Sticker Renewed Registration Expires.~~ – The registration of a vehicle  
 7 that is renewed by means of a registration renewal sticker in accordance with this section expires  
 8 at midnight on the last day of the last month designated on the sticker of the validity period  
 9 indicated on the electronic notice of registration. It is lawful, however, to operate the vehicle on  
 10 a highway until midnight on the fifteenth day of the month following the month in which the  
 11 sticker registration expired.

12 ~~The Division may vary the expiration dates of registration renewal stickers issued for a type~~  
 13 ~~of vehicle so that an approximately equal number expires at the end of each month, quarter, or~~  
 14 ~~other period consisting of one or more months. When the Division implements registration~~  
 15 ~~renewal for a type of vehicle by means of a renewal sticker, it may issue a registration renewal~~  
 16 ~~sticker that expires at the end of any monthly interval.~~

17 ...."

18 **SECTION 43.10.(e)** G.S. 20-4.01 reads as rewritten:

19 **"§ 20-4.01. Definitions.**

20 Unless the context requires otherwise, the following definitions apply throughout this  
 21 Chapter to the defined words and phrases and their cognates:

22 ...

23 (7c) Electronic Record of Registration. – The electronic record of registration for  
 24 a vehicle maintained by the Division pursuant to G.S. 20-57.

25 (7e)(7d) Employer. – Any person who owns or leases a commercial motor vehicle  
 26 or assigns a person to drive a commercial motor vehicle and would be subject  
 27 to the alcohol and controlled substance testing provisions of 49 C.F.R. § 382  
 28 and also includes any consortium or third-party administrator administering  
 29 the alcohol and controlled substance testing program on behalf of  
 30 owner-operators subject to the provisions of 49 C.F.R. § 382.

31 ...."

32 **SECTION 43.10.(f)** G.S. 20-26 reads as rewritten:

33 **"§ 20-26. Records; copies furnished; charge.**

34 ...

35 (b1) The registered or declared weight set forth on the vehicle registration ~~card~~ or a  
 36 certified copy of the Division record sent by the Department of Public Safety or otherwise is  
 37 admissible in any judicial or administrative proceeding and shall be prima facie evidence of the  
 38 registered or declared weight.

39 ...."

40 **SECTION 43.10.(g)** G.S. 20-28.2 reads as rewritten:

41 **"§ 20-28.2. Forfeiture of motor vehicle for impaired driving after impaired driving license**  
 42 **revocation; forfeiture for felony speeding to elude arrest.**

43 ...

44 (a1) Definitions. – As used in this section and in G.S. 20-28.3, 20-28.4, 20-28.5, 20-28.7,  
 45 20-28.8, 20-28.9, 20-54.1, and 20-141.5, the following terms mean:

46 ...

47 (3a) Motor Vehicle Owner. – A person in whose name a registration ~~card~~ card, an  
 48 electronic notice of registration, or certificate of title for a motor vehicle is  
 49 issued at the time of seizure.

50 ...



(6) Registered Owner. – A person in whose name a registration card or an electronic notice of registration for a motor vehicle is issued at the time of seizure.

...."

**SECTION 43.10.(h)** G.S. 20-45 reads as rewritten:

**"§ 20-45. Seizure of documents and plates.**

(a) The Division is authorized to take possession of any certificate of title, ~~registration card,~~ permit, license, or registration plate issued by it upon expiration, revocation, cancellation, or suspension thereof, or which is fictitious, or which has been unlawfully or erroneously issued, or which has been unlawfully used.

(b) The Division may give notice to the owner, licensee or lessee of its authority to take possession of any certificate of title, ~~registration card,~~ permit, license, or registration plate issued by it and require that person to surrender it to the Commissioner or the Commissioner's officers or agents. Any person who fails to surrender the certificate of title, ~~registration card,~~ permit, license, or registration plate or any duplicate thereof, upon personal service of notice or within 10 days after receipt of notice by mail as provided in G.S. 20-48, shall be guilty of a Class 2 misdemeanor.

(c) Any sworn law enforcement officer with jurisdiction, including a member of the State Highway Patrol, is authorized to seize the certificate of title, ~~registration card,~~ permit, license, or registration plate, if the officer has electronic or other notification from the Division that the item has been revoked or cancelled, or otherwise has probable cause to believe that the item has been revoked or cancelled under any law or statute, including G.S. 20-311. If a criminal proceeding relating to a certificate of title, ~~registration card,~~ permit, or license is pending, the law enforcement officer in possession of that item shall retain the item pending the entry of a final judgment by a court with jurisdiction. If there is no criminal proceeding pending, the law enforcement officer shall deliver the item to the Division.

...."

**SECTION 43.10.(i)** G.S. 20-49 reads as rewritten:

**"§ 20-49. Police authority of Division.**

~~The Commissioner and such~~ Commissioner, any officers and inspectors of the Division as he shall designate ~~designated by the Commissioner,~~ and all members of the Highway Patrol and law enforcement officers of the Department of Public Safety shall have the power:

...

(4) When on duty, upon reasonable belief that any vehicle is being operated in violation of any provision of this Article or of any other law regulating the operation of vehicles to require the driver ~~thereof to of that vehicle to:~~ (i) stop and exhibit his or her driver's license and the registration card issued for the vehicle, and license and (ii) submit to an inspection of such the stopped vehicle, including the vehicle's registration plates and registration card thereon or to an inspection and a test of the equipment of such vehicle. vehicle's equipment.

...."

**SECTION 43.10.(j)** G.S. 20-52 reads as rewritten:

**"§ 20-52. Application for registration and certificate of title.**

(a) An owner of a vehicle subject to registration must apply to the Division for a certificate of ~~title, title and a registration plate, and a registration card~~ title and a registration plate for the vehicle. To apply, an owner must complete an application provided by the Division. The application shall contain a preprinted option that co-owners may use to title the vehicle as a joint tenancy with right of survivorship. The co-owners' designation of a joint tenancy with right of survivorship on the application shall be valid notwithstanding whether this designation appears on the assignment

1 of title. The application must request all of the following information and may request other  
2 information the Division considers necessary:

3 ...  
4 (c) Unless otherwise prohibited by federal law, an application for a certificate of title,  
5 salvage certificate of title, a registration plate, ~~a registration card,~~ and any other document  
6 required by the Division to be submitted with the application and requiring a signature may be  
7 submitted to the Division with an electronic signature in accordance with Article 40 of Chapter  
8 66 of the General Statutes. The required notarization of any electronic signature on any  
9 application or document submitted to the Division pursuant to this subsection may be performed  
10 electronically in accordance with Article 2 of Chapter 10B of the General Statutes. The Division  
11 will not certify or approve a specific electronic process or vendor. Any entity offering an  
12 electronic signature process assumes all responsibility and liability for the accuracy of the  
13 signature. The Division shall be held harmless from any liability to a claim arising from  
14 applications submitted with an inaccurate electronic signature pursuant to this subsection."

15 **SECTION 43.10.(k)** G.S. 20-53.1 reads as rewritten:

16 **"§ 20-53.1. Specially constructed vehicle certificate of title and registration.**

17 (a) Specially constructed vehicles shall be titled in the following manner:

- 18 (1) Replica vehicles shall be titled as the year, make, and model of the vehicle  
19 intended to be replicated. A label of "Replica" shall be applied to the title and  
20 ~~registration card.~~ the electronic record of registration. All replica vehicle titles  
21 shall be labeled "Specially Constructed Vehicle."  
22 (2) The model year of a street rod vehicle shall continue to be recognized as the  
23 manufacturer's assigned model year. The manufacturer's name shall continue  
24 to be used as the make with a label of "Street Rod" applied to the title and  
25 ~~registration card.~~ the electronic record of registration. All street rod vehicle  
26 titles shall be labeled "Specially Constructed Vehicle."  
27 (3) Custom-built vehicles shall be titled and registered showing the make as  
28 "Custom-built," and the year the vehicle was built shall be the vehicle model  
29 year. All custom-built vehicle titles shall be labeled "Specially Constructed  
30 Vehicle."

31 ...  
32 (c) Motor vehicle certificates of title and ~~registration cards~~ electronic notices of  
33 registration issued pursuant to this section shall be labeled in accordance with this section. As  
34 used in this section, "labeled" means that the title and ~~registration card~~ electronic notice of  
35 registration shall contain a designation that discloses if the vehicle is classified as any of the  
36 following:

- 37 (1) Specially constructed vehicle.  
38 (2) Inoperable vehicle."

39 **SECTION 43.10.(l)** G.S. 20-53.4 reads as rewritten:

40 **"§ 20-53.4. Registration of mopeds; certificate of title.**

41 (a) Registration. – Mopeds shall be registered with the Division. The owner of the moped  
42 shall pay the same base fee and be issued the same type of ~~registration card~~ electronic notice of  
43 registration and plate issued for a motorcycle. In order to be registered with the Division and  
44 operated upon a highway or public vehicular area, a moped must meet the following  
45 requirements:

- 46 (1) The moped has a manufacturer's certificate of origin.  
47 (2) The moped was designed and manufactured for use on highways or public  
48 vehicular areas.

49 ...."

50 **SECTION 43.10.(m)** G.S. 20-61 reads as rewritten:

51 **"§ 20-61. Owner dismantling or wrecking vehicle to return evidence of registration.**

1 Except as permitted under G.S. 20-62.1, any owner dismantling or wrecking any vehicle shall  
2 forward to the Division the certificate of title, ~~registration card~~ title and other proof of ownership,  
3 and the registration plates last issued for ~~such the~~ vehicle, unless ~~such the~~ plates are to be  
4 transferred to another vehicle of the same owner. In that event, the plates shall be retained and  
5 preserved by the owner for transfer to ~~such the~~ other vehicle. No person, firm or corporation shall  
6 dismantle or wreck any motor vehicle without first complying with the requirements of this  
7 section. The Commissioner upon receipt of certificate of title and notice from the owner thereof  
8 that a vehicle has been junked or dismantled may cancel and destroy ~~such the~~ record of certificate  
9 of title."

10 **SECTION 43.10.(n)** G.S. 20-63 reads as rewritten:

11 **"§ 20-63. Registration plates furnished by Division; requirements; replacement of regular**  
12 **plates with First in Flight plates, First in Freedom plates, or National/State**  
13 **Mottos plates; surrender and reissuance; displaying; preservation and cleaning;**  
14 **alteration or concealment of numbers; commission contracts for issuance.**

15 ...

16 (g) Alteration, Disguise, or Concealment of Numbers. – Any operator of a motor vehicle  
17 who shall willfully mutilate, bend, twist, cover or cause to be covered or partially covered by any  
18 bumper, light, spare tire, tire rack, strap, or other device, or who shall paint, enamel, emboss,  
19 stamp, print, perforate, or alter or add to or cut off any part or portion of a registration plate or  
20 the figures or letters thereon, or who shall place or deposit or cause to be placed or deposited any  
21 oil, grease, or other substance upon such registration plates for the purpose of making dust adhere  
22 thereto, or who shall deface, disfigure, change, or attempt to change any letter or figure thereon,  
23 or who shall display a number plate in other than a horizontal upright position, shall be guilty of  
24 a Class 2 misdemeanor. Any operator of a motor vehicle who shall willfully cover or cause to be  
25 covered any part or portion of a registration plate or the figures or letters thereon by any device  
26 designed or intended to prevent or interfere with the taking of a clear photograph of a registration  
27 plate by a traffic control or toll collection system using cameras commits an infraction and shall  
28 be penalized under G.S. 14-3.1. Any operator of a motor vehicle who shall otherwise  
29 intentionally cover any number ~~or registration renewal sticker~~ on a registration plate with any  
30 material that makes the number ~~or registration renewal sticker~~ illegible commits an infraction  
31 and shall be penalized under G.S. 14-3.1. Any operator of a motor vehicle who covers any  
32 registration plate with any frame or transparent, clear, or color-tinted cover that makes a number  
33 or letter included in the vehicle's ~~registration, registration or the State name on the plate, or a~~  
34 ~~number or month on the registration renewal sticker on the plate~~ illegible commits an infraction  
35 and shall be penalized under G.S. 14-3.1.

36 (h) ~~Commission Contracts for Issuance of Plates and Certificates. Certificates and~~  
37 ~~In-Person Registration Renewal.~~ – All registration ~~plates, registration certificates, plates and~~  
38 certificates of title issued by the Division, outside of those issued from the office of the Division  
39 located in Wake, Cumberland, or Mecklenburg Counties and those issued and handled through  
40 the United States mail, shall be issued insofar as practicable and possible through commission  
41 contracts entered into by the Division for the issuance of the plates and certificates in localities  
42 throughout North Carolina, including military installations within this State, with persons, firms,  
43 corporations or governmental subdivisions of the State of North Carolina. The Division shall also  
44 offer in-person registration renewal through commission contract arrangements. The Division  
45 shall accept applications for new commission contracts or renewal of existing contracts and enter  
46 into contracts with commission contractors in the commission contractor's business entity name,  
47 unless the commission contractor chooses to enter into a contract as an individual. The Division  
48 shall make a reasonable effort in every locality, except as noted above, to enter into a commission  
49 contract ~~for for:~~ (i) the issuance of the plates and certificates and (ii) offering in-person vehicle  
50 registration renewal, and a record of these efforts shall be maintained in the Division. In the event  
51 the Division is unsuccessful in making commission contracts, it ~~shall~~ shall: (i) issue the plates

1 and ~~certificates~~ certificates, and (ii) offer in-person vehicle registration renewal through the  
 2 regular employees of the Division. Whenever registration ~~plates, registration certificates, plates~~  
 3 and certificates of title are issued by the Division through commission contract arrangements, the  
 4 Division shall provide proper supervision of the distribution. Whenever in-person vehicle  
 5 registration renewal is offered through commission contract arrangements, the Division shall  
 6 ensure that the electronic record of registration is properly updated. Nothing contained in this  
 7 subsection allows or permits the operation of fewer outlets in any county in this State than are  
 8 now being operated.

9 The terms of a commission contract entered under this subsection shall specify the duration  
 10 of the contract and either include or incorporate by reference standards by which the Division  
 11 may supervise and evaluate the performance of the commission contractor. The duration of an  
 12 initial commission contract may not exceed eight years and the duration of a renewal commission  
 13 contract may not exceed two years. The Division may award monetary performance bonuses, not  
 14 to exceed an aggregate total of ninety thousand dollars (\$90,000) annually, to commission  
 15 contractors based on their performance.

16 The terms of a commission contract entered under this subsection shall allow the commission  
 17 contractor to sell the contractor's business, as applicable, and assign contractual rights to another  
 18 qualified contractor prior to expiration of the contract. A qualified contractor is a person, firm,  
 19 corporation, or governmental subdivision of the State of North Carolina, with demonstrated  
 20 experience as a commission contractor in North Carolina or equivalent experience in another  
 21 state, as determined by the Division. All Division equipment and software shall be transferred to  
 22 the new commission contractor upon sale, in accordance with guidelines established by the  
 23 Division.

24 The amount of compensation payable to a commission contractor is determined on a per  
 25 transaction basis. The collection of the highway use tax and the removal of an inspection stop are  
 26 each considered a separate transaction for which one dollar and sixty-eight cents (\$1.68)  
 27 compensation shall be paid. The issuance of a limited registration "~~T~~" ~~sticker~~ plate and the  
 28 collection of property tax are each considered a separate transaction for which compensation at  
 29 the rate of one dollar and forty cents (\$1.40) and one dollar and sixteen cents (\$1.16) respectively,  
 30 shall be paid by counties and municipalities as a cost of the combined motor vehicle registration  
 31 renewal and property tax collection system. The performance at the same time of one or more of  
 32 the transactions below is considered a single transaction for which one dollar and eighty-nine  
 33 cents (\$1.89) compensation shall be paid:

34 (1) Issuance of a registration ~~plate, a registration card, a registration sticker, plate~~  
 35 or a certificate of title.

36 (1a) In-person vehicle registration renewal.

37 ...

38 (4) Acceptance of a surrendered registration ~~plate, registration card, or~~  
 39 ~~registration renewal sticker, plate~~ or acceptance of an affidavit stating why a  
 40 person cannot surrender a registration ~~plate, registration card, or registration~~  
 41 ~~renewal sticker.plate.~~

42 ...

43 (j) The Division shall contract with at least two online motor vehicle registration vendors  
 44 which may enter into contracts with motor vehicle dealers and other participants, including, but  
 45 not limited to, out-of-state entities, such as dealers, fleet, leasing, and rental car companies, to  
 46 complete and file Division required documents for ~~the the:~~ (i) issuance of a certificate of title,  
 47 title or registration plate, or registration card or (ii) issuance of a duplicate certificate of title, title  
 48 or registration plate, or registration card plate, or (iii) renewing the registration and updating the  
 49 electronic record of registration for a motor vehicle, upon purchase or sale of a vehicle. Vendors  
 50 under contract with the Division pursuant to this subsection may also enter into contracts with  
 51 used motor vehicle dealers whose primary business is the sale of salvage vehicles on behalf of

1 insurers to complete and file documents required by the Division for the issuance of a salvage  
2 certificate of title. The Division shall not unreasonably deny a contract or access to any entity.

3 (k) Commission contract agents are authorized to enter into contracts with online motor  
4 vehicle registration vendors which are under contract with the Division to complete and file  
5 Division required documents for ~~the the~~: (i) issuance of a certificate of ~~title, title or~~ registration  
6 ~~plate, or registration card or~~ (ii) issuance of a duplicate certificate of ~~title, title or~~ registration  
7 ~~plate, or registration card~~ plate, or (iii) renewing the registration and updating the electronic  
8 record of registration for a motor vehicle."

9 **SECTION 43.10.(o)** G.S. 20-67 reads as rewritten:

10 **"§ 20-67. Notice of change of address or name.**

11 (a) Address. – A person whose address changes from the address stated on a certificate  
12 of title or ~~registration card~~ electronic notice of registration must notify the Division of the change  
13 within 60 days after the change occurs. The person may obtain a duplicate certificate of title ~~or~~  
14 ~~registration card~~ stating the new address but is not required to do so. The Division shall update  
15 the person's electronic record of registration. A person who does not move but whose address  
16 changes due to governmental action may not be charged with violating this subsection.

17 (b) Name. – A person whose name changes from the name stated on a certificate of title  
18 or ~~registration card~~ electronic notice of registration must notify the Division of the change within  
19 60 days after the change occurs. The person may obtain a duplicate certificate of title ~~or~~  
20 ~~registration card~~ but is not required to do so.

21 (c) Fee. — ~~G.S. 20-85 sets the fee for a duplicate certificate of title or registration card."~~

22 **SECTION 43.10.(p)** G.S. 20-68 reads as rewritten:

23 **"§ 20-68. Replacement of lost or damaged ~~certificates, cards~~ certificates and plates.**

24 (a) ~~In the event any registration card or~~ If a registration plate is lost, mutilated, or  
25 becomes illegible, the owner or legal representative of the owner of the vehicle for which the  
26 same was issued, as shown by the records of the Division, shall immediately make application  
27 for and may obtain a duplicate or a substitute or a new registration under a new registration  
28 number, as determined to be most advisable by the Division, upon the applicant's furnishing  
29 under oath information satisfactory to the Division and payment of required fee.

30 ...."

31 **SECTION 43.10.(q)** G.S. 20-70 reads as rewritten:

32 **"§ 20-70. Division to be notified when another engine is installed or body changed.**

33 (a) Whenever a motor vehicle registered hereunder is altered by the installation of  
34 another engine in place of an engine, the number of which is shown in the registration records,  
35 or the installation of another body in place of a body, the owner of ~~such that~~ motor vehicle shall  
36 immediately give notice to the Division in writing on a form prepared by it, which shall state the  
37 number of the former engine and the number of the newly installed engine, the registration  
38 number of the motor vehicle, the name of the owner and any other information which the Division  
39 may require. Whenever another engine has been substituted as provided in this section, and the  
40 notice given as required hereunder, the Division ~~shall~~ shall (i) insert the number of the newly  
41 installed engine upon the ~~registration card and~~ certificate of title issued for ~~such that~~ motor  
42 vehicle. ~~vehicle and~~ (ii) update the electronic record of registration associated with that motor  
43 vehicle.

44 (b) Whenever a new engine or serial number has been assigned to and stamped upon a  
45 motor vehicle as provided in G.S. 20-69, or whenever a new engine has been installed or body  
46 changed as provided in this section, the Division shall require the owner to surrender to the  
47 Division the ~~registration card and~~ certificate of title previously issued for ~~said that~~ vehicle. The  
48 Division shall ~~also~~ also: (i) update the electronic record of registration associated with that motor  
49 vehicle and (ii) require the owner to ~~make application apply~~ for a ~~duplicate registration card and~~  
50 a duplicate certificate of title showing the new motor or serial number ~~thereon~~ or new style of  
51 body, and upon body. Upon receipt of ~~such the~~ application and fee, as for any other duplicate

1 ~~title, the Division shall issue to said the owner a duplicate registration and a duplicate certificate~~  
 2 ~~of title showing thereon the new number in place of the original number or the new style of body.~~  
 3 ...."

4 **SECTION 43.10.(r)** G.S. 20-71 reads as rewritten:

5 **"§ 20-71. Altering or forging certificate of title, registration card or application, a felony;**  
 6 **reproducing or possessing blank certificate of title.**

7 (a) Any person who, with fraudulent intent, shall alter any certificate of title, registration  
 8 ~~card~~ issued by the Division, or any application for a certificate of title or ~~registration card,~~  
 9 registration, or forge or counterfeit any certificate of title or registration ~~card~~ purported to have  
 10 been issued by the Division under the provisions of this Article, or who, with fraudulent intent,  
 11 shall alter, falsify or forge any assignment thereof, or who shall hold or use any such certificate,  
 12 ~~registration card, registration,~~ or application, or assignment, knowing the same to have been  
 13 altered, forged or falsified, shall be guilty of a felony and upon conviction thereof shall be  
 14 punished in the discretion of the court.

15 ...."

16 **SECTION 43.10.(s)** G.S. 20-71.3 reads as rewritten:

17 **"§ 20-71.3. Salvage and other vehicles – ~~titles and registration cards to be branded.~~ title and**  
 18 **registration branding.**

19 (a) Motor vehicle certificates of title ~~and registration cards issued~~ issued, electronic  
 20 notices of registration issued, and electronic records of registration maintained pursuant to  
 21 G.S. 20-57 shall be branded in accordance with this section.

22 As used in this section, "branded" means that the title and ~~registration card~~ electronic record  
 23 of registration shall contain a designation that discloses if the vehicle is classified as any of the  
 24 following:

- 25 (1) Salvage Motor Vehicle.
- 26 (2) Salvage Rebuilt Vehicle.
- 27 (3) Reconstructed Vehicle.
- 28 (4) Flood Vehicle.
- 29 (5) Non-U.S.A. Vehicle.
- 30 (6) Any other classification authorized by law.

31 (a1) Any motor vehicle that is declared a total loss by an insurance company licensed and  
 32 approved to conduct business in North Carolina, in addition to the designations noted in  
 33 subsection (a) of this section, shall:

- 34 (1) Have the title and ~~registration card~~ electronic record of registration marked  
 35 "TOTAL LOSS CLAIM".
- 36 (2) Have a tamperproof permanent marker inserted into the doorjamb of that  
 37 vehicle by the Division, at the time of the final inspection of the reconstructed  
 38 vehicle, that states "TOTAL LOSS CLAIM VEHICLE". Should that vehicle  
 39 be later reconstructed, repaired, or rebuilt, a permanent tamperproof marker  
 40 shall be inserted in the doorjamb of the reconstructed, repaired, or rebuilt  
 41 vehicle.

42 ...

43 (i) Once the Division has issued a branded title for a motor vehicle all subsequent titles  
 44 for that motor vehicle and the electronic record of registration associated with that vehicle shall  
 45 continue to reflect the branding.

46 ...."

47 **SECTION 43.10.(t)** G.S. 20-72 reads as rewritten:

48 **"§ 20-72. Transfer by owner.**

49 (a) Whenever the owner of a registered vehicle transfers or assigns his title or interests  
 50 thereto, he shall remove the license plates. The ~~registration card and~~ plates shall be forwarded to  
 51 the Division unless the plates are to be transferred to another vehicle as provided in G.S. 20-64.

1 If they are to be transferred to and used with another vehicle, then ~~the endorsed registration card~~  
 2 ~~and~~ the plates shall be retained and preserved by the owner. If such registration plates are to be  
 3 transferred to and used with another vehicle, then the owner shall make application to the  
 4 Division for assignment of the registration plates to such other vehicle under the provisions of  
 5 G.S. 20-64. Such application shall be made within 20 days after the date on which such plates  
 6 are last used on the vehicle to which theretofore assigned.

7 ...."

8 **SECTION 43.10.(u)** G.S. 20-76 reads as rewritten:

9 **"§ 20-76. Title lost or unlawfully detained; bond as condition to issuance of new certificate.**

10 (a) Whenever the applicant for the registration of a vehicle or a new certificate of title  
 11 thereto is unable to present a certificate of title thereto by reason of the same being lost or  
 12 unlawfully detained by one in possession, or the same is otherwise not available, the Division is  
 13 hereby authorized to receive such application and to examine into the circumstances of the case,  
 14 and may require the filing of affidavits or other information; and when the Division is satisfied  
 15 that the applicant is entitled thereto and that G.S. 20-72 has been complied with, it is hereby  
 16 authorized ~~to~~ to: (i) register such vehicle that vehicle, (ii) update the electronic record of  
 17 registration associated with that vehicle, and (iii) issue a new registration card, electronic notice  
 18 of registration, registration plate or plates and certificates of title to the person entitled thereto,  
 19 upon payment of proper fees.

20 ...

21 (c) Whenever an applicant for the registration of a moped is unable to present a  
 22 manufacturer's certificate of origin for the moped, the applicant must submit an affidavit stating  
 23 why the applicant does not have the manufacturer's certificate of origin and attesting that the  
 24 applicant is entitled to registration. Upon receipt of the application and accompanying affidavit,  
 25 the Division ~~shall~~ shall: (i) update the electronic record of registration associated with the moped  
 26 and (ii) issue the applicant a registration card and an electronic notice of registration and a registration  
 27 plate. The Division may not require the applicant to post a bond as required under subsection (b)  
 28 of this section. A person damaged by issuance of the registration card and an update to an electronic  
 29 record of registration or the issuance of an electronic notice of registration does not have a right  
 30 of action against the Division."

31 **SECTION 43.10.(v)** G.S. 20-78 reads as rewritten:

32 **"§ 20-78. When Division to transfer registration and issue new certificate; recordation.**

33 (a) The Division, upon receipt of a properly endorsed certificate of title, application for  
 34 transfer thereof and payment of all proper fees, shall issue a new certificate of title as upon an  
 35 original registration. The Division, upon receipt of an application for transfer of registration  
 36 plates, together with payment of all proper fees, shall update the electronic record of registration  
 37 and issue a new registration card and electronic notice of registration transferring and assigning the  
 38 registration plates and numbers thereon as upon an original assignment of registration plates. The  
 39 Division, upon receipt of an application for transfer thereof and payment of all proper fees, but  
 40 without receipt of a properly endorsed certificate of title, shall issue a salvage certificate of title  
 41 pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1).

42 (b) The Division shall maintain a record of certificates of title issued by the Division for  
 43 a period of 20 years. After 20 years, the Division shall maintain a record of the last two owners.

44 The Commissioner is hereby authorized and empowered to provide for the photographic or  
 45 photostatic recording of certificate of title records in such manner as ~~he~~ the Commissioner may  
 46 deem expedient. The photographic or photostatic copies herein authorized shall be sufficient as  
 47 evidence in tracing of titles of the motor vehicles designated therein, and shall also be admitted  
 48 in evidence in all actions and proceedings to the same extent that the originals would have been  
 49 admitted."

50 **SECTION 43.10.(w)** G.S. 20-79 reads as rewritten:

51 **"§ 20-79. Dealer license plates.**

1 ...  
 2 (b1) Dealer Plate ~~Registration Card.~~ Electronic Record. – For each dealer license plate  
 3 issued pursuant to this section, the Division ~~must provide a registration card~~ shall maintain an  
 4 electronic record that lists all valid dealer license plates issued to that dealer pursuant to this  
 5 section. The Division shall ~~reissue registration cards~~ update the electronic record as needed to  
 6 ensure the accuracy of dealer license plate information.

7 ...  
 8 (d) Restrictions on Use. – A dealer license plate may be displayed only on a motor vehicle  
 9 that meets all of the following requirements:

- 10 ...  
 11 (6) Displays a dealer license plate that matches (i) a copy of the registration card  
 12 for the dealer plate issued to the dealer carried by the person operating the  
 13 motor vehicle, or (ii) if the person is operating the motor vehicle in this State,  
 14 ~~a registration card for the dealer plate issued to the dealer that is maintained~~  
 15 ~~on file at the dealer's address listed on the registration card and the registration~~  
 16 ~~card must be able to be produced within 24 hours upon request of any law~~  
 17 ~~enforcement officer.~~ the electronic record maintained by the Division pursuant  
 18 to subsection (b1) of this section.

19 A dealer may issue a demonstration permit for a motor vehicle to a person licensed to drive  
 20 that type of motor vehicle. A demonstration permit authorizes each person named in the permit  
 21 to drive the motor vehicle described in the permit for up to 96 hours after the time the permit is  
 22 issued. A dealer may, for good cause, renew a demonstration permit for one additional 96-hour  
 23 period. A franchised motor vehicle dealer is not prohibited from using a demonstration permit  
 24 pursuant to this subsection by reason of the dealer's receipt of (i) incentive or warranty  
 25 compensation or other reimbursement or consideration from a manufacturer, factory branch,  
 26 distributor, distributor branch or (ii) a third-party warranty, maintenance, or service contract  
 27 company relating to the use of the vehicle as a demonstrator or service loaner.

28 A dealer may not lend, rent, lease, or otherwise place a dealer license plate at the disposal of  
 29 a person except as authorized by this subsection.

30 ...."

31 **SECTION 43.10.(x) G.S. 20-79.02 reads as rewritten:**

32 **"§ 20-79.02. Loaner/Dealer "LD" license plate for franchised dealer loaner vehicles.**

33 ...  
 34 (b) Number of ~~Plates.~~ Plates; Electronic Record.— There is no limit on the number of LD  
 35 license plates that a franchised motor vehicle dealer may be issued, provided that the applicable  
 36 annual fee for each plate is paid. The Division shall maintain an electronic record of all valid LD  
 37 plates issued pursuant.

38 ...  
 39 (d) Restrictions on Use. – The following restrictions apply with regard to the use and  
 40 display of an LD license plate:

- 41 ...  
 42 (2) The person operating the motor vehicle must carry a copy of the assignment  
 43 by the franchised motor vehicle dealer and a copy of the registration card for  
 44 the LD license plate issued to the franchised motor vehicle dealer, or, if the  
 45 person is operating the motor vehicle in this State, ~~the registration card must~~  
 46 ~~be maintained on file at the franchised motor vehicle dealer's address listed on~~  
 47 ~~the registration card, and the registration card must be able to be produced~~  
 48 ~~within 24 hours upon request of a law enforcement officer.~~ ensure that LD  
 49 license plate matches the electronic record of validity maintained by the  
 50 Division pursuant to subsection (b) of this section.

51 ...."



1 SECTION 43.10.(y) G.S. 20-85 reads as rewritten:

2 "§ 20-85. Schedule of fees.

3 (a) The following fees are imposed concerning a certificate of ~~title, a registration card,~~  
4 title or a registration plate for a motor vehicle. These fees are payable to the Division and are in  
5 addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes:

- 6 ...
- 7 (6) ~~Each application for duplicate registration card.....~~21.50
- 8 ...."

9 SECTION 43.10.(z) G.S. 20-88 reads as rewritten:

10 "§ 20-88. Property-hauling vehicles.

11 ...

12 (c) The fee for a semitrailer or trailer is twenty-seven dollars (\$27.00) for each year or  
13 part of a year. The fee is payable each year. Upon the application of the owner of a semitrailer or  
14 trailer, the Division may issue a multiyear plate and ~~registration card~~ electronic notice of  
15 registration for the semitrailer or trailer for a fee of one hundred five dollars and seventy-five  
16 cents (\$105.75). Upon issuance of a multiyear plate, the Division shall update the electronic  
17 record of registration associated with the registered vehicle accordingly. A multiyear plate and  
18 registration ~~card~~ for a semitrailer or trailer are valid until the owner transfers the semitrailer or  
19 trailer to another person or surrenders the plate and registration card to the Division. A multiyear  
20 plate may not be transferred to another vehicle.

21 The Division shall issue a multiyear semitrailer or trailer plate in a different color than an  
22 annual semitrailer or trailer plate and shall include the word "multiyear" on the plate. The  
23 Division may not issue a multiyear plate for a house trailer.

24 ...."

25 SECTION 43.10.(aa) G.S. 20-95 reads as rewritten:

26 "§ 20-95. Prorated fee for license plate issued for other than a year.

27 ...

28 (a1) ~~Plate With Renewal Sticker. Prorated License Plate Renewal Fees.~~ – The fee for a  
29 license plate whose registration is renewed ~~by means of a registration renewal sticker~~ for a period  
30 of other than 12 months is a prorated amount of the annual fee. The prorated amount is  
31 one-twelfth of the annual fee multiplied by the number of full months in the period beginning the  
32 date the renewal ~~sticker~~ becomes effective until the date the renewal ~~sticker~~ expires, rounded to  
33 the nearest dollar.

34 ...."

35 SECTION 43.10.(bb) G.S. 20-110 reads as rewritten:

36 "§ 20-110. When registration shall be rescinded.

37 ...

38 (b) The Division shall rescind and cancel the registration of any vehicle whenever the  
39 person to whom the registration ~~card~~ ~~or registration number plates therefor~~ ~~or plates~~ have been  
40 issued shall make or permit to be made any unlawful use of the ~~said card~~ registration or plates or  
41 permit the use thereof by a person not entitled thereto.

42 ...."

43 SECTION 43.10.(cc) G.S. 20-111 reads as rewritten:

44 "§ 20-111. Violation of registration provisions.

45 It shall be unlawful for any person to commit any of the following acts:

- 46 ...
- 47 (2) To display or cause or permit to be displayed or to have in possession ~~any~~  
48 ~~registration card, an electronic notice of registration, certificate of title or~~  
49 registration number plate knowing the same to be fictitious or to have been  
50 canceled, revoked, suspended or altered, or to willfully display an expired

license or registration plate on a vehicle knowing the same to be expired.

Violation of this subdivision is a Class 3 misdemeanor.

...

- (4) To fail or refuse to surrender to the Division, upon demand, any title ~~certificate, registration card~~ certificate or registration number plate which has been suspended, canceled or revoked as in this Article provided. Service of the demand shall be in accordance with G.S. 20-48.

...."

**SECTION 43.10.(dd)** G.S. 20-176 reads as rewritten:

**"§ 20-176. Penalty for misdemeanor or infraction.**

...

- (a1) A person who does any of the following is responsible for an infraction:

- (1) ~~Fails to carry the registration card in the vehicle, in violation of G.S. 20-57(e).~~

...

- (3) Fails to notify the Division of an address ~~change for a vehicle registration card within 60 days after the change occurs,~~ change in violation of G.S. 20-67.

...."

**SECTION 43.10.(ee)** G.S. 20-183.4C reads as rewritten:

**"§ 20-183.4C. When a vehicle must be inspected; 10-day temporary license plate.**

- (a) Inspection. – A vehicle that is subject to a safety inspection, an emissions inspection, or both must be inspected as follows:

...

- (7) A vehicle that is required to be inspected in accordance with this Part may be inspected 90 days prior to midnight of the last day of the month ~~as designated by the vehicle registration sticker,~~ the vehicle's registration expires.

...."

**SECTION 43.10.(ff)** G.S. 20-183.4D reads as rewritten:

**"§ 20-183.4D. Procedure when a vehicle is inspected.**

...

- (e) When Electronic Inspection Authorization Expires. – An electronic inspection authorization issued under this Part expires at midnight of the last day of the month ~~designated by the vehicle registration sticker of the following year,~~ the vehicle's registration expires."

**SECTION 43.10.(gg)** G.S. 20-311 reads as rewritten:

**"§ 20-311. Action by the Division when notified of a lapse in financial responsibility.**

...

- (d) Revocation Notice. – When the Division revokes the registration of an owner's vehicle, it shall notify the owner of the revocation. The notice shall inform the owner of the following:

- (1) That the owner shall return the vehicle's registration plate ~~and registration card~~ to the Division, if the owner has not done so already, and that failure to do so is a Class 2 misdemeanor under G.S. 20-45.

- (2) That the vehicle's registration plate ~~and registration card~~ are ~~are~~ is subject to seizure by a law enforcement officer.

...

- (g) Military Waiver. – Notwithstanding the penalty and restoration fee provisions of this section, any monetary penalty or restoration fee shall be waived for any person who, at the time of notification of a lapse in financial responsibility, was deployed as a member of the Armed Forces of the United States outside of the continental United States for a total of 45 or more days. In addition, no insurance points under the Safe Driver Incentive Plan shall be assessed for any violation for which a monetary penalty or restoration fee is waived pursuant to this subsection. All of the following apply to a person qualifying under this subsection:

1 (1) The person shall have an affirmative defense to any criminal charge based  
2 upon the failure to return ~~any registration card or a~~ registration plate to the  
3 Division.

4 (2) Upon reregistration, the person shall receive without cost from the Division  
5 all necessary ~~registration cards~~ notices of electronic registration or registration  
6 plates.

7 ...."

8 **SECTION 43.10.(hh)** G.S. 20-401 reads as rewritten:

9 **"§ 20-401. Regulation of fully autonomous vehicles.**

10 ...

11 ~~(b) Vehicle Registration Card in Vehicle. For a fully autonomous vehicle, the~~  
12 ~~provisions of G.S. 20-49(4) and G.S. 20-57(e) are satisfied if the vehicle registration card is in~~  
13 ~~the vehicle, physically or electronically, and readily available to be inspected by an officer or~~  
14 ~~inspector.~~

15 ...

16 (h) Operation. – A person may operate a fully autonomous vehicle if the vehicle meets  
17 all of the following requirements:

18 ...

19 (5) The vehicle is registered in accordance with Part 3 of Article 3 of this Chapter,  
20 and, if registered in this State, the vehicle shall be identified on the ~~registration~~  
21 ~~and registration card~~ electronic record of registration as a fully autonomous  
22 vehicle.

23 ...."

24 **SECTION 43.10.(ii)** G.S. 105-330.4 reads as rewritten:

25 **"§ 105-330.4. Due date, interest, and enforcement remedies.**

26 (a) Due Date. – The registration of a classified motor vehicle may not be issued unless a  
27 temporary registration plate is issued for the motor vehicle under G.S. 20-79.1A or the taxes for  
28 the motor vehicle's tax year that begins after the issuance of the registration are paid upon  
29 registration. A registration of a classified motor vehicle may not be renewed unless the taxes for  
30 the motor vehicle's tax year that begins after the registration expires are paid upon registration.  
31 If the registration of a classified motor vehicle is renewed earlier than the date the taxes are due,  
32 the taxes must be paid as if they were due. Taxes on a classified motor vehicle are due as follows:

33 (1) For an unregistered classified motor vehicle, the taxes are due on September  
34 1 following the date by which the vehicle was required to be listed.

35 (2) For a registered classified motor vehicle that is registered under the staggered  
36 system, the taxes are due each year on the date the owner applies for a new  
37 registration or the fifteenth day of the month following the month in which the  
38 registration renewal ~~sticker~~ expires pursuant to G.S. 20-66(g).

39 (3) For a registered classified motor vehicle that is registered under the annual  
40 system, taxes are due on the date the owner applies for a new registration or  
41 45 days after the registration expires.

42 (4) For a registered classified motor vehicle that has a temporary registration plate  
43 issued under G.S. 20-79.1 or a limited registration plate issued under  
44 G.S. 20-79.1A, the taxes are due on the last day of the second month following  
45 the date the owner applied for the plate.

46 ...."

47 **SECTION 43.10.(jj)** This section becomes effective October 1, 2025, and applies to  
48 motor vehicle registrations and registration renewals applied for on or after that date.

**TRANSFER CERTAIN NONSWORN PERSONNEL FROM THE LICENSE AND THEFT BUREAU OF THE DEPARTMENT OF TRANSPORTATION TO THE STATE HIGHWAY PATROL**

**SECTION 43.11.** The following positions, including the salaries, property, and other funds allocated for the positions, are transferred from the Department of Transportation, Division of Motor Vehicles License and Theft Bureau, to the State Highway Patrol:

<u>Position</u>	<u>Position Number</u>
Program Coordinator III	60030052
Administrative Specialist II	60030907
Administrative Specialist I	60031075
Program Analyst I	60031189
Program Analyst I	60031341
Administrative Specialist II	60029790
Administrative Specialist I	60031033
Program Coordinator II	60030760
Program Coordinator II	60030921
Electronics Technician II	60030924
Administrative Specialist I	60030909
Program Coordinator III	60092620
Program Coordinator III	60030920
Program Coordinator III	60030933
Program Coordinator III	60090052
Program Supervisor I	60092613
Program Supervisor I	60092614
Program Coordinator III	60092615
Program Coordinator III	60092616
Program Coordinator III	60092617
Program Coordinator III	60092618
Program Coordinator III	60092619
Program Coordinator III	60030904
Program Coordinator III	60092622
Program Coordinator III	60092623
Program Coordinator III	60092625
Program Coordinator III	60092626
Program Coordinator III	60092627
Program Coordinator I	60029918
Program Supervisor I	60030890
Program Coordinator III	60030922
Program Coordinator I	60031074
Program Coordinator I	60031114
Program Coordinator I	60031142
Program Coordinator I	60031143
Administrative Specialist I	60030847
Program Coordinator III	60030894
Administrative Specialist I	60030899
Program Supervisor I	60030917
Administrative Specialist I	60030934
Administrative Specialist I	60031312
Program Coordinator III	65037940
Program Coordinator III	65037942
Program Supervisor I	65037786

1	Program Coordinator III	65037941
2	Program Supervisor I	60030929
3	Program Coordinator III	60030844
4	Program Coordinator I	60030893
5	Program Coordinator III	60030898
6	Program Coordinator III	60031077
7	Program Coordinator I	60031284
8	Program Coordinator I	60031320
9	Program Coordinator III	60030916
10	Program Coordinator III	60030905
11	Program Coordinator III	60092628
12	Program Coordinator III	60092629
13	Administrative Specialist I	60030937
14	Administrative Specialist I	60030962
15	Administrative Specialist I	60029801
16	Administrative Specialist I	60031024
17	Administrative Specialist I	60030997
18	Administrative Specialist I	60031026
19	Administrative Specialist I	60030996
20	Administrative Specialist I	60031140
21	Administrative Specialist I	60030995
22	Administrative Specialist I	60031193
23	Program Coordinator III	60031112
24	Program Coordinator III	60031115
25	Administrative Specialist I	60031076

**EXTEND DURATION OF SAFETY INSPECTIONS FOR LARGE VOLUME RENTAL CAR COMPANIES**

**SECTION 43.12.(a)** G.S. 20-183.2 reads as rewritten:

**"§ 20-183.2. Description of vehicles subject to safety or emissions inspection; definitions.**

...

(c) Definitions. – The following definitions apply in this Part:

...

(4) Large volume rental company vehicle. – A vehicle that is both of the following:

a. Rented or leased to the public.

b. One of a fleet of not less than 10,000 vehicles registered and titled in this State by a rental car company, as defined in G.S. 66-201."

**SECTION 43.12.(b)** G.S. 20-183.4C reads as rewritten:

**"§ 20-183.4C. When a vehicle must be inspected; 10-day temporary license plate.**

(a) Inspection. – A vehicle that is subject to a safety inspection, an emissions inspection, or both must be inspected as follows:

...

(6) A-Except as otherwise provided by this subdivision, a vehicle that has been inspected in accordance with this Part must be inspected by the last day of the month in which the registration on the vehicle expires. A large volume rental company vehicle that has been inspected in accordance with this Part must be inspected by the last day of the month in which the registration on the vehicle expires in the third year after its last electronic safety inspection authorization was issued.

...."

1           **SECTION 43.12.(c)** G.S. 20-183.4D reads as rewritten:

2   "**§ 20-183.4D. Procedure when a vehicle is inspected.**

3       ...

4       (e) When Electronic Inspection Authorization Expires. – ~~An~~ Except as otherwise  
5 provided by this subsection, an electronic inspection authorization issued under this Part expires  
6 at midnight of the last day of the month designated by the vehicle registration sticker of the  
7 following year. An electronic safety inspection authorization issued to a large volume rental  
8 company vehicle expires at midnight on the last day of the month in which the registration on the  
9 vehicle expires in the third year after its last electronic safety inspection authorization was  
10 issued."

11           **SECTION 43.12.(d)** G.S. 20-183.7 reads as rewritten:

12   "**§ 20-183.7. Fees for performing an inspection and issuing an electronic inspection**  
13 **authorization to a vehicle; use of civil penalties.**

14       (a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an  
15 electronic inspection authorization, the fee must be collected. ~~The~~ Except as otherwise provided  
16 by subsection (a1) of this section, the following fees apply to an inspection of a vehicle and the  
17 issuance of an electronic inspection authorization:

<u>Type</u>	<u>Inspection</u>	<u>Authorization</u>
Safety Only	\$12.75	\$ .85
Emissions and Safety	23.75	6.25.

21       The fee for performing an inspection of a vehicle applies when an inspection is performed,  
22 regardless of whether the vehicle passes the inspection. The fee for an electronic inspection  
23 authorization applies when an electronic inspection authorization is issued to a vehicle. The fee  
24 for inspecting after-factory tinted windows shall be ten dollars (\$10.00), and the fee applies only  
25 to an inspection performed with a light meter after a safety inspection mechanic determined that  
26 the window had after-factory tint. A safety inspection mechanic shall not inspect an after-factory  
27 tinted window of a vehicle for which the Division has issued a medical exception permit pursuant  
28 to G.S. 20-127(f).

29       A vehicle that is inspected at an inspection station and fails the inspection is entitled to be  
30 reinspected at the same station at any time within 60 days of the failed inspection without paying  
31 another inspection fee.

32       The inspection fee for an emissions and safety inspection set out in this subsection is the  
33 maximum amount that an inspection station or an inspection mechanic may charge for an  
34 emissions and safety inspection of a vehicle. An inspection station or an inspection mechanic  
35 may charge the maximum amount or any lesser amount for an emissions and safety inspection  
36 of a vehicle. The inspection fee for a safety only inspection set out in this subsection may not be  
37 increased or decreased. The authorization fees set out in this subsection and subsection (a1) of  
38 this section may not be increased or decreased.

39       (a1) The authorization fee for a safety inspection of a large volume rental company vehicle  
40 shall be the amount set forth in subsection (a) of this section multiplied by three. The fee shall be  
41 distributed as three authorization fees, in accordance with subsection (c) of this section.

42       ...."

#### 44 **FERRY DRY DOCK USE OF FUNDS REPORT**

45       **SECTION 43.13.** No later than October 1, 2025, and quarterly thereafter until the  
46 funds are expended, the Ferry Division shall submit a progress report to the Joint Legislative  
47 Transportation Oversight Committee and the Fiscal Research Division on the use of funds  
48 appropriated by this act to the Ferry Division for marine vessel dry docking. The report shall  
49 include the following information by fiscal year:

- 50       (1) A list of all marine vessels scheduled or under contract for dry docking.

- (2) The estimated cost of the work to be completed for each marine vessel sent to a private shipyard for dry dock.
- (3) The actual cost of the work and the total funds used as of the report date.

**SOUTH DOCK FERRY TERMINAL**

**SECTION 43.14.** Notwithstanding any provision of law or the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2023-2024 fiscal year allocated to build stacking lanes and a concrete barrier on NC 12 at the South Dock Ferry Terminal on Ocracoke shall instead be used for ramp rehabilitation on the South Dock Ferry Terminal to address safety and reliability concerns.

**FERRY TOLLS**

**SECTION 43.15.(a)** G.S. 136-82 reads as rewritten:

**"§ 136-82. Department of Transportation to establish and maintain ferries.**

...

(b) Tolling of ~~Certain Ferry Routes.~~ – The Board of Transportation shall establish tolls ~~on the passenger-only Hatteras-Ocracoke ferry route. The Board of Transportation shall continue tolling the following for all ferry routes:~~ routes in accordance with the fee schedule in G.S. 136-82.3.

- (1) ~~Southport-Fort Fisher.~~
- (2) ~~Cedar Island-Ocracoke.~~
- (3) ~~Swan Quarter-Ocracoke.~~

(b1) ~~Untolled Ferry Routes.~~—Except as provided in subsection (b) of this section, ferry routes are exempt from tolls. The Board of Transportation shall not establish tolls on a ferry route exempt from tolls.

(b2) Emergency Suspension of Tolling. – The Secretary of Transportation may suspend the collection of tolls for any ferry route serving an emergency area, as declared pursuant to G.S. 166A-19.20 or G.S. 166A-19.22, for the duration of the state of emergency.

(c) ~~Revisions of Tolls.~~—~~The Board of Transportation may change toll rates or toll setting methodology. The Department of Transportation shall report to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and all affected local transportation planning organizations 30 days prior to any change in toll rates or change in the toll setting methodology by the Board of Transportation.~~

...

(f3) ~~Priority Boarding Fee for Certain Vehicles.~~—~~For a vehicle providing commercial goods and services, the Department of Transportation shall charge an annual fee of one hundred fifty dollars (\$150.00) for an annual pass that entitles the vehicle issued the annual pass to priority when boarding a ferry vessel. Only one annual pass per vehicle shall be issued per year. Except as authorized under this subsection, the Department of Transportation shall not provide priority boarding to a ferry vessel to any vehicle providing commercial goods and services.~~

...."

**SECTION 43.15.(b)** Article 6 of Chapter 136 of the General Statutes is amended by adding a new section to read:

**"§ 136-82.3. Schedule of ferry tolling fees.**

(a) The following table sets out the tolls for ferry routes according to the route destination and vehicle size:

<u>Ferry Route</u>	<u>Passenger</u>	<u>Vehicle less than 20 ft.</u>	<u>Vehicle greater than 20 ft.</u>
<u>Bayview-Aurora</u>	<u>\$1.00</u>	<u>\$3.00</u>	<u>\$6.00</u>

1				
2	<u>Cherry Branch-</u>	<u>\$1.00</u>	<u>\$5.00</u>	<u>\$10.00</u>
3	<u>Minnesott</u>			
4				
5	<u>Currituck-</u>	<u>\$1.00</u>	<u>\$3.00</u>	<u>\$6.00</u>
6	<u>Knotts Island</u>			
7				
8	<u>Hatteras-</u>	<u>\$1.00</u>	<u>\$20.00</u>	<u>\$40.00</u>
9	<u>Ocracoke</u>			
10				
11	<u>Cedar Island-</u>	<u>\$2.00</u>	<u>\$30.00</u>	<u>\$60.00</u>
12	<u>Ocracoke</u>			
13				
14	<u>Southport-</u>	<u>\$2.00</u>	<u>\$10.00</u>	<u>\$20.00</u>
15	<u>Fort Fisher</u>			
16				
17	<u>Swan Quarter-</u>	<u>\$2.00</u>	<u>\$30.00</u>	<u>\$60.00</u>
18	<u>Ocracoke</u>			
19				
20	<u>Ocracoke Express</u>	<u>\$15.00</u>		

21 (b) Vehicle Occupants. – Individuals paying a toll for a vehicle are not required to pay  
 22 separate passenger tolls for vehicle occupants.

23 (c) Priority Boarding Pass. – For a vehicle providing commercial goods and services, the  
 24 Department of Transportation shall charge an annual fee of one hundred fifty dollars (\$150.00)  
 25 for an annual pass that entitles the vehicle issued the annual pass to priority when boarding a  
 26 ferry vessel. Only one annual pass per vehicle shall be issued per year. Except as authorized  
 27 under this subsection, the Department of Transportation shall not provide priority boarding to a  
 28 ferry vessel to any vehicle providing commercial goods and services.

29 (d) Commuter Boarding Pass. – The Department of Transportation shall charge an annual  
 30 fee of one hundred fifty dollars (\$150.00) for a commuter pass that entitles the vehicle issued the  
 31 annual pass to travel on any ferry route with no additional fees. Only one annual pass per vehicle  
 32 shall be issued per year."

33  
 34 **NORTH CAROLINA RAILROAD DIVIDEND**

35 **SECTION 43.16.** G.S. 124-18, as it existed before it was repealed by Section 4.4(b)  
 36 of S.L. 2019-231, is reenacted and reads as rewritten:

37 **"§ 124-18. Dividends required of State-owned railroad company.**

38 Any State-owned railroad company that has trackage in more than two counties shall issue  
 39 an annual cash dividend to the State. The dividend shall be deposited in the Freight Rail & Rail  
 40 Crossing Safety Improvement Fund within the Highway Fund. The amount of the annual  
 41 dividend is twenty-five percent (25%) of the company's income from the prior year's trackage  
 42 rights agreements. The dividend is due by February 15 of each year, and interest shall accrue at  
 43 the annual rate of prime plus one percent (1%) if the payment is not paid by the due date. The  
 44 Directors of any State-owned railroad company who vote for or assent to the dividend required  
 45 under this section shall not be held liable under G.S. 55-8-33."

46  
 47 **DOT/RELOCATION OF LAWFULLY EXISTING OUTDOOR ADVERTISING SIGN**  
 48 **CHANGES**

49 **SECTION 43.17.** G.S. 136-131.5 reads as rewritten:

50 **"§ 136-131.5. Relocation of lawfully existing outdoor advertising sign.**



1 (a) Subject to subsection (c) of this section, in order to minimize the amount of just  
2 compensation due, whenever property on which a lawfully erected outdoor advertising sign is  
3 located is acquired by a public or private condemnor, as defined in G.S. 40A-3, or the Department  
4 of Transportation, and the acquiring party requires removal of the sign, or whenever the  
5 construction of a sound barrier wall would impair the visibility of a lawfully erected outdoor  
6 advertising sign, the eligible sign is permitted to be relocated and ~~reconstructed, subject to all of~~  
7 ~~the following requirements:reconstructed.~~ For relocated signs that are subject to the jurisdiction  
8 of the Department of Transportation in accordance with this Article, the follow relocation and  
9 reconstruction conditions shall apply:

- 10 (1) The new site for relocation is permitted to be any area within 660 feet of the  
11 nearest edge of the right-of-way of a highway on the National System of  
12 Interstate and Defense Highways or the federal aid primary highway system  
13 within the same zoning jurisdiction as the relocated site or, if the relocated site  
14 is within an unzoned city or county, then within the same territorial limits.
- 15 (2) The new site for relocation must be conforming to State standards as set forth  
16 in this Article and pursuant to rules and regulations promulgated by the  
17 Department as authorized by this Article.
- 18 (3) The new site for relocation must be along a highway on the interstate system  
19 or primary systems or other State road that has the same route number and  
20 letter or one of the same route numbers and letters as the highway or State  
21 road adjacent to the relocated site.
- 22 (4) The reconstruction of the outdoor advertising sign at the new site shall comply  
23 with G.S. 136-131.2.
- 24 (5) The new site for relocation shall not be within an historic district lawfully  
25 established by a local city or county government pursuant to Part 4 of Article  
26 9 of Chapter 160D of the General Statutes, unless consented to by a resolution  
27 adopted by the applicable local governing board.
- 28 (6) The new site for relocation shall not be adjacent to any scenic highway as  
29 provided in G.S. 136-129.2; provided, however, if a relocated sign is already  
30 adjacent to a scenic highway, it may be relocated within the same parcel.
- 31 (7) The construction work related to the relocation of the outdoor advertising sign  
32 shall commence within one year after the date of removal.

33 The express allowances of relocation and reconstruction in this section shall apply to any  
34 lawfully erected outdoor advertising sign anywhere within this State that is required to be  
35 removed as a result of action taken by a public or private condemnor, as defined in G.S. 40A-3,  
36 or the Department of Transportation, including ~~such signs that are any billboard that is not~~ subject  
37 to the jurisdiction of the Department of Transportation, located along a State road so long as the  
38 affected sign is relocated and reconstructed within the same parcel or, if outside the parcel, to a  
39 commercially or industrially zoned property or, if unzoned, a commercially or industrially used  
40 property, and within the same territorial limits and the sign owner complies with subdivisions (3)  
41 through (7) of this subsection, except that a Department permit is not required to be in effect.

42 (b) Subject to subsection (c) of this section, any outdoor advertising sign that does not  
43 otherwise qualify for relocation as provided in subsection (a) of this section and for which there  
44 is in effect a valid permit issued by the Department of Transportation pursuant to this Article is  
45 permitted to be relocated and reconstructed subject to all of the requirements listed in  
46 subdivisions (1) through (7) of subsection (a) of this section within the same parcel or an  
47 adjoining conforming parcel. No sign shall be relocated pursuant to this subsection within 10  
48 years from the date of the last relocation pursuant to this subsection, however, this temporal  
49 limitation does not apply to relocations within the same parcel. For purposes of this Section, the  
50 phrase "adjoining conforming parcel" shall mean a new site for relocation that conforms to State  
51 standards and is located next to the prior site, including a parcel separated from the prior site only

1 by an intervening street, alley, railroad, utility, or other similar right-of-way, or an intervening  
 2 river, creek, marshland, or other water body.  
 3 ...."

4  
 5 **PART XLIV. FINANCE**

6  
 7 **PERSONAL INCOME TAX REDUCTIONS**

8 **SECTION 44.1.(a)** Effective retroactively to October 3, 2023, G.S. 105-153.7 reads  
 9 as rewritten:

10 **"§ 105-153.7. Individual income tax imposed.**

11 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 12 of every individual. The tax shall be levied, collected, and paid annually. ~~Except as otherwise~~  
 13 ~~provided in subsection (a1) of this section, the~~ The tax is a percentage of the taxpayer's North  
 14 Carolina taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.5%
In 2025	4.25%
After 2025	3.99%.

15  
 16  
 17  
 18  
 19  
 20  
 21 ~~(a1) Rate Reduction Trigger.—Notwithstanding the tax rates set out in subsection (a) of~~  
 22 ~~this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger~~  
 23 ~~amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent~~  
 24 ~~tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one half~~  
 25 ~~percentage point (0.50%) or (ii) two and forty nine hundredths percent (2.49%). For purposes of~~  
 26 ~~this subsection, total General Fund revenue is the amount stated in the final accounting of total~~  
 27 ~~General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the~~  
 28 ~~Office of State Controller in August following the end of the fiscal year.~~

Fiscal Year	Trigger Amount	Taxable Year Beginning
<del>FY 2025-2026</del>	<del>\$33,042,000,000</del>	<del>In 2027</del>
<del>FY 2026-2027</del>	<del>\$34,100,000,000</del>	<del>In 2028</del>
<del>FY 2027-2028</del>	<del>\$34,760,000,000</del>	<del>In 2029</del>
<del>FY 2028-2029</del>	<del>\$35,750,000,000</del>	<del>In 2030</del>
<del>FY 2029-2030</del>	<del>\$36,510,000,000</del>	<del>In 2031</del>
<del>FY 2030-2031</del>	<del>\$38,000,000,000</del>	<del>In 2032</del>
<del>FY 2031-2032</del>	<del>\$38,500,000,000</del>	<del>In 2033</del>
<del>FY 2032-2033</del>	<del>\$39,000,000,000</del>	<del>In 2034</del>

29  
 30  
 31  
 32  
 33  
 34  
 35  
 36  
 37  
 38 ...."  
 39 **SECTION 44.1.(b)** G.S. 105-153.7, as amended by subsection (a) of this section,  
 40 reads as rewritten:

41 **"§ 105-153.7. Individual income tax imposed.**

42 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 43 of every individual. The tax shall be levied, collected, and paid annually. The tax is a percentage  
 44 of the taxpayer's North Carolina taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.5%
In 2025	4.25%
<del>After 2025</del>	<del>3.99%.</del>
<u>In 2026</u>	<u>3.99%</u>

1	<u>In 2027</u>	<u>3.49%</u>
2	<u>After 2027</u>	<u>2.99%.</u>

3 ...  
 4 (a2) Rate Reduction Trigger. – Notwithstanding the tax rates set out in subsection (a) of  
 5 this section, if total General Fund revenue in a fiscal year as set out below exceeds the trigger  
 6 amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent  
 7 tax years shall be the prior taxable year's rate decreased by one-half percentage point (0.50%) for  
 8 the first rate reduction under this subsection and by one-quarter percentage point (0.25%) for  
 9 each subsequent rate reduction under this subsection. For purposes of this subsection, total  
 10 General Fund revenue is the amount stated in the final accounting of total General Fund  
 11 Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the Office of State  
 12 Controller in August following the end of the fiscal year.

<u>Fiscal Year</u>	<u>Trigger Amount</u>	<u>Taxable Year Beginning</u>
13 <u>FY 2027-2028</u>	<u>\$34,760,000,000</u>	<u>In 2029</u>
14 <u>FY 2028-2029</u>	<u>\$35,750,000,000</u>	<u>In 2030</u>
15 <u>FY 2029-2030</u>	<u>\$36,510,000,000</u>	<u>In 2031</u>
16 <u>FY 2030-2031</u>	<u>\$38,000,000,000</u>	<u>In 2032</u>
17 <u>FY 2031-2032</u>	<u>\$38,500,000,000</u>	<u>In 2033</u>
18 <u>FY 2032-2033</u>	<u>\$39,000,000,000</u>	<u>In 2034</u>
19 <u>FY 2033-2034</u>	<u>\$39,500,000,000</u>	<u>In 2035</u>
20 <u>FY 2034-2035</u>	<u>\$40,000,000,000</u>	<u>In 2036</u>

21 ...."  
 22  
 23 **SECTION 44.1.(c)** Except as otherwise provided, this section is effective when it  
 24 becomes law.  
 25

26 **EXCLUDE CREDIT FOR TRADE-INS FROM SALES TAX**

27 **SECTION 44.2.(a)** G.S. 105-164.3(237) reads as rewritten:  
 28 "(237) Sales price. – The total amount or consideration for which an item is sold,  
 29 leased, or rented. The consideration may be in the form of cash, credit,  
 30 property, or services. The sales price must be valued in money, regardless of  
 31 whether it is received in money.  
 32 a. The term includes all of the following:  
 33 1. The retailer's cost of the item sold.  
 34 2. The cost of materials used, labor or service costs, interest,  
 35 losses, all costs of transportation to the retailer, all taxes  
 36 imposed on the retailer, and any other expense of the retailer.  
 37 3. Charges by the retailer for any services necessary to complete  
 38 the sale.  
 39 4. Delivery charges.  
 40 5. Installation charges.  
 41 6. Repealed by Session Laws 2007-244, s. 1, effective October 1,  
 42 2007.  
 43 7. ~~Credit for trade-in. The amount of any credit for trade-in is not~~  
 44 ~~a reduction of the sales price.~~  
 45 8. The amount of any discounts that are reimbursable by a third  
 46 party and can be determined at the time of sale through any of  
 47 the following:  
 48 I. Presentation by the consumer of a coupon or other  
 49 documentation.  
 50 II. Identification of the consumer as a member of a group  
 51 eligible for a discount.

III. The invoice the retailer gives the consumer.

b. The term does not include any of the following:

1. Discounts that are not reimbursable by a third party, are allowed by the retailer, and are taken by a consumer on a sale.
2. Interest, financing, and carrying charges from credit extended on the sale, if the amount is separately stated on the invoice, bill of sale, or a similar document given to the consumer.
3. Any taxes imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the consumer.
4. Credit for any trade-in that is separately stated on the invoice, bill of sale, or similar document given to the consumer."

**SECTION 44.2.(b)** This section is effective January 1, 2026, and applies to sales occurring on or after that date.

**INCREASE TAX BASE AMOUNT TO WHICH MAXIMUM FRANCHISE TAX APPLIES FOR BOTH S AND C CORPORATIONS**

**SECTION 44.3.(a)** G.S. 105-122(d2) reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base with a minimum of two hundred dollars (\$200.00) and a maximum of five hundred dollars (\$500.00) for the first ~~one-five~~ million dollars (\$1,000,000)-(\$5,000,000) of the corporation's-its tax base as determined under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first ~~one-five~~ million dollars (\$1,000,000) (\$5,000,000) of the corporation's-its tax base as determined under subsection (d) of this section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that exceeds ~~one-five~~ million dollars (\$1,000,000). In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)-(\$5,000,000). For purposes of this subsection, a corporation's tax base is determined under subsection (d) of this section."

**SECTION 44.3.(b)** G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of ~~one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base with a maximum of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (a) of this section,~~ set forth in G.S. 105-122(d2), but in no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00)."

**SECTION 44.3.(c)** This section is effective for taxable years beginning on or after January 1, 2026, and is applicable to the calculation of franchise tax reported on the 2025 and later corporate income tax returns.

**INCREASE TAX RATE ON INTERACTIVE SPORTS WAGERING OPERATORS**

**SECTION 44.4.(a)** G.S. 105-113.126(a) reads as rewritten:

"(a) Tax. – A tax at the rate of ~~eighteen percent (18%)~~ thirty-six percent (36%) is imposed on each interactive sports wagering operator for the privilege of being licensed under Article 9 of Chapter 18C of the General Statutes. The tax applies to the gross wagering revenue of the interactive sports wagering operator."

**SECTION 44.4.(b)** This section becomes effective October 1, 2025, and applies to gross wagering revenue received on or after that date.

**MODIFY SPORTS WAGERING REVENUE DISTRIBUTION**

1           **SECTION 44.5.(a)** G.S. 105-113.128 reads as rewritten:

2   "**§ 105-113.128. Use of tax proceeds.**

3       The Secretary shall distribute the taxes collected under this Article, less the allowance to the  
4 Department of Revenue and reimbursement to the Lottery Commission for administrative  
5 expenses, in accordance with this section. The Secretary may retain the cost of administering this  
6 Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the  
7 Department. The Lottery Commission shall, no later than 20 days after the end of the month,  
8 notify the Department of its unreimbursed expenses from administering the provisions of Article  
9 9 of Chapter 18C of the General Statutes from the previous month. The Department shall  
10 reimburse the Lottery Commission from the tax revenues collected under this Article no later  
11 than the end of the month in which the Department was notified. The Secretary shall credit the  
12 remainder of the net proceeds of the tax collected under this Article ~~are to be credited~~ in the  
13 following priority:

- 14           (1) Two million dollars (\$2,000,000) annually to the Department of Health and  
15 Human Services for gambling addiction education and treatment programs.
- 16           (2) One million dollars (\$1,000,000) annually to North Carolina Amateur Sports  
17 to expand opportunities for persons up to age 18 to engage in youth sports,  
18 which shall be distributed through a grant program. In making individual  
19 grants, North Carolina Amateur Sports shall comply with the following:
- 20           a. Awards shall be used to provide for the purchase of youth sports  
21 equipment, or to provide for public facility upgrades or improvements  
22 which would benefit youth sports.
- 23           b. Awards may be given only to applicants who are either local  
24 governments, including local school administrative units, or nonprofit  
25 organizations exempt from taxation under section 501(c)(3) of the  
26 Internal Revenue Code.
- 27           c. Awards may be given only to applicants who demonstrate that a  
28 primary purpose for the funding is to facilitate opportunities for  
29 persons up to age 18 to engage in youth sports.
- 30           d. The total dollar amount awarded each year to all applicants in any one  
31 county may not exceed one percent (1%) of the total funding available  
32 on July 1 of that year.
- 33           (3) ~~Three hundred thousand dollars (\$300,000)~~ The following amounts annually  
34 shall be appropriated to each of the institutions as provided and listed in this  
35 subdivision to support collegiate athletic departments. If there are not  
36 sufficient funds for each of these institutions to receive ~~an appropriation of~~  
37 ~~three hundred thousand dollars (\$300,000), the amount of each appropriation~~  
38 ~~shall be reduced by the same proportion so that all institutions receive an~~  
39 ~~appropriation of the same amount.~~ the designated amount, the amounts shall  
40 be proportionally reduced. The amounts and corresponding institutions are  
41 listed as follows:
- 42           a. Appalachian State University, Five hundred thousand dollars  
43 (\$500,000) each to (i) Elizabeth City State University, (ii) Fayetteville  
44 State University, (iii) University of North Carolina at Pembroke, and  
45 (iv) Winston-Salem State University.
- 46           b. East Carolina University, One million dollars (\$1,000,000) each to (i)  
47 North Carolina Agricultural & Technical State University, (ii) North  
48 Carolina Central University, (iii) University of North Carolina at  
49 Asheville, (iv) University of North Carolina at Greensboro, (v)  
50 University of North Carolina at Wilmington, and (vi) Western  
51 Carolina University.

- 1                   c.     ~~Elizabeth City State University.~~One million five hundred thousand
- 2                    dollars (\$1,500,000) each to (i) Appalachian State University, (ii) East
- 3                    Carolina University, and (iii) University of North Carolina at
- 4                    Charlotte.
- 5                   d.     ~~Fayetteville State University.~~
- 6                   e.     ~~North Carolina Agricultural & Technical State University.~~
- 7                   f.     ~~North Carolina Central University.~~
- 8                   g.     ~~University of North Carolina at Asheville.~~
- 9                   h.     ~~University of North Carolina at Charlotte.~~
- 10                  i.     ~~University of North Carolina at Greensboro.~~
- 11                  j.     ~~University of North Carolina at Pembroke.~~
- 12                  k.     ~~University of North Carolina at Wilmington.~~
- 13                  l.     ~~Western Carolina University.~~
- 14                  m.     ~~Winston-Salem State University.~~
- 15                  (4)    One million dollars (\$1,000,000) annually to the North Carolina Youth
- 16                  Outdoor Engagement Commission for grants, in the discretion of the
- 17                  Commission, as follows:
- 18                  a.     Grants not to exceed five thousand dollars (\$5,000) per sporting team
- 19                  or group per county per year requesting grant assistance to travel to
- 20                  in-State or out-of-state sporting events.
- 21                  b.     Incentive grants not to exceed twenty-five thousand dollars (\$25,000)
- 22                  to attract State, regional, area, and national sporting events,
- 23                  tournaments, and programs for nonprofessional sporting participants
- 24                  in programs administered by city, county, and local school
- 25                  administrative units, or appropriate nonprofit organizations exempt
- 26                  from taxation under section 501(c)(3) of the Internal Revenue Code as
- 27                  determined by the North Carolina Youth Outdoor Engagement
- 28                  Commission.
- 29                  (5)    Of the remaining proceeds, as follows:
- 30                  a.     Twenty percent (20%) annually to be distributed equally among the
- 31                  institutions listed in this sub-subdivision to support collegiate athletic
- 32                  departments, not to supplant general funding to that institution. The
- 33                  institutions are listed as follows:
- 34                    1.     Appalachian State University.
- 35                    2.     East Carolina University.
- 36                    3.     Elizabeth City State University.
- 37                    4.     Fayetteville State University.
- 38                    5.     North Carolina Agricultural & Technical State University.
- 39                    6.     North Carolina Central University.
- 40                    7.     University of North Carolina at Asheville.
- 41                    8.     University of North Carolina at Charlotte.
- 42                    9.     University of North Carolina at Greensboro.
- 43                    10.    University of North Carolina at Pembroke.
- 44                    11.    University of North Carolina at Wilmington.
- 45                    12.    Western Carolina University.
- 46                    13.    Winston-Salem State University.
- 47                  b.     Thirty percent (30%) annually to split as follows: (i) ten percent (10%)
- 48                  each to the two public universities in this State with the largest athletic
- 49                  department budgets and (ii) the remaining ten percent (10%) to the
- 50                  North Carolina Major Events, Games, and Attractions Fund
- 51                  established under G.S. 143B-437.112. Amounts to each university

1 included in this subdivision shall be used to support collegiate athletic  
2 departments.

- 3 c. Fifty percent (50%) Proceeds not otherwise credited under this section,  
4 annually to the General Fund."

5 **SECTION 44.5.(b)** This section becomes effective July 1, 2025, and applies to net  
6 proceeds credited on or after that date.

7  
8 **PART XLV. MISCELLANEOUS**

9  
10 **STATE BUDGET ACT APPLIES**

11 **SECTION 45.1.** The provisions of the State Budget Act, Chapter 143C of the  
12 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in  
13 this act by reference.

14  
15 **COMMITTEE REPORT**

16 **SECTION 45.2.(a)** The Senate Committee on Appropriations/Base Budget Report  
17 on the Current Operations Appropriations Act of 2025 for Senate Bill 257 Proposed Committee  
18 Substitute, as amended, which was distributed in the Senate and used to explain this act, shall  
19 indicate action by the General Assembly on this act and shall, therefore, be used to construe this  
20 act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate,  
21 and for these purposes shall be considered a part of this act and, as such, shall be printed as a part  
22 of the Session Laws.

23 **SECTION 45.2.(b)** The budget enacted by the General Assembly is for the  
24 maintenance of the various departments, institutions, and other spending agencies of the State  
25 for the 2025-2027 biennial budget as provided in G.S. 143C-3-5. This budget includes the  
26 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

27 The Director of the Budget submitted a recommended base budget to the General  
28 Assembly in the Governor's Recommended Budget for the 2025-2027 fiscal biennium, dated  
29 March 2025, and in the Budget Support Document for the various departments, institutions, and  
30 other spending agencies of the State. The adjustments to the recommended base budget made by  
31 the General Assembly are set out in the Committee Report.

32  
33 **REPORT BY FISCAL RESEARCH DIVISION**

34 **SECTION 45.3.** The Fiscal Research Division shall issue a report on budget actions  
35 taken by the 2025 Regular Session of the General Assembly. The report shall be in the form of a  
36 revision of the Committee Report described in Section 45.2 of this act pursuant to G.S. 143C-5-5.  
37 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to  
38 this section to the Director of the Budget. The report shall be published on the General  
39 Assembly's internet website for public access.

40  
41 **MOST TEXT APPLIES ONLY TO THE 2025-2027 FISCAL BIENNIUM**

42 **SECTION 45.4.** Except for statutory changes or other provisions that clearly indicate  
43 an intention to have effects beyond the 2025-2027 fiscal biennium, the textual provisions of this  
44 act apply only to funds appropriated for, and activities occurring during, the 2025-2027 fiscal  
45 biennium.

46  
47 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

48 **SECTION 45.5.** Except where expressly repealed or amended by this act, the  
49 provisions of any legislation enacted during the 2025 Regular Session of the General Assembly  
50 affecting the State budget shall remain in effect.

1 **EFFECT OF HEADINGS**

2           **SECTION 45.6.** The headings to the Parts, subparts, and sections of this act are a  
3 convenience to the reader and are for reference only. The headings do not expand, limit, or define  
4 the text of this act, except for effective dates referring to a Part or subpart.

5  
6 **SEVERABILITY CLAUSE**

7           **SECTION 45.7.** If any section or provision of this act is declared unconstitutional  
8 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than  
9 the part so declared to be unconstitutional or invalid.

10

11 **EFFECTIVE DATE**

12           **SECTION 45.8.** Except as otherwise provided, this act becomes effective July 1,  
13 2025.